

FINANSA Plc.



**ANNUAL
REPORT
2012**



F I N A N S A

Asian Merchant Banking

DEFINITION

Finansa (fanaensäe also fi'naensäe)
n. management of money; monetary support for enterprise; the science of managing money matters, credit, etc.; (in plural) money resources, income, etc. <vt. to provide capital for; to obtain money, credit, capital for... n. capitalist; entrepreneur, vt. apply or use (money) for profit; devote (time, etc.) to an enterprise, buy (something useful or otherwise rewarding) n. recommendation on how to act in matters of money; information; notice of transaction vt. give advice (to); recommend; inform



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FINANCIAL HIGHLIGHTS

(Consolidated Financial Statements)

As at or for the years ended 31 December

Operating Performance

(Baht million)

Consolidated	2012	2011	2010
Total Income	467.8	214.6	302.6*
EBITDA	77.4	(64.0)	81.1
Net Profit (Loss)	(34.0)	(143.3)	7.8
Earnings (Loss) per Share (Baht)	(0.27)	(1.16)	0.06
Dividends per Share (Baht)	-	-	-
Return on Average Total Assets (%)	(1.9)	(7.9)	0.4
Return on Average Shareholders' Equity (%)	(2.7)	(11.6)	0.6
No. of Employees	147	152	149
Total Income per Employee	3.2	1.4	2.0
Net Profit (Loss) per Employee	(0.2)	(0.9)	0.05

* Including income from discontinued operations

Financial Position

(Baht million)

	2012	2011	2010
Total Assets	1,804.3	1,838.5	1,810.9
Total Liabilities	486.7	664.8	507.9
Total Equity	1,317.6	1,173.7	1,274.7*
No. of Shares in Issue	212,389,443	123,519,800	123,519,800
Book Value Per Share	6.2	9.5	10.3

* Excluding non-controlling interests

Revenue Structure

(Baht million)

Type of Revenue	Operated by	% of shares held by FNS	2012		2011		2010	
			Revenue	%	Revenue	%	Revenue*	%
Investment, Advisory and Management Business	FNS, FFM	100	10.6	2.3	18.5	8.6	36.9	12.2
Loan Management Business	FC	100	3.2	0.7	26.5	12.4	24.4	8.1
Investment Banking and Securities Business	FSL	100	289.2	61.8	45.7	21.3	121.9	40.3
Assets Management Business	FAM	100	154.3	33.0	114.9	53.5	93.3	30.8
Others			10.5	2.2	9.0	4.2	26.1	8.6
Total Revenue			467.8	100.0	214.6	100.0	302.6	100.0

* Including income from discontinued operations



FINANSA AT A GLANCE



FINANSA
Asian Merchant Banking



Finansa Securities, a SEC licensed securities company and full member of SET. Finansa Securities offers an extensive range of tailored financial service and solutions including :

- Financial Advisory
- Project Finance
- Private Placement and Public Offerings
- Mergers and Acquisitions
- Fairness Opinions
- Corporate and Financial Restructuring

Finansa Asset Management, a licensed fund management company, engages in various types of asset management services :

- Mutual Funds
- Provident Funds
- Private Funds
- Foreign Invested Funds

Finansa Fund Management has a particular strength in Private Equity in Thailand and Vietnam. FFM manages several investment funds.

- Siam Investment Fund II,L.P.
- CMBI Finansa China Vietnam Fund
- New-S Finansa Vietnam Balanced Fund
- The Finansa Vietnam Fund



41.58%



Prospect
Development Co.,Ltd.

Prospect Development conducts property leasing and rental business focusing on factories and warehouses on industrial estates.

25.41%



Finansia Syrus
Securities Plc.

Finansia Syrus, a SEC licensed associated company, offers various types of services including :

- Securities Brokerage
- Investment Banking
- Bond Trading
- Futures Exchange Trading

100%



Finansa Hong Kong Ltd.

Representative Office
Hanoi

Representative Office
Ho Chi Minh City



BOARD OF DIRECTORS

1. Dr. Virabongsa Ramangkura

Chairman

2. Mr. Vorasit Pokachaiyapat

Managing Director

3. Mr. Eugene S. Davis

Director

4. Mr. Varah Sucharitakul

Director

5. Mr. Kenneth Lee White

Director

6. Mr. Vorapak Tanyawong

Director (Resigned on November 1, 2012)

7. Mr. Vitthya Vejajiva

Director, Chairman of the Audit Committee and Independent Director

8. Mrs. Kannika Ngamsopee

Director, Member of the Audit Committee and Independent Director

9. Mr. Akarat Na Ranong

Director, Member of the Audit Committee and Independent Director







CHAIRMAN'S STATEMENT

2012 proved to be a generally, good year for global equity markets as unprecedented monetary easing by the Federal Reserve and the European Central Bank achieved the primary objective of avoiding both a sovereign debt crisis and a renewed banking crisis that were threatening Europe and, in turn, the global economy at the start of the year. To the surprise of many economic commentators, the Euro appreciated during the year against the US\$, Sterling and Yen and widespread fears that Spain and Italy would be forced into a bail-out scenario by “unsustainable” borrowing costs proved unfounded. Borrowing costs for both these countries fell. International investors, feeling a sense of relief, reacted to this better news by channeling increased investment flows into the higher risk emerging markets. The SET was one beneficiary, the SET Index gaining an impressive 36% over the year.

Though the SET Index was strong and there were knock-on benefits in terms of activity within Finansa's brokerage and investment banking activities, the impact on the group's financial performance only became evident in the second half of the year. 2H 2012 saw the Group in profit, however this profit was insufficient to offset the losses incurred in 1H 2012. For the year as a whole, the Group reported a net loss of Bt34 million against a net loss for 2011 of Bt143.3 million.

Going forward, we are cautiously optimistic on the overall economic outlook. On the cautious side, Spain, Italy and the Euro may have been given a reprieve, however major structural issues remain to be addressed in Europe and the lack of structural reform will inevitably put a brake on growth in the Euro-zone. The U.S. though a more flexible economy, is also facing a headwind in terms of growth as policy makers wrestle over the balance and focus for tax increases and spending cuts. On a more positive note, Japan is stepping up its quantitative easing under the new Prime Minister and there is more confidence in the growth outlook for China following the recent leadership transition. The likelihood is that 2013 will be characterised by disappointment in the sluggish growth performances of the industrialised economies, however outright recessions are unlikely in either the US or Europe, as a whole.

From an Asian perspective, low growth in the West is a negative in terms of potential export demand, however the growth outlook for Thailand and the rest of ASEAN is, if anything, improving rather than deteriorating as a broader range of alternative economic drivers kick in. It is from an ASEAN perspective that we see grounds for optimism. Trends in urbanisation across the region are supporting a growing middle class and stronger trends in private consumption, while infrastructure investment is being prioritized and fast

tracked in many countries. Thailand has laid out and is moving forward with an ambitious infrastructure agenda that has important implications for Thailand's position in this increasingly important economic region. The ASEAN Economic Community will become a reality in 2015, creating both challenges and opportunities for the Thai business community. It is encouraging that Thai companies are taking a lead in a number of areas to strengthen their businesses and create regional business platforms. One example is TCC's recent acquisition of F&N in Singapore. A second is Siam Cement's recent acquisition of a leading sanitary ware producer in Vietnam.

As to the outlook for the Thai equity market, we see this as broadly encouraging given the strength of international fund flows into emerging markets, and this region in particular, and the benign outlook for both inflation and interest rates. Finansa's own business is expected to become more international in the year ahead, across brokerage, investment banking and fund management. We expect Finansa Securities to see more investment banking mandates with a cross border component and to see Finansa Syrus transacting in more international equities. The focus for Finansa Fund Management is a regional private equity fund in collaboration with groups in Vietnam and Indonesia.

Finansa's affiliated company, Prospect Development, which is developing the Bangkok Free Trade Zone, is seeing strong demand for its warehouse and factory space and is projected to almost double its leased-out area in 2013 from 83,000 sqm to 158,000 sqm. The issue for Prospect is that being in the early stages of development and being in possession of a large, leased land bank, the company is incurring losses on a reported basis that reduce as warehousing is completed and rented. Under current projections, the company will move into profit when the inventory

of leased, completed warehousing exceeds 300,000 sqm against the 83,000 sqm of completed space at end 2012. This is expected to be achieved by 2015. Once a critical mass of rented space has been reached the company will become an important source of sustainable cash flow and earnings for the group.

Khun Vorapak Tanyawong, a Director of Finansa at the start of year, has played an important role in developing the investment banking side of the business. So it is unfortunate, at least for Finansa, that he was invited towards the year end to become President of Krung Thai Bank. That said, he leaves behind a highly regarded management team with a strong pipeline of mandates as we head into 2013. All within the Finansa group wish Khun Vorapak every success in his new role.

One frustration for shareholders has been the drawn out process of restoring the profitability of the group in the wake of significant changes in the operating environment after the global financial crisis. Key issues for management were repositioning the business units to ensure that profitability was restored, ensuring that profitability was sustainable and ensuring that the appropriate mechanisms were in place to monitor and manage business risk. 2012 witnessed the transition into profitability in the second half of the year and a stronger focus on risk management. 2013 looks set to be the year that will demonstrate that the Group can once again deliver both earnings and growth.



(Dr. Virabongsa Ramangkura)
Chairman



2012 OPERATIONAL REVIEW AND OUTLOOK

Asset Management: 2012 Review

Combined Asset Management Business*

As at or for the years ended 31 December

2012

2011

Baht Million

Baht Million

Statements of Financial position

Assets

Total current assets	429.4	378.2
Investments	111.3	251.8
Other assets	63.2	55.1
Total assets	603.9	685.1

Liabilities and Equity

Total liabilities	28.2	57.4
Equity	575.7	627.7
Total liabilities and equity	603.9	685.1

Statements of Comprehensive Income

Service income	120.6	116.3
Other operating income	51.0	(0.5)
Total income	171.6	115.8
Operating expenses	(215.1)	(213.2)
Operating loss	(43.5)	(97.4)
Gain (loss) on disposal of subsidiaries/associated company	(1.7)	-
Gain (loss) from Forex & impairments of investments	4.4	(17.5)
Interest expense	(0.2)	(0.7)
Share of income (loss) from associated companies	7.3	(5.3)
Loss before tax	(33.7)	(120.9)
Income tax	1.2	0.2
Non-controlling interests	-	6.8
Net loss	(32.5)	(113.9)
Other comprehensive income (loss)	(21.2)	32.3
Total other comprehensive income (loss)	(53.7)	(88.4)
Return on Average Assets	(5.0%)	(8.9%)
Return on Average Equity	(5.4%)	(9.6%)

*Combining the reports from Finansa Fund Management Ltd. and Subsidiaries and Finansa Asset Management Ltd.

Losses narrow in 2012 as AUM is lifted 18%

The combined asset management businesses of Finansa Asset Management (FAM), the domestic provident and mutual fund management company, and Finansa Fund Management (FFM), the offshore fund management company, reported a loss of Bt32.5 million for 2012 against a loss of Bt113.9 million for 2011. Losses narrowed at both FAM and FFM. Aggregate assets under management increased 18% over the year in Baht terms to Bt34.9 billion from Bt29.5 billion at end 2011, almost entirely through growth in assets under management at FAM.

Mutual Funds and a new Property Fund drive AUM growth at FAM

The accompanying table shows the breakdown of group assets under management and it can be seen that the growth in assets at FAM has come primarily from mutual funds and more specifically the Energy and Petrochemical Index Fund and the Property Fund. The former fund benefited from price appreciation of the underlying equity holdings while the Property Fund took over the management of an existing fund in August 2012. The principal asset of this fund is Glow Trinity Silom, a building located behind the Bangkok Bank head office. There was also significant growth in FAM's Fixed Income Mutual Funds. This was the one investment class where the industry saw some asset expansion reflecting the continued risk aversion of retail investors through the year and continued, low bank deposit rates. Other mutual funds in FAM's product portfolio saw little change in terms of size.

Funds Under Management	Fund Type	Structure	Launch	Assets 2012	Assets 2011	% Change
Onshore Funds				THB million		%
Finansa Asset Management						
● Provident Funds	Provident	Open	1969	12,775	11,914	7%
● Mutual Funds	Mutual	Open	2004	5,260	1,821	189%
● Finansa Global Allocation Fund	Foreign Invested Fund	Open	2005	573	468	22%
● Finansa Global Commodities Fund	Foreign Invested Fund	Open	2007	503	485	4%
● Finansa Energy and Petrochemical Index Fund	Index Fund	Open	2008	10,483	9,823	7%
● Finansa Fixed Income Fund	Mutual	Open	2008	3,378	3,323	2%
● Finansa Global Thematic Equities Fund	Foreign Invested Fund	Open	2009	274	261	5%
● Finansa Value Plus Fund	Money Market	Open	2010	1,345	1,218	10%
Total Onshore Funds				34,591	29,313	18%
Offshore Funds				US\$ million		%
Finansa Fund Management						
● Finansa Vietnam Fund	Vietnam Equity	Open	2008	2	2	0%
● New-S Finansa Vietnam Balanced Trust	Vietnam Eq. + Fixed Inc.	Open	2008	3	2	50%
● CMBI Finansa China Vietnam Fund	Vietnam / China Eq. + Fixed Inc.	Open	2011	4	4	0%
Total Offshore Funds				9	8	13%
Combined Onshore Funds and Offshore Funds (THB Million)				34,867	29,558	18%



FAM's Provident Fund business is stable

FAM's provident fund business was stable over the year with few changes in the underlying client base either in terms of accounts won or lost. Looking at FAM's overall fund breakdown, the split between mutual funds and provident funds stood at 63%:37% as at 31 December 2012 compared to 59%:41% as at end 2011. The split is relevant to the extent that the fees earned on mutual fund management are higher than on provident fund management.

In February 2012, FAM launched the Finansa Dividend Equity Fund, a local, open-ended equity fund. Assets under management at the year-end were still modest, at Bt324million; however the Fund's performance was strong, ranking 2nd by 3-month return and 3rd by 6-month return in its peer group of 40 funds. This encouraging performance should help attract new investors in the year ahead.

Registrar business is rolled out in 2012

Outside of fees generated from fund management, FAM saw some success in 2012 with the rolling out of registrar services and in particular the provision of registrar system development services to the Government's National Savings Fund. This is the first step in what is hoped will be the award of a contract to provide registrar services to the Government's National Savings Fund. System development made a significant contribution to FAM's revenues in 2012 and will make a further material contribution in 2013. The decision on the award of the contract to provide registrar services is expected around the middle of this year.

In terms of private funds, FAM was awarded a contract to manage a private fund for the Metropolitan Waterworks Authority. This helped lift the total private funds under management to Bt500 million at the end of 2012.

Delay in changes to Bank Deposit Insurance

Last year we reported that the proposed change in deposit insurance to be applied to bank deposits from August 2012 would likely lead to large bank deposits being reduced and diversified, thus creating an opportunity for the mutual fund companies. However, the proposed change has been delayed until August 2015.

FFM continued to face headwinds in 2012

Finansa Fund Management (FFM) continued to face strong headwinds in 2012. Since mid-2008 international fund investors have adopted a cautious approach towards boutique managers operating in specialized markets. While institutional fund flows into Asia have been strong for the last two years, these are either being invested directly into listed equities or flowing into Exchange Traded Funds (ETFs) which target listed investments. FFM's niche is Private Equity (PE) and while there is undoubtedly interest in ASEAN Private Equity, launches of individual country funds within ASEAN, with the exception of Indonesia, are failing to gain traction. International PE investors, typically, want to "tick" one box for ASEAN rather than assess, compare and contrast an array of small, single country funds in the region. This, in itself, creates an opportunity as there are few PE products in the market which offer genuine ASEAN PE exposure.

Shift in focus from Thai PE to ASEAN PE in response to investor demands

Given the market conditions outlined above, FFM was unable to generate sufficient interest in its Thai PE fund initiative, Siam Investment Fund IV, L.P. and instead has redirected its efforts into a regional initiative. In recent months, FFM has focused on establishing a regional fund in co-operation with leading PE groups in Vietnam and Indonesia. This initiative, the ASEAN Alliance Fund, aims to address a number of the challenges of ASEAN PE by bringing together local and cross border expertise in an operating structure that promotes collaboration and will aim to ensure that the right deals are being done in the right market at the right time, which in turn recognizes the enormous diversity of PE opportunities within ASEAN. The ASEAN Alliance Fund will be marketed formally from 1Q 2013 with the aim of achieving a first closing in 3Q 2013. The initial feedback from potential investors has been encouraging.

China Vietnam Fund delivers solid performance

The CMBI Finansa China Vietnam Fund had a successful 2012 in terms of performance, achieving its objectives of outperforming its benchmark with a lower level of volatility, thereby establishing a track record that demonstrates the validity of the Fund's underlying thesis. However, the Fund size remains small at just over US\$4 million and as a result has had little or no appeal to offshore institutional investors. As indicated in last year's annual report, the intention has been to market this Fund in China as and when capital controls on the mainland are lifted. However, this may be several years away. The group has been willing to sustain continues losses on operating its Vietnam-related funds for several years in anticipation of the long term upside, however this position is no longer considered viable. Please see "Asset Management: 2013 Outlook" next page.



Third Party Marketing proves challenging

FFM's third party marketing effort initially focused on two smaller funds (the China Eagle Fund and the Collabrium Emerging Markets Fund) which though attractive in their own right have faced discrimination for being small, "boutique" funds in an environment where their attributes are viewed as too "risky" by international fund investors. As a result, the marketing efforts were broadened to include an Indian Fund managed by India's largest asset management group, Reliance. Though this fund performed well in 2012, the Indian market fell out of favour with international investors on concerns over a deteriorating political climate. To date, the third party marketing has not delivered results in terms of building assets under management and generating fees for FFM. For this reason, this business is being terminated.

Asset Management: 2013 Outlook

FAM expects to see better business conditions than 2012

Finansa Asset Management (FAM) expects 2013 to be a less challenging year than 2012. Though Thai retail investors may be risk averse in the light of low interest rates, limited scope for further cuts in interest rates, sluggish global growth prospects and equity markets at multi year highs, FAM's management sees opportunities for a pick-up in the pace of asset growth.

Launching Thailand's first health insurance-linked fund

FAM's product launches, at least for the first half of the year, are likely to focus on "conservative" and "unique" themes. There are plans to launch a Health Insurance Fund which is a balanced fund that provides investors with Health Insurance cover. The minimum investment amount will be relatively large and the amount of cover will depend on the size of the individual's investment. This will be the first product of its kind in Thailand. FAM will also seek to launch equity "trigger" funds on an opportunistic basis throughout the year. These funds automatically liquidate when a specified target return is achieved and have proved popular with retail investors in the past.

Property Fund AUM expected to rise significantly

In the Property Fund space, a proposed capital increase in the Trinity Property Fund will raise assets of this fund by around Bt700 million. In parallel, FAM is tendering for mandates for three new property funds.

The ASEAN Alliance Fund will be the focus of FFM in 1H 2013

The primary focus of Finansa Fund Management (FFM) in 1H 2013 will be the fund raising effort for The ASEAN Alliance Fund. The initial focus is on securing anchor investors prepared to commit US\$50 million and to seek an early initial closing with commitments of US\$100 million. As indicated above, the initial response from investors has been encouraging and once anchor investors are in place, we believe that a second closing with commitments of up to US\$300-500 million will be achievable. The target date for a first closing is 3Q 2013.

Proposed Transfer of Vietnam Funds business

Finansa has been active in Vietnam since the early 1990's and has tried to maintain its presence through launching products which it believes best suit the investment environment in Vietnam. Both the Finansa Vietnam Fund and CMBI Finansa China Vietnam Fund delivered good performances in 2012, however they remain severely constrained by their small sizes. Asset size is important in terms of both appeal to potential institutional investors and performance, as the Funds have fixed, minimum administration and custody costs which in percentage terms become higher the lower the asset base. Large funds have an advantage in this respect. By being small, FFM's funds have been (a) difficult to market and (b) have generated low fee income that has been insufficient to meet the costs incurred by FFM in maintaining its offices and staff in Vietnam. In late 2012, after making the decision to focus on a regional fund initiative, FFM decided that action needed to be taken to eliminate the ongoing operating losses in Vietnam. Steps are therefore being taken that will lead to the closure of FFM's Vietnam offices by mid-2013. Details will be released at a later date.



Investment Banking: 2012 Review and 2013 Outlook

Finansa Securities Limited

2012**2011**

As at or for the years ended 31 December

Baht Million

Baht Million

Statements of Financial position

Assets

Cash and cash equivalents	5.2	6.6
Investments - net	149.0	79.7
Loans to parent company	533.0	450.0
Other assets	114.7	91.9
Total assets	801.9	628.2

Liabilities and Equity

Other liabilities	78.9	11.0
Total liabilities	78.9	11.0
Equity	723.0	617.2
Total liabilities and equity	801.9	628.2

Statements of Comprehensive Income

Brokerage fees	30.1	24.9
Fees and services income	276.4	39.6
Gain (loss) on trading in securities	2.2	1.2
Interest, dividend and other income	12.5	12.1
Total income	321.2	77.8
Total expenses	(182.1)	(81.7)
Gain (loss) before income tax	139.1	(3.9)
Income tax	(33.3)	(7.6)
Net profit (loss)	105.8	(11.5)

Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	105.8	(11.5)

Return on Average Assets	14.8%	(1.7%)
Return on Average Equity	15.8%	(1.7%)

Strong earnings rebound in 2012 and acclaim for mandates undertaken

For 2012, Finansa Securities (FSL) reported a profit after tax of Bt105.8 million against a loss of Bt11.5 million for 2011, on a 313% rise in revenues to Bt321.2 million. The year proved to be one of the company's most successful both in financial terms and in terms of recognition of the quality of work done. Highlights included the Bt92.3 billion Preferential Public Offering (PPO) of shares by PTT Exploration and Production Plc. ("PTTEP") which was awarded the Best Secondary Offering Deal in 2012 in The Asset Triple A Regional Awards. FSL was mandated by PTTEP as a joint domestic bookrunner and joint lead manager together with five international and two local advisors. A further highlight was the private placement and tender offer of shares of Siam Global House Plc. ("Global") to/by Siam Cement Plc. ("SCC") which was well received by the investment community, as reflected in Global's share price which traded both at an all-time high and at a higher price than the tender offer price. FSL was financial advisor to Global and tender offer advisor to SCC.

Solid performance forecast for 2013

Going into 2013, the pipeline of mandates remains buoyant and management anticipates another solid performance in terms of revenues and earnings in 2013.



Securities Brokerage: 2012 Review and 2013 Outlook

Finansia Syrus Securities Pcl. (FSS) is an SEC licensed securities brokerage firm providing a range of financial services including brokerage, investment banking, bond dealing and futures exchange trading. As at 31 December 2012, Finansa Plc. was the largest shareholder in FSS with a 25.41% stake.

Finansia Syrus Securities Public Company Limited

2012**2011**

As at or for the years ended 31 December

Baht Million

Baht Million

Statements of Financial position

Assets

Cash and cash equivalents	707.4	335.1
Receivables from Clearing House	81.2	102.0
Securities and derivatives business receivables - net	3,013.0	2,188.7
Investments - net	47.3	41.0
Other assets	345.8	371.2
Total assets	4,194.7	3,038.0

Liabilities and Equity

Debt issued and Borrowings	286.5	349.5
Payables to Clearing House	305.2	86.2
Securities and derivatives business payables	1,645.6	948.9
Other liabilities	281.8	206.9
Total liabilities	2,519.1	1,591.5
Equity of the owners	1,620.6	1,392.7
Non-controlling interests	55.0	53.8
Total liabilities and equity	4,194.7	3,038.0

Statements of Comprehensive Income

Brokerage fees	1,490.4	1,402.9
Fees and services income	68.9	31.6
Gain (loss) on trading in securities	108.9	83.9
Interest, dividend and other income	144.1	106.5
Total income	1,812.3	1,624.9
Total expenses	(1,566.8)	(1,492.2)
Gain (loss) before income tax	245.5	132.7
Income tax	(62.8)	(52.5)
Non-controlling interests	(1.2)	(0.9)
Net profit of the Company	181.5	79.3
Other comprehensive income (loss)	-	-
Total other comprehensive income (loss)	182.7	80.2

Return on Average Assets	5.0%	2.7%
Return on Average Equity	12.0%	6.1%

Revenue growth outpaces expense rise

Finansia Syrus reported a 11.5% increase YoY in revenues to Bt1,812.3 million in 2012 with a 129% surge in net earnings to Bt181.5 million. The increase in revenues was achieved thanks to strong growth in underlying equity market turnover and better utilization of sales staff, branch additions as well as back office systems. The average daily trading volume on the Stock Exchange of Thailand in 2012 was Bt32.3 billion (+9.6% YoY). The dramatic increase in earnings can be attributed to the fact that the company's major expansion that took place during 2011 made a full-year contribution to the results in 2012. During the year, total revenues increased by 11.5% YoY, outpacing a 5.0% rise in total expenses. Despite a significant drop in the average commission rate generated by Finansia Syrus from 0.19% in 2011 to 0.16% in 2012, total brokerage commission rose 6.2% YoY thanks to the company's annual trading volumes that jumped 32% YoY to Bt852.1 billion from Bt645.5 billion in 2011. Apart from brokerage commission, all revenue items, namely advisory and service fees, investment gains, interest and dividend income and interest income from margin lending, increased markedly by at least 28% YoY. It is worth mentioning that the company's investment banking business was particularly successful in 2012, as reflected by a 118.5% surge in advisory and service fee income.

Retained No.2 in market share ranking

FSS managed to retain its No. 2 ranking in brokerage market share in 2012. During the course of the year, the company was able to further expand its market share to 6.19%, up from 5.17% in 2011. The trend in FSS' market share since the creation on FSS (through a three way merger effective July 2009) is shown in the chart next page.

Growing share of Internet transactions

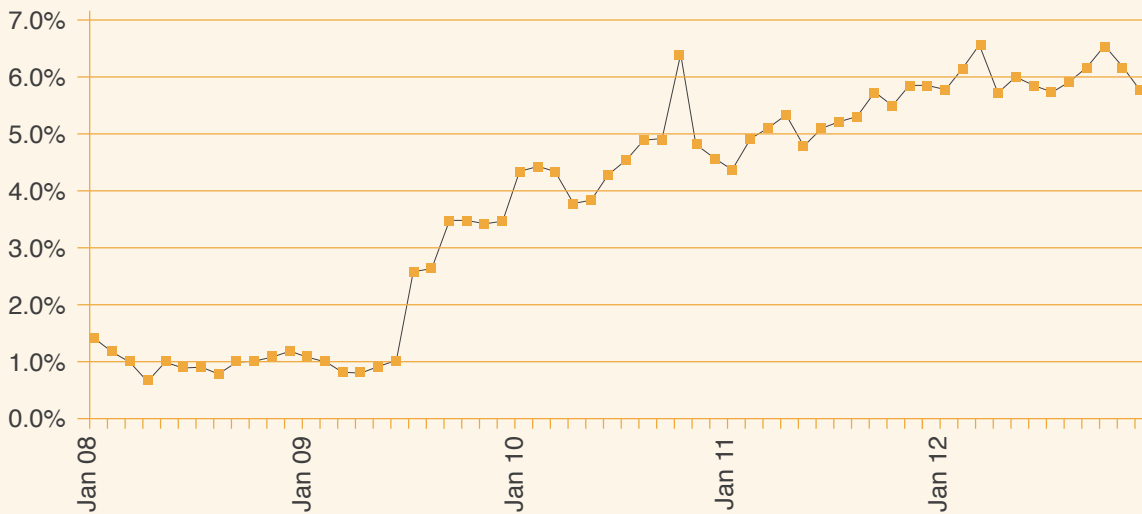
One of the goals of FSS in 2012 was to boost Internet Trading volumes through developing FSS' Internet platform. The popularity of this platform contributed to the company's market share growth. Around 50% of FSS' trading volume was Internet based in 2012, a new high. However, this business commands a lower average commission rate and therefore Internet transactions accounted for 40% of the company's overall commission income in 2012.



Subsidiary licensee generates a further 0.52% market share

The chart below does not include the market share of the FSS subsidiary ACL Securities Ltd (ACL). ACL's brokerage license is being utilized by BNP Paribas Securities (Singapore) through a co-operation agreement that generates additional revenue for FSS. ACL's market share in 2012 was 0.52%.

FSS's Market Share Month by Month



Sales staff's productivity improves

As at 31 December 2012, FSS employed 693 sales staff, down from 743 at end 2011. However, as mentioned earlier, this smaller number of sales staff generated much higher annual trading volumes and thus brokerage commission for the company in 2012. The total number of company's branch network stood at 40 branches at the end of 2012, up from 37 at end 2011. Of the 40 branches, 21 are in Bangkok, including the head office. The productivity improvements and economies of scale allow FSS to invest in and deliver a comprehensive and competitive research support service to its sales staff.

Thai investment offshore is on the rise

A second element in FSS's strategy is to be a leader in overseas share trading by Thai investors. There is an ongoing relaxation in the regulations regarding the purchase of international equities by Thai individual investors and FSS is seeking to be at the forefront of this opportunity. Despite the superiority of the performance of the Thai market relative to those of overseas markets in 2012, the company's trading value offshore by FSS' clients surged to Bt3.9 billion in 2012 from Bt124.6 million in 2011. Primary markets of interest were the U.S., Hong Kong and Singapore with most of the business transacted by local institutions.

Lucrative IPO market opportunities for IB

While focused on brokerage up to this point, FSS has ambitions to expand its presence in investment banking. In the event, IPO activity on the Thai stock market improved considerably in 2012 and this was reflected in solid investment banking revenues for FSS. FSS did secure mandates and was lead underwriter in three MAI listings, namely Union Intraco Pcl., QTC Energy Pcl. and Hydrotek Pcl.

SBL slowed down slightly but still robust

A further growth area is stock borrowing and lending. FSS initiated this business in Q4 2010 and there has been significant progress subsequently in generating both fees and commission related to the related client trades. The progress is in line with management's expectations that SBL will become a material business although the volume of borrowing and short sales through FSS fell to a still robust volume of Bt13.2 billion in 2012 from Bt20.1 billion in 2011.

Securities Brokerage: 2013 Outlook

A more defensive strategy in 2013

While further expansion in market share is anticipated in 2013, the pace is expected to slow as management is focused on consolidating the current market position, reviewing the quality of the current brokerage business and seeking ways to both enhance productivity of the current sale force and improving service standards and offerings to a level that more clearly differentiates FSS from its local competitors. It is also critical that in-house systems are seen to be more than capable of operating efficiently as trading volumes expand and that strong risk management processes are in place. Costs will continue to be monitored closely.



Continued pressure on average commissions in 2013

Thailand continues to be over-brokered in the sense that there are too many brokerage firms targeting a still narrow market and this will continue to depress average commission levels. Market consolidation is underway and a number of smaller brokers face losses that will be unsustainable, however the process of consolidation is far from over. Management expects efforts by the smaller, local players to protect market share will remain intense, while new foreign entrants will no doubt be willing to “spend” to build share. We expect the overall trading volumes to rise to Bt35.5 billion (+10% YoY) in 2013. Our forecast is based on our assumptions that: (1) Thailand will record GDP growth of 5% in 2013, driven mainly by higher levels of investment by the public sector; (2) regional markets, including Thailand, will see continued inflows of funds in light of key central banks' highly accommodative monetary policies; (3) Thailand's politics will remain stable; and (4) the aggregate normalized profit of listed companies in Thailand will increase by 21% in 2013.

Continued growth in overseas equity trading

Growth opportunities remain for FSS in trading overseas equities for Thai clients. FSS is an active participant in the common trading platform initiative of the SET with other ASEAN exchanges, referred to as the “ASEAN-Link Trading Platform”. The focus for trading overseas equities will be the ASEAN and Hong Kong markets with an increasing emphasis on promoting FSS trading capability to local institutions. Encouragingly, growing local institutional interest in offshore investment and recognition of FSS' strengths in offering access to offshore markets is also supporting growth in Thai equity business through FSS as the business relationships with FSS develop.

A pick up expected in IPO mandates in 2013

The Investment Banking team is expecting to build on its strong performance in 2012 and is confident of generating another good year's results based on the enquiries that are being seen.

Prospect Development Co., Ltd

Prospect Development Co., Ltd. (Prospect) is a 41.58% owned, associated company with the objective of becoming one of Thailand's leading industrial estate developers. Prospect is currently developing the Bangkok Free Trade Zone (BFTZ).

Prospect Development Co., Ltd.

2012

2011

As at or for the years ended 31 December

Baht Million

Baht Million

Statements of Financial position

Assets

Cash and cash equivalents	63.6	30.0
Short-term loans	55.6	55.6
Leasehold rights deposit	67.3	30.2
Leasehold rights - net	1,769.1	1,838.7
Permits and equipment - net	796.7	201.1
Other assets	36.4	16.4
Total assets	2,788.7	2,172.0

Liabilities and Shareholders' Equity

Borrowings	1,675.2	1,297.3
Other liabilities	275.1	60.6
Total liabilities	1,950.3	1,357.9
Shareholders' equity	838.4	814.1
Total liabilities and Shareholders' equity	2,788.7	2,172.0

Statements of Income

Rental and service income	71.6	29.9
Other income	8.1	7.2
Total income	79.7	37.1
Total cost and expenses	(135.9)	(115.4)
Loss before finance cost	(56.2)	(78.3)
Finance costs	(119.5)	(88.2)
Net loss	(175.7)	(166.5)
Return on Average Assets	(7.1%)	(13.2%)
Return on Average Shareholders' Equity	(21.3%)	(32.8%)



59,103 sqm of completed space added in 2012

2012 saw material progress in construction of both standard and built-to-order warehousing and factory space. In total, 59,103 sqm of warehousing and factory space was added during the year, bringing the total completed to 83,365 sqm.

Occupancy at 94%

New leases covering 80,000 sqm of space were signed in 2012. Amongst the new customers are Japanese manufacturer of “baby-wipes”, Haso Group and CP Food Group. Current occupancy is now c. 94%.

Developing site infrastructure

Prospect continues to renovate roads, improve accessing to the site and strengthen flood prevention barriers. In 2012, Prospect developed 15,204 sqm of road area.

Paid-up Equity increased by Bt200m

In February 2012, the company raised its paid-up capital from Bt1,000 million to Bt1,200 million through the issue of new shares at par.

Adding 75,000 sqm of lettable area in 2013

Looking at the year ahead, management is planning to add a further 75,000 sqm of warehousing and factory space in 2013, bringing the total to 158,000 sqm. The sales target for 2013 is to lease a further 75,000 sqm. Building up the inventory of warehousing and factory space is a crucial element in the 2013 business plan as having space that is ready and available for potential customers underpins the marketing effort.

A second, major access road to be completed in 2013

2013 will also see the completion of a new stretch of road linking the BFTZ to Bang Na Km19. The current access to the site is from Bang Na Km23 and a second major access route will further boost the attractions of the site. The new access road has been approved by the local municipality and a budget has been allocated.

Positive outlook for Industrial Estates

Demand, overall, for factory and warehouse space in Thailand remains strong and concerns that the floods in late 2011 might detract from Thailand as an investment destination proved unfounded. Industry statistics show that industrial land sales rose 56.9% in 2012 after rising 59% in 2011. This demand reflects the underlying buoyancy in Foreign Direct Investment (FDI) into Thailand. FDI disbursements in 2012 were US\$49.3 billion against US\$21.1 billion in 2011. Going forward, it is clear that ASEAN is attracting increased attention from global manufacturers and within ASEAN, Thailand has the attractions of a major existing manufacturing bases and relatively well developed infrastructure. Against this backdrop, Prospect's management is confident about the business outlook for the year ahead.

Clear framework for crossing over into profit

The issue for Prospect in terms of financial performance is that being in the early stages of development and being in possession of a large, leased land bank, the company is incurring losses on a reported basis that reduce as warehousing is completed and rented. Under current projections, the company will move into profit when the inventory of leased, completed warehousing exceeds 300,000 sqm against the 83,000 sqm of completed space at end 2012. This is expected to be achieved by 2015. Once a critical mass of rented space has been reached the company will become an important source of sustainable cash flow and earnings for the group.



REPORT ON THE BOARD OF DIRECTORS' RESPONSIBILITY TOWARDS THE FINANCIAL STATEMENTS 2012

The Board of Directors is responsible for the supervision of financial statements preparation of the Company and its subsidiaries, their disclosure to the investors in a timely manner and ensuring the accounting data is presented with accuracy and transparency. The financial reports of the Company and its subsidiaries are prepared in accordance with generally accepted accounting principles in Thailand by applying appropriate accounting policies consistently. Moreover, sufficient important information is disclosed in the notes to the financial statements.

The Board of Directors has empowered the Audit Committee and the Certified Public Accountants to freely review the internal control system and the

accuracy of the financial reporting. The opinion of the Audit Committee on such matters is presented in the Report of the Audit Committee in the annual report.

Based on the Company's internal control system supervised by the Audit Committee and the external auditor's reports, the Board of Directors believes that the consolidated financial statements of the Company and its subsidiaries present complete, in all material aspects, the financial position, the results of operations and cash flows for the year ended 2012 and are also in conformity with generally accepted accounting principles.

(Dr. Virabongsa Ramangkura)
Chairman

(Vorasit Pokachaiyapat)
Managing Director

AUDIT COMMITTEE'S REPORT FOR THE YEAR 2012

The Audit Committee of Finansa Public Company Limited comprises of 3 independent non-executive directors, namely, Mr. Vitthya Vejjajiva as the Chairman of Audit Committee, Mrs. Kannika Ngamsopee and Mr. Akarat Na Ranong as Audit Committee members. In the year 2012, the Audit Committee held 4 meetings and all members attended the meetings, except for Mrs. Kannika Ngamsopee who was absent once. The following major issues were considered in accordance with the scope of duties and responsibilities assigned by the Board of Directors.

1. Reviewed the quarterly financial statements as well as the annual financial statements and consolidated financial statements of the Company and its subsidiaries including the accuracy and completeness of information disclosed in the notes to financial statements. In 2012, the audit committee had 4 non-management meetings with an auditor.

2. Reviewed the internal control systems and the auditing reports performed by the independent Internal Auditor in accordance with the approved annual audit plan.

3. Reviewed the Company's operations in order to ensure compliance with the securities law, rules and regulations of the Stock Exchange of Thailand or any law concerning the Company's business.

4. Considered the Company's information disclosure about the transactions stipulated by law, connected transactions, related party transactions, including the transactions which may cause conflict of interest.

5. Recommended to the Board of Directors for shareholders' meeting approval of the appointment of the independent auditors of the Company and subsidiaries for the year 2012.

6. Recommended to the Board of Directors for shareholders' meeting approval of the proposed appointment of Dr. Suphamit Techamontrikul CPA No. 3356 or Mr. Permsak Wongpatcharapakorn CPA No. 3427 or Mr. Niti Jungnitnirunda CPA. No. 3809 or Mr. Chavala Tienpasertkij CPA. No. 4301 of Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. as the auditors of the Company and its subsidiaries for the year 2013.

The Audit Committee is of the opinion that the Company has an internal control system which is satisfactory, that the Company's operation is in compliance with relevant laws and regulations and that the financial statements of the Company were prepared and presented with accurate and sufficient material information in accordance with generally accepted accounting principles. The financial statements of the Company were reviewed and audited by certified auditors whom the Audit Committee considered to be qualified and appropriate auditors for the Company.

On behalf of the Audit Committee



(Mr. Vitthya Vejjajiva)
Chairman of the Audit Committee



REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS FINANSA PUBLIC COMPANY LIMITED

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the

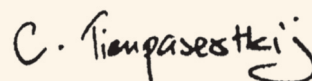
purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the aforementioned consolidated and separate financial statements present fairly, in all material respects, the financial position of Finansa Public Company Limited and its subsidiaries and of Finansa Public Company Limited as at December 31, 2012, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

BANGKOK
February 28, 2013



Chavala Tienpasertkij
Certified Public Accountant (Thailand)
Registration No. 4301
DELOITTE TOUCHE TOHMATSU
JAIYOS AUDIT CO., LTD.



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

Unit : Thousand Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2012	2011	2012	2011
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		73,583	145,968	6,096	19,979
Temporary investments, net	5	254,291	142,814	112,248	25,106
Service income receivables					
Related parties	25.2	-	-	225	225
Other parties		80,285	29,289	-	-
Total service income receivables		80,285	29,289	225	225
Receivables and loans to others,					
current portion	6, 7	3,181	4,495	-	1,000
Other Receivables		6,454	807	1,420	-
Short-term loans and advances to					
related parties	25.2, 25.3	10,601	8,910	795	795
Other current assets		26,775	25,382	4,408	6,636
TOTAL CURRENT ASSETS		455,170	357,665	125,192	53,741
NON-CURRENT ASSETS					
Deposits subject to restrictions	8	5,728	2,333	587	576
Available-for-sale securities, net	5	10,320	87,293	10,320	10,491
Investment in associates	9.1, 9.2	767,024	775,039	804,714	783,804
Investment in subsidiaries, net	9.2	-	-	1,492,728	1,492,728
Long-term investments in related parties	10	68	70	-	-
Other long-term investments					
- General investments, net	5	152,147	161,776	151,359	160,987
Receivables and loans to others,					
net of current portion	6, 7	18,201	18,745	1,000	-
Premises and equipment, net	11	148,709	164,603	142,142	156,175
Goodwill, net	12	173,061	173,061	-	-
Intangible assets, net	13	39,044	40,679	4,435	6,419
Deferred tax assets	14	8,877	31,263	-	-
Other non-current assets		25,952	25,976	183	216
TOTAL NON-CURRENT ASSETS		1,349,131	1,480,838	2,607,468	2,611,396
TOTAL ASSETS		1,804,301	1,838,503	2,732,660	2,665,137

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

FINANSA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2012 AND 2011

Unit : Thousand Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2012	2011	2012	2011
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank overdraft and short-term borrowing from financial institution		-	31,736	-	-
Bills of exchange and short-term debenture	15, 25.2, 25.3	317,935	529,181	377,388	618,668
Liabilities under finance lease agreements, current portion	16	119	113	-	-
Short-term loans and advances from related parties	25.2, 25.3	-	-	988,554	820,761
Current income tax payable		5,338	-	-	-
Other current liabilities					
Accrued bonus		63,575	17,919	1,956	3,917
Accrued expenses		8,572	13,117	2,182	3,238
Other accounts payable		37,970	32,360	34,335	32,360
Others	23, 25.2	37,690	24,362	41,115	39,389
Total other current liabilities		147,807	87,758	79,588	78,904
TOTAL CURRENT LIABILITIES		471,199	648,788	1,445,530	1,518,333
NON-CURRENT LIABILITIES					
Liabilities under finance lease agreements, net of current portion	16	147	266	-	-
Provision for post-employment benefits	22	15,368	15,701	7,954	10,493
TOTAL NON-CURRENT LIABILITIES		15,515	15,967	7,954	10,493
TOTAL LIABILITIES		486,714	664,755	1,453,484	1,528,826



FINANSA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2012 AND 2011

Unit : Thousand Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2012	2011	2012	2011
LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)					
SHAREHOLDERS' EQUITY					
Share capital	17.1				
Authorized share capital					
247,039,600 ordinary shares of Baht 5 each		<u>1,235,198</u>		<u>1,235,198</u>	
298,509,700 ordinary shares of Baht 5 each			<u>1,492,549</u>		<u>1,492,549</u>
Issued and paid-up share capital					
212,389,443 ordinary shares of Baht 5 each, fully paid		1,061,947		1,061,947	
123,519,800 ordinary shares of Baht 5 each, fully paid			617,599		617,599
Premium on ordinary shares	17.1	1,035,005	1,266,066	1,035,005	1,266,066
Retained earnings (deficit)					
Appropriated					
Legal reserve	18	69,304	69,304	69,304	69,304
Unappropriated (deficit)		(557,918)	(523,921)	(887,191)	(816,794)
Other components of shareholders' equity		<u>(290,751)</u>	<u>(255,300)</u>	<u>111</u>	<u>136</u>
TOTAL SHAREHOLDERS' EQUITY		<u>1,317,587</u>	<u>1,173,748</u>	<u>1,279,176</u>	<u>1,136,311</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>1,804,301</u>	<u>1,838,503</u>	<u>2,732,660</u>	<u>2,665,137</u>

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

FINANSA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Unit : Thousand Baht

		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Notes	2012	2011	2012	2011
REVENUES					
Revenues from investment, advisory and management business	25.1.1	10,626	18,489	49,465	285,035
Revenues from loan management business		3,198	26,502	-	-
Revenues from securities business	25.1.1	289,230	45,718	-	-
Revenues from asset management business		154,324	114,952	-	-
Other income	25.1.1	10,376	8,975	16,702	16,174
Total Revenues		<u>467,754</u>	<u>214,636</u>	<u>66,167</u>	<u>301,209</u>
COSTS AND EXPENSES					
Finance costs	25.1.1	26,442	23,490	46,090	39,852
Investment, advisory and management business costs and expenses		33,034	64,993	12,050	17,391
Loan management business costs and expenses		7,098	2,710	-	-
Securities business costs and expenses		141,540	51,491	-	-
Asset management business costs and expenses		122,231	89,577	-	-
Bad debt and allowance for doubtful accounts (reversal)		(5,000)	(65,000)	-	963
Servicing and administrative expenses	25.1.1	95,969	111,759	52,259	44,804
Gain on disposal/reversal of impairment of investment		-	(23,313)	-	(23,313)
Directors and managements remuneration	25.4	27,855	29,259	26,165	27,594
Total Costs and Expenses		<u>449,169</u>	<u>284,966</u>	<u>136,564</u>	<u>107,291</u>
Share of loss from investments in associated companies		(20,480)	(72,272)	-	-
PROFIT (LOSS) BEFORE INCOME TAX		(1,895)	(142,602)	(70,397)	193,918
INCOME TAX EXPENSE	14	(32,102)	(7,359)	-	-
NET PROFIT (LOSS) FOR THE YEARS		<u>(33,997)</u>	<u>(149,961)</u>	<u>(70,397)</u>	<u>193,918</u>

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



FINANSA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

Unit : Thousand Baht

Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS		
	2012	2011	2012	2011	
OTHER COMPREHENSIVE INCOME (LOSS)					
Gains (losses) on remeasuring available-for-sale investments	(18,578)	32,051	(25)	(44)	
Gains (losses) from translation of financial statement differences	(16,873)	27,313	-	-	
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEARS, NET OF TAX	(35,451)	59,364	(25)	(44)	
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEARS	(69,448)	(90,597)	(70,422)	193,874	
PROFIT (LOSS) ATTRIBUTABLE TO					
Owners of the Company	(33,997)	(143,286)	(70,397)	193,918	
Non-controlling interests	-	(6,675)	-	-	
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO	(33,997)	(149,961)	(70,397)	193,918	
OWNERS OF THE COMPANY					
Owners of the Company	(69,448)	(83,300)	(70,422)	193,874	
Non-controlling interests	-	(7,297)	-	-	
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY	(69,448)	(90,597)	(70,422)	193,874	
BASIC EARNINGS (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE	Baht	(0.27)	(1.16)	(0.56)	1.57
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	17.2 Shares	126,433,558	123,519,800	126,433,558	123,519,800

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

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

Unit : Thousand Baht

		CONSOLIDATED FINANCIAL STATEMENTS							
		Other components of shareholders' equity			Retained earnings (deficit)				
note	Issued and paid-up share capital	Premium (discount) on ordinary shares	Revaluation surplus (deficit) on investments	Unrealized gain (loss) on dilution of investment in an associates	Translation of financial statement differences	Legal reserve	Unappropriated (deficit)	Non-controlling interests	Total
	617,599	1,266,066	(13,354)	3,509	(305,441)	69,304	(380,635)	28,262	1,285,310
Beginning balance, January 1, 2011									
Total comprehensive income									
(loss) for the year	-	-	32,051	-	27,935	-	(143,286)	(7,297)	(90,597)
Distribution to non-controlling interest of a subsidiary during the year	-	-	-	-	-	-	-	(20,965)	(20,965)
Ending balance, December 31, 2011	617,599	1,266,066	18,697	3,509	(277,506)	69,304	(523,921)	-	1,173,748
	617,599	1,266,066	18,697	3,509	(277,506)	69,304	(523,921)	-	1,173,748
Beginning balance, January 1, 2012									
Increase of share capital - ordinary shares	444,348	(231,061)	-	-	-	-	-	-	213,287
17.1									
Total comprehensive loss for the year	-	-	(18,578)	-	(16,873)	-	(33,997)	-	(69,448)
Ending balance, December 31, 2012	1,061,947	1,035,005	119	3,509	(294,379)	69,304	(557,918)	-	1,317,587

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

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

Unit : Thousand Baht

		SEPARATE FINANCIAL STATEMENTS					
Note	Issued and paid-up share capital	Premium (discount) on ordinary shares	Other components of shareholders' equity revaluation surplus (deficit) on investments	Retained earnings (deficit)		Total	
				Legal reserve	Unappropriated (deficit)		
	617,599	1,266,066	180	69,304	(1,010,712)	942,437	
	-	-	(44)	-	193,918	193,874	
	617,599	1,266,066	136	69,304	(816,794)	1,136,311	
	617,599	1,266,066	136	69,304	(816,794)	1,136,311	
17.1	444,348	(231,061)	-	-	-	213,287	
	-	-	(25)	-	(70,397)	(70,422)	
	1,061,947	1,035,005	111	69,304	(887,191)	1,279,176	

Beginning balance, January 1, 2011

Total comprehensive income (loss) for the year

Ending balance, December 31, 2011

Beginning balance, January 1, 2012

Increase of share capital - ordinary shares

Total comprehensive loss for the year

Ending balance, December 31, 2012

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

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

Unit : Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2012	2011	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (loss) before income tax	(1,895)	(142,602)	(70,397)	193,918
Adjustments:				
Shares of loss from investments in associated companies	20,480	72,272	-	-
Depreciation and amortization	29,339	28,369	21,063	18,512
Amortization of discounts received on investments	146	82	146	118
Amortization of discounts paid on bills of exchange	23,389	19,983	26,568	23,842
Bad debt and allowance for doubtful accounts (reversal)	(5,656)	(65,000)	-	963
Reversal of losses on impairment of investments and other assets	-	(98)	-	(97)
Gain on disposal of a subsidiary	-	(1,964)	-	-
Unrealized (gains) losses on revaluation of investments	(90)	6,386	(242)	(6)
Gains on disposal of available-for-sale securities	(1,133)	-	-	-
Gains on disposal of fixed assets and intangible assets	(8)	(220)	(48)	(220)
Unrealized (gains) losses on exchange	8,704	(4,525)	7,534	1,107
Service and interest costs on employees' benefit	3,029	2,581	1,219	2,219
Actuarial gain on defined employee benefit plan	(2,912)	-	(3,573)	-
Dividend income	-	(4,453)	(6,843)	(220,153)
Finance costs	3,053	23,490	19,522	39,852
	76,446	(65,699)	(5,051)	60,055
(Increase) decrease in temporary investments	(111,386)	122,979	(86,900)	(25,034)
Decrease in receivables and loans to others	7,514	173,912	1,000	-
Increase in service income receivables	(50,996)	(5,874)	-	-
(Increase) decrease in other current assets	(1,140)	36,240	2,226	2,837
Decrease in other non-current assets	24	1,002	33	50
Employees benefits paid out	(399)	(1,471)	(185)	(1,105)
Increase (decrease) in other current liabilities	60,795	(32,302)	(969)	2,140
Cash received (paid) from operations	(19,142)	228,787	(89,846)	38,943
Interest paid	(2,247)	(23,622)	(17,520)	(39,800)
Income tax paid	(10,278)	(6,846)	(1,418)	(1,475)
Net cash provided by (used in) operating activities	(31,667)	198,319	(108,784)	(2,332)
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase) decrease in short-term loans and advance to related parties	(1,691)	91,260	-	161,000
(Increase) decrease in receivables and loans to others	-	38,022	(1,000)	38,022
Increase in deposits subject to restrictions	(3,395)	(43)	(11)	(7)
Proceeds from disposal of available-for-sale securities	61,263	-	-	-



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

Unit : Thousand Baht

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2012	2011	2012	2011
Increase in available-for-sale securities	(3,829)	-	-	-
Cash paid for investment in additional shares of subsidiaries and associates	(16,236)	(475,957)	(16,236)	(429,195)
(Increase) decrease in investments in subsidiaries and associates	3,772	(108,175)	(4,674)	(81,134)
Decrease in long-term investments in related parties	-	43,738	-	39,600
(Increase) decrease in other long-term investments	-	50,871	-	(157,117)
Cash paid for acquisition of fixed assets and intangible assets	(13,417)	(16,148)	(5,883)	(6,781)
Proceeds from disposal of fixed assets and intangible assets	64	253	53	253
Net cash inflow from redemption of an investment	-	34,991	-	-
Distribution from investment	2,820	-	2,820	-
Dividends received	-	4,622	6,843	220,153
Net cash provided by (used in) investing activities	<u>29,351</u>	<u>(336,566)</u>	<u>(18,088)</u>	<u>(215,206)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash received (paid) on bills of exchange and short-term debenture issued	(234,634)	151,475	(267,849)	123,675
Cash received (paid) from bank overdrafts and short-term borrowings from financial institution	(31,736)	1,584	-	-
Cash received from capital increase	213,287	-	213,287	-
Installment paid on liabilities under finance lease agreements	(113)	(90)	-	-
Increase in short-term loans and advances from related parties	-	-	167,551	94,511
Distribution to non-controlling interests of the subsidiary	-	(20,514)	-	-
Net cash provided by (used in) financing activities	<u>(53,196)</u>	<u>132,455</u>	<u>112,989</u>	<u>218,186</u>
Differences on translation of financial statements	<u>(16,873)</u>	<u>27,935</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(72,385)	22,143	(13,883)	648
Cash and cash equivalents as at January 1,	<u>145,968</u>	<u>123,825</u>	<u>19,979</u>	<u>19,331</u>
Cash and cash equivalents as at December 31,	<u><u>73,583</u></u>	<u><u>145,968</u></u>	<u><u>6,096</u></u>	<u><u>19,979</u></u>
Non-cash items:				
Bad debts written off	656	34,072	-	963
Revaluation surplus on investments increase (decrease)	(18,578)	32,051	(25)	(44)
Payable for acquisition of fixed assets and intangible assets increase (decrease)	(1,553)	1,638	(832)	916
Adjustment of provision for post-employment benefit with retained earning brought forward	-	(17,691)	-	(9,379)
Discount on ordinary shares	(231,061)	-	(231,061)	-

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

**FINANSA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

1. Operations and general information

1.1 The Company's information

Finansa Public Company Limited ("the Company") was incorporated as a limited company under Thai law on December 7, 1989, registered the change of its status to a public limited company on June 19, 2002 and listed on the Stock Exchange of Thailand on September 25, 2002. Its registered office is located at 48/21-22 TISCO Tower, 12Ath Floor, North Sathorn Road, Silom, Bangrak, Bangkok. The Company operates its business in Thailand and its principal activity is to invest in and provide finance and management advisory services to its affiliated and related parties. Furthermore, the Company and its subsidiaries also provide financial services, including investment banking and asset management.

1.2 The subsidiaries' operations

Finansa Capital Limited

Finansa Capital Limited, which is a 100% owned subsidiary of the Company, is a limited company under Thai law and operates in Thailand. Currently, its principal activity is to manage its remaining loan portfolio and its registered office is located at 48/21-22 TISCO Tower, 12Ath Floor, North Sathorn Road, Silom, Bangrak, Bangkok.

Finansa Securities Limited

Finansa Securities Limited, which is a 100% owned subsidiary of the Company, is incorporated as a limited company under Thai law and operates in Thailand. By the Company's Board of Directors' resolution on April 24, 2009, the Board of Directors approved the reorganization of the securities and futures brokerage businesses of the group company. According to the business reorganization, the subsidiary has temporarily ceased its securities and futures brokerage businesses since July 4, 2009. The Stock Exchange of Thailand and the Office of the Securities and Exchange Commission acknowledged and approved the temporary cessation of operations until December 31, 2013.

The subsidiary still maintains its investment banking, underwriting, selling agent, money market trading, proprietary trading businesses and any other business the subsidiary has licenses to operate.



As at December 31, 2012 and 2011, the consolidated financial statements included goodwill derived from investment in the subsidiary amounting to Baht 111.6 million and an intangible asset relating to the derivative business license fee of the subsidiary amounting to Baht 12.0 million. Management believes that the recoverability of those assets will not be less than their net book value.

Registered office of the subsidiary is located at 48/45 TISCO Tower, 20th Floor, North Sathorn Road, Silom, Bangrak, Bangkok.

Finansa Asset Management Limited

Finansa Asset Management Limited, which is a 100% owned subsidiary of the Company, is incorporated as a limited company under Thai law. The subsidiary operates business in Thailand and has been granted licenses from the Ministry of Finance to operate fund management business. Its registered office is located at 48/21 and 48/24 TISCO Tower 12Ath Floor, North Sathorn Road, Silom, Bangrak, Bangkok.

Finansa Fund Management Ltd.

Finansa Fund Management Ltd., which is a 100% owned subsidiary of the Company, is incorporated as an exempted company with limited liability in the Cayman Islands. Its principal activity is to provide investment advisory and fund management services. Its registered address is P.O. Box 309, Uglad House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.

2. Basis of preparation of financial statements

2.1 Basis of preparation and presentation of financial statements

The statutory financial statements are prepared in Thai Baht and in the Thai language in conformity with accounting standards and practices generally accepted in Thailand, except for early adoption of Thai Accounting Standard No. 12 "Income Taxes". (see Note 3)

The financial statements have been prepared in compliance with the Notification of the Department of Business Development regarding "The Brief Particulars in the Financial Statements B.E. 2554" dated September 28, 2011.

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

2.2 Basis of consolidated financial statements

- (a) These consolidated financial statements include the financial statements of Finansa Public Company Limited and the following subsidiaries, which were incorporated in Thailand and overseas:

	Percentage of shareholding as at		Country of registration	Nature of business
	December 31, 2012	December 31, 2011		
Subsidiaries held directly by the Company				
Finansa Capital Ltd.	100	100	Thailand	Loan management business
Finansa Securities Ltd.	100	100	Thailand	Investment Banking / Securities business
Finansa Asset Management Ltd.	100	100	Thailand	Asset management business
Finansa Fund Management Ltd.	100	100	Cayman Islands	Investment advisory and investment businesses
Finansa (Cambodia) Ltd.	100	100	Cambodia	Investment advisory business
Finansa Hong Kong Ltd.	100	100	Hong Kong	Advisory businesses
Subsidiaries held indirectly by the Company				
Finansa Investment Consulting (Beijing) Co., Ltd.	100	100	The People's Republic of China	Advisory businesses
Finansa Science and Technology (Beijing) Co., Ltd.	-	100	The People's Republic of China	Development research and technical advisory businesses

- (b) The financial statements of the subsidiaries incorporated overseas are translated into Thai Baht at the prevailing exchange rates on the statement of financial position dates for assets and liabilities, and at the monthly average exchange rates for revenue and expense items. The resultant differences are recognized in other comprehensive income and presented in "Translation of financial statement differences" which is a part of other components of shareholders' equity.
- (c) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- (d) In September 2011, Finansa Fund Management Ltd. redeemed its total interest in Finansa Vietnam Fund Ltd. and reinvested in CMBI Finansa China Vietnam Fund Ltd. which considered as an associated company with 39.05% shareholding. (see Note 28)
- (e) The financial statements of the subsidiaries for the years ended December 31, 2012 and 2011 included in the consolidated financial statements were audited except the financial statements of Finansa (Cambodia) Ltd., which were not audited and therefore the management accounts for this subsidiary are included in the consolidated financial statements. These subsidiary's assets, liabilities and net profit (loss) are not significant to the consolidated financial statements.
- (f) On September 14, 2011, Finansa Securities Ltd. registered an increase in its capital from Baht 450 million to Baht 500 million by issuing 5 million common shares at Baht 10 per share, fully call. The Company has already paid up the total amount of Baht 50 million.
- (g) Finansa Science and Technology (Beijing) Co., Ltd. was registered for liquidation in March 2012.



3. New and revised Thai financial reporting issued but not yet effective

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards which will become effective for the financial statements for the accounting periods beginning on or after January 1, 2013 onwards. The Thai Financial Reporting Standards which are applicable to the Company and its subsidiaries are as follows:

Thai Accounting Standards (TAS)

TAS 12	Income Taxes
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates

Thai Financial Reporting Standards (TFRS)

TFRS 8	Operating segment
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Thai Accounting Standard Interpretations (TSI)

TSI 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSI 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Guideline on Accounting

Guideline on Accounting regarding Transferring and Accepting Transfer of Financial Assets.

The following Thai Accounting Standard Interpretations (TSI), International Financial Reporting Interpretations Committee (TFRIC) and Guideline on Accounting are effective on January 1, 2014.

Thai Accounting Standard Interpretations (TSI)

TSI 29	Disclosure - Service Concession Arrangements
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International Financial Reporting Interpretations Committee (TFRIC)

TFRIC 4	Determining Whether an Arrangement Contains a Lease
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes

The managements of the Company and its subsidiaries anticipate that the Company and its subsidiaries will adopt the above relevant Thai Financial Reporting Standards in the preparation of financial statements of the Company and its subsidiaries when they become effective. The Company and its subsidiaries' management is in the process of assessing the impact of these standards on the financial statements for the year in which they are initially applied. However, the Company and its subsidiary have elected to early adopt TAS 12 "Income Tax".

4. Significant accounting policies

The significant accounting policies are summarized below:

4.1 Revenue and expense recognition

(a) Commission fees

Commission fees from selling agent are recognized as income on an accrual basis.

(b) Fees and service income

Fees and service income are recognized as revenue on an accrual basis with reference to the stage of completion.

(c) Interest and discounts on loans - Loan management business

The subsidiary has recognized interest and discount on loans on an accrual basis over the term of the loans, based on the amount of principal outstanding. For defaulted loans, the subsidiary has not reversed accrued interest, but will consider providing allowance for accrued interest together with the loan principal.

Interest which was already included in the face value of loans was deferred and taken up as income evenly over the term of loans.

(d) Hire-purchase income - Loan management business

Income from hire-purchase contracts was recognized by the "effective interest" method of which subsidized interest income and direct costs were included.

The subsidiary has not reversed accrued interest for such defaulted receivables on which principal or interest payments have been past the due date for more than 3 months, but will consider providing allowance for accrued interest together with the principal.

(e) Gains (losses) on trading in securities/investments

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

(f) Interest and dividend on investments

Interest is recognized as interest accrued based on the effective yield rate method. Dividend income is recognized when the right to receive the dividend is established.

(g) Interest on borrowings

Interest on borrowings is charged as expense on an accrual basis.

(h) Expenses

Expenses are recognized on an accrual basis.



4.2 Cash and cash equivalents

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

4.3 Temporary and long-term investments

The Company and its subsidiaries present the values of investments, which are not investments in subsidiaries and associated companies, according to their types as follows:

- (a) Investments in securities held for trading are classified as temporary investments and presented at fair value. Gains or losses arising from changes in the carrying amounts of securities are included in the statements of comprehensive income.
- (b) Investments in available-for-sale securities, both those held as temporary and long-term investments, are determined at fair value. Changes in the carrying amounts of securities are recorded in other components of shareholders' equity through other comprehensive income until the securities are sold, when the changes are then included in the statements of comprehensive income.
- (c) Investments in debt securities expected to be held to maturity, which are classified as temporary and long-term investments according to their remaining periods to maturity, are recorded at amortized cost. The premium/discount on debt securities is amortized by the effective interest rate method with the amortized amount presented as an adjustment to interest income.
- (d) Investments in non-marketable equity securities, which are treated as general investments, are classified as long-term investments and valued at cost less allowance for impairment loss (if any).
- (e) Investments in related parties are classified as long-term investments and valued at cost less allowance for impairment loss (if any).

The weighted average method is used for computation of the cost of investments.

In the event the Company and its subsidiaries reclassify investments in securities, such investments are adjusted to their fair value as at the reclassification dates. Differences between the carrying amount of the investments and their fair value on those dates are recognized as gains (losses) in the statements of comprehensive income or recorded as a revaluation surplus (deficit) on investments in shareholders' equity, depending on the type of the reclassified investment.

4.4 Receivables and loans

Receivables and loans are presented at principal balances less allowance for doubtful accounts, excluding accrued interest receivable. Unrecognized deferred income and discounts on loans are deducted from the principal balances.

Provision additionally set aside is recognized as an expense in the statement of comprehensive income for each relevant year.

Amounts written off as bad debts are deducted from the allowance for doubtful accounts and if recovery is made from bad debts, the recovered amount is added to the allowance for doubtful accounts or taken up as income, as appropriate.

4.5 Troubled debt restructuring

A subsidiary records troubled debt restructuring transactions in accordance with Accounting Standard No. 104 "Accounting for Troubled Debt Restructuring".

If payment of debt is received through the transfer of property, financial instruments, or shares in the debtor company as a result of a debt to equity swap, the subsidiary records the assets received at their fair value less estimated selling expenses (if any), but not exceeding the outstanding balances of principal and accrued interest receivables. Losses arising from differences between the book value of the debt and the value of the transferred assets are recorded in the statements of comprehensive income, taking into account existing allowance for doubtful accounts.

If debt restructuring includes a relaxation of debt repayment conditions, the subsidiary determines the loss arising from the revaluation of the book value of the debtor on the basis of the present value of the future cash flows to be received under the new conditions, using the interest rate for prime customers in discounting. Any amount by which the newly determined book value is lower than the previous book value taking into account existing allowance for doubtful accounts is recorded as "Revaluation allowance as a result of debt restructuring". If the existing allowance is inadequate, the difference is recorded as an expense in the statement of comprehensive income for the period in which the debt was restructured. The subsidiary adjusts the revaluation allowance for debt restructuring at the end of every period by re-calculating the net present value of expected cash flows, discounted by the interest rate for prime customer at the end of the year.

Losses from troubled debt restructuring arising as a result of reductions of principal and accrued interest receivables taking into account the existing allowance for doubtful accounts are expensed in the statements of comprehensive income.



4.6 Investments in subsidiaries and associated companies

Consolidated financial statements

Investments in associated companies except for investments which the Company and its subsidiaries intend to hold temporarily, as presented in the consolidated financial statements, are accounted for under the equity method.

Separate financial statements

Investments in subsidiaries and associated companies as presented in the separate financial statement are presented at cost less allowance for impairment loss (if any). For investments in subsidiaries, which are wholly owned by the Company and have deficits on equities, such deficits are presented as a part of other current liabilities in the separate statements of financial position.

4.7 Premises and equipment/depreciation

Premises and equipment are stated at cost less accumulated depreciation. Depreciation of premises and equipment is calculated by reference to their costs on a straight-line basis over the estimated useful lives as follows:

Office buildings	20 years
Office buildings improvement	5 years
Office equipment	3 and 5 years
Furniture & fixtures	5 years
Vehicles	4 and 5 years

Depreciation is included in statements of comprehensive income and no depreciation is provided for assets in progress.

4.8 Intangible assets and amortization

1) Goodwill

The Company's goodwill is an intangible asset with indefinite useful life occurring from an investment amount in a subsidiary over the subsidiary's net book value. The Company now tests the impairment of goodwill on an annual basis and allowance for impairment will be provided, (if appropriate).

2) Other intangible assets

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

- The software amortizations are calculated by reference to their cost on a straight-line basis not exceeds 10 years.
- The amortization of deferred golf membership fees is made on a straight-line basis over the period of the membership term.

Intangible assets with indefinite useful life are tested for impairment annually and any provisions made for impairment are recorded as expenses in the statement of comprehensive income.

4.9 Long-term lease agreements

Leases of assets for which substantially all the risks and rewards of ownership are transferred to the Company are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased property or the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as long-term liabilities, while the interest element is charged to the statements of comprehensive income over the lease periods. The assets acquired under the finance lease are depreciated over the useful lives of the leased assets.

4.10 Provisions

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

4.11 Related party

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

In addition, related parties include associated companies and individuals which have significant influence over the Company and its subsidiaries, key management personnel, and directors and officers with authority in the planning and direction of the Company and its subsidiaries operations, together with close members of the families of such persons and companies which are controlled or influenced by them, whether directly or indirectly.

4.12 Foreign currency transactions

Transactions during the year denominated in foreign currencies are translated into Baht at the rates of exchange on the transaction dates. Monetary assets and liabilities at the end of the year denominated in foreign currencies are translated into Baht at the exchange rates announced by the Bank of Thailand on that date.

All foreign exchange gains or losses are recognized as income or expense in the statements of comprehensive income.

The financial statements of foreign subsidiaries are translated into Baht using the reference exchange rate established by the Bank of Thailand at the end of the year for the translation of foreign assets and liabilities, the historical exchange rate for the translation of foreign shareholders' equity and the average exchange rate for the translation of transactions in the statements of comprehensive income. Differences in exchange rates from the translation of the financial statements of foreign subsidiaries are recognized in other comprehensive income and presented as a component in shareholders' equity.



4.13 Impairment of assets

The Company and its subsidiaries assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company and its subsidiaries make an estimate of the asset's recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statements of comprehensive income. An asset's recoverable amount is the higher of fair value less costs to sell and value in use.

4.14 Employee benefits

Salary, wages, bonuses and contributions to the social security fund and provident fund are recognized as expenses when incurred.

Post-employment benefits obligation

The Company and its subsidiaries calculated the post-employment benefits obligation under the Thai Labor Protection Act based on actuarial assumptions at the end of reporting period using Projected Unit Credit Method, which is estimated based on the present value of expected cash flows of benefits to be paid in the future taken into account the actuarial assumptions, including salaries, turnover rate, mortality rate, years of service and other factors. Discount rate which calculates the post-employment benefit obligation based on yield rate of government bond.

The expenses for the defined benefit plan are recognized as personnel expenses in the statement of comprehensive income.

Actuarial gains (losses) are recognized in the statements of comprehensive income.

4.15 Taxation

Income tax expenses (income) represent the sum of the tax currently payable and deferred tax.

1.) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date.

2.) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each statement of financial position date. Deferred tax asset shall be reduced to the extent that utilized taxable profits are decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and the Company and subsidiaries intend to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income tax expense or income related to profit or loss is presented in the statement of comprehensive income. For current income taxes and deferred taxes related to items recognized directly in shareholders' equity in the same or different year, they will be recognized directly in shareholders' equity.



4.16 Earning/loss per share

Earning/loss per share as presented in the statements of comprehensive income is basic earning/loss per share, which is determined by dividing net profit/loss by the weighted average number of ordinary shares in issue during the years, net of number of the treasury stocks held by the Company.

4.17 Critical accounting estimates and assumptions used that are significant to the financial statements

Preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Company's management to make estimates and assumptions in certain circumstances, affecting amounts of assets, liabilities and related notes of contingent assets and liabilities at the date of financial statement and reported amounts of revenues and expenses during the year reported. Although the management's estimation is reasonably determined given recent circumstances, actual results could differ from these estimates.

Significant sources of estimation uncertainty are as follows:

1) Fair value

The fair value of marketable securities is based on the latest bid price on the last working day of the year as quoted on the Stock Exchange of Thailand. The fair values of government bonds, state enterprise bonds and private sector debt securities are determined based on the yield rates quoted by the Thai Bond Market Association or other financial institutions, as appropriate. The fair value of investment units is determined from their net asset value.

For the fair value of financial instrument disclosures, considerable judgment is necessarily required in estimation of fair value. Accordingly, the estimated fair value presented herein is not necessarily indicative of the amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value.

2) Allowance for doubtful accounts

2.1) The Company and its subsidiaries excluding securities business subsidiary

Allowance for doubtful accounts and loss from debt restructuring are provided based on expected uncollectible amount based on a review of defaulted payment period and assessment of the current financial position, taking into consideration the recovery risk and the value of collateral of each debtor.

2.2) Securities business subsidiary

A subsidiary has provided an allowance for doubtful accounts in accordance with the Notification No. Kor Thor. 33/2543 of the Office of the Securities and Exchange Commission, dated August 25, 2000, which was amended by the Notification No. Kor Thor. 5/2544 dated February 15, 2001.

3) Debt restructuring

The fair value of accounts receivable after restructuring is based on the present value of the future cash flows to be received from the debtor.

4) Goodwill

The Company tests the impairment of goodwill by using its present value calculated from the estimated future cash flows of subsidiaries with a suitable discount rate. Impairment loss is recognized when the present value of future cash flow of the subsidiaries is less than its carrying amount.

5) Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the temporary differences and unused tax losses can be utilized. The subsidiaries prepared a forecast of future taxable profit and considered that the subsidiaries will have its future taxable profit which is sufficient to be utilized.

6) Intangible assets - Derivatives business license fee

Intangible assets of the subsidiary engaging in securities included derivative business license fee. During the year ended December 31, 2009, the subsidiary requested permission from the Office of the Securities and Exchange Commission to temporarily cease its securities and future brokerage businesses. The suspension of business has been effective since July 4, 2009 (see Note 1). The subsidiary's management believes that recoverable amount of the derivatives business license will not be less than the carrying amount.



5. Investments

5.1 Classified by investment type

As at December 31, 2012 and 2011, the Company and its subsidiaries had classified their investments as follows:

(Unit : Thousand Baht)

Consolidated financial statements

	As at December 31, 2012		As at December 31, 2011	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Temporary investments				
Trading Securities				
Private sector debt securities				
Debentures	-	-	45,722	45,794
Domestic marketable equity securities				
Investment units	252,313	253,497	96,369	97,020
Overseas marketable equity securities	1,164	794	-	-
Total	253,477	254,291	142,091	142,814
Add Allowance for revaluation	814	-	723	-
Total trading securities, net	254,291	254,291	142,814	142,814
Total temporary investments, net	254,291	254,291	142,814	142,814
Long-term investments				
Available-for-sale securities				
Government bond	10,209	10,320	10,355	10,491
Investment units in foreign funds	-	-	58,249	76,802
Total	10,209	10,320	68,604	87,293
Add Allowance for revaluation	111	-	18,689	-
Total available-for-sale securities, net	10,320	10,320	87,293	87,293
General investments				
Domestic non-marketable equity securities	7,800		7,800	
Overseas non-marketable equity securities	22,974		23,768	
Investment units in foreign funds	144,347		153,976	
Total	175,121		185,544	
Less Allowance for impairment	(22,974)		(23,768)	
Total general investments, net	152,147		161,776	
Total long-term investments, net	162,467		249,069	
Total investments, net	416,758		391,883	

(Unit : Thousand Baht)

Separate financial statements

	As at December 31, 2012		As at December 31, 2011	
	Cost/ Carrying value	Fair value	Cost/ Carrying value	Fair value
Temporary investments				
Trading securities				
Domestic marketable equity securities				
Investment units	112,199	112,248	25,100	25,106
Add Allowance for revaluation	49	-	6	-
Total trading securities, net	112,248	112,248	25,106	25,106
Total temporary investments, net	112,248	112,248	25,106	25,106
Long-term investments				
Available-for-sale securities				
Government bond	10,209	10,320	10,355	10,491
Add Allowance for revaluation	111	-	136	-
Total available-for-sale securities, net	10,320	10,320	10,491	10,491
General investments				
Investment units in foreign funds	151,359		160,987	
Total general investments, net	151,359		160,987	
Total long-term investments, net	161,679		171,478	
Total investments, net	273,927		196,584	

As at December 31, 2012 and 2011, the Company had pledged investments in government bonds amounting to Baht 10.32 million and Baht 10.49 million, respectively, to secure bank overdrafts limit with a commercial bank.



5.2 Debt securities classified by remaining period to maturity

As at December 31, 2012 and 2011, the Company and its subsidiaries had investments in debt securities, except those held as trading securities, classified by remaining periods to maturity as follows:

(Unit : Thousand Baht)

	Consolidated and separate financial statements							
	As at December 31, 2012				As at December 31, 2011			
	Remaining periods				Remaining periods			
	Within 1 years	1 - 5 years	Over 5 years	Total	Within 1 years	1 - 5 years	Over 5 years	Total
Available-for-sale securities								
Government bond	-	10,209	-	10,209	-	10,355	-	10,355
Total	-	10,209	-	10,209	-	10,355	-	10,355
Add Allowance for revaluation	-	111	-	111	-	136	-	136
Total available-for-sale securities, net	-	10,320	-	10,320	-	10,491	-	10,491
Total investments in debt securities, net	-	10,320	-	10,320	-	10,491	-	10,491

6. Receivables and loans to others

In order to present the statement of financial position in compliance with the Notification of the Department of Business Development, items due within one year are to be presented as current assets and items due longer than one year are to be presented as non-current assets. The Company and its subsidiaries therefore present "Receivables and loans to others" as follows:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011
Receivables and loans to others	195,011	202,525	14,000	14,000
Less Allowance for doubtful accounts (see Note 7)	(173,629)	(179,285)	(13,000)	(13,000)
Receivables and loans to others, net	21,382	23,240	1,000	1,000
Less Current portion	(3,181)	(4,495)	-	(1,000)
Receivables and loans to others, net of current portion	18,201	18,745	1,000	-

6.1 Classified by loan type

(Unit : Thousand Baht)

	Consolidated financial statements	
	As at December 31, 2012	As at December 31, 2011
Loans management business		
Loans	154,391	155,411
Hire-purchase receivables	4,131	11,117
Total receivables and loans	158,522	166,528
<u>Less</u> Unearned income	(196)	(688)
Total receivables and loans	158,326	165,840
<u>Less</u> Allowance for doubtful accounts	(137,944)	(143,600)
Total receivable and loan management business, net	20,382	22,240
Securities business receivables		
Other receivables	22,685	22,685
<u>Less</u> Allowance for doubtful accounts	(22,685)	(22,685)
Total securities business receivables , net	-	-
Other loans		
Bills of exchange	13,000	13,000
Loans	1,000	1,000
Total other loans	14,000	14,000
<u>Less</u> Allowance for doubtful accounts	(13,000)	(13,000)
Total other loans, net	1,000	1,000
Total receivables and loans to others, net	21,382	23,240

Securities business receivables as of December 31, 2012 and 2011 comprise other receivables including overdue receivables from securities and derivatives business.



(Unit : Thousand Baht)

Separate financial statements

Other loans

Bills of exchange
Loans
Total other loans
<u>Less</u> Allowance for doubtful accounts
Total other loans, net

As at December 31, 2012	As at December 31, 2011
13,000	13,000
1,000	1,000
14,000	14,000
(13,000)	(13,000)
1,000	1,000

6.2 Classified by the remaining period of the contract

(Unit : Thousand Baht)

**Consolidated financial
statements**

**Separate financial
statements**

Receivables and loans to others

At call (including defaulted contracts)
Not over 1 year
Over 1 year
Total receivables and loans to others

As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011
174,251	173,150	13,000	13,000
468	4,204	-	1,000
20,292	25,171	1,000	-
195,011	202,525	14,000	14,000

6.3 Hire purchase receivables

(Unit : Thousand Baht)

Consolidated financial statements				
As at December 31, 2012				
Time to maturity				
	Within 1 year	1 year - 5 years	Over 5 years	Total
Hire-purchase receivables - car	4,131	-	-	4,131
<u>Less</u> Unearned income	(196)	-	-	(196)
	3,935	-	-	3,935
<u>Less</u> Allowance for doubtful accounts	(428)	-	-	(428)
Total hire-purchase receivables, net	3,507	-	-	3,507

(Unit : Thousand Baht)

Consolidated financial statements				
As at December 31, 2011				
Time to maturity				
	Within 1 year	1 year - 5 years	Over 5 years	Total
Hire-purchase receivables - car	5,992	5,125	-	11,117
<u>Less</u> Unearned income	(361)	(327)	-	(688)
	5,631	4,798	-	10,429
<u>Less</u> Allowance for doubtful accounts	(882)	(613)	-	(1,495)
Total hire-purchase receivables, net	4,749	4,185	-	8,934



6.4 Securities business receivables classified in accordance with the Notification of the Office of the Securities and Exchange Commission

As at December 31, 2012 and 2011, a subsidiary engaging in securities business had classified securities business receivables in accordance with the Notification of the Office of the Securities and Exchange Commission regarding accounting for non-performing receivables of securities company as follows:

(Unit : Thousand Baht)

Consolidated financial statements						
Classification	Debt balances	As at December 31, 2012		As at December 31, 2011		
		Allowance for doubtful accounts set up by the subsidiary	Allowance for doubtful accounts in excess of the SEC requirement	Debt balances	Allowance for doubtful accounts set up by the subsidiary	Allowance for doubtful accounts in excess of the SEC requirement
Doubtful	22,685	22,685	-	22,685	22,685	-
Total	22,685	22,685	-	22,685	22,685	-

As at December 31, 2012 and 2011, the subsidiary has securities business receivables of approximately Baht 22.68 million of which income recognition on an accrual basic was ceased.

6.5 Troubled debt restructuring of loan management business

For the years ended December 31, 2012 and 2011, a subsidiary engaging in loan management business has restructured troubled debts as follows:

(Unit : Thousand Baht)

Consolidated financial statements						
For the year ended December 31, 2012						
Type of debt restructuring	Number of debtor	Outstanding balance before restructuring	Outstanding balance after restructuring	Type of assets transferred	Fair value of assets transferred	(Gain) losses from debt restructuring
Combination of various methods	-	-	-	-	-	-
Total debts restructured during the year	-	-	-	-	-	-
Loans - loans management business as at December 31, 2012	14	158,326				

(Unit : Thousand Baht)

Consolidated financial statements						
For the year ended December 31, 2011						
Type of debt restructuring	Number of debtor	Outstanding balance before restructuring	Outstanding balance after restructuring	Type of assets transferred	Fair value of assets transferred	(Gain) losses from debt restructuring
Combination of various methods	1	50,000	-	cash	20,000	30,000
Total debts restructured during the year	1	50,000	-		20,000	30,000
Loans - loans management business as at December 31, 2011	27	165,840				

For the year ended December 31, 2012, the subsidiary had no losses from restructured debt. (For the year ended December 31, 2011, there was a loss from restructured debt of Baht 30 million of which the subsidiary reversed the allowance for doubtful account already set aside to offset the loss arose from this debt restructuring.)

For the year ended December 31, 2012, there were no interest income and payment on principal from restructured debt. (For the year ended December 31, 2011, there were interest income and payment on principle from restructured debts of Baht 14.53 million and Baht 75.24 million, respectively).

As at December 31, 2012 and 2011, the subsidiary had no commitments to provide additional loans to its restructured debtors after debt restructuring.

7. Allowance for doubtful accounts

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011
Balance - beginning of the year	179,285	278,357	13,000	13,000
<u>Less</u> Reversal of bad debt written off	(656)	(34,072)	-	-
<u>Less</u> Reversal of bad debt and doubtful accounts	(5,000)	(65,000)	-	-
Balance - end of the year	173,629	179,285	13,000	13,000



8. Deposits subject to restrictions

As at December 31, 2012 and 2011, the Company and its subsidiaries had pledged bank deposits amounting to Baht 5.73 million and Baht 2.33 million, respectively (the Company only: December 31, 2012 and 2011 amounting to Baht 0.59 million and Baht 0.58 million, respectively) to secure bank guarantees issued by the banks on behalf of the Company and its subsidiaries.

9. Investments in subsidiaries and associates

9.1 Investments in associates in the consolidated financial statements

As at December 31, 2012 and 2011, the Company and its subsidiaries had investments in the following entities and funds which are associated companies and accounted for under equity method in the consolidated financial statements.

(Unit : Thousand Baht)

Consolidated financial statements								
Company name	Nature of business	Country	Percentage of shareholding		Cost		Carrying value under equity method	
			As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011
Associated companies								
Siam Investment Partners, L.P. ⁽¹⁾	General Partner of a fund	Cayman Islands	50.00	50.00	3,573	3,697	626	393
Finansa Capital Ltd. ⁽²⁾	Investment advisory business	Cayman Islands	-	50.00	-	469	-	85
CMBI Finansa China Vietnam Fund Ltd.	Fund	Cayman Islands	39.05	39.05	47,845	49,500	50,347	44,763
Finansia Syrus Securities Plc.	Securities business	Thailand	25.41	24.99	305,714	284,804	384,705	324,176
Prospect Development Co., Ltd.	Warehouse development and leasing	Thailand	41.58	49.90	499,000	499,000	331,346	405,622
Total investments in associated companies					856,132	837,470	767,024	775,039

⁽¹⁾ Siam Investment Partners, L.P. is under liquidation process.

⁽²⁾ Finansa Capital Ltd. registered the dissolution on January 30, 2012.

Finansia Syrus Securities Public Company Limited

In 2012, the Company purchased additional 12,302,159 shares of Finansia Syrus Securities Public Company Limited (“Finansia Syrus”) from other investors and from the remaining ordinary shares offering to existing shareholders, resulting in a total investment of 116,161,859 shares thus shareholding in Finansia Syrus has increased from 24.99% to 25.41% as at December 31, 2012.

As at December 31, 2012, investment in the associated company had a fair value of Baht 304.34 million (December 31, 2011 : Baht 226.41 million); the associated company had total assets and total liabilities of Baht 4,194.70 million and Baht 2,519.14 million, respectively (December 31, 2011 : Baht 3,038.05 million and Baht 1,591.49 million, respectively). The associated company has a net profit for the year ended December 31, 2012 of Baht 182.65 million (for the year ended December 31, 2011 : a net profit of Baht 80.17 million).

Prospect Development Co., Ltd.

On February 8, 2012, Prospect Development Co., Ltd. (“Prospect”) increased its registered capital from Baht 1,000 million to Baht 1,200 million by issuing 20,000,000 capital shares at par value of Baht 10 each. Prospect has received Baht 200 million capital from new investors, resulting in a decrease in shareholding of the Company from 49.90% to 41.58%.

As at December 31, 2012, the financial statement of Prospect has total assets and total liabilities of Baht 2,788.67 million and Baht 1,950.24 million, respectively (December 31, 2011 : Baht 2,171.98 million and Baht 1,357.84 million, respectively). The associated company has a net loss for year ended December 31, 2012 of Baht 175.72 million (for the year ended December 31, 2011 : a net loss of Baht 166.49 million).



9.2 Investments in subsidiaries and associates in the separate financial statements

As at December 31, 2012 and 2011, the Company had investments in the following subsidiaries and associates which are accounted for under the cost method in the separate financial statements.

(Unit : Thousand Baht)

Separate financial statements										
Company name	Nature of business	Country	Paid-up share capital		Percentage of shareholding		Carrying value under cost method		Dividends received	
			As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011	For the year ended December 31,	
									2012	2011
Subsidiaries										
Finansa Securities Ltd.	Securities	Thailand	500,000	500,000	100	100	534,709	534,709	-	150,000
Finansa Capital Limited	Loan management	Thailand	511,000	511,000	100	100	917,231	917,231	-	-
Finansa Asset Management Ltd.	Asset management	Thailand	200,000	200,000	100	100	208,200	208,200	-	-
Finansa Fund Management Ltd.	Investment advisory and investment	Cayman Islands	690 <small>(ordinary shares)</small>	690 <small>(ordinary shares)</small>	100	100	151,790	151,790	-	62,133
			5,732 <small>(preference shares)</small>	5,732 <small>(preference shares)</small>	100	100	573,198	573,198	-	-
Finansa (Cambodia) Ltd.	Investment advisory	Cambodia	192	192	100	100	204	204	-	-
Finansa Hong Kong Limited	Advisory	Hong Kong	512	512	100	100	512	512	-	-
Investments in subsidiaries							2,385,844	2,385,844	-	212,133
Less Allowance for impairment							(893,116)	(893,116)		
Investments in subsidiaries, net							1,492,728	1,492,728		
Associated companies										
Finansia Syrus Securities Plc.	Securities	Thailand	731,306	664,708	25.41	24.99	305,714	284,804	6,843	7,624
Prospect Development Co., Ltd.	Warehouse development and leasing	Thailand	1,200,000	1,000,000	41.58	49.90	499,000	499,000	-	-
Investment in associated companies							804,714	783,804	6,843	7,624
Total investment in subsidiaries and associated companies							2,297,442	2,276,532		

10. Long-term investments in related parties

(Unit : Thousand Baht)

Consolidated financial statements							
Company name	Nature of business	Country	Percentage of shareholding		Investment under cost method		
			As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011	
Siam Investment Fund II, L.P. ⁽¹⁾	Fund	Cayman Islands	5.87 ⁽²⁾	5.87 ⁽²⁾	17,892	18,511	
Less Allowance for impairment					(17,842)	(18,441)	
Long-term investment in related parties, net					68	70	

⁽¹⁾ Siam Investment Fund II, L.P. is in liquidation.

⁽²⁾ Determined based on shares held directly as a limited partner and indirectly as a general partner.

11. Premises and equipment, net

(Unit : Thousand Baht)

Consolidated financial statements

	Building and building improvement	Office equipment	Furniture and fixture	Vehicle	Assets in progress	Total
<u>Cost</u>						
December 31, 2011	260,047	90,972	41,664	12,148	-	404,831
Addition/transfer in	-	3,061	994	-	-	4,055
Disposals/transfer out	-	(14,033)	(48)	-	-	(14,081)
December 31, 2012	260,047	80,000	42,610	12,148	-	394,805
<u>Accumulated depreciation</u>						
December 31, 2011	(114,700)	(77,612)	(34,980)	(9,985)	-	(237,277)
Depreciation	(11,926)	(4,871)	(2,357)	(742)	-	(19,896)
Disposals/transfer out	-	13,549	29	-	-	13,578
December 31, 2012	(126,626)	(68,934)	(37,308)	(10,727)	-	(243,595)
<u>Allowance for impairment</u>						
December 31, 2011	-	(976)	(1,975)	-	-	(2,951)
Impairment (Reversal)	-	430	20	-	-	450
December 31, 2012	-	(546)	(1,955)	-	-	(2,501)
<u>Net book value</u>						
December 31, 2012	133,421	10,520	3,347	1,421	-	148,709
December 31, 2011	145,347	12,384	4,709	2,163	-	164,603

(Unit : Thousand Baht)

Consolidated financial statements

	Building and building improvement	Office equipment	Furniture and fixture	Vehicle	Assets in progress	Total
<u>Cost</u>						
December 31, 2010	260,047	88,039	40,815	15,538	9	404,448
Addition/transfer in	-	5,339	850	-	-	6,189
Disposals/transfer out	-	(2,406)	(1)	(3,390)	(9)	(5,806)
December 31, 2011	260,047	90,972	41,664	12,148	-	404,831
<u>Accumulated depreciation</u>						
December 31, 2010	(102,715)	(74,473)	(31,834)	(12,648)	-	(221,670)
Depreciation	(11,985)	(5,537)	(3,146)	(970)	-	(21,638)
Disposals/transfer out	-	2,398	-	3,633	-	6,031
December 31, 2011	(114,700)	(77,612)	(34,980)	(9,985)	-	(237,277)
<u>Allowance for impairment</u>						
December 31, 2010	(93)	(980)	(1,976)	-	-	(3,049)
Impairment	93	4	1	-	-	98
December 31, 2011	-	(976)	(1,975)	-	-	(2,951)
<u>Net book value</u>						
December 31, 2011	145,347	12,384	4,709	2,163	-	164,603
December 31, 2010	157,239	12,586	7,005	2,890	9	179,729
<u>Depreciation for the years ended</u>						
December 31, 2012						19,896
December 31, 2011						21,638



(Unit : Thousand Baht)

Separate financial statements

	Building and building improvement	Office equipment	Furniture and fixture	Vehicle	Assets in progress	Total
<u>Cost</u>						
December 31, 2011	260,047	63,992	12,584	4,188	-	340,811
Addition/transfer in	-	1,331	28	-	-	1,359
Disposals/transfer out	-	(9,915)	(24)	-	-	(9,939)
December 31, 2012	260,047	55,408	12,588	4,188	-	332,231
<u>Accumulated depreciation</u>						
December 31, 2011	(114,701)	(55,392)	(10,355)	(4,188)	-	(184,636)
Depreciation	(11,925)	(2,842)	(620)	-	-	(15,387)
Disposals/transfer out	-	9,910	24	-	-	9,934
December 31, 2012	(126,626)	(48,324)	(10,951)	(4,188)	-	(190,089)
<u>Allowance for impairment</u>						
December 31, 2011	-	-	-	-	-	-
Impairment	-	-	-	-	-	-
December 31, 2012	-	-	-	-	-	-
<u>Net book value</u>						
December 31, 2012	133,421	7,084	1,637	-	-	142,142
December 31, 2011	145,346	8,600	2,229	-	-	156,175

(Unit : Thousand Baht)

Separate financial statements

	Building and building improvement	Office equipment	Furniture and fixture	Vehicle	Assets in progress	Total
<u>Cost</u>						
December 31, 2010	260,047	62,594	12,550	6,388	-	341,579
Addition/transfer in	-	3,773	34	-	-	3,807
Disposals/transfer out	-	(2,375)	-	(2,200)	-	(4,575)
December 31, 2011	260,047	63,992	12,584	4,188	-	340,811
<u>Accumulated depreciation</u>						
December 31, 2010	(102,716)	(55,324)	(9,720)	(6,388)	-	(174,148)
Depreciation	(11,985)	(2,442)	(635)	-	-	(15,062)
Disposals/transfer out	-	2,374	-	2,200	-	4,574
December 31, 2011	(114,701)	(55,392)	(10,355)	(4,188)	-	(184,636)
<u>Allowance for impairment</u>						
December 31, 2010	(93)	(4)	-	-	-	(97)
Impairment (Reversal)	93	4	-	-	-	97
December 31, 2011	-	-	-	-	-	-
<u>Net book value</u>						
December 31, 2011	145,346	8,600	2,229	-	-	156,175
December 31, 2010	157,238	7,266	2,830	-	-	167,334
<u>Depreciation for the years ended</u>						
December 31, 2012						15,387
December 31, 2011						15,062

As at December 31, 2012 and 2011, the original costs of fully-depreciated equipment that is still in use were Baht 117.90 million and Baht 113.54 million, respectively (the Company only: Baht 79.94 million and Baht 88.69 million, respectively).

As at December 31, 2012 and 2011, the Company had mortgaged office condominium units with net book value of Baht 133.41 million and Baht 145.31 million, respectively, to secure a working capital credit facility of Baht 250 million from a bank.

12. Goodwill, net

(Unit : Thousand Baht)

Consolidated financial statements

	Finansa Securities Limited	Finansa Fund Management Limited	Finansa Capital Limited	Finansa Asset Management Limited	Total
Goodwill as at acquisition date					
Cost	234,709	108,000	287,231	108,200	738,140
<u>Less</u> Book value as at acquisition dates	(49,021)	(44,879)	(114,007)	(89,212)	(297,119)
Goodwill	185,688	63,121	173,224	18,988	441,021
<u>Less</u> Accumulated amortization of goodwill	(74,124)	(17,765)	(45,471)	(2,847)	(140,207)
Goodwill, net before impairment	111,564	45,356	127,753	16,141	300,814
Allowance for impairment					
December 31, 2011	-	-	(127,753)	-	(127,753)
Provision for loss on impairment	-	-	-	-	-
December 31, 2012	-	-	(127,753)	-	(127,753)
Goodwill, net					
December 31, 2012	111,564	45,356	-	16,141	173,061
December 31, 2011	111,564	45,356	-	16,141	173,061

13. Intangible assets, net

Intangible assets as at December 31, 2012 and 2011 are as follows:



(Unit : Thousand Baht)

	Consolidated financial statements											
	Cost				Accumulated amortization				Impairment	Net balance as at December 31, 2012		
	Balance as at December 31, 2011	Additions	Disposals	Others	Balance as at December 31, 2012	Balance as at December 31, 2011	Additions	Disposals			Others	Balance as at December 31, 2012
- Computer software	116,872	7,808	(2,181)	(66)	122,433	(65,157)	(9,343)	2,181	66	(72,253)	(24,289)	25,891
- Derivative trading license	12,000	-	-	-	12,000	-	-	-	-	-	-	12,000
- Golf membership	2,413	-	-	-	2,413	(1,160)	(100)	-	-	(1,260)	-	1,153
Total	131,285	7,808	(2,181)	(66)	136,846	(66,317)	(9,443)	2,181	66	(73,513)	(24,289)	39,044

(Unit : Thousand Baht)

	Consolidated financial statements											
	Cost				Accumulated amortization				Impairment	Net balance as at December 31, 2011		
	Balance as at December 31, 2010	Additions	Disposals	Others	Balance as at December 31, 2011	Balance as at December 31, 2010	Additions	Disposals			Others	Balance as at December 31, 2011
- Computer software	106,401	11,189	(718)	-	116,872	(59,179)	(6,696)	718	-	(65,157)	(24,289)	27,426
- Derivative trading license	12,000	-	-	-	12,000	-	-	-	-	-	-	12,000
- Golf membership	2,497	-	(84)	-	2,413	(1,109)	(102)	51	-	(1,160)	-	1,253
Total	120,898	11,189	(802)	-	131,285	(60,288)	(6,798)	769	-	(66,317)	(24,289)	40,679

Amortization for the years ended

December 31, 2012

9,443

December 31, 2011

6,798

(Unit : Thousand Baht)

	Separate financial statements											
	Cost				Accumulated amortization				Impairment	Net balance as at December 31, 2012		
	Balance as at December 31, 2011	Additions	Disposals	Others	Balance as at December 31, 2012	Balance as at December 31, 2011	Additions	Disposals			Others	Balance as at December 31, 2012
- Computer software	87,644	3,692	(2,178)	-	89,158	(57,374)	(5,645)	2,178	-	(60,841)	(24,066)	4,251
- Golf membership	613	-	-	-	613	(398)	(31)	-	-	(429)	-	184
Total	88,257	3,692	(2,178)	-	89,771	(57,772)	(5,676)	2,178	-	(61,270)	(24,066)	4,435

(Unit : Thousand Baht)

	Separate financial statements											
	Cost				Accumulated amortization				Impairment	Net balance as at December 31, 2011		
	Balance as at December 31, 2010	Additions	Disposals	Others	Balance as at December 31, 2011	Balance as at December 31, 2010	Additions	Disposals			Others	Balance as at December 31, 2011
- Computer software	84,537	3,825	(718)	-	87,644	(54,675)	(3,417)	718	-	(57,374)	(24,066)	6,204
- Golf membership	697	-	(84)	-	613	(417)	(32)	51	-	(398)	-	215
Total	85,234	3,825	(802)	-	88,257	(55,092)	(3,449)	769	-	(57,772)	(24,066)	6,419

Amortization for the years ended

December 31, 2012

5,676

December 31, 2011

3,449

14. Deferred tax assets and income tax

Deferred tax assets, net are as follows:

(Unit : Thousand Baht)

	Consolidated financial statements	
	As at December 31, 2012	As at December 31, 2011
Deferred tax assets	9,122	31,468
Less Deferred tax liabilities	(245)	(205)
Deferred tax assets, net	8,877	31,263

The deductible temporary differences and unused tax losses which have not been recognized as deferred tax assets in the statements of financial position as at December 31, 2012 and 2011 are as follows:

(Unit : Million Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011
Unused tax losses	558	650	228	125
Temporary differences	1,007	1,054	971	963

Movements of deferred tax assets and liabilities in the consolidated financial statements incurred during the years are as follows:

(Unit : Thousand Baht)

	As at January 1, 2011	Recognized in statements of comprehensive income	As at December 31, 2011	Recognized in statements of comprehensive income	As at December 31, 2012
Deferred tax assets					
Unused tax losses	38,847	(7,566)	31,281	(22,583)	8,698
Provision for post-employment benefits	-	187	187	237	424
Total	38,847	(7,379)	31,468	(22,346)	9,122
Deferred tax liabilities					
Allowance for revaluation of investments	(225)	31	(194)	(33)	(227)
Liabilities under finance lease agreements	-	(11)	(11)	(7)	(18)
Total	(225)	20	(205)	(40)	(245)
Deferred tax asset, net	38,622	(7,359)	31,263	(22,386)	8,877



Income tax in the consolidated financial statements for the years ended December 31, 2012 and 2011 were as follows:

	(Unit : Thousand Baht)	
	For the years ended December 31,	
	2012	2011
Deferred tax income (expenses)	(22,190)	4,253
Deferred tax expenses reflect corporate tax rate reduction	(196)	(11,612)
Current tax for the years	(9,716)	-
Income tax expenses	<u>(32,102)</u>	<u>(7,359)</u>

The utilization of the deferred tax assets is subject to the ability of subsidiaries to generate future taxable profits within the timeframe required by laws.

On December 21, 2011, the Government has issued a Royal Decree under the Revenue Code following the Cabinet resolution on October 11, 2011 regarding the Reduction and Exemption in Income Taxes (No. 530) B.E. 2554 to reduce the corporate income tax rate for the three accounting periods; from 30% to 23% for the accounting period 2012 and to 20% for the following two accounting periods 2013 and 2014.

The subsidiaries used both tax rate of 20% and 23% to calculate of deferred tax for the year ended December 31, 2011 and tax rates of 20% to calculate deferred tax for the year ended December 31, 2012 as clarified by The Federation of Accounting Professions.

For the year 2012, the corporate income tax rate of the Company and domestic subsidiaries is 23% (for the year 2011 : 30%).

15. Bills of exchange and short-term debentures

As at December 31, 2012 and 2011, bills of exchange and short-term debentures issued by the Company are charged interest at the rates with reference to the Money Market rate and are summarized as follows:

Issued to	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011
Bills of exchange	204,000	539,000	264,000	629,000
Discounts	(1,065)	(9,819)	(1,612)	(10,332)
Bills of exchange, net	202,935	529,181	262,388	618,668
Short-term debentures	115,000	-	115,000	-
Bills of exchange and short-term debentures	317,935	529,181	377,388	618,668

16. Liabilities under finance lease agreements

As at December 31, 2012 and 2011, liabilities under finance lease agreements are as follows:

	(Unit : Thousand Baht)	
	Consolidated financial statements	
	As at December 31, 2012	As at December 31, 2011
Liabilities under finance lease agreements	282	411
Less: Deferred interest under finance lease agreements	(16)	(32)
Liabilities under finance lease agreements, net	266	379
Installments due within 1 year	119	113
Installments due over 1 year to 5 years	147	266
Liabilities under finance lease agreements, net	266	379



17. Share capital

17.1 Authorized share capital

On November 19, 2012, the extraordinary shareholders' meeting No.1/2012 has passed the resolution for approval on the matters as follows;

- (1) Decrease the registered share capital of the Company from Baht 1,492,548,500 to Baht 617,599,000 by reducing 174,989,900 unissued common shares with a par value of Baht 5 each.
- (2) Transfer the legal reserve and premium on ordinary shares to decrease its retained deficit. The reversal of retained deficit will be made after complete the issue and offer the new ordinary share capital.
- (3) Increase the authorized share capital of the Company by issuing 123,519,800 new ordinary shares with a par value of Baht 5 each, totaling of Baht 617,599,000.
- (4) Issue and offer the new of 123,519,800 ordinary shares, with a par value of Baht 5 each to existing shareholders in proportion of shareholding (Right Offering) at 1 existing share to 1 new share, at Baht 2.40 per share. In the case that there are remaining ordinary shares after Right Offering, the Company will offer to private placement.

On November 23, 2012, the Company registered the decrease and increase of share capital including the amendment of the Company's Memorandum of Association with the Ministry of Commerce.

The Company already offered the sales of newly issued ordinary shares of the Company per the above resolution during December 12-18, 2012 and the new 88,869,643 ordinary shares were sold at Baht 2.40 each, totaling Baht 213.29 million. The Company received cash from the subscription of the increased share capital on December 20, 2012 and registered the increase in such paid-up share capital with the Ministry of Commerce on December 24, 2012.

As at December 31, 2012, the Company has not transferred the legal reserve and the premium on ordinary shares to decrease its retained deficit, as there are remaining 34,650,157 ordinary shares after Right Offering.

17.2 Weighted average number of ordinary shares

The weighted average number of ordinary shares is calculated for the years ended December 31, 2012 and 2011 as follows:

	Consolidated and Separate financial statements	
	For the years ended December 31,	
	2012 Shares	2011 Shares
Number of ordinary shares outstanding at the beginning of the year	123,519,800	123,519,800
Weighted average number of new shares issued during the year 2012 : [88,869,643 x (12/366)]	2,913,758	-
Weighted average number of ordinary shares outstanding at the end of the year	<u>126,433,558</u>	<u>123,519,800</u>

18. Legal reserve

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

19. Provident fund

The Company, its subsidiaries and employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. The Company and its subsidiaries and employees contributed to the funds monthly at the rate of 5% and 7 % of basic salary. The funds, which are managed by Finansa Asset Management Limited and ING Funds (Thailand) Co., Ltd., will be paid to employees upon termination in accordance with the funds' rules. For 2012 and 2011, the Company and its subsidiaries contributed Baht 7.73 million and Baht 7.00 million, respectively (The Company only : Baht 2.12 million and Baht 2.09 million, respectively) to the funds.



20. Capital management

The objective of the capital management of the Company and its subsidiaries is to sustain the ability to continue as a going concern in order to generate returns to the shareholders and benefits for other stakeholders, and to maintain an optimal capital structure. In addition, certain subsidiaries have additional capital management objectives as follows:

Finansa Securities Limited

Under the Notification of the Office of the Securities and Exchange Commission No. Kor Tor. 18/2549 “Net Liquid Capital Ratio - NCR”, a securities company is required to maintain its net liquid capital at the end of each working day to be not less than Baht 15 million and not less than 7% of general liabilities.

Subsequently, on August 13, 2008, the subsidiary was granted a securities business license of derivatives agent under the Derivative Act., which requires the subsidiary to maintain a higher level of liquidity specifically its net liquid capital at the end of each working day must be not less than Baht 25 million and not less than 7% of general liabilities and assets held as collateral.

Additionally, in accordance with the regulation of Thailand Clearing House Co., Ltd. (“TCH”) chapter 300 “Ordinary Members” regarding the “Qualification of Membership”, the Ordinary Membership is required to have share capital of at least Baht 100 million for membership operating especially in derivatives business.

As at December 31, 2012 and 2011, the subsidiary has net liquid capital higher than the requirement of the Office of the Securities and Exchange Commission and has owners’ equity higher than the requirement of TCH.

Finansa Asset Management Limited

Under the Notification of the Office of the Securities and Exchange Commission No. KorNor. 20/2552, regarding “Maintaining Capital Adequacy of Management Company”, the asset management company has to maintain owners’ equity at least Baht 20 million, for mutual fund management business and private fund management business with provident fund management. In addition, under the Notification of the Capital Market Supervisory Board No. ThorNor. 42/2552, regarding “Responsibility Insurance of Management Company and the Notification for Maintaining Capital Adequacy of Management Company”, the warning level for maintaining owners’ equity will determine at Baht 30 million for mutual fund management business and private fund management business with provident fund management. In case the asset management company cannot maintain the capital adequacy, the asset management company has to report to the Office of the Securities and Exchange Commission including the plan to recover its owners’ equity to such warning level.

As at December 31, 2012 and 2011, the subsidiary had total owners’ equity higher than the requirement of the Office of the Securities and Exchange Commission.

21. Expenses by nature

Expenses by nature for the years ended December 31, 2012 and 2011 are as follows:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,		For the year ended December 31,	
	2012	2011	2012	2011
Finance costs	26,442	23,490	46,090	39,852
Personnel expenses	224,544	141,015	12,050	17,391
Depreciation and amortization	29,339	28,369	21,063	18,512
Other premises and equipment expenses	19,653	19,295	10,368	10,794
Taxes and duties	2,615	3,137	2,030	1,853
Directors' remuneration and management benefit expenses	27,855	29,259	26,165	27,594
Fees and services expenses	39,827	33,392	6,672	4,172
Bad debts and doubtful accounts for loans (reversal)	(5,000)	(65,000)	-	963
Gain on disposal/reversal of impairment of investments	-	(23,313)	-	(23,313)

22. Provision for post-employment benefits

The Company and its subsidiaries operate post-employment benefits plans under the Thai Labor Protection Act, which are considered as unfunded defined benefit plans.

Amounts recognized in the statements of comprehensive income in respect of the defined benefit plans for the year ended December 31, 2012 and 2011 were as follows:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,		For the year ended December 31,	
	2012	2011	2012	2011
Current service cost	2,503	2,087	872	1,900
Interest on obligation	526	494	347	319
Actuarial gain on defined employee benefit plan	(2,912)	-	(3,573)	-
Total	117	2,581	(2,354)	2,219



Movements in the present value of the defined benefit obligation for the years ended December 31, 2012 and 2011 are as follows:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011
Defined benefit obligation brought forward	15,701	14,511	10,493	9,379
Current service cost	2,503	2,087	872	1,900
Interest cost	526	494	347	319
Actuarial gain on defined employee benefit plan	(2,912)	-	(3,573)	-
Effect from translation of a subsidiary financial statement differences	(51)	80	-	-
<u>Less</u> Employee benefits paid out	<u>(399)</u>	<u>(1,471)</u>	<u>(185)</u>	<u>(1,105)</u>
Defined benefit obligation carried forward	<u>15,368</u>	<u>15,701</u>	<u>7,954</u>	<u>10,493</u>

The principle actuarial assumptions used to calculate the obligations under the defined benefit plans as at December 31, 2012 and 2011 are as follows.

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011
Financial assumptions				
Discount rate	3.05% - 3.78%	3.16% - 3.60%	3.45%	3.31%
Expected rate of salary increase	5%	6%	5%	6%
Employees' turnover rate	6.67% - 20.57%	6.67% - 20.71%	7.92%	8.05%
Retirement age	55 years	55 years	55 years	55 years

23. Commitments and contingent liabilities

23.1 Commitments on guarantee agreements and other contracts

As at December 31, 2012 and 2011, the Company and its subsidiaries had significant commitments on guarantee agreements and other contracts as follows:

(Unit : Million Baht)

	Consolidated financial statements					
	As at December 31, 2012			As at December 31, 2011		
	Baht	Foreign Currency	Total	Baht	Foreign Currency	Total
Guarantees	75	-	75	75	-	75

As at December 31, 2012 and 2011, a subsidiary engaging in loan management business recognized provisions of approximately Baht 13.36 million as a part of "other current liabilities" in the statements of financial position with respect to outstanding letters of guarantee issued to a debtor, which was non-performing as at the statement of financial position date. The subsidiary's management estimated such provision from the outstanding guarantees and the possibility of claims that might be called against the Company from the beneficiaries of such letter of guarantee.

23.2 Commitment under operating lease agreements

As at December 31, 2012 and 2011, subsidiaries had commitments in respect of office rental and related service contracts, for which the future rental and service fees are payable, as well as other operating lease agreement as follows:

(Unit : Million Baht)

	Consolidated financial statements	
	As at December 31, 2012	As at December 31, 2011
Within 1 year	5.47	5.31
Over 1 year - 5 years	5.34	7.57
Total	10.81	12.88



23.3 Other commitments

Finansa Securities Limited

- (1) As at December 31, 2012 and 2011, the subsidiary was required to pay fee to the Office of the Securities and Exchange Commission for its business operations as licensed whereby this subsidiary is charged a fee at a rate of 1 percent of total fee income which calculated from net capital gain arisen from the trading of debt securities and unit trusts and fee income from securities underwriting. Such fee shall not be less than Baht 500,000 per annum and not more than Baht 5,000,000 per annum.
- (2) As at December 31, 2012 and 2011, the subsidiary was required to pay annual membership fee to the Thailand Future Exchange Plc. ("TFEX") of Baht 500,000 per annum and annual fee to the Thailand Clearing House Co., Ltd. of Baht 300,000 per annum.
- (3) As at December 31, 2012 and 2011, the subsidiary was required to pay a fee to the Stock Exchange of Thailand for an extension of its temporary cessation of securities and futures brokerage business, on a monthly basis, amounting to Baht 50,000 per month.

Finansa Asset Management Limited

- (1) As at December 31, 2012 and 2011, the subsidiary has a commitment under an on-line information service agreement amounting to USD 3,610 and USD 3,480, respectively.
- (2) As at December 31, 2012 and 2011, the subsidiary was required to pay a fee to the Office of the Securities and Exchange Commission with regard to the operation of business as licensed whereby the fee is charged base on its asset under management volume average in the year and the fee shall not be less than Baht 500,000. The rates are as follows.

<u>Average asset under management volume</u>	<u>Rate (%)</u>
Not exceeding Baht 50,000 million	0.0050
Exceeding Baht 50,000 million but not exceeding Baht 100,000 million	0.0040
Exceeding Baht 100,000 million but not exceeding Baht 200,000 million	0.0025
Exceeding Baht 200,000 million but not exceeding Baht 300,000 million	0.0010
Exceeding Baht 300,000 million	0.0005

- (3) On May 8, 2012, the subsidiary was hired to install registration system and to be a registrar of National Savings Fund (“NSF”) under the installation of the registration system for National Savings Fund (“NSF”) phase I project. The subsidiary had a commitment to submit complete tasks within schedule of each phase as stated in the agreement. If the subsidiary does not comply with any sections in this agreement for any reasons resulting in any damage to the employer, the subsidiary has to pay compensation to the employer in an amount of not exceeding the contract value.
- (4) As at December 31, 2012, the subsidiary had a commitment under the installation of the registration system for National Savings Fund (“NSF”) phase III service agreement amounting to Baht 15 million (December 31, 2011 : nil).

23.4 Contingencies

As at December 31, 2012, there was 1 Civil proceeding case brought against a subsidiary of Baht 5.91 million (December 31, 2011 : 2 Civil cases totaling Baht 6.32 million) in the ordinary course of the subsidiary’s business. The subsidiary believes that the proceeding when resolved will not materially affect its financial position or result of operations.

24. Bank guarantees

As at December 31, 2012 and 2011, there were outstanding bank guarantees of Baht 5.73 million and Baht 2.33 million, respectively. (The Company only : December 31, 2012 and 2011 : Baht 0.59 million and Baht 0.58 million, respectively), issued by banks on behalf of the Company and subsidiary in the normal course of business.

25. Related party transactions

The Company has extensive transactions and relationships with the subsidiaries and related companies. Accordingly, the accompanying financial statements may not necessary be indicative of the conditions that would have existed or the results of operations that would have occurred had the Company operated without such affiliations.

25.1 significant business transactions incurred during the years

During the years, the Company had significant business transactions with its related parties which have been concluded on commercial terms and bases agreed upon in the ordinary courses of businesses between the Company and those parties. Below is a summary of those transactions.



25.1.1 Amounts of related party transactions incurred during the years ended December 31, 2012 and 2011 were as follows:

(Unit : Thousand Baht)

	Relationship	Consolidated financial statements		Separate financial statements		Pricing policies
		For the years ended December 31, 2012	For the years ended December 31, 2011	For the years ended December 31, 2012	For the years ended December 31, 2011	
Revenues from financial and investment advisory businesses						
Management fee and service income						
Finansa Fund Management Ltd.	Subsidiary	-	-	15,000	25,000	see Note 25.1.2
Finansa Securities Limited	Subsidiary	-	-	15,000	15,000	
Finansa Capital Limited	Subsidiary	-	-	1,200	1,500	
Finansa Asset Management Limited	Subsidiary	-	-	7,000	7,000	
Prospect Development Co., Ltd.	Associate	3,500	2,500	3,500	2,500	see Note 25.1.3
CMBI Finansa China Vietnam Fund Ltd.	Associate	1,401	401	-	-	
		<u>4,901</u>	<u>2,901</u>	<u>41,700</u>	<u>51,000</u>	
Interest income						
Finansa Capital Limited	Subsidiary	-	-	-	86	(2011: 1.75-2.00% per annum)
Prospect Development Co., Ltd.	Associate	-	483	-	483	(2011: 8.00% per annum)
Chaiyanan-Bangplee Parkland Co., Ltd ⁽¹⁾	None	-	19,278	-	4,751	(2011: 13% per annum)
		<u>-</u>	<u>19,761</u>	<u>-</u>	<u>5,320</u>	
Dividend income						
Finansa Securities Limited	Subsidiary	-	-	-	150,000	Same rates as pay to shareholders
Finansa Fund Management Ltd.	Subsidiary	-	-	-	62,133	
Finansia Syrus Securities Plc.	Associate	-	-	6,843	7,624	
Thai Telco Holdings Limited ⁽²⁾	Common director	-	396	-	396	
		<u>-</u>	<u>396</u>	<u>6,843</u>	<u>220,153</u>	
		<u>4,901</u>	<u>23,058</u>	<u>48,543</u>	<u>276,473</u>	
Revenues from securities business						
Management fee and service income						
Finansia Syrus Securities Plc.	Associate	12,158	1,088	-	-	As agreed by both parties
		<u>12,158</u>	<u>1,088</u>	<u>-</u>	<u>-</u>	
Other income						
Rental income						
Finansa Capital Limited	Subsidiary	-	-	416	392	Market prices
Finansa Securities Limited	Subsidiary	-	-	4,044	3,976	
Finansa Asset Management Limited	Subsidiary	-	-	6,986	6,487	
Prospect Development Co., Ltd.	Associate	2,508	2,421	2,508	2,421	
		<u>2,508</u>	<u>2,421</u>	<u>13,954</u>	<u>13,276</u>	
Purchase of assets						
Prospect Development Co., Ltd.	Associate	-	166	-	-	As agreed by both parties
		<u>-</u>	<u>166</u>	<u>-</u>	<u>-</u>	

(Unit : Thousand Baht)

	Relationship	Consolidated financial statements		Separate financial statements		Pricing policies
		For the years ended December 31,		For the years ended December 31,		
		2012	2011	2012	2011	
Finance costs						
Finansa Capital Limited	Subsidiary	-	-	3,669	1,024	2.50% per annum (2011: 2.00-2.50% per annum)
Finansa Securities Limited	Subsidiary	-	-	11,842	11,501	2.50% per annum (2011: 1.75-2.50% per annum)
Finansa Asset Management Limited	Subsidiary	-	-	3,180	3,859	3.80-5.00% per annum (2011 : 3.50-4.50% per annum)
Finansa Fund Management Ltd.	Subsidiary	-	-	1,164	626	0.50-1.00% per annum
Prospect Development Co., Ltd.	Associate	-	949	-	949	(2011: 3.00 - 3.25% per annum)
Related persons		118	-	118	-	4.75% per annum
		<u>118</u>	<u>949</u>	<u>19,973</u>	<u>17,959</u>	
Consulting service fee						
Finansa Asset Management Limited	Subsidiary	-	-	1,416	-	see Note 25.1.4
		<u>-</u>	<u>-</u>	<u>1,416</u>	<u>-</u>	
Selling agent fee						
Finansa Securities Limited	Subsidiary	-	-	172	-	As agreed by both parties
		<u>-</u>	<u>-</u>	<u>172</u>	<u>-</u>	

⁽¹⁾ Chaiyanan-Bangplee Parkland Co., Ltd has not been as an associated company since June 30, 2011.

⁽²⁾ Since June 24, 2011, Thai Telco Holdings is not a related party and reclassified as general investment.

25.1.2 The Company has entered into service agreements with its subsidiaries and an associated company. These contracts require the Company to provide services, including management, marketing, and other business operation support, to the subsidiaries and an associated company. The Company charged service fees as agreed by both parties based on estimated time spent and cost incurred for each subsidiary plus margin. Service fees for the years ended December 31, 2012 and 2011 are as follows.

(Unit : Thousand Baht)

Company Name	2012		2011	
	Period of contract	Annual Fee	Period of contract	Annual Fee
Finansa Fund Management Ltd.	1 January - 31 December 2012	15,000	January 1, - December 31, 2011	25,000
Finansa Securities Limited	1 January - 31 December 2012	15,000	January 1, - December 31, 2011	15,000
Finansa Capital Limited	1 January - 31 December 2012	1,200	January 1, - December 31, 2011	1,500
Finansa Asset Management Limited	1 January - 31 December 2012	7,000	January 1, - December 31, 2011	7,000
Prospect Development Co., Ltd.	1 January - 31 December 2012	3,500	January 1, - December 31, 2011	2,500



25.1.3 Finansa Fund Management Ltd. (“FFM”) has been appointed by CMBI Finansa China Vietnam Fund Ltd., an associated company, to act as the joint investment managers of the Fund and will receive a fee equal to 1.5% per month of the net assets attributable to participating shares.

25.1.4 The Company has entered into an operational support service agreement with a subsidiary. The subsidiary charged service fee of Baht 1.40 million, determined based on estimated time spent and cost incurred plus margin, for the year ended December 31, 2012. (for the year ended December 31, 2011 : nil)

25.2 Outstanding balances at the statements of financial position dates

The outstanding balances of transactions between the Company and its subsidiaries with their related parties as at December 31, 2012 and 2011 can be summarized as follows:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011
Other receivables				
Finansia Syrus Securities Plc.	759	-	-	-
	<u>759</u>	<u>-</u>	<u>-</u>	<u>-</u>
Short-term loans and advances to related parties				
Finansa Hong Kong Limited	-	-	795	795
Siam Investment Fund II, L.P.	167	85	-	-
Siam Investment Fund IV, L.P.	9,658	8,025	-	-
Finansa Vietnam Fund Ltd.	-	202	-	-
CMBI Finansa China Vietnam Fund Ltd.	645	416	-	-
Related persons	131	182	-	-
	<u>10,601</u>	<u>8,910</u>	<u>795</u>	<u>795</u>
Service income receivables				
Finansa Hong Kong Limited	-	-	225	225
	<u>-</u>	<u>-</u>	<u>225</u>	<u>225</u>
Bills of exchange				
Finansa Asset Management Limited	-	-	59,453	89,487
	<u>-</u>	<u>-</u>	<u>59,453</u>	<u>89,487</u>

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011
Short-term loans and advances from related parties				
Finansa Securities Limited	-	-	533,000	450,000
Finansa Capital Limited	-	-	145,000	147,000
Finansa Fund Management Ltd.	-	-	310,554	223,761
	-	-	988,554	820,761
Other current liabilities				
Accrued interest payables				
Finansa Securities Limited	-	-	437	62
Finansa Capital Limited	-	-	981	20
Finansa Fund Management Ltd.	-	-	1,726	1,383
Rental deposit				
Finansa Securities Limited	-	-	819	819
Finansa Capital Limited	-	-	83	83
Finansa Asset Management Limited	-	-	1,312	1,312
Prospect Development Co.,Ltd.	504	504	504	504
Share subscription payables				
Finansa (Cambodia) Limited	-	-	27	27
	504	504	5,889	4,210

25.3 Movements of intercompany loans and borrowings

25.3.1 Short-term loans and advances to related parties

During the year ended December 31, 2012, the Company and its subsidiaries had movements of short-term loans and advances to related parties as follows:



(Unit : Thousand Baht)

Consolidated financial statements

	As at December 31, 2011	Increase	Decrease	Effect from exchange rate	As at December 31, 2012
Siam Investment Fund II, L.P.	85	167	(82)	(3)	167
Siam Investment Fund IV, L.P.	8,025	1,901	-	(268)	9,658
Finansa Vietnam Fund Ltd.	202	-	(195)	(7)	-
CMBI Finansa China Vietnam Fund Ltd.	416	2,270	(2,027)	(14)	645
Related persons	182	3,790	(3,835)	(6)	131
	8,910	8,128	(6,139)	(298)	10,601

(Unit : Thousand Baht)

Separate financial statements

	As at December 31, 2011	Increase	Decrease	Effect from exchange rate	As at December 31, 2012
Finansa Hong Kong Ltd.	795	-	-	-	795
	795	-	-	-	795

25.3.2 Borrowings

During the year ended December 31, 2012, the Company had movements of borrowings from related parties as follows:

(Unit : Thousand Baht)

Separate financial statements

	As at December 31, 2011	Increase	Decrease	Amortization of premium / discount	As at December 31, 2012
Bills of exchange					
Finansa Asset Management Limited	89,487	131,786	(165,000)	3,180	59,453
Related persons	-	9,882	(10,000)	118	-
	89,487	141,668	(175,000)	3,298	59,453
Short-term loans and advances from related parties					
Finansa Securities Limited	450,000	153,000	(70,000)	-	533,000
Finansa Capital Limited	147,000	3,000	(5,000)	-	145,000
Finansa Fund Management Ltd.	223,761	114,641	(23,637)	(4,211)	310,554
	820,761	270,641	(98,637)	(4,211)	988,554

25.4 Directors and managements remuneration

Directors and managements remuneration for the years ended December 31, 2012 and 2011 consist of the following:

	(Unit : Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the year ended December 31,		For the year ended December 31,	
	2012	2011	2012	2011
Short-term Directors and managements Remuneration	27,014	27,620	25,324	25,955
Long-term Directors and managements Remuneration	841	1,639	841	1,639
	<u>27,855</u>	<u>29,259</u>	<u>26,165</u>	<u>27,594</u>

In addition, for the years ended December 31, 2012 and 2011, a subsidiary had paid advisory fee to managements totaling Baht 3.36 million and Baht 4.39 million, respectively. Such cost is presented as part of investment, advisory and management business costs in the consolidated statement of comprehensive income.

26. Financial information by segment

The Company and its subsidiaries have been operating in four principal business segments: (1) Investment, advisory and management business, (2) Loan management business; (3) Securities business and (4) Asset management business, which are organized and managed separately and carried out in various geographical areas. Although its subsidiaries are registered and incorporated in various countries, their ultimate assets and investments are mainly in Asia. Therefore, no geographical segment information is presented.

The financial information of the Company and its subsidiaries for the years ended December 31, 2012 and 2011 were presented by business segment as follows:



(Unit : Thousand Baht)

For the year ended December 31, 2012

	Financial and investment advisory businesses	Loan management business	Securities business	Asset management business	Elimination of inter-segment revenues	Consolidation financial statements
Revenue from external customers	10,626	3,198	289,230	154,324	-	457,378
Inter - segment revenues	39,364	3,669	31,312	3,180	(77,525)	-
Total revenues	49,990	6,867	320,542	157,504	(77,525)	457,378
Segment income (loss)	907	(659)	174,965	8,828	(30,566)	153,475
Unallocated income and expenses :						
Other income						10,376
Bad debt and doubtful accounts reversal						5,000
Servicing and administrative expenses						(123,824)
Share of profit (loss) in associated companies	(66,941)		46,461			(20,480)
Finance costs						(26,442)
Income tax expense						(32,102)
Net loss attributable to owners of the Company						(33,997)

(Unit : Thousand Baht)

For the year ended December 31, 2011

	Financial and investment advisory businesses	Loan management business	Securities business	Asset management business	Elimination of inter-segment revenues	Consolidation financial statements
Revenue from external customers	18,489	26,502	45,718	114,952	-	205,661
Inter - segment revenues	49,212	1,024	31,472	3,859	(85,567)	-
Total revenues	67,701	27,526	77,190	118,811	(85,567)	205,661
Segment income (loss)	(17,030)	24,421	21,913	2,716	(35,130)	(3,110)
Unallocated income and expenses :						
Other income						8,975
Bad debt and doubtful accounts reversal						65,000
Servicing and administrative expenses						(141,018)
Gain on disposal/reversal of impairment of investments						23,313
Share of profit (loss) in associated companies	(88,264)		15,992			(72,272)
Finance costs						(23,490)
Income tax expense						(7,359)
Non-controlling interest						6,675
Net loss attributable to owners of the Company						(143,286)

Transfer prices between the Company and its subsidiaries are set out in Note 25 to the financial statements.

Asset and liability information of the Company and its subsidiaries as at December 31, 2012 and 2011 presented by business segment are as follows:

(Unit : Thousand Baht)

As at December 31, 2012

	Investment advisory and management businesses	Loan management business	Securities business	Asset management business	Elimination	Consolidation
Assets						
Receivables and loans to others	1,000	20,382	-	-	-	21,382
Investments, net	2,670,403	-	149,049	59,453	(1,695,055)	1,183,850
Premises and equipment, net	142,624	21	2,462	3,602	-	148,709
Intangible assets	4,435	33	13,584	20,992	-	39,044
Other assets	430,115	152,410	636,794	56,788	(864,791)	411,316
Total assets	3,248,577	172,846	801,889	140,835	(2,559,846)	1,804,301
Total liabilities						
	1,510,725	14,119	78,847	17,147	(1,134,124)	486,714

(Unit : Thousand Baht)

As at December 31, 2011

	Investment advisory and management businesses	Loan management business	Securities business	Asset management business	Elimination	Consolidation
Assets						
Receivables and loans to others	1,000	22,240	-	-	-	23,240
Investments, net	2,688,240	-	79,715	89,487	(1,690,450)	1,166,992
Premises and equipment, net	156,293	187	4,092	4,031	-	164,603
Intangible assets	6,419	40	13,776	20,444	-	40,679
Other assets	421,497	153,041	530,580	34,550	(696,679)	442,989
Total assets	3,273,449	175,508	628,163	148,512	(2,387,129)	1,838,503
Total liabilities						
	1,617,472	14,842	10,947	18,534	(997,040)	664,755



27. Financial instruments

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

27.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Presentation", principally comprise cash and cash equivalents, investments, receivables and loans to others, loans and advances to related parties, service income receivables, deposits subject to restrictions, bills of exchange, short-term debentures, bank overdraft, short-term loans and advances from related parties and liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk with respect to (a) lending and loans, (b) investments in debt securities and (c) credit terms given to customers. The Company and its subsidiaries therefore manage and control the risk by having in place lending and investment policies, credit control procedures and credit term policies. The Company and its subsidiaries therefore expect such risk to be at a manageable level.

The maximum exposure to credit risk is limited to the carrying amounts of the outstanding balances of those transactions as stated in the statement of financial position. In addition, a subsidiary has credit-related risk, which relates to commitments incurred as a result of guarantees. As at December 31, 2012 and 2011, the subsidiary had commitments from letter of guarantees totaling Baht 75 million and a provision for liabilities of approximately Baht 13.36 million was recorded by the subsidiary based on an estimation of losses for letter of guarantee as described in Note 23.1.

Interest rate risk

Interest rate risk in the financial statements arises from the potential change in interest rates which may have an adverse effect on the net interest earnings of in the current reporting period, and in future years. Interest rate risk arises from the structure and characteristics of the Company and its subsidiaries' assets, liabilities and shareholders' equity, and in the mismatch in repricing dates of their assets and liabilities.

The Company and its subsidiaries use various derivative transactions to manage their assets and liabilities position in order to manage interest rate exposure.

The following table presents the Company and its subsidiaries' financial assets and financial liabilities repricing profile, counting from the earlier of contractual repricing date or maturity date, as at December 31, 2012 and 2011:

(Unit : Million Baht)

Consolidated financial statements				
Outstanding balances of financial instruments				
As at December 31, 2012				
Description	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Cash and cash equivalents	54	-	19	73
Investments, net	-	10	407	417
Service income receivables	-	-	80	80
Receivables and loans to others ⁽¹⁾	19	140	-	159
Short-term loans and advances to related parties	-	-	11	11
Deposits subject to restrictions	-	6	-	6
Financial liabilities				
Bills of exchange and short-term debentures	-	318	-	318

⁽¹⁾ Of the receivables and loans to others, total of Baht 139 million carrying fixed interest rates are receivable and loan to others from which a subsidiary has ceased recognition of income.

(Unit : Million Baht)

Consolidated financial statements				
Outstanding balances of financial instruments				
As at December 31, 2011				
Description	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Cash and cash equivalents	131	-	15	146
Investments	-	56	336	392
Service income receivables	-	-	29	29
Receivables and loans to others ⁽¹⁾	21	146	-	167
Short-term loans and advances to related parties	-	-	9	9
Accrued interest income	-	2	-	2
Deposits subject to restrictions	-	2	-	2
Financial liabilities				
Bills of exchange	-	529	-	529
Bank overdraft	32	-	-	32

⁽¹⁾ Of the receivables and loans to others, totals of Baht 0.06 million carrying interest floating rates and Baht 140 million carrying fixed interest rates are receivable and loan to others from which a subsidiary has ceased recognition of income.



(Unit : Million Baht)

Separate financial statements

**Outstanding balances of financial instruments
As at December 31, 2012**

Description	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Cash and cash equivalents	3	-	3	6
Investments, net	-	10	264	274
Loans to others	-	1	-	1
Short-term loans and advances to related parties	-	-	1	1
Deposits subject to restrictions	-	1	-	1
Financial liabilities				
Bills of exchange and short-term debentures	-	377	-	377
Short-term loans and advances from related parties	-	959	30	989

(Unit : Million Baht)

Separate financial statements

**Outstanding balances of financial instruments
As at December 31, 2011**

Description	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Cash and cash equivalents	17	-	3	20
Investments, net	-	11	186	197
Loans to others	-	1	-	1
Short-term loans and advances to related parties	-	-	1	1
Deposits subject to restrictions	-	1	-	1
Financial liabilities				
Bills of exchange	-	619	-	619
Short-term loans and advances from related parties	-	768	53	821

As at December 31, 2012 and 2011, the fixed interest rate financial instruments which have new repricing dates or maturity dates (whichever are sooner) after the statement of financial position dates, are as follows:

(Unit : Million Baht)

Consolidated financial statements							
As at December 31, 2012							
Remaining periods to repricing dates or maturity dates							
Description	At call	Less than 1 year	1 - 5 years	Over 5 years	No maturity	Total	Interest rate %
Financial assets							
Investments, net	-	-	10	-	-	10	5.25
Receivable and loans to others ⁽¹⁾	139	-	1	-	-	140	3.40 - 12.50
Deposits subject to restrictions	-	6	-	-	-	6	0.50 - 1.80
Financial liabilities							
Bills of exchange and short-term debentures	-	318	-	-	-	318	4.75 - 5.00

⁽¹⁾ Of the receivables and loans, total of Baht 139 million for which the new repricing dates or maturity dates (whichever is sooner) are under "at call" are receivables and loans from which a subsidiary has ceased recognition of income.

(Unit : Million Baht)

Consolidated financial statements							
As at December 31, 2011							
Remaining periods to repricing dates or maturity dates							
Description	At call	Less than 1 year	1 - 5 years	Over 5 years	No maturity	Total	Interest rate %
Financial assets							
Investments, net	46	-	10	-	-	56	5.25 - 7.38
Receivable and loans to others ⁽¹⁾	137	4	5	-	-	146	3.00 - 11.80
Accrued interest income	-	2	-	-	-	2	6.68 - 7.38
Deposits subject to restrictions	-	2	-	-	-	2	0.5 - 1.80
Financial liabilities							
Bills of exchange	-	529	-	-	-	529	3.80-5.00

⁽¹⁾ Of the receivables and loans, totals of Baht 137 million, Baht 1 million and Baht 2 million for which the new repricing dates or maturity dates (whichever is sooner) are under "at call", "less than 1 year" and "1-5 years", respectively, are receivables and loans from which a subsidiary has ceased recognition of income.



(Unit : Million Baht)

Separate financial statements

As at December 31, 2012

Remaining periods to repricing dates or maturity dates

Description	At call	Less than 1 year	1 - 5 years	Over 5 years	No maturity	Total	Interest rate %
Financial assets							
Investments, net	-	-	10	-	-	10	5.25
Loans to others	-	-	1	-	-	1	3.00
Deposits subject to restrictions	-	1	-	-	-	1	0.50
Financial liabilities							
Bills of exchange and short-term debentures	-	377	-	-	-	377	4.75 - 5.00
Short-term loan and advance from related parties	959	-	-	-	-	959	0.50 - 2.50

(Unit : Million Baht)

Separate financial statements

As at December 31, 2011

Remaining periods to repricing dates or maturity dates

Description	At call	Less than 1 year	1 - 5 years	Over 5 years	No maturity	Total	Interest rate %
Financial assets							
Investments	-	-	11	-	-	11	5.25
Loans to others	-	1	-	-	-	1	3.00
Deposits subject to restrictions	-	1	-	-	-	1	0.50
Financial liabilities							
Bills of exchange	-	619	-	-	-	619	3.80 - 5.00
Short-term loan and advance from related parties	768	-	-	-	-	768	0.50 - 2.50

Liquidity risk

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

The periods to the maturity dates of financial instruments held as of December 31, 2012 and 2011, counting from the statements of financial position date, are as follows:

(Unit : Million Baht)

Consolidated financial statements						
As at December 31, 2012						
Description	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash and cash equivalents	73	-	-	-	-	73
Investments, net	253	-	10	-	154	417
Service income receivables	-	80	-	-	-	80
Receivables and loans to others ⁽¹⁾	139	-	20	-	-	159
Short-term loans and advances to related parties	11	-	-	-	-	11
Deposits subject to restrictions	-	6	-	-	-	6
Financial liabilities						
Bills of exchange and short-term debentures	-	318	-	-	-	318

⁽¹⁾ Of the receivables and loans which mature at call of Baht 139 million represent default loans from which a subsidiary has ceased recognition of income. Therefore, the term of loan repayment depends upon the result of debt restructuring.

(Unit : Million Baht)

Consolidated financial statements						
As at December 31, 2011						
Description	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash and cash equivalents	146	-	-	-	-	146
Investments, net	71	-	10	-	311	392
Service income receivables	-	29	-	-	-	29
Receivables and loans to others ⁽¹⁾	138	4	5	20	-	167
Short-term loans and advances to related parties	9	-	-	-	-	9
Accrued interest income	-	2	-	-	-	2
Deposits subject to restrictions	-	2	-	-	-	2
Financial liabilities						
Bills of exchange	-	529	-	-	-	529
Bank overdraft	-	32	-	-	-	32

⁽¹⁾ Of the receivables and loans which mature at call, within 1 year and in 1-5 years of Baht 137 million, Baht 1 million and Baht 1.5 million, respectively, represent default loans from which a subsidiary has ceased recognition of income. Therefore, the term of loan repayment depends upon the result of debt restructuring.



(Unit : Million Baht)

Separate financial statements

As at December 31, 2012

Description	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash and cash equivalents	6	-	-	-	-	6
Investments, net	112	-	10	-	152	274
Loans to others	-	-	1	-	-	1
Short-term loans and advances to related parties	1	-	-	-	-	1
Deposits subject to restrictions	-	1	-	-	-	1
Financial liabilities						
Bills of exchange and short-term debentures	-	377	-	-	-	377
Short-term loan and advance from related parties	989	-	-	-	-	989

(Unit : Million Baht)

Separate financial statements

As at December 31, 2011

Description	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
Financial assets						
Cash and cash equivalents	20	-	-	-	-	20
Investments, net	25	-	11	-	161	197
Loans to others	-	1	-	-	-	1
Short-term loans and advances to related parties	1	-	-	-	-	1
Deposits subject to restrictions	-	1	-	-	-	1
Financial liabilities						
Bills of exchange	-	619	-	-	-	619
Short-term loan and advance from related parties	821	-	-	-	-	821

Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues or the value of financial assets and liabilities.

As at December 31, 2012 and 2011, the Company and its subsidiaries had foreign currency-denominated assets and liabilities, which had not been hedged against foreign exchange risk, as follows:

(Unit : Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at December 31, 2012	As at December 31, 2011	As at December 31, 2012	As at December 31, 2011
Assets				
US dollars	6,258	10,867	4,965	5,057
Renminbi (Yuan)	1,153	383	-	-
Vietnamese Dong	130,213	200,348	-	-
Liabilities				
US dollars	315	1,208	7,800	4,057
Euros	-	-	1,000	1,000
Renminbi (Yuan)	40	-	-	-

As at December 31, 2012 and 2011, average foreign exchange rates are summarized below:

	As at December 31, 2012	As at December 31, 2011
Baht/US dollar	30.6316	31.6912
Baht/Euro	40.5563	41.0274
Baht/Renminbi (Yuan)	4.9164	5.0328
Baht/Vietnamese Dong	0.0015	0.0015

Equity position risk

Equity position risk is the risk that changes in the market prices of equity securities may result in change in the value of investments, and fluctuations in revenues and/or the value of investments in equity securities. The Company and its subsidiaries have equity position risk, occurring from their investments in domestic and overseas marketable equity securities, which the Company and its subsidiaries recognize at fair value as at the statements of financial position dates. The maximum amount of exposure to such risk is the carrying value of those investments as at the statements of financial position dates.



27.2 Fair value of financial instruments

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

Cash and cash equivalents

The fair value of cash and cash equivalents are estimated equal to their carrying value.

Investments

The fair values of the investments are calculated based on criteria as described in Note 4.3 to the financial statements, except that the fair value of the held-to-maturity debt securities, are estimated to be the present value of cash to be received by the Company and its subsidiaries, discounted by the market interest rate.

Receivables and loans to others

The fair values of receivables and loans to others are considered to approximate their respective carrying values as discussed in Note 4.4 and 4.17.

Short-term loans and advances to related parties

The fair values of short-term loans and advances to related parties are considered to approximate their respective carrying values since they have short maturities and/or charge interest rates approximate the current market interest rates.

Bills of exchange/short-term debentures/bank overdraft/short-term loans from others/short-term loans and advances from related parties

The fair values of bills of exchange, short-term debentures, bank overdraft, short-term loans from others and short-term loans and advances from related parties are considered to approximate their respective carrying values since their interest rates approximate the current market interest rates and / or their maturities are short.

Liabilities under finance lease agreements

The fair values of liabilities under finance lease agreements are considered to approximate their respective carrying values since their interest rates approximate the market interest rates.

As at December 31, 2012 and 2011, the fair values of financial assets and liabilities of the Company and its subsidiaries, which are estimated in accordance with the criteria as mentioned above, are as follows:

(Unit : Million Baht)

As at December 31, 2012

	Consolidated financial statements		Separate financial statements	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and cash equivalents	73	73	6	6
Investments, net	417	417	274	274
Service income receivables	80	80	-	-
Receivables and loans to others, net	21	21	1	1
Short-term loans and advances to related parties	11	11	1	1
Deposits subject to restrictions	6	6	1	1
Financial liabilities				
Bills of exchange and short-term debentures	318	318	377	377
Short-term loan and advance from related parties	-	-	989	989

(Unit : Million Baht)

As at December 31, 2011

	Consolidated financial statements		Separate financial statements	
	Book value	Fair value	Book value	Fair value
Financial assets				
Cash and cash equivalents	146	146	20	20
Investments, net	392	392	197	197
Service income receivables	29	29	-	-
Receivables and loans to others	23	23	1	1
Short-term loans and advances to related parties	9	9	1	1
Accrued interest income	2	2	-	-
Deposits subject to restrictions	2	2	1	1
Financial liabilities				
Bills of exchange	529	529	619	619
Bank overdraft	32	32	-	-
Short-term loan and advance from related parties	-	-	821	821



28. Disposal of investment in subsidiary

On September 1, 2011, Finansa Fund Management Ltd. redeemed its total investments in Finansa Vietnam Fund Ltd. which is a subsidiary. Total consideration received from the redemption was Baht 37.02 million.

The book value of assets and liabilities of the fund on the redemption date are as follows:

	(Unit : Thousand Baht)
	As at September 1, 2011
Current assets	
Financial assets at fair value through profit and loss	48,476
Other current assets	640
Cash and cash equivalents	2,030
	<hr/> 51,146 <hr/>
Liabilities	
Other accrued expenses	972
Disposal assets - net	<hr/> 50,174 <hr/>
Loss on redemption of investments in the fund	
Redemption price	37,021
Net assets redeemed	(50,174)
Non-controlling interests	11,189
Loss on redemption	<hr/> 1,964 <hr/>

Net cash inflow on redemption of investments in the fund

	(Unit : Thousand Baht)
	For the year ended December 31, 2011
Consideration received in cash and cash equivalents from redemption	37,021
<u>Less</u> Cash and cash equivalent balances of the fund	(2,030)
Net cash inflow on redemption	<hr/> 34,991 <hr/>

29. Approval of financial statements

These financial statements have been approved for issue by the authorized directors on February 28, 2013.

OVERVIEW OF BUSINESS OPERATIONS

Finansa Plc. and its subsidiaries provide a wide range of financial services to institutional, corporate and retail clients, including Investment Banking, Wealth Management, Fund Management and Private Equity. Through its associated company, Finansia Syrus Securities Plc., it can also offer Securities Brokerage. As the parent company, the Company provides support to its affiliates and subsidiaries in many respects including organizational administration, business and market planning, management and development of information technology and human resources, as well as research into investment opportunities and analysis of economic conditions. The activities of the Finansa Group can be divided into the following five main areas:

Corporate Advisory and Investment Banking

Providing corporate and financial advisory services including fund raising, financial and business restructuring, business alliance negotiations, business acquisitions, and project financing.

Fund Management

Providing services to Thai provident funds, mutual funds and private funds managed by the Group as well as Finansa-sponsored foreign funds engaged in direct investment, private equity investment and investment in debt instruments in Thailand and the region.

Direct Investment

The Company and some of its subsidiaries also engage in direct investments in companies or funds. This business area is aimed at supporting and extending the group's businesses.

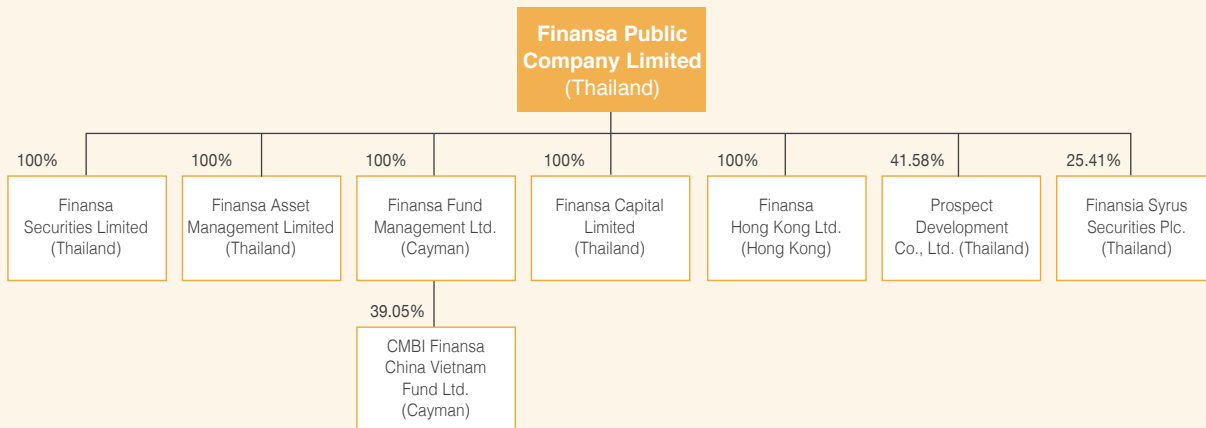
Securities Brokerage

Providing securities brokerage service through its associated company, Finansia Syrus Securities Plc.

Warehouses Development and Leasing

Providing warehouses developing and leasing services through its associate company. Prospect Development Co., Ltd.

The Finansa Group consists of 9 operating companies and 2 representative offices (in Hanoi and Ho Chi Minh City in Vietnam). The 9 companies comprise 6 local operating companies including the parent company itself and 3 overseas operating companies. As the regional headquarters of the group, the Company determines management and investment policies and supports, controls, supervises and advises companies in the group in relation to business planning and management. The aim is to create overall coherence for the group's various operations. The Finansa Group now consists of the following affiliates and subsidiaries:



Companies Operating in Thailand

1) Finansa Securities Limited (FSL) has securities license no. (2) 476/2536 issued by the Ministry of Finance allowing it to conduct all types of securities business, namely: (1) acting as securities broker, (2) securities trading, (3) acting as investment advisor, (4) securities offering and underwriting and 5) acting as futures exchange agent. In addition, FSL is a financial advisory company authorized by the SEC. In mid 2009, FSL merged its securities broking services with Finansia Syrus Public Company Limited and now focuses on Investment Banking activity.

In 2011, FSL increased its registered capital from Baht 450 million to Baht 500 million and the Company fully subscribed for the capital increase as called. The paid-up capital as of 31 December 2012 was Baht 500 million.

2) Finansa Asset Management Limited (FAM) Finansa acquired a 100% of the total paid-up capital of FAM from BFIT Securities Plc. in January 2005. FAM is licensed to operate both mutual fund and private fund business and is primarily involved in managing domestic provident funds. In September 2010, FAM increased its registered capital from Baht 100 million to Baht 200 million and the Company fully subscribed for the capital increase as called. As of 31 December 2012, FAM's paid up capital was Baht 200 million.

3) Finansa Capital Limited (FC), was formerly called Finansa Credit Limited which was a licensed financial institution regulated by the Bank of Thailand. FC returned its license to operate finance business to the Ministry of Finance on 25 December 2009. At present, FC's business objective is to manage its remaining loan portfolio. As of 31 December 2012, FC had paid up capital of Baht 511 million.

4) Prospect Development Company Limited (PD), formerly Prospect SPC Company Limited, is a company incorporated in Thailand on 23 September 2005 with the objective to conduct property leasing and rental business focusing on factories and warehouses on industrial estate. In September 2010, PD increased its registered capital from Baht 80 million to Baht 800 million and offered new shares to Finansa and new investors. Following the capital increase, Finansa holds 49.9% of PD's total capital so that PD's status was changed from a subsidiary to an associate.

In 2011, PD increased its registered capital from Baht 800 million to Baht 1,000 million and the Company already paid its proportion. Further in February 2012, PD increased and called its registered capital of Baht 200 million from new investors, resulting in a decrease in the Company's shareholding to 41.58% at present. As of 31 December 2012, PD had paid-up capital of Baht 1,200 million.

5) Finansia Syrus Securities Public Company Limited (FSS) is a new securities company formed by the merger of Syrus Securities Plc., ACL Securities Co., Ltd. and FSL's securities broking business which was completed in September 2009. FSS is an associated company of Finansia with an initial investment of 19.6% of FSS's total paid-up capital. In 2010, the Company and FFM acquired additional shares of 0.14 million and 0.65 million in FSS, respectively; resulting in a shareholding of 19.64% by the Company only and totally 19.84% including FFM portion.

In 2011, the Company invested in additional shares and newly increased capital shares of FSS totaling 40.55 million shares, resulting in a 24.99% shareholding. Further in 2012, the Company also purchased another 12.30 million shares including newly increased capital shares, resulting in a shareholding of 25.41% at present. In this regard, the Shareholders' meeting of FSS had a resolution to waive the Company from making a tender offer for all securities of FSS ("Whitewash"). As of 31 December 2012, FSS had paid-up capital of Baht 731.31 million.

Companies Operating Overseas

1) Finansia Fund Management Limited (FFM) is a company incorporated in the Cayman Islands with paid-up capital of US\$ 20,000 ordinary shares and US\$ 14.4 million preferred shares as of 31 December 2012. It operates investment and fund management business for Finansia-sponsored foreign funds that wish to invest in Thailand, Vietnam and other countries in Southeast Asia.

2) Finansia Hong Kong Limited (FHK) is a company incorporated in Hong Kong on 13 December 2004 with the objective to conduct advisory business. As of 31 December 2012, FHK had a total registered and paid-up capital of HK\$100,000.

3) CMBI Finansia China Vietnam Fund Ltd. (CVF) is an open-ended fund which focuses its investments in The People's Republic of China and Vietnam. At year-end 2012, the total assets under management of the fund were US\$ 4 million. FFM's investment in the Fund was 39.05%.



SUBSIDIARIES AND ASSOCIATED COMPANIES

Company	Type of business	Type of shares	No. of shares issued	% of share holding
1. Finansa Securities Ltd. 20 th Floor, TISCO Tower 48/45 North Sathorn Road, Silom Bangrak, Bangkok 10500 Tel. (662) 697 3800 Fax (662) 638 0301	Investment Banking /Securities	Ordinary	50,000,000	100
2. Finansa Asset Management Ltd. 12A th Floor, TISCO Tower 48/21, 48/24 North Sathorn Road, Silom Bangrak, Bangkok 10500 Tel. (662) 352 4000 Fax (662) 352 4099	Fund Management	Ordinary	20,000,000	100
3. Prospect Development Co., Ltd. 12A th Floor, TISCO Tower 48/23 North Sathorn Road, Silom Bangrak, Bangkok 10500 Tel. (662) 697 3860 Fax (662) 697 3869	Warehouses Development and Leasing	Ordinary	120,000,000	41.58
4. Finansa Capital Ltd. 12A th Floor, TISCO Tower 48/21-22 North Sathorn Road, Silom Bangrak, Bangkok 10500 Tel. (662) 697 3700 Fax (662) 697 3849	Loan Management	Ordinary	10,220,000	100

Company	Type of business	Type of shares	No. of shares issued	% of share holding
5. Finansia Syrus Securities Plc. 999/9 The Offices at Centralworld 18 th Floor Rama 1 Road, Pathumwan Pathumwan Bangkok 10300 Tel. (662) 658 9000 Fax (662) 658 9501	Securities	Ordinary	451,338,437	25.41
6. Finansia Fund Management Ltd. P.O. Box 309, Ugland House South Church Street, George Town Grand Cayman, Cayman Islands	Investment and Offshore Fund Investment Advisory and Management	Ordinary Preferred	20,000 144,073	100 100
7. Finansia Hong Kong Ltd. 6/F Greenwich Centre 260 King's Road, Hong Kong	Advisory	Ordinary	100,000	100
8. CMBI Finansia China Vietnam Fund Ltd. P.O. Box 309, Ugland House Grand Cayman, KY1-1104, Cayman Islands	Fund	Ordinary	40,000	39.05



2012 OPERATING PERFORMANCE AND FINANCIAL POSITION ANALYSIS

Operating Performance

The Company's consolidated statement of comprehensive income for 2012 showed a net loss of Bt.34 million or a net loss of Bt.0.27 per share, a decrease in operational loss of Bt.109.3 million or 76% from a net loss of Bt.143.3 million or Bt.1.16 per share recorded last year. The decline in the net loss came from a Bt.253.1 million increase in total revenues, mainly from securities business. Costs and expenses increased by Bt.164.2 million while share of loss from associated companies decreased by Bt.51.8 million. Income tax expense also increase by Bt.24.7 million from a net profit in operational performance of a subsidiary. Overall, the Company has recovered certain profitability despite its net operating loss.

The 2012 operational performance of the Company and its subsidiaries is summarized below.

1. Investment, advisory and management business. Finansa recorded total revenues of Bt.10.6 million in this line of business, representing 2% of total revenues of the Group. This was a drop of Bt.7.9 million or 43% from 2011 resulting from a decrease in interest and dividend income following a decrease in investment portfolio. Fees and service income increased from a rise in offshore fund management fee. Costs and expenses of the business amounted to Bt.33 million, Bt.32 million or 49% lower than previous year. While the Company recorded a net loss in securities trading and investment largely from unrealized loss on revaluation of a subsidiary's investments in foreign fund in 2011, 2012 showed a gain on securities and investments trading. Operating loss from the investment, advisory and management business was therefore Bt.22.4 million compared to Bt.46.5 million in the previous year.

2. Loan management business. In 2012, a subsidiary that returned its finance business license and managed the remaining loan portfolio generated total revenue of Bt.3.2 million or 1% of the Group's revenues. Compared with that recorded in 2011, the revenues decreased by Bt.23.3 million or 88% resulted from a decrease in interest and dividend income as several loan accounts reached maturity and were closed. This business's costs and expenses totaled Bt7.1 million, a rise of Bt.4.4 million or 162% from previous year due to a reversal of the allowance for doubtful account set aside to offset the full amount of losses from bad debts and doubtful accounts. The loan management business reported a gross loss of Bt.3.9 million, compared to a gross profit of Bt.23.8 million in the previous year.

3. Securities business. After the Group's business restructuring in 2009, revenues from this business came mainly from investment banking. Total revenue in 2012 was Bt.289.2 million, representing 62% of total revenues of the Group, higher than that of 2011 by Bt.243.5 million or 533%. Costs and expenses of the securities business amounted to Bt.141.5 million, rising by Bt.90 million or 175% following an increase in revenue. As a result, securities business recorded a gross profit of Bt.147.7 million, a leap from a gross loss of Bt.5.8 million in the previous year.

The securities business of the Group proved excellent performance in 2012 even though the securities business as a whole showed little growth from 2011. A quick effort to restore Thailand's economy after the flood in the second half of the year by private corporations, together with government's economic stimulus measures, resulted in a continuously economic growth that promoted investment banking business. In 2012, Finansa Securities Ltd. secured several mandates that would help sustain its good performance.

4. Asset management business. This business generated total revenues of Bt.154.3 million, or 33% of the Group's revenues, representing an increase of Bt.39.4 million or 34% from 2011. The subsidiary's revenue was generated from registrar services and fund management with aggregate assets under management (AUM) of Finansa Asset Management rose to Bt.34,867 million in 2012 or 18% increase from previous year. Costs and expenses of the asset management business totaled Bt.122.2 million, an increase of Bt.32.7 million or 36% from 2011. This was a result of an increase in personnel and fees and service expenses due to business growth. The company and its subsidiary reported a gross profit from the asset management business of Bt32.1 million compared to that of Bt.25.4 million in 2011.



(THB Million)	Investment advisory and Management business	Loan management business	Investment banking and securities business	Asset management business	Total
Revenues	10.6	3.2	289.2	154.3	457.3
Costs and Expenses	(33.0)	(7.1)	(141.5)	(122.2)	(303.8)
Gross profit	(22.4)	(3.9)	147.7	32.1	153.5
Other revenues					10.4
Finance costs					(26.4)
Reversal of baddebts and allowance for doubtful accounts					5.0
Service and administrative expenses					(96.0)
Directors and management remuneration					(27.9)
Profit from operations					18.6
Share of loss from associates					(20.5)
Income tax - expense					(32.1)
Net loss					(34.0)

The 2012 share of loss from associated companies totaled Bt.20.5 million, decreased by Bt.51.8 million or 72% from the previous year, owing to a profit sharing from a securities brokerage firm, Finansia Syrus Securities Plc. (Finansia Syrus). In 2012, Finansia Syrus benefited from global economic stimulus policies injecting abundant liquidity to the market, resulted in an increase of capital inflow and trade volume in Thailand stock market. To keep on with the full liberalization of a brokerage fee in 2012, the securities brokerage firms need large market share and quick response to the market. Finansia Syrus has prepared itself from 2011 and was able to raise its revenue and contain costs and expenses leading to a rise in net profit in 2012.

The share of loss was from Prospect Development Co., Ltd. (Prospect), the associated company focusing on industrial estate development and warehouse leasing. Prospect is in the early stages of development and was unable to fully generate revenue from its warehousing. In 2012, Prospect reported higher loss from the previous year despite its revenue increase from warehouse renting and asset sales. This resulted from an interest payment from borrowing for construction, as well as high operating cost from an increase of sales personnel to keep up with business expansion in the future. Prospect is developing the "Bangkok Free Trade Zone" project which was unaffected from devastating flood in 2011 and generated competitive potential for Prospect. Joining the ASEAN Economic Community (AEC), the location of Thailand in the center of the region which makes its attractive for investment and business operation is likely to stimulate more transactions for Prospect.

Profitability Ratios

In 2012, Finansa recorded a net loss of Bt.34 million or basic loss per share of Bt.0.27, compared with a net loss of Bt.143.3 million or basic loss per share of Bt.1.16 in 2011. A number of ratios had improved from 2011 with the net profit (loss) to total income of the group was (7.3%), the return on average assets was (1.9%) and return on average equity was (2.7%), compared with (66.8%), (7.9%) and (11.7%), respectively in 2011.

Financial Position

In November 2012, Finansa Plc. reduced its registered capital from Bt.1,492,548,500 to Bt.617,599,000 by cancelling unissued 174,989,900 shares with a par value of Bt.5 each. Pursuant to Section 140 of the Public Limited Companies Act B.E. 2535, the company needs to reduce unissued registered capital prior to increase its newly registered share capital.

During 12-18 December 2012, Finansa issued and offer 123,519,800 new ordinary shares in the form of rights offering with 1 new share being issued for each existing share at a price of Bt2.40 and the total of 88,869,643 newly issued shares were sold. The Company registered the paid-up equity with Ministry of Commerce on 24 December 2012, raising the paid-up capital from Bt.617,599,000 to Bt.1,061,947,215 divided into 212,389,443 ordinary shares with a par value of Bt.5 per share. Capital received from these new shares offered totaled Bt.213,287,143 of which a portion was used to reduce short-term debt burden at the end of the year.

The remaining 34,650,157 shares will be offered through private placement in which the Company will later process the approval of issuance terms and conditions.

(Bt. million)	31 Dec 2012	31 Dec 2011	Change	
			Amount	%
Total Assets	1,804.3	1,838.5	(34.2)	(2)
Total Liabilities and shareholders' Equity				
- Total liabilities	486.7	664.8	(178.1)	(27)
- Total shareholders' Equity	1,317.6	1,173.7	143.9	12



As of 31 December 2012, the Company and its subsidiaries had total assets of Bt.1,804.3 million, a decrease of Bt.34.2 million or 2% from year-end 2011. The main components of these assets were Bt.455.2 million of current assets and Bt.1,349.1 million of non-current assets representing 25% and 75% of total assets, respectively. The main items showing significant changes were as follows.

- Cash and cash equivalent totaled Bt.73.6 million, representing 4% of total assets of the Group, a decrease of Bt.72.4 million or 50% from last year.
- Net investments stood at Bt.416.8 million, representing 23% of total assets of the Group, an increase of Bt.24.9 million or 6% from year-end 2011. This resulted from increases in investment in the securities held for trading and decreases in investment in available-for-sale securities.

(Bt. million)	31 Dec 2012	31 Dec 2011	Change	
			Amount	%
Temporary Investments				
Trading securities	254.3	142.8	111.5	78
Long-term Investments				
Available-for-sale securities	10.3	87.3	(77.0)	(88)
General Investments	152.2	161.8	(9.6)	(6)
Total Investments, net	416.8	391.9	24.9	6

Liquidity

Cash and cash equivalents of the Company and its subsidiaries as at year-end 2012 totaled Bt.73.6 million, representing a decrease of Bt.72.4 million or 50% from year-end 2011 due to the following changes.

- Net cash used in operating activities totaled Bt.31.7 million, resulting from cash flow from operating activities after adjustments of Bt.76.4 million and changes in key operating assets and liabilities, i.e. temporary investments increasing by Bt.111.4 million, service income receivables increasing by Bt.51.0 million, and other current liabilities increasing by Bt.60.8 million.

- Net cash provided by investing activities totaled Bt.29.4 million, coming mainly from cash received from sales of available-for-sale securities of Bt.61.3 million, against cash paid out of Bt.16.2 million for investments in share capital of an associate, and cash paid for acquisition of fixed assets and intangible asset of Bt.13.4 million.
- Net cash used in financing activities totaled Bt.53.2 million, resulted from cash repayment to bills of exchange holders of Bt.234.6 million, cash repayment for bank overdraft and short-term loans from financial institutions of Bt.31.7 million, against cash received from capital increase of Bt.213.3 million.

The current liquidity ratio (current assets/current liabilities) of the Group as of 31 December 2012 was 0.97, increasing from 0.55 at year-end 2011, resulting mainly from a decrease in bills of exchange of Bt.211.2 million, as well as an increase in temporary investment of Bt.111.5. An improved ratio reflects the Group's improvement in short-term liquidity. Finansa's capital structure comprised of Bt.486.7 million in liabilities and Bt.1,317.6 million in equity, resulting in a debt to equity ratio of 0.37 which is considerably low. This indicates that the Group's capital came less from borrowing than equity, yielding lower risk of inability to pay interest.

The Group has applied collective liquidity management policy with intercompany loans and borrowings. Under the management of the Group Risk Management Committee, liquidity gap is calculated to assess its capital and liquidity adequacy. Credit line facilities are reserved, in case that market situation does not allow short-term debt securities issuance, while liquid asset is maintain at an adequate amount. The Board of Directors assigned the Managing Director to set an internal policy to control debt securities issuance and to report the issued amount and outstanding amount to the Board of Directors in a quarterly meeting.

Finansa Securities Ltd., a subsidiary, has to maintain its liquidity ratio in accordance with the SEC's net capital rule (NCR). As of 31 December 2012, the subsidiary's NCR was 77.1%, which is significantly higher than the minimum 7% requirement set by the SEC.



Sources of Funds

Liabilities

As of 31 December 2012, the total liabilities of the Group were Bt.486.7 million, a decrease from Bt.664.8 million at year-end 2011, of which 97% were current liabilities. The major items showing a significant change were as follows.

- Bills of exchange and short-term debentures totaled Bt.317.9 million, decreased by Bt.211.2 or 40%

Outstanding balance of bills of exchange as of 31 December 2012

Tranche	Face Value	Maturity Date
FNS13123A	89,000,000	23 January 2013
FNS13221A	115,000,000	21 February 2013

Outstanding balance of short-term debentures as of 31 December 2012

Tranche	Face Value	Maturity Date
FNS13425A	50,000,000	25 April 2013
FNS13521A	65,000,000	21 May 2013

- No bank overdraft or short-term loan, a decrease of Bt.31.7 million or 100%

Shareholders' Equity

At year-end 2012, the Company's equity in the consolidated financial statements was Bt.1,317.6 million, an increase of Bt.143.9 million or 12% from 2011. Changes in equity came mainly from an issue of 88,869,643 new ordinary shares, resulted in a rise of paid-up capital from Bt.617,599,000 to Bt.1,061,947,215 million divided into 212,389,443 ordinary shares with a par value of Bt.5 per share. A rise in retained losses of Bt.34 million derived from the net loss incurred in the year. The book value at year-end 2012 was Bt.6.2 per share, down from Bt.9.5 per share at year-end 2011 from newly shares subscription.

As of 31 December 2011, the Company's registered and paid up capital stood at Bt.1,235.2 million and Bt.1,061.9 million respectively.

Capital Structure

As of 31 December 2011, the Group's capital structure comprised Bt.486.7 million in liabilities and Bt.1,317.6 million in equity, resulting in a debt to equity ratio of 0.37 compared to a ratio of 0.57 the previous year. The major sources of funds were bills of exchange, short-term debentures, and new ordinary shares issued, while the major uses of funds were investments in temporary investments, investments in an associated company and reducing of the bills of exchange outstanding balances.

Credit Rating

On 10 October 2012, Fitch Ratings (Thailand) Limited affirmed FNS's National long-term credit rating of Finansa Plc. at 'BBB-(tha)' with Rating Watch Negative and short-term credit rating at 'F3(tha)'. This reflected the Group's weak performance and liquidity in the first half of 2012. However, Fitch realized that after a short time, the Group may consider a plan for capital and liquidity enhancement. Doing so may reduce liquidity risk and improve the Group's liability status.

As per the resolution of the extraordinary shareholders' meeting No.1/2012 on November 19, 2012, the Company offered the sales of newly issued ordinary shares during December 12-18, 2012 and the new 88,869,643 ordinary shares were sold at Baht 2.40 each, totaling Baht 213.29 million. The Company received cash from the subscription of the increased share capital on December 20, 2012 and registered the increase in such paid-up share capital with the Ministry of Commerce on December 24, 2012. Thus the Company's capital and liquidity status has improved.

Major Factors Which May Affect Future Operation and Financial Position

Major factors which may affect the future operation and financial position of the Group are discussed in the section on "Risk Factors".



RELATED PARTY TRANSACTIONS

The related party transactions occurring in 2012 as shown in the audited financial statements for the year ended 31 December 2012 are as follows:

1. Outstanding Items	See Notes to the Financial Statements 25.2
2. Investment in Subsidiaries/Related Parties/ Other Investment Items	See Notes to the Financial Statements 9.2 and 10
3. Investment in Associated Company Items	See Notes to the Financial Statements 9.1
4. Revenue and Expense Items	See Notes to the Financial Statements 25.1

Related Transaction Policy for 2012

The related party transactions are transactions that occurred in the ordinary course of business.

Necessity and reasonability of the related transactions

The related party transactions are necessary and reasonably conducted in the best interest of the Company. The board of directors and audit committee of the Company were of the opinion that:

1. transactions between the Company and its wholly owned subsidiaries (more than 99% holding) were done in the ordinary course of business and at arm's length prices.
2. transactions between the Company, its subsidiaries (less than 99% holding) and its related parties were done in the ordinary course of business and at arm's length prices.

Related Transaction Policy

The Company has set the policies on related transactions based on the rules and regulations set forth by the Stock Exchange of Thailand concerning related transactions of listed companies and transfers of assets by listed companies. In the case that there is a conflict of interest with the Company or subsidiaries, the directors involved shall not have voting rights on such conflict matters.

Future Related Transactions

It is the Audit Committee duties to consider and ensure the accuracy and completeness of information disclosure on related transactions or transactions which may cause conflicts of interest. Additional responsibilities are to review and ensure the Company adopts proper and effective internal control and internal audit systems; and complies with the laws on securities exchange, the SET's regulations, or other laws relating to its business.



SHAREHOLDER STRUCTURE AND MANAGEMENT

Shareholder Structure

Shareholders

As of 31 December 2012, the registered capital of the Company was Baht 1,235.2 million divided into 247 million ordinary shares with a par value of Baht 5 per share; paid up capital was Baht 1,061.9 million or 212.39 million ordinary shares.

At the closing registration date on 19 March 2013 for the 2013 Annual General Meeting of Shareholders,

Name	Number of shares	% of paid up capital
1 Morgan Stanley & Co. International Plc.	29,127,364	13.714
2 Littledown Nominees Limited 38	27,524,780	12.960
3 Mr. Vorasit Pokachaiyapat	20,980,000	9.878
4 UBS AG Singapore Branch	12,349,510	5.815
5 M.L. Sudhiman Pokachaiyapat	10,500,000	4.944
6 Jefferies & Company, Inc	8,828,400	4.157
7 Mrs. Monravee Davis	6,100,000	2.872
8 Mr. Kulchorn Meesomsab	5,490,000	2.585
9 Mrs. Prakaikam Baikaew	5,130,000	2.415
10 Mr. Thongchai Jira-Alongkorn	4,354,500	2.050
11 Others	82,004,889	38.610
Total	212,389,443	100.000

the list of major shareholders was as follows:

Dividend payment policy

The Company and its subsidiaries have a policy to pay dividends of 30% of the net profit after taxes, or as it may deem appropriate, except in cases where there are other necessities and such payments would significantly affect the normal operations of the Company.

Management Structure

Finansa is governed by 3 committees: i) the Board of Directors, ii) the Executive Committee, and iii) the Audit Committee with details as follows:

Board of Directors

The Company's Board of Directors consisted of the following members:

1. Dr. Virabongsa Ramangkura	Chairman
2. Mr. Vorasit Pokachaiyapat	Managing Director
3. Mr. Eugene S. Davis	Director
4. Mr. Varah Sucharitakul	Director
5. Mr. Kenneth Lee White	Director
6. Mr. Vitthya Vejajiva	Director, Chairman of the Audit Committee and Independent Director
7. Mrs. Kannika Ngamsopee	Director, Member of the Audit Committee and Independent Director
8. Mr. Akarat Na Ranong	Director, Member of the Audit Committee and Independent Director

Any two of the following three directors signing jointly and affixed with the Company Seal may bind the Company - Mr. Vorasit Pokachaiyapat, Mr. Eugene S. Davis, Mr. Varah Sucharitakul.

The Board has appointed Mr. Varah Sucharitakul as Company Secretary with duties and responsibilities pertaining to Section 89/15 of the Securities and Exchange Act. (No. 4) B.E. 2551.

Scope of Duties of the Board of Directors

The Board of Directors has the responsibility of managing the Company in compliance with relevant laws, the Company's business objectives, its Articles of Association and the resolutions of shareholders' meetings. Responsibilities also include the formulation of policies and operating directions, financial management, risk management, and providing guidance and supervision to the management to operate efficiently and effectively and in accordance with the relevant policies. The interests of the shareholders will be taken into account in managing the Company. The Board of Directors also has the power to appoint a certain number of directors to be members of the executive committee and to perform specific tasks.

The Board of Directors has empowered the directors authorized to sign for and bind the Company to independently conduct various matters. However, the matters set forth below require a prior resolution from the meeting of the shareholders. In the case that there is a conflict of interest between the Company or subsidiaries and one or more of its directors, the directors involved may not vote.

- 1) when resolution of the meeting of shareholders is required by law; and
- 2) on matters in which directors may have an interest and a resolution of the meeting of shareholders is required by law or by the regulations of the Stock Exchange of Thailand.



The matters specified below require a resolution of the Board of Directors and of the meeting of shareholders passed by a vote of not less than three-fourths of the total number of shareholders present at the meeting and entitled to vote:

- 1) the sale or transfer of whole or important parts of a business of the Company to other persons;
- 2) the purchase or acceptance of transfer of businesses of other companies or private companies to the Company;
- 3) the making, amending or canceling of contracts relating to the leasing out of the business of the Company, whole or certain important parts, the assignment to any other persons to manage the business of the Company or the amalgamation of the business with other persons with an objective towards profit and loss sharing;
- 4) the amendment of the Memorandum of Association or the Articles of Association of the Company;
- 5) the increase or decrease in registered capital of the Company;
- 6) the merger or liquidation of the Company; and
- 7) other matters specified by law.

Treasury stocks held by the Company carry no voting rights.

Executive Committee

The Executive Committee consisted of the following 3 members:

- | | |
|------------------------------|--|
| 1. Mr. Vorasit Pokachaiyapat | Managing Director and Executive Director |
| 2. Mr. Eugene S. Davis | Director and Executive Director |
| 3. Mr. Varah Sucharitakul | Director and Executive Director |

Scope of Duties of the Executive Committee

The Executive Committee has the following powers and responsibilities:

- 1) to consider and approve any loan or credit application in the ordinary course of business of the Company, e.g., expenses for investments or for any activity with a value not exceeding Baht 500 million or in an equivalent amount or in an amount authorized by the Board of Directors;
- 2) to establish organizational, management, and executive committee structures, which include all the details of the recruitment, training, employment and termination of the employees in the Company whose position is not higher than the managing director;
- 3) to appoint or remove any officers of the Company;
- 4) to prepare, recommend, and prescribe business policies and strategies to the Board of Directors for consideration and approval;
- 5) to formulate business plans, prescribe management authority, approve annual expenditure budgets and conduct the business pursuant to the business plan and strategy which are to be in line with the policies and directions approved by the Board of Directors; and
- 6) to perform any other duties as assigned by the Board of Directors from time to time.

In this regard, the delegation of authority set forth above must be in accordance with laws and the Company's regulations and the Articles of Association. In the case that there is a conflict of interest with the Company or subsidiaries, the executive directors involved shall not have voting rights on such conflicting matters.

Audit Committee

The Audit Committee consisted of the following 3 members:

- | | |
|---------------------------|-------------------------------------|
| 1. Mr. Vitthya Vejajiva | Audit Committee Chairman |
| 2. Mrs. Kannika Ngamsopee | Director and Audit Committee member |
| 3. Mr. Akarat Na Ranong | Director and Audit Committee member |

Mrs. Kannika Ngamsopee has adequate expertise and experience to audit the credibility of financial statements

Scope of Duties of the Audit Committee

The Audit Committee has the following duties and responsibilities which are in accordance with the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. The Audit Committee shall report directly to the Board of Directors.

- 1) To review the Company's financial reporting process to ensure that it is accurate and adequate.
- 2) To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
- 3) To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.
- 4) To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year.
- 5) To review connected transactions or transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.
- 6) To prepare, and to disclose in the Company's annual report, an Audit Committee's report which must be signed by the Audit Committee's chairman and consist of at least the following information:
 - (a) an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - (b) an opinion on the adequacy of the Company's internal control system,
 - (c) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
 - (d) an opinion on the suitability of the auditor,
 - (e) an opinion on transactions that may lead to conflicts of interests,
 - (f) the number of Audit Committee meetings, and the attendance at such meetings by each committee member,
 - (g) an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter, and
 - (h) other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and
- 7) To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.



Management Team

According to the SEC's notification, the management team of Finansa Plc. consisted of the following 9 executives:

1. Mr. Vorasit Pokachaiyapat	Managing Director
2. Mr. Eugene S. Davis	Executive Director
3. Mr. Varah Sucharitakul	Executive Director
4. Mr. James Marshall	Chief Investment Officer
5. Ms. Rachanee Mahatdetkul	Senior Vice President of Direct Investment
6. Mr. Chakhrit Suphepre	Group Head of IT & SVP
7. Mr. Chankit Assawarotjanamitre	Head of Administration
8. Mrs. Nuchalee Junkhun	Head of Human Resources
9. Mrs. Siripan Leewanun	Head of Accounting

Scope of Duties of the Managing Director

The Managing Director has power and responsibilities to manage and monitor the normal business transactions of the Company including other authority as assigned by the Company's Board of Director or the Executive Committee. The Managing Director also has the power to delegate his authority to other individual as appropriate to manage and perform duties as necessary but subject to the law and the Company's regulations and the Articles of Association.

In this regard, the delegation of authority set forth above must not grant the Managing Director or the assignee power to approve any transaction with a conflict of interest with the Company or its subsidiaries.

Scope of duties of the Managing Director is as follows.

- 1) Manage and undertake the Company's normal business transactions,
- 2) Prepare the Company's business policy and strategy together with the Executive Committee prior to submitting to the Board of Directors for approval,
- 3) Monitor to ensure that the Company's business transactions are in accordance with the established business plans and strategy approved by the Board and in accordance with relevant laws and regulations,
- 4) Establish the organization and management structure relating to human resources including recruitment, training, employment and termination of employment as well as approve the appointment, transfer and dismissal of employees,
- 5) Oversee and monitor business activity and operational performance and report to the board of directors,
- 6) Approve the procurement of the Company's office supply and sign on behalf of the Company for purchase agreements, procurement agreements, rental agreements, service agreements, maintenance agreements and other relevant documents with value of not over Baht 100,000,
- 7) Perform any other act as assigned by the Company's Board of Directors.

Selection of Directors and Executives

The Board of Directors selects the directors of the Company in accordance with the qualifications specified in Section 68 of the Public Company Act, B.E. 2535 and in related notifications of the SEC. In addition, experience, knowledge and ability are also taken into consideration. The selected candidates will then be nominated in a shareholders' meeting for appointment. As of 31 December 2012 from the total number of 8 directors, the Company had 2 directors from the group of major shareholders, namely Mr. Eugene S. Davis and Mr. Vorasit Pokachaiyapat.

The election of the members of the Board of Directors is made at shareholders' meetings pursuant to the following procedures:

- Each shareholder has one vote for each share held.
- Each shareholder may cast all of his/her votes to select one or more candidates, but if selecting more than one candidate the number of votes given to each candidate cannot be greater nor lesser than the number of votes given to the other(s).
- The persons successively receiving the highest number of votes will be elected as directors until the permissible number of directors in the particular election is reached. In the case of an equal number of votes given to more than one candidate, which causes the number of directors to be greater than the permissible number, the chairman shall cast the deciding vote.

In terms of the selection process of independent directors, when the independent directors are due to retire from their term of office or when there is a need to nominate more independent directors, the current members of the Board of Directors will consult with one another to select qualified persons who have experience, knowledge and expertise suitable and beneficial to the Company and also meet the minimum qualifications set forth below. Nominees will be proposed to the Board of Directors' Meeting or the Shareholders' Meeting for consideration pursuant to the Company's Articles of Association.

The Company's independent directors' qualifications meet all requirements of the Capital Market Supervisory Board. The qualifications are as follows:

- 1) Holding not more than 1% of the Company's shares with voting rights, or those of any subsidiary company, associated company or juristic person with conflict of interest, which shall be inclusive of the shares held by related persons.
- 2) Not being a director who is involved in the Company management, an employee, a staff member, an advisor who receives a regular salary from the Company, or a controlling person of the Company, subsidiary company, associated company, subsidiary company with the same level or juristic person with conflict of interest.
- 3) Not being a connected person, by virtue of a blood relationship or legal marriage being father, mother, spouse, sibling, child, including spouse of a child, of the executives, major shareholders, controlling persons or persons who are about to be nominated as executives or controlling persons of the Company or subsidiary company.



- 4) Not holding a business relationship with the Company, subsidiary company, associated company or juristic person with conflict of interest in a way that may interrupt the exercise of independent discretion. Nor being major shareholder, a non-independent director, or an executive of a business holding a relationship with the Company, subsidiary company associated company or juristic person with conflict of interest.
- 5) Not being an auditor of the Company, subsidiary company, associated company or juristic person with conflict of interest, and not being a major shareholder, non-independent director, executive or managing partner of the audit firm, in which there are auditors of the Company, subsidiary company, associated company or juristic person with conflict on interest.
- 6) Not being a professional service provider including legal or financial adviser receiving service fee more than Baht 2 million a year from the Company, subsidiary company, associated company or juristic person with conflict of interest. In case that the advisor is a juristic person, it shall include the major shareholder, non-independent director, executive or managing partner of such service provider.
- 7) Not being a representative director appointed by the Company's directors, major shareholders or shareholders related to major shareholders.
- 8) Not holding other characteristics that prohibit the expression of independent opinion on the Company's operations.

Directors of the Company's major subsidiaries

Director Name List	Major Subsidiaries			
	FSL	FC	FFM	FAM
1. Mr. Vorasit Pokachaiyapat		1,3	1,3	1,3
2. Mr. Eugene S. Davis	1		1,3	
3. Mr. Varah Sucharitakul	1,3	1,3		
4. Mr. Kenneth Lee White		1		1
5. Mr. Vitthya Vejajiva	1,2			1,2
6. Mr. Akarat Na Ranong	1,2			1,2
7. Mr. James Marshall			1,3	1,3
8. Ms. Rachanee Mahatdetkul		1,3		
9. Mr. Kittipong Lertvanangkul	1,3			
10. Mrs. Snitha Asawachinda	1,3			
11. Mr. Theraphan Jittalarn				1,3
12. Mrs. Jareerat Fuengfuskul				1,3

Remark: 1 = Director 2 = Independent Director 3 = Executive Director

BIOGRAPHIES OF DIRECTORS AND MANAGEMENT

Dr. Virabongsa Ramangkura		Chairman
Age 69	% Holding in FNS None	Family Relationship None
Education <ul style="list-style-type: none"> ● Doctor of Law (Honorary) Webster University, U.S.A ● Ph.D. (Economics) University of Pennsylvania, U.S.A ● M.A. (Economics) University of Pennsylvania, U.S.A ● First Class Honors, B.A. (Political Science) Chulalongkorn University, Thailand ● Directors Certification Program Thai Institute of Directors Association (IOD) 		Experience <p>Present</p> <ul style="list-style-type: none"> - Chairman, Finansa Plc. - Chairman of the Executive Board Double A (1991) Plc. - Chairman, Bangkok Expressway Plc. - Director, Thailand Development Research Institute Foundation - Independent Director and Audit Committee Member Polyplex (Thailand) Plc.

Mr. Vorasit Pokachaiyapat		Managing Director / Authorized Director / Executive Director
Age 49	% Holding in FNS 14.822%	Family Relationship None
Education <ul style="list-style-type: none"> ● M.S. Computer Information Systems Bentley College, U.S.A ● B.S. Managerial Economics and Industrial Management Carnegie-Mellon University, U.S.A ● Directors Certification Program Thai Institute of Directors Association (IOD) 		Experience <p>Present</p> <ul style="list-style-type: none"> - Managing Director, Finansa Plc. - Director, Finansa Capital Ltd. - Director, Finansa Fund Management Ltd. - Director, Finansa Asset Management Ltd. - Director, Prospect Development Co., Ltd. - Independent Director, SE-Education Plc. <p>2002 - 2007 Director, Finansa Securities Ltd.</p> <p>2002 - 2004 Director, Finansa Credit Ltd.</p> <p>1990 - 1991 Associate, Chase Manhattan (Thailand) Ltd.</p> <p>1988 - 1990 Head of Securities Research Thai Investment and Securities Public Co., Ltd.</p>


Mr. Eugene S. Davis

Authorized Director / Executive Director

Age 57	% Holding in FNS 2.872%	Family Relationship None
Education <ul style="list-style-type: none"> ● MBA in Finance and International Business New York University, U.S.A ● B.A. International Relations/ French University of Virginia, Charlottesville, U.S.A ● Certificate of Attendance Director Accreditation Program Thai Institute of Directors Association (IOD) 		Experience <ul style="list-style-type: none"> Present - Executive Director, Finansa Plc. - Director, Finansa Fund Management Ltd. - Director, Finansa Securities Ltd. 2001 - 2007 Director, Pranda Jewelry Plc. 2004 - 2005 Director, Finansa Credit Ltd. 1989 - 1991 Managing Director Chase Manhattan (Thailand) Ltd. 1987 - 1989 Chairman, Asian Primary Dealers Committee of U.S. Fixed Income Securities 1984 - 1989 Director of Fixed Income Trading The First Boston Corp., Japan

Mr. Varah Sucharitakul

Authorized Director / Executive Director / Company Secretary

Age 48	% Holding in FNS None	Family Relationship None
Education <ul style="list-style-type: none"> ● Master of Business Administration University of New Hampshire, U.S.A ● B.Eng. (Mechanical Engineering) Chulalongkorn University, Thailand ● Directors Certification Program Thai Institute of Directors Association (IOD) 		Experience <ul style="list-style-type: none"> 2012 - present Executive Director, Finansa Securities Ltd. 2001 - present Executive Director, Finansa Plc. 2010 - present Director, Finansa Capital Limited 2009 - present Director, Finansa Syrus Securities Plc. 2010 - 2011 Director, Thai Airways International PCL. 2009 - 2011 Town and Country Planning Board, Journal of Department of Public Works and Town & Country Planning 2006 - 2010 Executive Director, Finansa Securities Ltd. 2001 - 2006 Managing Director, Finansa Securities Ltd. 2002 - 2004 Director, Finansa Credit Ltd. 1998 - 2000 Executive Director, The Cogeneration Plc. 1997 - 2000 Executive Vice President of Finance Sithe Pacific Development L.L.C 1994 - 1997 Senior Vice President-Head of Project Finance Finance One Plc. 1990 - 1994 Second Vice President Chase Manhattan Bank, Thailand

Mr. Kenneth Lee White		Director
Age 66	% Holding in FNS None	Family Relationship None
Education <ul style="list-style-type: none"> ● MBA in International Business, University of Puget Sound Tacoma, Washington, U.S.A ● B.A. in International Business Netherlands School of Business, Breukelen The Netherland ● Directors Certification Program and Fellow Member Thai Institute of Directors Association 		Experience <ul style="list-style-type: none"> 2002 - present Director, Finansa Plc. 2004 - present Director, Finansa Asset Management Ltd. 2005 - present Director and Audit Committee Member Goodyear (Thailand) Plc. 1998 - present Director and Chairman of the Audit Committee Minor International Plc. 1992 - present Managing Director, Pacific Siam Strategic Consulting Co., Ltd. 2007 - 2011 Governor, The American Chamber of Commerce in Thailand 2001 - 2003 Director, The Thai Institute of Directors Association (IOD) 1986 - 1992 General Manager Chase Manhattan Bank, Thailand

Mr. Vitthya Vejjajiva		Director / Chairman of the Audit Committee / Independent Director
Age 76	% Holding in FNS None	Family Relationship None
Education <ul style="list-style-type: none"> ● Harvard Law School Harvard University (LL.M.) ● Gonville and Caius College Cambridge (M.A., LL.B.) ● Barrister-at-Law, Gray's Inn ● Chairman 2000 Program Thai Institute of Directors Association (IOD) 		Experience <ul style="list-style-type: none"> 2002 - present Chairman of the Audit Committee Finansa Plc. 2007 - present Chairman of the Audit Committee Finansa Securities Ltd. 2009 - present Chairman of the Audit Committee Finansa Asset Management Ltd. 1998 - present Chairman of the Audit Committee True Corporation Plc. Present - Independent Director and Audit Committee Member, Glow Energy Pcl. - Chairman, "K" Line (Thailand) Ltd. and affiliates 1991 - 1992 Permanent Secretary of Foreign Affairs Ministry of Foreign Affairs 1988 Ambassador to the United States 1984 Ambassador to Belgium and European Community



Mrs. Kannika Ngamsopee		Director / Audit Committee Member / Independent Director
Age 56	% Holding in FNS None	Family Relationship None
Education <ul style="list-style-type: none">● M.S. (Accounting) Thammasat University, Thailand● Master of Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University, Thailand● B.B..A (Accounting) 2nd Class Honors Thammasat University, Thailand● LL.B (Law), Thammasat University, Thailand● Directors Certification Program Thai Institute of Directors Association (IOD)		Experience <ul style="list-style-type: none">2002 - present Independent Director and Audit Committee Member, Finansa Plc.2001 - present Chief Audit and Compliance Officer Siam Commercial Bank Plc.1999 - 2000 Director, The Cogeneration Plc.1998 - 2000 Chief Financial Officer Sithe Pacific Development LLC.1995 - 1997 Assistant Managing Director Finance One Plc.1994 - 1995 General Manager, Peregrine & Nithi Finance and Securities Co., Ltd.1993 - 1994 Senior Vice President, Finance Bangkok Transit System Corp., Ltd.1982 - 1992 Vice President, Chase Manhattan Bank

Mr. Akarat Na Ranong		Director / Audit Committee Member / Independent Director
Age 59	% Holding in FNS None	Family Relationship None
Education <ul style="list-style-type: none">● Master's Degree, Business Administration (Management) Marshall University, U.S.A.● Bachelor's Degree, Economics Chulalongkorn University● Certificate Thai Institute of Directors Association<ul style="list-style-type: none">- Audit Committee Program- Director Accreditation Program- Role of the Compensation Committee● Certificate, Capital Market Academy Leadership Program, class 6		Experience <ul style="list-style-type: none">2011 - present Independent Director and Audit Committee Member<ul style="list-style-type: none">- Finansa Plc.- Finansa Securities Ltd.- Finansa Asset Management Ltd.2010 - present Independent Director and Chairperson of Audit Committee, Matching Maximize Solution Plc.2001 - present Independent Director / Chairman of Audit Committee / Nominating and Remuneration Committee Krungthai Card PCL.2011 - present Lecturer College of Music, Mahidol University2010 - 2011 Associate Dean for Resources Development College of Music, Mahidol University1996 - 2009 President, TSFC Securities PCL.1995 - 1996 President, Thai Finance and Securities PCL.1990 - 1995 Vice President, Citibank N.A.

Mr. James Marshall		Chief Investment Officer
Age 58	% Holding in FNS 0.0001%	Family Relationship None
Education <ul style="list-style-type: none"> Member of the Securities and Investment Institute of the U.K 		Experience <ul style="list-style-type: none"> Present - Chief Investment Officer, Finansa Plc. - Director, Finansa Fund Management Ltd. - Director, Finansa Asset Management Ltd. 1999 - 2004 Director of Research, Finansa Group 1992 - 1997 Head of Research Nomura International Ltd./India/ Thailand

Ms. Rachanee Mahatdetkul		Senior Vice President of Direct Investment Department
Age 46	% Holding in FNS None	Family Relationship None
Education <ul style="list-style-type: none"> MBA, Santa Clara University, U.S.A B.A. in Business Administration Assumption University, Thailand 		Experience <ul style="list-style-type: none"> Present - Senior Vice President, Direct Investment Finansa Plc. - Director, Finansa Capital Ltd. - Director, Prospect Development Co.,Ltd. 2008 - 2009 Director, Finansa Credit Ltd. 1994 - 2006 Vice President-Direct Investment, Finansa Plc. 1993 - 1994 Financial Analyst, American Appraisal (Thailand) Co., Ltd. 1989 - 1989 Internal Audit Assistance, Diethelm & Co.

Mr. Chakhrit Suphepre		Group Head of Information Technology and Senior Vice President
Age 48	% Holding in FNS None	Family Relationship None
Education <ul style="list-style-type: none"> Master of Science (Computer Science & Information Technology), NIDA Bachelor of Science (Computer Science) King Mongkut's Institute Technology Ladkrabang 		Experience <ul style="list-style-type: none"> 2012 - present Group Head Of Information Technology and Senior Vice President, Finansa Plc. 1998 - 2012 Vice President, Infrastructure and Data Center Dept. Government Pension Fund 1996 - 1998 Assistant Vice President, Information Technology Dept. Phatra Thanakit Public Co., Ltd. 1994 - 1996 Assistant Vice President, Information Technology Support Dept., Phatra Finance & Securities Public Co., Ltd.



Mr. Chankit Assawarotjanamitre		Head of Administration
Age 50	% Holding in FNS None	Family Relationship None
Education <ul style="list-style-type: none">● Bachelor of Business Administration (General Management) SukhothaiThammathirat Open University		Experience <ul style="list-style-type: none">2009 - present Head of Administration, Finansa Plc.2008 - 2009 Assistant Administrative Head Human Resource & Administrative Department, Finansa Plc.2004 - 2007 Manager Human Resource & Administrative Department, Finansa Plc.2000 - 2004 Purchasing Manager General Administration Department Industrial Finance Corporation of Thailand (IFCT)

Mrs. Nuchalee Junkhun		Head of Human Resources
Age 43	% Holding in FNS None	Family Relationship None
Education <ul style="list-style-type: none">● Bachelor of Economics, Chiangmai University		Experience <ul style="list-style-type: none">2009 - present Head of Human Resources, Finansa Plc.2008 - 2009 Assistant Human Resources Head Human Resources & Administrative Department, Finansa Plc.2005 - 2007 Assistant Manager Human Resources & Administrative Department, Finansa Plc.2004 - 2005 Assistant Manager, Personnel Department Finansa Asset Management Ltd.

Mrs. Siripan Leewanun		Head of Accounting
Age 46	% Holding in FNS None	Family Relationship None
Education <ul style="list-style-type: none">● MBA, University of Regina, Canada● B.B.A. (Accounting) Thammasat University		Experience <ul style="list-style-type: none">2010 - present Head of Accounting, Finansa Plc.2008 - 2009 Compliance Manager, Compliance Unit Finansa Credit Ltd.2004 - 2008 MIS & Financial Control Manager Accounting Department, Finansa Plc.2003 - 2004 Assistant Vice President, Policy and planning Department, Industrial Finance Corporation of Thailand (IFCT)

THE GOOD CORPORATE GOVERNANCE COMPLIANCE REPORT OF 2012

The Rights of Shareholders

There are several basic rights of shareholders as stated in the Company's Articles of Association and other relevant laws and regulations. Such basic rights include the right to purchase, sell or transfer shares, the right to share in the profits of the Company, the right to receive sufficient information, the right to participate in shareholders' meetings, the right to give opinions and the right to participate in major decision making of the Company such as dividend payment, appointment or removal of directors, appointment of independent auditors, approval on important transactions which effect the Company's business direction and adjustments to the Company's Memorandum of Association and Articles of Association.

The Company recognizes and emphasizes the importance of the basic rights of shareholders. Relevant matters are undertaken with efficiency in accordance with the good corporate governance principles to protect such shareholders' rights including:

1. Shareholders' Meeting

An annual shareholders' meeting is held within four months from the end of the previous year's accounting period. An extra-ordinary general meeting will be held if there is an urgent or special agenda that has to be proposed to shareholders i.e. matters that affect shareholders' interests or matters requiring shareholders' approval under relevant laws or regulations.

In 2012, the Company held 2 General Meetings of Shareholders.

1. The Annual General Meeting held on April 27, 2012 at 14:30 hrs. at Crowne Plaza Bangkok, Lumpini Park Hotel, Crowne 4 - 5 Room, 21 Floor, No. 952 Rama IV Road, Bangkok, Thailand. There were six directors present at the meeting (Three directors were absent due to other business missions) including the Chairman of the Board, Managing Director, Audit Committee member and Directors.
2. The Extraordinary General Meeting held on November 19, 2012 at 14:40 hrs. at Crowne Plaza Bangkok, Lumpini Park Hotel, Crowne 4 - 5 Room, 21 Floor, No. 952 Rama IV Road, Bangkok, Thailand. There were seven directors present at the meeting (One director was absent due to other business missions) including the Chairman of the Board, Managing Director, the Chairman of the Audit Committee, Audit Committee member and Directors.



The Chairman carried out the meeting as required by law and encouraged all shareholders to vote, ask questions, express opinions and give suggestions on all business matters of the Company. The Chairman and directors clearly explained and answered every important inquiry from shareholders, and welcomed shareholders' suggestions for business operations. In addition, representatives of the Company's auditor who audited the 2011 financial statements were presented at the meeting to answer shareholders' questions on financial statements. Voting procedures were transparently carried out according to the scheduled agenda.

The Company undertook matters to facilitate the shareholders' meetings. Greeters and registration staff were arranged to assist shareholders with the registration at least two hours before the meeting. The registration process was quick and straightforward and shareholders who attended the meetings were appropriately received.

The 2012 meeting was held at Crowne Plaza Bangkok Lumpini Park Hotel located on Rama IV Road in Bangkok which was in the business area and an easy place for shareholders to attend. The meeting was held on business working days at appropriate times of the day.

2. Delivery of the Meeting Notice

The Company assigned Thailand Securities Depository Company Limited, the Company's Share Registrar, to send a notice to all shareholders at least 14 days in advance for the Annual General Meeting. Attached to the meeting notice were a complete set of supporting documents including the meeting schedule and detail and a map of the meeting venue, a detailed agenda, Board of Directors' opinion, minutes of the last shareholders' meeting, the Company's Articles of Association (Shareholders' Meeting part only), background of independent directors who will be appointed as proxy as well as other information necessary for making voting decisions. For the Annual General Meeting, the Annual Report was also attached to the meeting notice.

Besides delivery of the meeting notice, the Company also published the meeting notice in a newspaper for three consecutive days, three days prior to the meeting date. The meeting notice and all supporting information were posted on the Company's website (www.finansa.com) more than 30 days before the meeting date in order that shareholders received the meeting information in a timely manner and were well prepared for the meeting.

3. Meeting Procedure

Before the meeting commenced, the MC clearly informed the meeting of all relevant rules including vote-counting procedures for each agenda item as required by the Company's Articles and voting rights for each agenda item. After information on each agenda item was presented, the Chairman offered all shareholders an equal opportunity to ask questions and give suggestions within appropriate time. Directors and management were present to answer all shareholders' queries.

4. After the Meeting

The minutes of the meeting was recorded accurately and comprehensively, including significant details, e.g., meeting resolutions, questions and opinions of the meeting and will be presented in the next shareholders' meeting for approval and sent to official regulatory agencies within the designated time period.

The Equitable Treatment of Shareholders

The Company recognizes the importance of equitable treatment of all shareholders including executive shareholders, non-executive shareholders as well as foreign shareholders. Therefore, the Company has undertaken the following tasks to ensure such equal and fair treatment.

1. Voting Rights in the Shareholders' Meeting

Every shareholder has the right to vote in the meeting with one vote for each share held. In the event that there is a conflict of interest on any agenda item, the shareholder involved shall not have voting rights on that item (except for the election of directors). For the 2012 Annual General Meeting of Shareholders, there were no conflicts of interest issue on any agenda item.

Shareholders unable to participate in the meeting have the option to appoint proxies who could be independent directors or any other person instructed to attend the meeting. The Company will provide the name of an independent director who will act as a proxy in the proxy forms, as per the Ministry of Commerce's designation, to attend and vote in the meeting.



2. Meeting Agenda and Proposal for Additional Agenda Item

Meetings will be carried out in line with the Company's Articles of Association and according to the announced agenda. Detailed information on each agenda item is presented to the meeting for shareholders consideration. The Company will avoid adding other agenda items besides the ones already presented to shareholders, especially important agenda items that shareholders need time to review prior to making any decision.

Shareholders holding an aggregate number of shares not less than one-third of the total number of shares sold can request to add other agenda item besides the ones already presented in the meeting notice. For the 2012 Annual General Meeting of Shareholders, there were no such additional agenda items requested.

3. Suggestions, Comments or Complaints

The Company has 4 independent directors to ensure fair treatment of minority shareholders. Minority shareholders can express their opinions and give suggestions or complaints to independent directors who will inspect these opinions or complaints and arrange further measures, as appropriate.

4. Voting

Voting procedures are transparently carried out according to the scheduled agenda. Each shareholder has the right to vote for the election of each director. The Company provides voting cards for important agenda items and keeps the voting cards for shareholders' review should there be any dispute.

5. Protection and administration of Insider Information

The Company has prepared a code of conduct placing high significance on the protection of the Company and its subsidiaries' confidential information. Disciplinary penalties have been prescribed for executives and employees who use inside information for their personal benefit or use inside information in ways that may expose the Company to damage. Such actions include verbal warnings, written warnings, probation, dismissal and termination of employment. Employees are prohibited from buying, selling, transferring or accepting the transfer of the Company shares or entering into any other transaction by using confidential and/or inside information as this may incur harm, either directly or indirectly, to the Company.

The Company has set up measures to prevent insider trading by directors, executives and employees (including their spouses and minor children) who have access to significant inside information. A silent period policy for securities trading by these personnel is stipulated for a period of one month prior to the Company's disclosure of quarterly and annual financial statements. In addition, the Company has informed its directors and executives of their responsibility to report their ownership of securities issued by the Company and will enforce punishment pursuant to Section 59 of Securities and Exchange Act B.E. 2535 and the regulations of the Stock Exchange of Thailand for non compliance. Moreover, whenever they purchase or sell securities issued by the Company, these personnel have to report their ownership of the Company shares including those under the possession of their spouses and minor children to the Office of the Securities and Exchange Commission within three days pursuant to Section 59 of Securities and Exchange Act B.E. 2535.

The Role of Stakeholders

The Company realizes the importance of protecting the rights of all stakeholders following the requirements of the law and the Company code of conduct as follows:

Shareholders: The Company is determined to achieve a good operating performance to create shareholders satisfaction, with due consideration to the growth of the Company's value over the long term. The Company discloses all information in a transparent and trustworthy manner. In addition, every shareholder has an equal right to vote except for shareholders who have conflicts of interest in which they will have the right to vote only for the election of directors, but not on that particular matter.

Employees: The Company treats all employees with care and fairness and provides reasonable remuneration and benefits such as provident funds, including welfare as required by the Labor Law. The Company also supports the enhancement of its employees' capabilities and promotes a decent business culture, teamwork and favorable and secure working atmosphere.

Customers: The Company focuses on providing high quality services, treating customers' information as confidential and ensuring that the process and procedure for handling customers' complaints is clearly and fairly stated, and that responsible persons are assigned to deal with any such complaints.

Competitors: The Company follows the rule of fairness in competing with others and avoids any wrongdoing toward its competitors.



In summary, the Company abides by all relevant laws and regulations in order to ensure the rights of all stakeholders are well protected. The Company also supports useful activities and treats any complaints as important in order to improve its operations.

Furthermore, the Company donated light bulbs and installation equipment to schools in upcountry. This also includes the donation of table calendars for blind-teaching schools to use in their several activities.

The Company has established an Investor Relations department to take care of the Company's information dissemination to investors as well as receive suggestions or complaints from investors or stakeholders. Investor Relations can be reached at

Tel: 02-697-3700

Website: www.finansa.com

E-mail: ir@finansa.com

All information received through the above channels will be forwarded to the Compliance Unit for further submission to the Audit Committee. In 2012, the Company had no dispute with any of its stakeholders.

Disclosure and Transparency

The Board of Directors realizes the importance of information disclosure and has set up policies to ensure that all information disclosed is accurate, complete and transparent. Such information includes financial and non-financial information about the Company that is in line with the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand that may affect the share price as well as the decisions of the Company's investors and stakeholders. Therefore, the Company has disseminated important and adequate information including Annual Registration Statement (Form 56-1) to shareholders, investors and the general public via the SET Community Portal. In addition, the annual reports, operational performance and credit rating are posted on the Company's website. The Company also prepared the good corporate governance report annually in both Thai and English versions and disclosed them in its annual report.

The Board of Directors takes responsibility for the consolidated financial statements of the Company and its subsidiaries as well as financial information disclosed in its annual report. The Report on the Board of Directors' responsibility towards the Company's financial statements is disclosed in the annual report together with the report of the independent auditor. Financial statements are prepared in accordance with generally accepted accounting principles in Thailand, by utilizing appropriate accounting policies and applied consistently. Moreover, sufficient important information is disclosed in the notes to the financial statements. The Audit Committee reviews the quality of financial reporting and the adequacy of the internal control system and ensures that sufficient significant information is disclosed in the notes to the financial statements. The views of the Audit Committee on such matters are presented to the Board and to the shareholders' meeting, respectively.

The Company also disclosed information on the Board of Directors and sub committees i.e. their roles and responsibilities, number of meetings, attendance of each director, opinions in line with the committee's duties, remuneration for directors and management policy, type and amount of remuneration paid to directors of the Company and where those directors also sit on subsidiaries' Boards.

Responsibilities of the Board of Directors

1. Structure of the Board of Directors

The Company's Board of Directors is comprised of qualified persons who possess knowledge and abilities and plays an important role in establishing the Company's policies and image as a whole. In addition, the Board's responsibilities extend to freely supervising, auditing and monitoring the Company's performance toward designated policies.

The Board of Directors comprises 8 directors and the Chairman of the board is qualified as independent director and is not the Managing Director. The Company has clearly determined the scope of duties and responsibilities of the Board of Directors and Managing Director.

The Company achieves a balance of power and proper checking of management by having 5 non-executive directors, representing half of the total number of directors on the Board. Non-executive directors are not authorized to sign on behalf of the Company or any of its subsidiaries. Furthermore, the Audit Committee comprised 3 independent directors, representing 1/3 of all members of the Board of Directors. This Board composition can assure that the directors will perform their duties as representatives of the shareholders fairly and independently with proper checks and balances. In this regard, the Company's 3 independent directors' qualifications meet all the requirements of the Capital Market Supervisory Board's Notification.

The Company has appointed a Company Secretary to support and assist the Board in its activities including providing advice pertaining to laws and regulations and communicating and monitoring compliance with the resolutions of the Board of Directors.

The Company has established the term of office for directors in its Articles of Association. At each General Meeting of shareholders, one-third of the directors – or if their number is not a multiple of three, then the number nearest to one-third – must retire from the office. In the first and second years following listing, the directors who shall retire is decided by drawing lots; after that directors who have been in office the longest shall retire first. The retiring directors may also be re-elected.



2. Committees

The Company has several committees which include the Audit Committee, the Executive Committee, the Group Investment Committee and the Group Risk Management Committee for administering specific issues in detail.

Each committee is composed of members with duties and responsibilities as follows:

- (1) The Audit Committee is comprised of 3 members responsible for considering and reviewing the Company's financial statements, information disclosure and internal control system, as well as examining and evaluating the Company's risk.
- (2) The Executive Committee is comprised of 3 members responsible for supervising relevant business operations assigned by the Board of Directors.
- (3) The Group Investment Committee is comprised of 7 directors from each company in the group responsible for setting business policies and supervising investment of the Company and its affiliates.
- (4) The Group Risk Management Committee is comprised of 7 directors from each company in the group responsible for setting risk management guidelines and policies of the Company and its affiliates.

3. Role and responsibilities of the Board of Directors

The Board of Directors is comprised of persons who have knowledge, ability, working experience and leadership skill. The Board takes part in developing the vision, mission, strategies, policies and business directions as well as overseeing that the Company's business undertakings are in compliance with relevant law, objectives, rules and regulations and the resolutions of shareholders' meetings. The Board has established sub committees to ensure close monitoring of the Company's business undertaking.

Policy on Corporate Governance

The Company and the Board of Directors emphasize the importance of practicing good corporate governance as stipulated by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. Compliance with good corporate governance principles is reviewed annually. The Board also reviews the Company's corporate governance policy and report of compliance at least once a year.

Business Ethics

The Company has prepared a code of conduct and operational manual and disseminated these to the executives and employees of the Company and its affiliates. This is to ensure the accuracy, transparency and fairness of business conduct to related parties and customers, which is in accordance with good corporate governance. The practice of such code of conduct and manual has been followed up consistently and also disciplinary penalties have been stated.

Conflict of Interest

The Board of Directors places importance on the consideration of transactions with possible conflicts of interest, connected transactions, related parties transactions as well as administration of insider information.

In 2008, the Board has approved in principle related party transactions which are conducted in the normal course of business between the Company and its subsidiaries with related parties. Related party transactions can be carried out under commercial terms, agreed upon in the ordinary course of business and without interference from any of such related parties. The related party transaction policy was signed by the Chairman of the Board and disseminated to all related parties for acknowledgement.

The Board of Directors and the Audit Committee have a stated policy relating to transactions that may cause conflicts of interest and connected transactions. All such transactions have to be informed to the Board and prudently considered to evaluate the reasonableness of entering into such transactions. The regulations of the Stock Exchange of Thailand must also be followed. Prices and conditions have to be set on an arm's length basis. In addition, should any directors have conflicts of interest, the conflicted directors have to disclose relevant information to the meeting and do not have the right to vote on that particular matter. The details of transactions, transaction value, related parties, reason and necessity are disclosed in form 56-1 and the annual report.

As for the supervisory procedure against inside information exploitation, the Company has a policy to prohibit the directors and executives from using inside information relating to the financial and operational performance of the Company, which has not yet been disclosed to public, for their personal benefits. The Company also reports to the Office of Securities and Exchange Commission on each person's securities holding and the holding of securities by his or her spouse and minor children of securities in the Company, including changes in such holdings, pursuant to Section 59 and the penal provision in Section 275 of the Securities and Exchange Act B.E. 2535.

Internal Control

The Company maintains internal control through the following procedures:

- (1) The Company has consistently evaluated significant business risks affecting the Company and has pursued a follow-up and risk mitigation process.
- (2) In controlling working operations of executives, the Company has stated, in a written document, the scope of duties and budget approval authority for each level of those executives and has allocated responsibility for cross-auditing.
- (3) The Company has stated and pursued an accounting policy which is consistent with the Thai accounting standards and considered most appropriate for the business. All documents accompanying accounting records are categorized and maintained.



(4) Accounting Revolution Company Limited, an out-sourced independent internal auditor, has true independence in its work in reviewing that all main business and financial operations are in compliance with relevant laws and regulations and performed with efficiency. The independent internal auditor is under the supervision of, and reports to, the Audit Committee in considering the adequacy of the internal control system and supervising business operations to comply with relevant laws and regulations. In addition, the Company also assigns Deloitte Touche Tohmatsu Jaiyos (Deloitte) to review the internal control system and to give any suggestions for an improvement of the system. Deloitte reports the audit results directly to the Audit Committee every quarter.

The internal audit report and the report of the auditor show that there are no significant areas of concern and the Company has an internal control system which is sufficient to safeguard against any use of the Company's assets by the executives and employees for personal interest.

Four audit committee meetings were held in 2012 and all members attended the meetings, except for Mrs. Kannika Ngamsopee who was absent once. The internal audit report and the report of the auditor show that there are no significant areas of concern and the Company has an internal control system which is sufficient to safeguard against any use of the Company's assets by the executives and employees for personal interest.

Risk Management

Realizing the importance of managing risks that may affect operational performance, the Company regularly reviews and assesses important risk factors as well as monitors and establishes measures to lessen these risks. In this regards, the Company has established the Group Risk Management Committee which is comprised of 7 directors from each company in the group responsible for setting risk management guidelines and policies of the Company and its affiliates. The Group risk management report is presented to the Board of Directors every quarter.

In addition, an annual evaluation and review of the internal control systems has been carried out in order to make improvements and enhance their operating performance.

Directors' Reporting

The Audit Committee has a responsibility to review the Company's financial reports which are submitted quarterly by the Accounting Department. The Audit Committee reviews and approves these financial reports and proposes them to the Board of Directors for further approval.

The Board of Directors is responsible for supervising the preparation and timely disclosure of the financial statements of the Company and its subsidiaries. Such financial reports must be accurate, transparent and comprehensive and must be disclosed within the applicable statutory reporting deadline. The financial reports of the Company and its subsidiaries are prepared in accordance with generally accepted accounting principles in Thailand, by utilizing appropriate accounting policies which are applied consistently. Moreover, sufficient important information is disclosed in the notes to the financial statements.

The Board of Directors has empowered the Audit Committee and the Certified Public Accountants to freely review the internal control and the accuracy of the financial reporting. The opinion of the Audit Committee on these matters is contained in the annual report.

Based upon the Company's internal control system supervised by the Audit Committee and the external auditor's reports, the Board of Directors believes that the consolidated financial statements of the Company and its subsidiaries present completely, in all material respects, the financial position, the results of operations and cash flows for the year ended 2012 and are in conformity with generally accepted accounting principles.

4. Board of Directors' Meetings

The Company sets out meeting schedules for the Audit Committee and the Board of Directors to consider financial statements of each quarter for the next year in advance. In 2012, there were 6 Board of Directors' meetings and 4 Audit Committee's meetings. In each meeting, the meeting agenda items were clearly identified prior to the meeting. The invitation letters were sent to the Board of Directors and the Audit Committee members at least 7 days prior to the meeting date. Supporting documents were also provided with the invitation letter for the Board's prior review. Attendance records of each director are as follows.

Name	Attendance (Attendance/Total Meetings)	
	Board of Directors Meeting	Audit Committee Meeting
1. Dr. Virabongsa Ramangkura	6/6	-
2. Mr. Vorasit Pokachaiyapat	6/6	-
3. Mr. Eugene S. Davis	2/6	-
4. Mr. Varah Sucharitakul ¹	5/6	-
5. Mr. Vorapak Tanyawong ²	4/6	-
6. Mr. Kenneth Lee White	6/6	-
7. Mr. Vitthaya Vejajiva	6/6	4/4
8. Mrs. Kannika Ngamsopee	3/6	3/4
9. Mr. Akarat Na Ranong	6/6	4/4

¹ The Company has appointed Mr. Varah Sucharitakul as the Company Secretary with effect from August 13, 2008.

² Mr. Vorapak Tanyawong resigned his position as the director on November 1, 2012.

In addition, in every meeting of the Audit Committee and Board of Directors, the minutes of meetings were prepared and all relevant documents were retained and are available to be reviewed by relevant parties.



5. Assessment by the Board of Directors

The Board of Directors has assessed the Managing Director's performance by taking into consideration the Company's operating performance, business undertaking according to established policies as well as the overall business and economic environment.

6. Remuneration to Directors and Executives

The Company has clearly and transparently determined the remuneration provided to the directors, which is similar to that paid to other company directors in the same industry. Such remuneration has to obtain prior approval from the shareholders' meeting. In 2012, remuneration of directors is set at the same level as in 2011 as follows:

(Unit : Baht)

Position	2012		2011	
	Meeting fee	Annual fee	Meeting fee	Annual fee
1. Chairman	50,000	800,000	50,000	800,000
2. Directors	25,000	280,000	25,000	280,000
3. Chairman of the Audit Committee	25,000	100,000	25,000	100,000
4. Audit Committee members	25,000	70,000	25,000	70,000

The Executive Directors waived the rights to the above mentioned meeting fee and annual fee.

The Company has determined the remuneration provided to executives in accordance with the principles and policies set by the Board, which is also consistent with the performance of the Company and each of the executive.

In 2012, the Company provided remuneration including meeting fee and annual fee to 9 directors, in which the Chairman of the Audit Committee and 1 Audit Committee Member also received fees from being the Directors, Chairman of the Audit Committee and Audit Committee Member of other two subsidiaries, as shown below.

(Unit : Baht)

Name	Meeting fee	Annual fee
1. Dr. Virabongsa Ramangkura	300,000	800,000
2. Mr. Vorasit Pokachaiyapat	-	-
3. Mr. Eugene S. Davis	-	-
4. Mr. Varah Sucharitakul	-	-
5. Mr. Vorapak Tanyawong ¹	-	-
6. Mr. Kenneth Lee White	250,000	350,000
7. Mr. Vitthaya Vejajiva	700,000	720,000
8. Mrs. Kannika Ngamsopee	150,000	350,000
9. Mr. Akarat Na Ranong	700,000	630,000

¹ Mr. Vorapak Tanyawong resigned his position as the director on November 1, 2012.

In 2012, remuneration including salary, provident fund and bonus provided to 10 executives was Baht 22,063,996.

7. Training for Directors and Executives

The Company has a policy to encourage its directors to attend courses held by the Thai Institute of Directors Association and other relevant courses held by other institutions. Visiting other companies or organizations also is useful for managing the Company business. At present, 8 of the Company directors have attended courses held by the Thai Institute of Directors Association.



REMUNERATION OF AUDITOR

In 2012, the remuneration for external auditors comprised:

Audit Fee

The Company and its subsidiaries have paid audit fees to certified auditors of the Company in the past accounting year totaling Baht 3,585,000. No audit fee was paid to the respective audit company or its independent, contracted auditors, including individuals or business entities related to the auditors and their respective audit companies for the past accounting year and in the future for unfinished services in the previous year.

Non-audit Fee

No non-audit fee was paid to certified auditors of the Company, the respective audit company or its independent, contracted auditors, including individuals or business entities related to the auditors and their respective audit companies for the past accounting year and in the future for unfinished services in the previous year.

RISK FACTORS

Finansa Plc. and its subsidiaries exercise a collective risk management strategy to reach the goal of long-term business growth and sustainable return. Realizing that potential risks may lead to investors' partial or complete loss, and inappropriate return, the Group focuses on managing the risks to be at an acceptable level approved by the Group Risk Management Committee.

The Group's guidelines and policies on risk management are set by the Risk Management Committee and a risk management report is presented to the Board of Directors every quarter. An annual evaluation and review of internal control system has been carried out to improve and enhance the operating performance.

1. Market Risk

Market risk refers to a change in value of financial instruments which results from a change in market conditions such as interest rate, foreign exchange, and economic condition, which may positively or negatively affect the Group's revenue.

1.1 Risks to the Group's Revenues due to Economic, Financial and Capital Markets Conditions

The Finansa Group's businesses and revenues are closely related to domestic and global economic, financial, and capital market conditions, which are not under the Group's control. Any severe change in these factors may result in a negative environment in the Stock Exchange of Thailand i.e. trading volume, share prices, capital raising transaction, public offering transaction and investors' confidence. Thus it could directly affect the Group's revenues from its investment banking business, fund management business and direct investment business. However, under this scenario, the Group may diversify revenue stream by raising the revenue from other types of advisory, such as financial advisory services for debt restructuring, and the warehouse leasing business. Moreover, the Finansa Group's operational policy not only concentrates on operations in Thailand, but also involves other countries, will also helps reduce the risk attributable to market conditions to a certain extent.



1.2 Risk from Incurred High Retained Loss

The Group reported a net loss of Baht 34 million for 2012, lower by Baht 109.3 million or 76% compare to a net loss of Baht 143.3 million the previous year.

As at 31 December 2012, the consolidated and separate financial statement of the Finansa Group's showed accumulated deficits of Baht 557.9 million and Baht 887.2 million respectively. A large accumulated deficit may affect the financial status and debt repayment ability of the Group. The main factors contributing to the deficit are financial performances of a subsidiary, Finansa Fund Management Ltd. (FFM) which reported losses over the years. The losses were a result of decreases in fund management fee income as several funds under management mature and close, and having exposure to the poorly performing Vietnamese financial market in which the Group has funds under management. Attempts to launch the new funds were affected by investors' more cautious approach towards boutique fund managers operating in specialized markets like FFM. Consequently, money was mostly channeled to 'big' funds operated by large and well-known companies. Another factor is a share of loss from an associated company, Prospect Development Ltd. (PD) of which FNS holds 41.58%. PD is in an early stage of development, faces high start-up cost and is not fully capable of generating revenue. However, as PD has added new warehousing space, the company will start generating revenue and be able to reduce its accumulated loss.

1.3 Risk on Investment in Subsidiaries and Associated Companies

Since Finansa Plc. is a holding company generating revenue from investment in subsidiaries and associated companies, risks on investment arise when these subsidiaries and associated companies incur operational loss thus directly affect the Company's financial performance. Investments in associated companies in the consolidated financial statements are accounted for under the equity method while investments in subsidiaries and associated companies in the separate financial statements are accounted for under the cost method less allowance for impairment loss (if any).

Type of Revenue	Operated by	% of share Held by FNS	2012		2011	
			Revenue (Baht million)	%	Revenue (Baht million)	%
Investment, advisory and Management business	FNS, FFM	100	10.6	2.3	18.5	8.6
Loan management business	FC	100	3.2	0.7	26.5	12.4
Investment banking and Securities business	FSL	100	289.2	61.8	45.7	21.3
Asset management business	FAM	100	154.3	33.0	114.9	53.5
Others			10.4	2.2	9.0	4.2
Total Revenue			467.7	100.0	214.6	100.0
Share of gain (loss) from Investment in associated Companies	FSS	25.41	46.5	36.3	16.0	15.3
	PD	41.58	(74.3)	(58.0)	(83.1)	(79.7)
	Others		7.3	5.7	(5.2)	(5.0)
Total			(20.5)	100.0	(72.3)	100.0

1.4 Risk on Investment in Securities and Return

Risk of below-expected return from securities investment arises with domestic and global economic fluctuation.

As at 31 December 2012, the Company and its subsidiaries held net investment in securities of Baht 461.8 million, which accounted for 23% of total assets of the Group, and Baht 24.9 million or 6% higher than those of the previous year. Most of the investments were trading securities invested in the domestic money market.

(Baht million)	31-Dec-12	31-Dec-11	Change	
			Amount	%
Temporary investments				
Trading securities	254.3	142.8	111.5	78.1
Long-term investment				
Available-for-sale securities	10.3	87.3	(77.0)	(88.2)
General investments	152.2	161.8	(9.6)	(5.9)
Total investments, net	416.8	391.9	24.6	6.4



As at 31 December 2012, investments in securities held for trading was mainly in domestic money market funds, which are highly liquid and pose low investment risk. The long-term investments in securities were in government bonds.

The Group Investment Committee was assigned to set business policies in asset allocation, investment approval limit, and risk management so as to limit negative return that may arise from volatile economic and market conditions.

1.5 Foreign Exchange Risk

The Finansa Group consists of several subsidiaries registered in foreign countries and therefore possess foreign currency denominated assets and liabilities. Foreign currency denominated assets and liabilities of the Company and its subsidiaries as at 31 December 2012 are shown in the table below. Most of the assets were in cash and investments, while liabilities consisted of accrued expenses and other accounts payable.

	Assets (Thousand)	% of Total Assets	Liabilities (Thousand)	% of Total Liabilities
US dollars	6,258	10.6	315	2.0
Vietnamese (Dong)	130,213	-	-	-
Renminbi (Yuan)	1,153	0.3	40	-

1.6 Interest Rate Risk

Interest rate fluctuation affects interest income and expense of the Finansa Group. The Group has low interest rate risk as its interest income is relatively low compared to other types of income. Interest expenses relate to short-term liability such as bills of exchange which will generate a higher cost if the market interest rate rises.

2. Liquidity Risk

Liquidity risk is the risk caused by the Company's inability to meet obligations when they become due, resulting from failure to obtain sufficient funds at reasonable cost within a deadline.

The risk is one of the most significant for Finansa Plc. The Company relies on short-term loans in term of bills of exchange and short-term debentures to maintain working capital and invest more in long-term assets.

As at 31 December 2012, the Company reported current liabilities in bills of exchange of Baht 317.9 million, decreased by Baht 211.3 million or 40% from the end of previous year. The liquidity ratio, calculated by dividing current asset by current liabilities was 0.97, compared to 0.55 in 2011, showing a better short-term liquidity status. The Group's capital structure comprised Baht 486.7 million in liabilities and Baht 1,317.6 million in equity, resulting in a debt to equity ratio of 0.37 which is considered low.

The Board of Director assigned the Managing Director to set an internal policy to control the short-term debt securities issuance and to report the issued amount and outstanding amount to the Board of Director in a quarterly meeting. In this regard, investors can check the Company's bills of exchange and short-term debentures outstanding amount from "Report on the changes in short-term debt securities" at www.sec.or.th.

The Group has applied collective liquidity management policy with intercompany loans and borrowings and liquidity gap calculation to assess its capital and liquidity adequacy.

3. Credit Risk

Credit risk arises when counterparties of the Company are not capable to meet obligations and fail to make payments when they become due, which may damage the Group.

The Finansa Group has a considerably low level of credit risk as the Group has no lending business and no policy on additional lending. Credit risks that remain are from debt securities held, as well as clearing and settlement risk. To control credit risk, the Group Risk Management Committee limited investment in bonds to investment grade, or BBB- or higher rating bonds.



4. Operational Risk

Operational risk refers to the risk of loss from lack of appropriate internal control or good corporate governance which may result from internal operational processes, people, workflows, or external events.

The Finansa Group has strictly practiced good corporate governance as stipulated by the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Compliance with good corporate governance principles is reviewed annually by the Board of Directors.

As for the procedure against insider information exploitation, the Group has set a policy to prohibit the directors and executives from using information related to the financial and operational performance of the Company which has not yet been disclosed to public for their personal benefit, including but not limited to securities trading. Each director and executive's securities holding and holding of securities by their spouse and minor children is required to be reported to the Office of the Securities and Exchange Commission, in compliance with Section 59 and the penal provision in Section 275 of the Securities and Exchange Act B.E. 2535.

The Group has set up the Business Contingency Plan to cope with the risks from unexpected external events such as natural disasters and sabotages, in order for the Group to be able to get back to business within an appropriate time period.

Operational risk management has been overseen by the Group's Compliance Office and outsourced internal auditors, whom present their reports to the Audit Committee on quarterly basis.

5. Risk on Personnel Resources

The Finansa Group's business operations rely primarily on its people. Executive management requires expert and experienced personnel. In a highly competitive business environment, personnel with experience and expertise in financial services which is in short supply are fiercely sought after. Finansa's management has pursued a policy of recruiting high-level executives, training and promoting junior executives, enhancing walking motivation, as well as hiring experienced teams of personnel. This policy proved successful and has contributed to the Group's continuous growth. It allows the Group to allocate a substitute team in case of current executive or team absence, lowering the effect on the Group's operation. Human resource is highly valued by providing training and on-the-job learning support, to encourage employees from executive to operational level to constantly improve themselves in a common direction. Additionally, compensation relevant to ability and performance is set at a motivating level, in accordance with market standards. This work assurance in turn helps reduce the risk of personnel turnover.

6. Strategy Risk

Strategy risk arises when the Group is exposed to a change in business condition, strategy decision failure, false implementation, or sluggish response to industry, economic, or technological change, leading to negative effects on the Group's financial performance such as revenue, profit, capital, as well as reputation.

6.1 Management Policies Influenced by Major Shareholders

The major shareholders of the Group are Mr. Eugene S. Davis and Mr. Vorasit Pokachaiyapat who are also the Company's executives. This enables them to exert significant influence over the resolutions of shareholders' meetings in some important matters that the law requires three-fourths of the votes, such as changing of certain regulations or increase and decrease of registered capital. Even fully attended, all the other shareholders with the right to vote will still be unable to jointly vote for examination of certain matters of the major shareholders.

To reduce potential risk, the Audit Committee is in charge of monitoring and making sure the Company's operation is in line with Securities and Exchange Act, regulations of the Stock Exchange of Thailand, other law and regulations related to the Group's businesses, as well as balancing management control on behalf of the non-controlling shareholders to maximize the Group's benefit.



7. Risk on the Changing of the Company Credit Rating

In October 2012, Fitch Ratings (Thailand) placed Finansa Plc.'s National long-term and short-term credit ratings of BBB-(tha) and F3(th), respectively on Rating Watch Negative. The rationale behind the move was that the Group had relied on short-term financing for long-term asset investment, while its financial performance and profitability remained weak.

Fitch Ratings (Thailand) assigns the National rating of BBB-(tha) to securities issuers or securities with moderate degree of safety regarding timely servicing of financial obligations, compared to other securities issuers or securities in Thailand. Economic events or change in economic condition may affect their abilities to meet the financial obligations more than issuers or securities with higher credit rating. "+" or "-" signs may be applied to a rating to denote relative status within the same credit tiers.

It is important to note the possibility that the National long-term and short-term credit rating will be downgraded for a notch if the Group fails to improve its liability and liquidity in the next 9-12 months. On the contrary, if profitability can be restored by growth in revenue and decrease in expense in the next 6-12 months, the credit rating outlook may be adjusted to stable. The National long-term credit rating may be raised for one notch, following a positive sign of continual progress in performance and liability, with liquidity significantly improved.

A change in credit rating might reflect in the Group's ability to meet financial obligation for short-term debentures and bills of exchange. A lower rating indicates a higher chance of late payment, in contrast to lower chance of late payment for a higher rating.

GENERAL INFORMATION

Company Name	Finansa Public Company Limited
Head Office Location	12Ath Floor TISCO Tower, 48/21-22 North Sathorn Road, Silom, Bangrak, Bangkok 10500, Thailand
Type of Business	The primary activities of the Company and its affiliates is to provide a range of financial and investment advisory services. The main types of business are listed below: 1) Corporate Advisory and Investment Banking 2) Fund Management 3) Direct Investment 4) Securities Brokerage 5) Warehouses Development and Leasing
Registration Number	0107545000080
Telephone	(66) 0-2697-3700
Facsimile	(66) 0-2266-6688
Home Page	www.finansa.com
Registered Capital	Baht 1,235.2 million
Registered Paid-up Capital	Baht 1,061.9 million
Registered Share Capital	212.4 million Ordinary Shares
Par Value per Share	Baht 5.00
Share Registrar	Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building 62 Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand Tel.: (66) 0-2229-2800 Fax: (66) 0-2359-1259
Auditor	Dr. Suphamit Techamontrikul Certified Public Accountant (Thailand) No. 3356 or Mr. Permsak Wongpatcharakorn Certified Public Accountant (Thailand) No. 3427 or Mr. Niti Jungnitnirunda Certified Public Accountant (Thailand) No. 3809 or Mr. Chavala Tienpasertkij Certified Public Accountant (Thailand) No. 4301 Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. Rajanakarn Bldg.25th Fl., 183 South Sathorn Road Yannawa, Sathorn, Bangkok 10120, Thailand Tel.: (66) 0-2676-5700 Fax: (66) 0-2676-5757



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