

This English Translation of the Opinions of the Company Regarding the Tender Offer (Form 250-2) has been prepared solely for the convenience of foreign shareholders of Siam Panich Leasing Public Company Limited and should not be relied upon as the definitive and official opinions of the Company and of the Independent Financial Advisor on the Tender Offer. The Thai language version of the Opinions of the Company and the Independent Financial Advisor Regarding the Tender Offer is the definitive and official document of the Company and of the Independent Financial Advisor and shall prevail in all aspects and purposes in the event of any inconsistency with this English Translation.

(Translation)

Opinions of the Company Regarding the Tender Offer

March 29, 2006

To Shareholders of Siam Panich Leasing Plc.:

On March 8, 2006, Siam Panich Leasing Public Company Limited (hereinafter referred to as "SPL" or "the Company") received a copy of the Tender Offer to Purchase Securities ("Form 247-4" or "the Offer" or "the Tender Offer") of the Company's ordinary shares from the Siam Commercial Bank Public Company Limited (hereinafter referred to as "the Tender Offeror"), with summary of the Offer as follows :

Types of Securities	Number of Securities		Percentage of Securities		Offering Price Per Share (Baht)	Offering Value (Baht)
	Shares/Unit	Shares with Voting Rights	Of the Total Issued Securities	Of the Total Shares With voting Rights		
Ordinary Shares	135,204,161**/**	135,204,161	62.89	62.89	38.00***/****	5,137,758,7118.00
Preferred Shares	-	-	-	-	-	-
Warrants	-	-	-	-	-	-
Convertible Debentures	-	-	-	-	-	-
Other Securities, if any	-	-	-	-	-	-
			<b>Total</b>	<b>62.89</b>	<b>Total</b>	<b>5,137,758,7118.00</b>

\* The Tender Offeror offers to purchase all remaining ordinary shares of the Company, totaling 135,204,161 shares. However, the Tender Offeror may cancel the Tender Offer under the occurrence of the following events :

- Any event or action after the Securities and Exchange Commission of Thailand (the "SEC") has accepted the tender offer application but before the end of the tender offer period, which has or may have

*materially adverse effect on the Company's status or assets, and where such event or action is not the result of the Tender Offeror's actions or of actions under the responsibility of the Tender Offeror.*

- *Any action conducted by the Company after the SEC's acceptance of the tender offer application but before the end of the tender offer period, which has caused a material decrease in the value of the Company's ordinary shares (unless in case of any action that has been officially notified in writing to the general public before the start of the tender offer period pursuant to the regulations of the Stock Exchange of Thailand ("SET") or the SEC).*

*\*\* The Tender Offeror shall cancel the Tender Offer if there are less than 81,458,618 shares, representing 37.89% of the Company's total paid-up shares, tendered by the Tender Offeror by the end of the tender offer period.*

*\*\*\* The Offerees are subject to the brokerage fee of 0.25% of the offer price and the value added tax ("VAT") of 7% of the brokerage fee, with a net price of Bt 37.89835 for each ordinary shares to be received by the Offerees. The offer price is the final offer price which may not be amended or change, as with the tender offer period from March 13, 2006 to April 28, 2006, totaling 31 business days from 9:00am to 4:30pm, which may not be extended ("Final Day"), unless falling within the conditions stated in the Tender Offer to Purchase Securities ("Form 247-4"), Part 1, Clause 8. Nonetheless, the offer price does not include the right to receive the dividend payment. In other words, the Offerees are still entitled to receive the 2005 annual dividend of Bt 2.00 per share as approved by the Company's Board of Directors in the meeting No. 2/2006 on February 21, 2006, if they are shareholders of record on April 12, 2006, the closing date of the Company's share register book. The dividend will also be paid to shareholders, even in the occurrence of their submission of the Tender Offer Acceptance Form before April 12, 2006, the closing date of the Company's share register book for the right to receive such dividend. (The Offerees must accurately and completely fill in the details in the Tender Offer Acceptance Form for the benefit of receiving dividend.)*

*\*\*\*\* If the Offeree is a juristic person incorporated under the foreign law and does not carry on business in the Kingdom of Thailand, the Offeree will be subject to 15% withholding tax on capital gains derived from the differentiation between the offer price and the acquisition cost, unless the Offeree resides in a country which has double tax treaty with the Kingdom of Thailand and falls within the exemption (the Offeree must declare acquisition cost of the shares or the Non-Voting Depository Receipt ("NVDR"), along with the proof of the acquisition cost to the Tender Offer Agent as mandated in the Tender Offer to Purchase Securities ("Form 247-4")). In the event that any Offeree fails to declare this information to the Tender Offer Agent, the Tender Offer Agent will determine the amount of the withholding tax on the basis of the entire proceeds of the sale of the securities (shares and/or NVDR) and will deduct the tax accordingly.*

The Tender Offeror has mandated conditions for change in the Tender Offer as follows:

- The Tender Offeror may reduce the offer price or extend the tender offer period if an event having a material adverse effect on the Company's status or assets occurs during the tender offer period.
- The Tender Offeror may change the offer price or extend the tender offer period to compete against any other person who has submitted a tender offer for the securities of the Company during the tender offer period.

After considering all conditions in the Tender Offer by taking into account the benefits to and interests of shareholders, the Company, as represented by its Board of Directors, hereafter expresses the opinion for shareholders' consideration as follows :

1. THE STATUS OF THE COMPANY IN RESPECT TO ITS PAST AND FUTURE OPERATING RESULTS TOGETHER WITH ASSUMPTIONS USED IN THE PROJECTION

- Nature of Business and Past Performance

Siam Panich Leasing Public Company Limited was established on April 5, 1976, as Chiang Mai Siam Credit Company Limited, a joint venture between the Siam Credit Company Limited and the Niyom Panich Group. Its initial business concentration was on automobile hire purchase. Following the currency crisis in 1984, the Company discontinued its operation, but later resumed its business in 1986 with a new major shareholder, the Siam Commercial Bank Public Company Limited, along with a new management team. On May 26, 1993, the Company was listed on the Stock Exchange of Thailand.

Presently, the Company has a registered capital of Bt 3,470.00 million, equivalent to 347.00 million shares with Bt10.00 par value. Its paid-up capital amounts to Bt2,149.80 million, equivalent to 214.98 million shares with Bt10.00 par value.

The Company operations are categorized as follows:

1. Hire Purchase      The Company's auto hire purchase business, which mainly concentrates on retail customers, accounted for approximately 96.42% of the total loan portfolios. Hire purchase is a form of consumer financing in which the customers assumed all functional benefits of the asset, while the ownership belonged to the Company. Only when the hire purchase contract and all financial obligations have been fulfilled, the ownership of the asset is then transferred to the customer. In 2005, the outstanding auto hire purchase loans comprised of 66.35% for new vehicles financing and 33.65% for used vehicles financing.

2. Leasing The Company offers credit services in the form of leasing agreements to corporate customers with outstanding financial background. The leasing service concentrates mainly on financial leasing, in which the lessee is entitled to all functional benefits and risks of the asset, without ownership entitlement. Such lease usually demands middle-to-long-term contracts, covering the useful life of the leased asset. In addition to auto leasing, the Company also provides industrial machinery leasing.
3. Factoring Factoring business refers to the purchase of trade/accounts receivables in which the Company's customers, i.e. suppliers of any business, transfer their rights on such receivables to the Company, who in turn, reimburses them in full/part and charge administrative fees to cover collection process and potential default on such receivables. The Company's main clients are small-to-mid sized corporations in most industries, except export business.

Underlying assets primary used for hire purchased or leasing agreements vary from passenger cars to pick-up trucks, from European dealers to Asian dealers. The Company's headquarters is located in Bangkok, with 11 branches around the country, covering prime provincial areas of the country.

**Summary of the Company's Financial Statements**  
**For Year Ending 2002 – 2005**  
**Siam Panich Leasing Public Company Limited**

(Unit: : Baht Thousand)

	2002	2003	2004	2005
Total Assets	21,822,970	29,808,328	37,900,304	43,504,275
Total Liabilities	17,338,077	24,740,945	31,931,151	37,197,229
Registered Capital	3,470,000	3,470,000	3,470,000	3,470,000
Paid-up Capital	1,992,309	1,992,309	2,149,822	2,149,822
Shareholders' Equity	4,484,893	5,067,383	5,969,154	6,307,047
Total Revenue	2,158,915	2,568,338	3,021,946	3,414,610
Interest Expenses	739,311	795,058	967,718	1,243,021
Net Income	775,160	780,030	848,721	875,270
Earnings per Share (Baht)	3.89	3.92	4.25	4.07
Dividend per Share (Baht)	1.75	2.50	2.50	2.00
Book Value per Share (Baht)	22.51	25.43	27.77	29.34

Note: Details of the Company's financial statements are available on the SEC's and SET's websites ([www.sec.or.th](http://www.sec.or.th), [www.set.or.th](http://www.set.or.th))

As of December 31, 2005, the Company recorded total assets of Bt43,504.26 million, increasing 14.79% from Bt 37,900.30 million at the end of 2004, as a result of hire purchase portfolio expansion. Concurrently, the Company has newly extended hire purchase loans in the amount of Bt22,507.12 million, as opposed to Bt21, 260.80 million for the previous year.

The Company's Non-Performing Loans ("NPLs) amounted to Bt1,638.76 million, as of December 31, 2005, compared with Bt1,596.84 million at the end of 2004. The increase of NPL was by Bt41.92 million, while new loans in 2005 amounted to Bt28,554.77 million, reflecting the quality in lending policy. The proportion of NPL to outstanding loan decreased from 4.34% in 2004 to 3.88% in 2005.

The allowance for doubtful accounts is based on their aging and collection possibility. In 2005, the Company's allowance for doubtful account was Bt908.15 million, or 55.42% of NPLs, decreased from Bt932.18 million, or 58.38% of NPLs in 2004. This decline was partly due to an increase in loan portfolio and well-managed quality of new loans.

As of December 31, 2005, the Company's total liabilities were Bt37,197.23 million, increasing 16.49% from Bt31,931.15 million at the end of 2004, as the Company increased its short-term and long-term debt financing for business expansion. In 2005, the Company raised fund only through debt financing, without additional equity funding.

Total shareholders' equity grew Bt337.89 million to Bt6,307.05 million in 2005, with a net income of Bt875.27 and a dividend payment for year 2004 paid in year 2005 of Bt537.43 million.

Total revenues for 2005 was Bt3,414.61 million, increasing 12.99% from Bt3,021.95 million in the previous year. This increase was due to the additional hire purchase portfolios, in which the Company managed to expand its proportion of used vehicles lending vs. new vehicles lending, increasing its lending yield in the highly competitive industry. Concurrently, the Company incurred interest expenses of Bt1,243.02 million, increasing 28.45% from Bt967.72 million in 2004. This increase was due to new debt financing, which affected by the rise in borrowing costs. The spread between lending rates and borrowing costs was narrowed from 5.29% in 2004 to 4.49% in 2005.

The Company's net income for 2005 rose 3.13% to Bt875.27 million as opposed to Bt848.72 million in 2004.

- Industry Overview

From 2002 – 2004, non-bank entities such as hire purchase and leasing businesses, along with automotive manufacturers played a key role in the growth of the hire purchase industry. Low interest rates, economic recovery, expansion of vehicle production base, and aggressive marketing campaign of the key players stimulated the rapid growth experienced by the industry. Nonetheless, the continuously rising interest rate in 2005 has created a fierce competition within the industry

The Company's hire purchase and leasing businesses rely heavily on the domestic automotive industry. Intense competition among various vehicles manufacturers and dealers, through marketing campaign, promotional offers, and new model launches, contributed to the steady sales growth. However, as with the situation experienced by the hire purchase industry, the automotive industry also faced with the pressure of rising interest rates, along with effects from the higher gasoline price and a sluggish economy, which caused a slow down in the domestic vehicle sales growth in 2004 – 2005. In 2005, passenger cars and SUVs saw a decline in the number of vehicles sold, while vans and trucks sales increased from the previous year, according to the detail outlined in the following table :

#### Domestic Auto Sales

Vehicle Types	2002		2003		2004		2005	
	Vehicles Sold (Units)	% Growth (Decline)	Vehicles Sold (Units)	% Growth (Decline)	Vehicles Sold (Units)	% Growth (Decline)	Vehicles Sold (Units)	% Growth (Decline)
Passenger Cars	126,353	20.91	179,005	41.67	209,110	16.82	188,211	(9.99)
Vans, Less than 30 Seats	8,335	26.63	8,489	1.85	9,585	12.91	12,891	34.49
One-Ton Pick-Up Trucks	241,266	43.07	309,144	28.13	368,911	19.33	469,657	27.31
Trucks	11,788	8.24	20,076	70.31	25,625	27.64	27,240	6.30
SUV's & 4WD's	21,620	239.35	16,492	(23.72)	11,970	(27.42)	5,406	(54.84)
<b>Total</b>	<b>409,362</b>	<b>37.84</b>	<b>533,176</b>	<b>30.25</b>	<b>626,026</b>	<b>17.41</b>	<b>703,405</b>	<b>12.36</b>

Source: Thailand Automotive Institute, as of March 9, 2006

Competition in the vehicle hire purchase business has partly intensified as a result of some vehicle manufacturers began to offer financing options to buyers, along with, beginning on September 27, 2004, the Bank of Thailand permitted commercial banks to provide hire purchase loans for consumer automotive purchases. This entrance adversely affected the competitive advantage of hire purchase and leasing companies due to the fact that vehicles manufacturers and commercial banks have a relatively lower cost of financing. The Company's competitors include listed and non-listed companies such as TISCO Bank Plc., Thanachart Bank Plc., Kiatnakin Bank Plc., the Siam Industrial Credit Plc., Thitikorn Plc., GE Capital Lease Plc., and Toyota Leasing (Thailand) Co., Ltd.

According to Thailand Automotive Institute, domestic vehicle sales are expected to reach 1,000,000 units by 2010, representing 7.29% growth rate per annum (CAGR) from 703,405 units in 2005. Such escalation in the number of vehicles sold is a major factor in boosting the hire purchase and leasing business, specifically in automotive lending. Nonetheless, the intense competition, vying for new lending among companies offering hire purchase and leasing services, may affect the future performance of the business.

- Projected Operational Performance

Even though in the past 3 – 4 years the Company was able to expand its loan portfolios and to yield a respectable earning growth, the Company's ability to increase lending rates may continue to be limited due to the increasingly competitive operating environment in the hire purchase and leasing industry with the entrance of vehicle manufacturers and commercial banks. At the same time, the Company's cost of financing is on an upward trend with the borrowing rate moving along with the market rate. Moreover, risks factors, including future economic condition, consumer confidence level, rules and regulations governing the industry, liquidity level of the financial market, along with the capability of the Company to sustain its credit approval and loan collection standards may negatively affect the Company's performance in the future.

The Company anticipates that it should be able to increase its lending portfolios, especially in the hire purchase operation. This growth, under intense competition from small to large lenders, is expected to be in line with the rising trends of the domestic vehicles market. The Company, with its expertise in loan portfolios management, aims to increase its proportion of used vehicles lending vs. new vehicles lending, which has less competition and higher lending rates, compared to new vehicles lending. Nevertheless, the aforementioned risk factors may cause the Company's interest rate spread and net income to decrease in the future.

- Operations Subsequent to the Tender Offer

The Tender Offeror shall not delist the shares of the Company from the SET for the period of 12 months after the end of the tender offer period. Additionally, the Tender Offeror has no plan to make significant changes to the Company's business plans or policies within 12 months from the end of the tender offer period in terms of the business operations, organization structure, personnel, disposal of core assets and financial structure, and dividend payment policy. However if there are circumstances significantly affecting the Company's business operation and financial status or the Tender Offeror is required to comply with applicable rules and regulations, the Tender Offeror may change the Company's business plans or policies as deemed appropriate.

Upon the completion of the Tender Offer, the Tender Offeror may make a change to the Board of Directors as deemed appropriate. Should there be such a change in the board composition, the Company's Board of Directors will take appropriate actions in conformity with the Company's Articles of Association.

**2. OPINIONS ON THE ACCURACY OF THE COMPANY'S INFORMATION DISCLOSED IN THE TENDER OFFER.**

The Company's Board of Director views that all information relevant to the Company as shown on the Tender Offer to Purchase Securities Form (Form 247-4) as accurate, except the differences in outstanding balance of short-term and long-term debt with the Tender Offeror due to dissimilar grouping and the balance of the letter of guarantees of Bt1.10 million with the Tender Offeror.

**3. RELATIONSHIP OR ANY AGREEMENTS BETWEEN THE COMPANY'S DIRECTOR/S, EITHER ON HIS/THEIR OWN BEHALF, IN HIS/THEIR CAPACITY AS THE COMPANY'S DIRECTOR/S OR AS THE REPRESENTATIVE/S OF THE TENDER OFFEROR, AND THE TENDER OFFEROR, INCLUDING THE SHAREHOLDING BY ANY DIRECTOR/S IN THE TENDER OFFEROR'S JURISTIC PERSON AND ANY CONTRACTS OR AGREEMENTS MADE OR TO BE MADE BETWEEN THEM.**

**3.1 Relationship Between the Company's Director/s and the Tender Offeror**

- Mr. Charamporn Jotikasthira, Executive Vice President for Business Cash Management Group of the Siam Commercial Bank Plc., became an authorized director of the Company on April 1, 2005.
- Mr. Karoon Laoharattanun, Senior Vice President, attached to the Human Resource Group of the Siam Commercial Bank Plc., became an authorized director and Managing Director of the Company on January 1, 2005.

**3.2 Joint or Related Business Transaction/s**

The Company's policy on related parties business transactions is based on normal business practice. As of December 31, 2005, the Company transactions with the Tender Offeror are as follows : interest income received from the Tender Offeror of Bt0.36 million, and interest expenses and bank charges of Bt173.24 million. The Company also has the following outstanding balance with the Tender Offeror : deposits of Bt114.58 million, prepaid loan arrangement fee of Bt11.10 million, credit card receivables of Bt0.05 million, factoring receivables of Bt5.52 million, bank overdrafts and loans of Bt5,479.47 million, and interest payable of 12.28 million. In addition, letter of guarantees issued to the



Company and its clients were Bt13.90 million. Interest rate charged for the transactions were according to normal business practices of the Tender Offeror.

The Company does not have a policy to materially change these connected transactions. Should the Company and the Tender Offeror engage in any future transactions regarded as connected transactions and must comply with the SET's rules and regulations, the Company will comply to such rules and regulations.

If the Tender Offer is successful, the Tender Offeror may increase the financial support to the Company based on the Tender Offeror's risk management framework. Should the Company and the Tender Offeror engage in any future transactions that are regarded as connected transactions and must comply with the SET's rules and regulations, the Company and the Tender Offeror will comply with such rules and regulations.

### 3.3 Shareholding by the Director/s in the Tender Offeror's Juristic Person

Names of Directors	Ordinary Shares (Shares)	Preferred Shares (Shares)	Total (Shares)
Mr. Bunlue Kampanartsanyakorn	40,000	-	40,000
Mr. Pratip Wongnirund	10,460	10,000	20,460
Mr. Karoon Laoharattanun	10,000	-	10,000
Dr. Kopr Kritayakirana	7,333	7,333	14,666
Mr. Sompoch Intranukul	6,760	4,690	11,450
Mr. Charnporn Jotikasthira	100	1,000	1,100

### 3.4 Any Contracts or Agreements Made or to be Made Between the Company and the Tender Offeror

The Company has material contracts and agreements with the Tender Offeror, which are Bt2,000 million long-term facility of Loan contract and Bt760 million bill of exchange (Bt500 short-term bill of Exchange and Bt260 million long-term bill of exchange coming due in 2007). In addition the Company has Bt3,316 million of loan facility for overdraft, revolving short-term loan, and letter of guarantees. As of December 31, 2005, the Company has unutilized facility of Bt582.63 million.

The above contracts are based on normal business practices of the Company, and such contracts/agreements are expected to continue in the future.

#### 4. OPINIONS OF THE COMPANY'S BOARD OF DIRECTORS TO SHAREHOLDERS

The Company convened a Board of Directors meeting on March 23, 2006 to consider the Tender Offer made by the Tender Offeror. The resolution of the Board of Directors on the tender offer was conducted by 5 directors as follows:

- |                                  |   |
|----------------------------------|---|
| 1. Mr. Yuth Vorachattarn         | Chairman of the Board                                       |
| 2. Mr. Bunlue Kampanartsanyakorn | Director / Independent Director                             |
| 3. Mr. Sompoch Intranukul        | Director / Independent Director / Chairman, Audit Committee |
| 4. Mr. Pratip Wongnirund         | Director / Independent Director / Audit Committee           |
| 5. Dr. Kopr Kritayakirana        | Director / Independent Director / Audit Committee           |

The five directors with no conflict of interests include Mr. Yuth Vorachattarn, Mr. Bunlue Kampanartsanyakorn, Mr. Sompoch Intranukul, Mr. Pratip Wongnirund, and Dr. Kopr Kritayakirana.

##### 4.1 Rationale for Accepting/Rejecting the Tender Offer

The directors advised that shareholders should accept the Tender Offer. Despite the Company's potentials in the business due to factors such as continuing lending portfolio expansion and experienced management team and employees, external factors may negatively affect future performance. Rising interest rate and a highly competitive environment with new and existing players are expected to pressure the Company's future earnings. The borrowing cost is expected to outpace the lending rate, resulting in a narrower earning spread. Furthermore, the shareholders' Financial Advisor recommends the appropriate value for SPL shares to be Bt27.12 – Bt32.22 per share, which is lower than the offering price of Bt38.00 per share.

Shareholders should consider other relevant factors and use their own judgment in making the decision whether to accept or to reject the Tender Offer.

##### 4.2 Opinions of Each Director and the Number of Shares Held by Such Director (In Case the Resolution of the Company's Board of Directors in Claus 4.1 is not Unanimous)

-None-

#### 4.3 Benefits and Impacts of the Policy and Plan in the Tender Offer and the Feasibility of such Policy and Plan

The Board of Directors agreed with the Tender Offeror on the issues below:

- **The Company Status** : The Tender Offeror shall not delist the shares of the Company from the SET for the period of 12 months after the end of the tender offer period unless the Tender Offeror is required to comply with applicable rules and regulations.
- **Policies and Plans of Business Operations** : The Tender Offeror has no plan to make significant changes to the Company's business plans or policies within 12 months from the end of the tender offer period in terms of the business operations, organization structure, personnel, disposal of core assets and financial structure, and dividend payment policy. However, if there are circumstances significantly affecting the Company's business operation and financial status or the Tender Offeror is required to comply with applicable rules and regulations, the Tender Offeror may change the Company's business plans or policies as deemed appropriate.

Upon the completion of the Tender Offer, the Tender Offeror may make a change to the Board of Directors as deemed appropriate. Should there be such a change in the board composition, the Company's Board of Directors will take appropriate actions in conformity with the Company's Articles of Association.

- **Connected Transaction** : If the Tender Offer is successful, the Tender Offeror may increase the financial support to the Company based on the Tender Offeror's risk management framework. Should the Company and the Tender Offeror engage in any future transactions that are regarded as connected transactions and must comply with the SET's rules and regulations, the Company and the Tender Offeror will comply with such rules and regulations.

#### 4.4 Additional comment of the Company's Board of Directors (In Case the Tender Offer is Prepared for Security Delisting Pursuant to the SET Regulations)

-None-

#### 4.5 Other Information (if any)

-None-

The Company hereby certifies that the above information is accurate and complete. None of this information is misleading in material aspects and there is no concealment made on any material information that should be disclosed.

Signature      *Mr. Yuth Vorachattarn*  
                    (Mr. Yuth Vorachattarn)  
On behalf of Siam Panich Leasing Plc.

Signature      *Mr. Karoon Laoharattanun*  
                    (Mr. Karoon Laoharattanun)  
On behalf of Siam Panich Leasing Plc.

## 5. OPINION OF THE SHAREHOLDERS' ADVISOR CERTIFIED BY THE SEC

On March 8, 2006, Siam Panich Leasing Public Company Limited (“the Company”) received a copy of the Tender Offer to Purchase Securities document (Form 247-4) from Siam Commercial Bank Public Company Limited, outlining the Bank’s intention to tender offer for common shares of the Company. In this regard, the Company has appointed Trinity Advisory 2001 Company Limited (“the shareholders’ Financial Advisor” or “we”) as an independent advisor for the Company’s minority shareholders. Trinity Advisory 2001 Company Limited is an SEC-approved financial advisor. To provide such independent advise, we rely on a number of sources for information, namely, the Tender Offeror’s Form 247-4, information gathered from interviews with the Company’s management, and documents provided by the Company such as the financial statements, annual reports, financial projections, and other publicly available information. Our opinions are based on the assumptions that such information gathered by the Financial Advisor or provided by the Company is accurate and complete. Nonetheless, there may occur changes or events that could materially affect the Company’s operations and financial projections as well as the judgments of shareholders regarding the Tender Offer. The opinions of the Financial Advisor are as follows:

### 5.1 The Appropriateness of the Offering Price

The Tender Offeror has made a tender offer to purchase common shares of the Company at Bt38.00 per share. To determine the appropriateness of the offering price, we conducted valuation by using a number of methodologies, as follows:

#### 5.1.1 Book Value Approach

Valuation based on the book value approach reflects the accounting value of the Company as it appears on the financial statement at a point in time. As such, it does not take into account the Company’s future performance or general trends in the industry or the economy. Based on the Company’s audited financial statements as at December 31, 2005, the book value per share is as follows:

Book value as at December 31, 2005

Shareholders’ Equity (Baht)	6,307,046,806
Paid-Up Capital (Shares)	214,982,172
Book Value Per Share (Baht)	29.34

According to the book value approach, the Company is valued at Bt29.34 per share. The offering price of Bt38.00 is therefore Bt8.66 higher than the book value per share.

### 5.1.2 Comparable Companies Analysis

- Price to Book Value Approach (“P/BV”)

The price to book value approach is calculated by multiplying the Company's book value per share with the average price to book value per share ratio (“P/BV Ratio”) of the industry and listed comparable companies.

Using this method, the shareholders' Financial Advisor assessed the Company's value derived from the audited financial report as of December 31, 2005, by multiplying the book value of the Company with the average P/BV multiples for the Financial industry as well as with those of comparable listed companies in the sector. Comparable companies include TISCO Bank Plc., Thanachart Bank Plc., Kiatnakin Bank Plc., the Siam Industrial Credit Plc., and Thitikorn Plc. These companies are comparable based on their nature of business, size of lending portfolio, and business risks. The average P/BV ratios of the Financial industry as well as of the five comparable companies are listed below. P/BV values are based on historical 3 months, 6 months, 9 months, and 12 months values as of February 24, 2006 (the last business day before the Company received the Tender Offer Notice (“Form 247-3”) from the Tender Offeror.).

Time period	Average P/BV of Companies in the Financial Industry	Price (Baht)	Average P/BV of the Five Comparable Companies	Price (Baht)
Average Value 3 months	1.32	38.76	1.07	31.29
Average Value 6 months	1.33	38.91	1.08	31.62
Average Value 9 months	1.29	37.97	1.08	31.60
Average Value 12 months	1.33	39.09	1.11	32.43

Source: Setsmart

According to the Company's financial statements as of December 31, 2006, the Company's book value was Bt29.34 per share. Using P/BV analysis, the Company's share should be valued between Bt37.97 – Bt39.09 per share if the figures for average P/BV for the financial industry are used. The resulted price range is (Bt0.03) – Bt1.09 per share higher (lower) than the offering price. On the other hand, if the averages P/BV for the five comparable companies are used, the Company should be valued at Bt31.29 – Bt32.43 per share, which is higher (lower) than the offering price by (Bt6.71) – (Bt5.57) per share.

- **Price to Earnings Ratio Approach (“P/E”)**

The price to earning ratio approach is calculated by multiplying the Company’s earning per share with the average price to earning per share ratio (“P/E Ratio”) of the industry and listed comparable companies.

Using this method, the shareholders’ Financial Advisor assessed the Company’s value derived from the audited financial report as of December 31, 2005, by multiplying the Company’s earnings per share with the average P/E ratio of companies in the financial industry, as well as with those of comparable listed companies in the sector, which are TISCO Bank Plc., Thanachart Bank Plc., Kiatnakin Bank Plc., the Siam Industrial Credit Plc., and Thitikorn Plc. These companies are comparable based on their nature of business, size of lending portfolio, and business risks. The average P/E ratios of the financial industry as well as of the five comparable companies are listed below. P/E values are based on historical 3 months, 6 months, 9 months, and 12 months values as of February 24, 2006 (the last business day before the Company received the Tender Offer Notice (“Form 247-3”) from the Tender Offeror.).

Time period	Average P/E of Companies in the Financial Industry	Price (Baht)	Average P/E of the Five Comparable Companies	Price (Baht)
Average Value 3 months	10.00	40.70	6.93	28.23
Average Value 6 months	9.97	40.60	6.85	27.88
Average Value 9 months	9.76	39.73	6.80	27.69
Average Value 12 months	9.82	39.97	6.91	28.12

Source: Setsmart

According to the Company’s financial statements, the Company’s earning for 2005 was Bt875 million, equivalent to Bt4.07 per share. Using P/E analysis, the Company’s share should be valued between Bt39.73 – Bt40.70 per share if the figures for average P/BV for the financial industry are used. The resulted price range is Bt1.73 – Bt2.70 per share higher than the offering price. On the other hand, if the averages P/E for the five comparable companies are used, the Company should be valued at Bt27.69 – Bt28.23 per share, which lower than the offering price by (Bt10.31) – (Bt9.77) per share.

### 5.1.3 Market Value Approach

The market value approach is based on the weighted average prices of the Company’s shares traded on the Stock Exchange of Thailand. We considered the weighted

average of both the prices and the volumes for the past year ending on February 24, 2006 (the last business day before the Company received the Tender Offer Notice ("Form 247-3") from the Tender Offeror.), which can be summarized as follows :

Time period	Weighted Average Price (Baht/ share)
Historical weighted average 5 days	31.85
Historical weighted average 15 days	32.15
Historical weighted average 30 days	32.35
Historical weighted average 3 months	32.72
Historical weighted average 6 months	32.08
Historical weighted average 9 months	32.41
Historical weighted average 12 months	33.97

Source: Setsmart

However, the historical trading volumes for the past two years up to February 24, 2006 (the last business day before the Company received the Tender Offer Notice ("Form 247-3") from the Tender Offeror.) are as follows:

Time period	Average Volume per Day (Shares)	% of Traded Shares per Paid-Up Capital
Feb. 25, 2005 – Feb. 24, 2006	167,199	0.08
Feb. 24, 2004 – Feb. 24, 2005	595,661	0.28
Feb. 24, 2004 – Feb. 24, 2006	384,037	0.18

Source: Setsmart

According to this valuation method, the Company's share price is between Bt31.85 – 33.97 per share, which is (Bt6.15) – (Bt4.03) per share lower than the offering price. When considering the Company's average historical trading volume, it is apparent that the stock has a relatively low liquidity.

#### 5.1.4 Discounted Cash Flow Approach (DCF)

The discounted cash flow approach takes into account the ability to generate future profits. The present value of the future cash flow stream is determined by discounting it at an appropriate discount rate. In conducting the discounted cash flow analysis, we prepared a five-year projection (2006 – 2010), based on interviews with the management and relevant personnel, financial statements, as well as other information supplied by the Company, including future business policy. The projection is based on a "going-concern" assumption that the Company's business and its operating environment do not change materially in the future. The objective of the analysis is only to derive an appropriate share



price of the Company. However, if there are material changes to the economic condition or other external factors that affect the Company's operations, or if there are changes to the Company itself, the share value may differ from the projected price. In this case, it should be noted that the share value derived from this analysis could not be used for any other purposes except as stated above.

#### 5.1.4.1 The Financial Projection

##### Assumptions for Financial Projection

#### 1. Assumptions for hire purchase, long-term lease, and factoring

##### (1) Hire Purchase

- New hire purchase loans are projected on the management's target and actual figures in 2005. Base case assumptions as follows:

	2006	2007	2008	2009	2010
New Hire Purchase Loans (MB/Month)	2,050	2,255	2,481	2,729	3,002
Growth Rate (%) of Hire Purchase Loans	9.00	10.00	10.00	10.00	10.00
New : Used Vehicles Ratio	60:40	60:40	60:40	60:40	60:40

- Hire purchase interest rate of 3.70% per year for new vehicles, and 6.25% per year for used vehicles; information based on the Company's history and interview with the management.
- Average length of hire purchase contracts is 50 months for both new and used vehicles; information based on the Company's history and interview with the management.
- Revenue recognition is based on the "Sum of the Digit" methodology.
- Non-accrual hire purchase loans, classified as greater than 4-month overdue and required 100% allowance for loan losses, are projected to be 3.50% of the total new hire purchase loans
- For loan loss reserve projection, collateral level is based on 93.28% of outstanding loans for both new and used vehicles; information based audited financial statements as of December 31, 2005.

##### (2) Long -Term Lease

- Growth rate for long-term lease is at 5% per year, with projections for new long-term lease are as follows:

(Unit : Baht Million)

	2006	2007	2008	2009	2010
New Long-Term Lease	375	550	800	1,050	950
Long-Term Lease (net)	1,158	1,228	1,300	1,358	1,520
Long-Term Lease Growth (%)	5.77	6.05	5.93	4.40	5.89

- The expected financial lease's yield is based on the yield for 2005, which was approximately 6.84%.
- Average length of long-term lease is 45 months, based on interviews with the management.
- Non-accrual financial lease, classified as greater than 4 months overdue and required 100% allowance for loan losses, are projected to be 10% of total new financial lease
- For loan loss reserve projection, collateral level is based on 94% of outstanding loan according to the audited financial statements for year 2005

## (3) Factoring

- The growth for factoring is set at 10% per annum, the same rate as that of hire purchase
- Factoring yield is expected to be 10% annually, based on the actual interest rate received for 2005 at 10.96% per year
- For loan loss reserve projection, allowance for doubtful accounts is based on 26.89% of total gross factoring loans, based on the ratio at the end 2005

## 2. Assumptions for cash and cash equivalents

- Cash and cash equivalent is 0.75% of year-end outstanding loan, which is adjusted higher than the 2005 year-end average of 0.42%

## 3. Assumptions for debt financing and interest expenses

- Long-term financing based on schedule and interest rate as stated in audited financial statements as of December 31, 2005 in the Notes to Financial Statements Clause 17

- New long-term financing is based on the financing plan according to interviews with the management, with details as follows :

	2006	2007	2008	2009	2010
New Long-Term Financing (MB)	12,300	16,600	8,500	10,000	15,000
Interest Rate for New Long-Term Financing (%)	6.25	6.25	6.25	6.25	6.25

- Short-term debt financing increase or decrease depending on the appropriateness of cash flow for each period
- Cost of new short-term financing at 5.25% per year, based on the evaluation of the management

4. Assumptions for selling and administrative expenses

- Salary and compensation are expected to grow at 10% per year, in accordance with the business growth of the Company
- Other expenses, excluding salary and compensation, are kept at a constant proportion to interest income throughout the projection, and based on their proportion to interest income in 2005.

5. Assumptions for dividend payment and capital raising

- The projection assumes that the Company does not raise additional equity funding
- Dividend payout is 65% of the net income based on interview with the management

Financial ProjectionsPro Form Balance Sheet

(Unit : Baht Million)

	2005*	2006	2007	2008	2009	2010
<b>ASSETS</b>						
Cash and cash equivalents	183	183	213	244	270	294
Hire-purchase accounts receivable, net	40,652	48,044	55,182	62,218	68,505	74,083
Lease accounts receivable, net	1,095	1,172	1,289	1,459	1,587	1,738
Factoring accounts receivable, net	414	455	501	551	606	667
Notes receivable, net	256	256	256	256	256	256
Receivable from and loans to employee, net	28	28	28	28	28	28
Assets for sale	214	68	75	84	93	101
Other current assts	453	453	453	453	453	453
Other long-term investments	39	39	39	39	39	39
Property plant and equipment, net	168	163	154	141	123	101
Other non-current assets	4	4	4	4	4	4
<b>TOTAL ASSETS</b>	<b>43,504</b>	<b>50,864</b>	<b>58,193</b>	<b>65,475</b>	<b>71,964</b>	<b>77,763</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>						
Bank overdrafts and short-term loans from financial institutions	9,328	12,241	15,140	18,837	27,431	35,761
Income tax payable	165	165	165	165	165	165
Other current liabilities	778	778	778	778	778	778
Total Loans	26,718	30,865	35,130	38,600	36,300	33,500
Total lease guarantee contracts	180	225	238	253	264	279
Other non-current liabilities	28	28	28	28	28	28
<b>TOTAL LIABILITIES</b>	<b>37,197</b>	<b>44,306</b>	<b>51,492</b>	<b>58,692</b>	<b>65,011</b>	<b>70,570</b>
Authorized share capital	3,470	3,470	3,470	3,470	3,470	3,470
Issued and paid-up share capital	2,150	2,150	2,150	2,150	2,150	2,150
Premium on share capital	2,299	2,299	2,299	2,299	2,299	2,299
Retained earnings:	0	0	0	0	0	0
Legal reserve						
Un-appropriated retained earnings	216	216	216	216	216	216
<b>SHAREHOLDERS' EQUITY</b>	<b>1,642</b>	<b>1,893</b>	<b>2,036</b>	<b>2,117</b>	<b>2,288</b>	<b>2,528</b>
Authorized share capital	6,307	6,559	6,701	6,783	6,953	7,193
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>43,504</b>	<b>50,864</b>	<b>58,193</b>	<b>65,475</b>	<b>71,964</b>	<b>77,763</b>

\* From audited financial statement

**Pro Forma Income Statement**

(Unit : Baht Million)

	2005*	2006	2007	2008	2009	2010
Income from hire-purchase contracts and related income	3,143	3,470	4,018	4,553	5,087	5,560
Income from lease contracts and related income	84	86	92	102	112	111
Income from factoring accounts receivable	64	52	48	53	58	64
<b>Total income from interests and fees</b>	<b>3,291</b>	<b>3,609</b>	<b>4,159</b>	<b>4,708</b>	<b>5,257</b>	<b>5,735</b>
Interest expenses	1,243	1,884	2,477	3,106	3,544	3,827
<b>Income from interests and fees, net - before bad debt and provision for doubtful accounts</b>	<b>2,048</b>	<b>1,725</b>	<b>1,682</b>	<b>1,602</b>	<b>1,713</b>	<b>1,908</b>
Bad debt and provision for doubtful accounts	192	75	84	93	104	113
<b>Total income from interests and fees, net</b>	<b>1,856</b>	<b>1,649</b>	<b>1,598</b>	<b>1,509</b>	<b>1,609</b>	<b>1,795</b>
Other income	123	140	161	183	207	236
<b>Operating expenses</b>						
Selling and administrative expenses	735	807	913	1,021	1,133	1,239
Director remuneration	8	9	9	9	9	9
<b>Total operating expenses</b>	<b>743</b>	<b>816</b>	<b>922</b>	<b>1,031</b>	<b>1,144</b>	<b>1,251</b>
<b>Net income before tax</b>	<b>1,236</b>	<b>973</b>	<b>837</b>	<b>660</b>	<b>672</b>	<b>780</b>
Income tax	361	292	251	198	202	234
<b>Net income</b>	<b>875</b>	<b>681</b>	<b>586</b>	<b>462</b>	<b>471</b>	<b>546</b>
<b>Weighted average number of ordinary shares (Million shares)</b>	<b>214.98</b>	<b>214.98</b>	<b>214.98</b>	<b>214.98</b>	<b>214.98</b>	<b>214.98</b>
<b>Earnings per share (Baht per share)</b>	<b>4.07</b>	<b>3.17</b>	<b>2.72</b>	<b>2.15</b>	<b>2.19</b>	<b>2.54</b>
<b>Book value per share (Baht per share)</b>	<b>29.34</b>	<b>30.51</b>	<b>31.17</b>	<b>31.55</b>	<b>32.34</b>	<b>33.46</b>

\* From audited financial statement

**Pro Forma Statement of Cash Flow**

(Unit : Baht Million)

	2006	2007	2008	2009	2010
Net income	681	586	462	471	546
Items to reconcile net income to net cash provided by operating activities					
Depreciation expenses	27	31	36	40	45
Bad debt and provision for doubtful accounts	75	84	93	104	113
<i>Net cash from operating activities before changes in operating assets and liabilities</i>	<i>784</i>	<i>701</i>	<i>591</i>	<i>614</i>	<i>703</i>
<b>Operating assets (increase) and decrease</b>					
Hire-purchase accounts receivable	(7,450)	(7,201)	(7,106)	(6,364)	(5,663)
Lease accounts receivable	(79)	(120)	(175)	(135)	(156)
Factoring accounts receivable	(57)	(62)	(69)	(75)	(83)
Notes receivable	-	-	-	-	-
Receivable from and loans to employees	-	-	-	-	-
Assets for sale	146	(8)	(9)	(9)	(8)
Lease guarantee contracts	48	23	33	25	29
<b>Net cash flows used in operating activities</b>	<b>(6,608)</b>	<b>(6,668)</b>	<b>(6,734)</b>	<b>(5,945)</b>	<b>(5,178)</b>
<b>Cash flows from investing activities</b>					
Investment in Property plant and equipment	(22)	(22)	(22)	(22)	(22)
<b>Net cash flows used in investing activities</b>	<b>(22)</b>	<b>(22)</b>	<b>(22)</b>	<b>(22)</b>	<b>(22)</b>
<b>Cash flows from financing activities</b>					
Bank overdrafts and short-term loans from financial institutions increase (decrease)	2,913	2,898	3,698	8,594	8,329
Long-term loans increase (decrease), net	4,148	4,265	3,470	(2,300)	(2,800)
Dividend paid	(430)	(443)	(381)	(300)	(306)
<b>Net cash flows provided by financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>	<b>6,631</b>	<b>6,720</b>	<b>6,787</b>	<b>5,994</b>	<b>5,223</b>
<b>Net Cash Flows</b>	<b>-</b>	<b>30</b>	<b>30</b>	<b>27</b>	<b>23</b>

\* From audited financial statement

#### 5.1.4.2 Sensitivity Analysis

The shareholders' Financial Advisor provides sensitivity analysis by adjusting the interest rate for hire purchase assumption to analyze the changes in the Company's net income, net income per share, and book value. During past couple of years, the cost of financing for the Company rate has increased significantly, in accordance with the upward shift in the market rate. However, due to intensifying competitive environment, the Company has been unable to adjust lending rate for hire purchase to be in line with the cost of financing. This factor may eventually improve in the future and could materially affect the value of the Company.

##### ■ Net Income (Unit : Baht Million)

		2006	2007	2008	2009	2010
Adjustment to Interest Rate for Hire Purchase over Base Case (Base Case =0%)	0.00%	681	586	462	471	546
	0.10%	694	622	517	540	625
	0.20%	707	658	572	609	704
	0.30%	719	694	627	679	784
	0.40%	732	730	683	748	863
	0.50%	744	766	738	817	942

##### ■ Net Income per Share (Unit : Baht Million)

		2006	2007	2008	2009	2010
Adjustment to Interest Rate for Hire Purchase over Base Case (Base Case =0%)	0.00%	3.17	2.72	2.15	2.19	2.54
	0.10%	3.23	2.89	2.41	2.51	2.91
	0.20%	3.29	3.06	2.66	2.83	3.28
	0.30%	3.34	3.23	2.92	3.16	3.64
	0.40%	3.40	3.40	3.17	3.48	4.01
	0.50%	3.46	3.56	3.43	3.79	4.37

■ Book Value (Unit : Baht Million)

		2006	2007	2008	2009	2010
Adjustment to Interest Rate for Hire Purchase over Base Case (Base Case = 0%)	0.00%	30.51	31.17	31.55	32.34	33.46
	0.10%	30.57	31.36	31.89	32.83	34.11
	0.20%	30.62	31.55	32.22	33.32	34.76
	0.30%	30.68	31.74	32.56	33.82	35.41
	0.40%	30.74	31.92	32.89	34.31	36.06
	0.50%	30.80	32.11	33.23	34.80	36.71

#### 5.1.4.3 Discounted Cash Flow Valuation

The Financial Advisor deems that two types of discounted cash flow valuation are appropriate for valuing the Company or other companies in the financial services sector.

##### 1. Discounted Free Cash Flow to Equity (DCFTE)

###### Assumptions

- Free cash flow to equity is calculated by using cash flow from operations (excluding changes in loans) deduct investments/capital expenditures
- No dividend payments for the forecasted period
- The discount rate is the cost of equity (Ke), which derived from the CAPM Model:

$$\begin{aligned} K_e &= R_f + \text{Beta} \times (R_m - R_f) \\ &= 10.42\% \end{aligned}$$

Where,

R<sub>f</sub> = Risk free rate based on the return from 5 years government Bond as at March 13, 2006, yielding 5.11% per year

Beta = 0.54x, based on the Company's beta from January 1, 2005 to December 31, 2005 (Source : Bloomberg L.P.)

R<sub>m</sub> = Expected market return, which is assumed to be 14.96% for base case scenario, using the compound annual growth rate (CAGR) of the SET Index during 1999 – 2005

- Terminal value is based on 2010's book value adjusted with the summation of free cash flow from 2006 – 2010 (the adjustment to 2010's book value is done to reflect the accuracy of the cash flow to equity.)



Valuation based on Free Cash Flow to Equity

(Unit : Baht Million)

	2006	2007	2008	2009	2010
Cash Flow From Operation Before Changes in Operational Assets and Liabilities	784	709	615	652	754
Cash Flow From Operation, excluding Loans	192	2	24	16	21
Cash flow from investments	(22)	(22)	(22)	(22)	(22)
<b>Free Cash Flow to Equity</b>	955	689	617	645	753
Adjusted Book Value (Terminal Value)					5,084
Present Value of Free Cash Flow	2,782	2,116	1,648	1,202	682
Present Value of Terminal Value	3,098				
<b>Shareholders' Equity</b>	5,879				

The Company's total equity value is Bt5,879 million or Bt27.35 per share (total paid-up capital as of year-end 2005 was 214.98 million shares)

Sensitivity Analysis

We prepared the sensitivity analysis of the free cash flow to equity by varying the expected market rate of return and interest rate on hire purchase lending.

To reflect the cost of financing which increased significantly during the past couple of years and the inability of the Company to increase lending rate due to intense competition, we used the interest rate on hire purchase lending as a variable in the sensitivity analysis. This factor may change or improve in the future, materially affecting the Company's value.

		Expected Market Return (Rm)		
		14%	15%	16%
Adjustment to Interest Rate for Hire Purchase over Base Case (Base Case =0%)	0.00%	27.84	27.32	26.80
	0.10%	28.70	28.16	27.63
	0.20%	29.55	29.00	28.46
	0.30%	30.41	29.84	29.28
	0.40%	31.26	30.68	30.11
	0.50%	32.12	31.52	30.93

Using this valuation method we valued the Company at Bt26.80 – Bt32.12 per share.

#### 5.1.4.4 Dividend Discount Model (DDM)

##### Assumptions

- Dividend payment is based on the payout ratio of 65% on the previous year's net income, with payment in the beginning of each year
- The discount rate equals to the Cost of Equity (Ke) or 10.42%, which is the same as that used for discounting the free cash flow to equity
- Terminal value calculation uses the book values for year 2010

##### Valuation based on the Dividend Discount Model

(Unit : Baht Million)

	2006	2007	2008	2009	2010
Dividend	430	443	380	300	306
Shareholders' Equity (Terminal Value)					7,193
Present Value of Dividend	1,572	1,261	904	577	306
Present Value of Terminal Value	4,382				
Shareholders' Equity	5,954				

The Company's total equity value is Bt5,954 million or Bt27.70 per share (total paid-up capital as of year-end 2005 was 214.98 million shares)

##### Sensitivity Analysis

We prepared the sensitivity analysis for the dividend discount model by varying the expected market rate of return and interest rate on hire purchase lending.

To reflect the cost of financing which increased significantly during the past couple of years and the inability of the Company to increase lending rate due to intense competition, we used the interest rate on hire purchase lending as a variable in the sensitivity analysis. Nonetheless, this factor may change or improve in the future, materially affecting the Company's value.

		Expected Market Return (Rm)		
		14%	15%	16%
Adjustment to Interest Rate for Hire Purchase over Base Case (Base Case = 0%)	0.00%	28.23	27.66	27.12
	0.10%	29.03	28.45	27.89
	0.20%	29.83	29.23	28.66
	0.30%	30.63	30.02	29.42
	0.40%	31.43	30.80	30.19
	0.50%	32.22	31.58	30.96

Using this valuation method we valued the Company at Bt27.12 – Bt32.22 per share.

### Conclusion on DCF Valuation

According to the valuation based on the Discounted Free Cash Flow to Equity and the Dividend Discount Model, we derived the appropriate value for the Company to be Bt26.80 – Bt32.12 per share and Bt27.12 – Bt32.22 per share, respectively.

However, in using Discounted Free Cash Flow to Equity to value the Company, it is pertinent to realize that the free cash flow to equity used in calculating the cash flow could be used to make dividend payments. The Financial Advisor takes into account the constraint that the Company cannot pay dividends in excess of 70.00% of net income, based on the Company's dividend policy. Considering this constraint, we believe that the Dividend Discount Model is more appropriate. On the contrary, the valuation based on free cash flow to equity assumed that the full amount of such cash flow is available to equity holders, thus ignoring the Company's constraint in paying dividends in excess of 70.00% of net income.

Given these considerations, the appropriate value according to the Dividend Discount Method is Bt27.12 – Bt 32.22 per share.

**Conclusion on the Offering Price**

The table below compares the offering price and the Company's share price according to different methodologies.

Methodology	Valuation (Baht/ Share)	Offering Price (Baht/ Share)	Higher (Lower) than the Offering Price (Baht/ Share)
1. Book Value Approach	29.34	38.00	(8.66)
2. P/BV Approach	31.29 – 39.09	38.00	(6.71) – 1.09
3. P/E Approach	27.69 – 40.70	38.00	(10.31) – 2.70
4. Market Value Approach	31.85 – 33.97	38.00	(6.15) – (4.03)
5. Discounted Cash Flow Approach	27.12 – 32.22	38.00	(10.88) – (5.78)

Each of the valuation methodology presented has its own benefits, drawbacks, and limitations as follows:

**1. The Book Value Approach**

The book value approach relies on the information from financial statements, which most accurately reflects both historical and current asset values. However, this approach neglects the Company's ability to generate future profits and does not take into consideration the Company's strategy and competitive ability.

From past the past performance, the Company is able to materially expand its hire purchase portfolios. Nonetheless, in 2005, it faced intensified competition, resulting in the inability to adjust its lending rate to be in line with the rising cost of financing. Therefore, the book value approach is an inappropriate methodology for evaluating due to its lack of incorporating future prospects of the Company.

**2. The P/BV and P/E Approaches**

The accuracy of valuation using the P/BV and P/E approaches depend on the Company's historical market transactions statistics and the quality of statistics from comparable companies. These methods compare the Company's book value per share and earning per share to those of market comparables.

Theoretically, both approaches reflect various factors, both internal and external, such as the Company's ability to generate profitability, capital structure, the business' growth prospects, market competition, the capital markets' trading environment, and liquidity of the Company's stocks. In valuing the Company, we realized that there are not many listed companies with identical operations and the

selected comparables used are somewhat fundamentally different from the Company, mainly in the ratio of vehicle hire purchase income or the proportion of new and used vehicles. Thus, the shareholders' Financial Advisor deemed that this approach is inappropriate for valuing the Company.

### **3. The Market Value Approach**

The market value approach uses the actual transaction on the Stock Exchange of Thailand as a reference. Theoretically, the market value should reflect a company's business fundamentals, the liquidity of the company's stocks, and expectations of stock analysts and investors.

Given the fact that the Company's stock is not actively trading in the market, compared to other securities, the stock prices may trade at liquidity discount. Thus, we view that the market value approach should be used only as a benchmark to assess the validity of other approaches.

### **4. The Discounted Cash Flow Approach**

The discounted cash flow approach requires the preparation of the Company's financial projections and the calculation of the present value of the projected cash flow stream. The preparation of the financial projection is based on various sources of information such as historical operating statistics, interviews with the management, or information regarding the Company's industry to derive at the assumptions. This information is subject to change due to both internal and external factors.

We consider the discounted cash flow approach to be the most appropriate methodology for valuing the Company, since it incorporates both historical and future operating strategy and statistics. The discounted cash flow values are Bt27.12 – Bt32.22 per share.

## **5.2 Reasons For Accepting or Rejecting the Tender Offer**

5.2.1 The Financial Advisor views that shareholders should accept the Tender Offer because of the following reasons:

### **1. Appropriate offering price**

We deemed that the offered price of Bt38.00 per share to be appropriate. This price is higher than the valuation of the Company's share price range of Bt27.12 – Bt32.22 per share.

### **2. Shareholders are entitled to receive dividend payment from the Company**

According to the Tender Offeror's offer to purchase common shares of the Company between March 13, 2006 to April 28, 2006, which occurs simultaneously with the closing date of the Company's share register book for rights to receive dividends on April 12, 2006, the shareholders whose names appear as the Company's shareholders on the share register book on the closing date are entitled to receive the dividend payment.

Offerees who submit the Tender Offer Acceptance Form before the closing date of the Company's share register book, during the tender offer period, are still entitled to receive the dividend payment.

### 5.2.2 Other Factors Affecting the Company and Its Shareholders

Effects on the Company and shareholders in the case that the Company's shareholders sell shares to the Tender Offeror in a large number are as follows :

#### 1. Voting Rights of Shareholder

The Company's shareholders who reject the offering may be adversely affected if the Tender Offeror holds more than 75.00% of the Company's shares. The Tender Offeror could control the Company's shareholders' resolutions. Hence the Company's minority shareholders may not be able to gather enough votes to check and balance the issues proposed by the major shareholders.

#### 2. Liquidity of the Company's share trading

Share Trading Historical

Period*	Average Trading Value per day (Baht)	Average Trading Volume per day (Share๓)	% Volume Trading to Paid Up Capital
30 Days	6,782,842.50	207,723.33	0.10%
90 Days	4,795,883.33	147,826.67	0.07%
180 Days	4,311,715.69	133,642.78	0.06%
360 Days	11,831,291.94	337,382.22	0.16%

Note \* Days prior to the date of the submission of the Tender Offer Notice (Form 247-3)

According to the table above, the Company's share has low turnover volume. Therefore, if there is a large number of shareholders accepting the Offer, the liquidity in shares turnover of the Company could be much lower, affecting the Company's shareholders, who reject the Offer by preventing them from later selling shares at the price or amount required.

### 5.3 Benefits or Impacts from the Plans and Policies as Indicated in the Tender Offer and the Feasibility of Such Plans and Policies

The plans and polices indicated in the Tender Offer to Purchase Securities Form included :

1. The Tender Offeror shall not delist the shares of the Company from the SET for the period of 12 months after the end of the tender offer period.

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2. The Tender Offeror has no plan to make significant changes to the Company's business plans or policies within 12 months from the end of the tender offer period in terms of the business operations, organization structure, personnel, disposal of core assets and financial structure, and dividend payment policy. However, if there are circumstances significantly affecting the Company's business operation and financial status or the Tender Offeror is required to comply with applicable rules and regulations, the Tender Offeror may change the Company's business plans or policies as deemed appropriate.
  3. Upon the completion of the Tender Offer, the Tender Offeror may make a change to the Board of Directors as deemed appropriate. Should there be such a change in the board composition, the Company's Board of Directors will take appropriate actions in conformity with the Company's Articles of Association.
  4. As of December 31, 2005, the Company transactions with the Tender Offeror are as follow : interest income received from the Tender Offeror of Bt0.36 million, and interest expenses and bank charges of Bt173.24 million. The Company also has the following outstanding balance with the Tender Offeror : deposits of Bt114.58 million, prepaid loan arrangement fee of Bt11.10 million, credit card receivables of Bt0.05 million, factoring receivables of Bt5.52 million, bank overdrafts and loans of Bt5,479.47 million, and interest payable of 12.28 million. In addition, letter of guarantees issued to the Company and its clients were Bt13.90 million. Interest rate charged for the transactions were according to normal business practices of the Tender Offeror.

The Company and the Tender Offeror do not have a policy to materially change these connected transactions. If the Tender Offer is successful, the Tender Offeror may increase the financial support to the Company based on the Tender Offeror's risk management framework. Should the Company and the Tender Offeror engage in any future transactions that are regarded as connected transactions and must comply with the SET's rules and regulations, the Company and the Tender Offeror will comply with such rules and regulations.

The shareholders' Financial Advisor view that after this Tender Offer the Company will be able to continually operate with effects on shareholders as follows :

1. The Tender Offeror may make changes to the Company's Board of Directors but does not intend to materially alter the business and operating plans of the Company. Thus, the Company should be able to operate in accordance to its future plan of operation.

2. If the Tender Offeror increases the financial support, the Company will be able to effectively manage its funding sources.
3. In the case that after the completion of the Tender Offer, minority shareholders portion is less than the minimum required by the SET's regulations, the Company must correct the shareholding structure of minority shareholders, otherwise, the Company may be forced to delist from the SET. Shareholders may experience liquidity problem from the lack of the secondary market.

**5.4 Benefits or Impacts on Shareholders if They Reject the Tender Offer (Only in case the Tender Offer is for Delisting Securities in Accordance with the SET Regulations)**

This Tender Offer is not for delisting the Company's securities from the SET in accordance to the SET regulations.

**Conclusion of the Financial Advisor's Opinion**

The shareholders' Financial Advisor is of the opinion that the Tender Offer and the Offer Price are fair and reasonable. Shareholders can review the relevant information, rationale, and opinion provided herein by the Financial Advisor to make the final decision, whether to accept or reject the Tender Offer, at their own discretion.

We, the Financial Advisor, hereby certify that our opinion has prudently been presented in compliance with professional standards and principles, with due regards for the interest of the shareholders.

Signature     *Mr. Pises Sethsathira*  
                  (Mr. Pises Sethsathira)  
                  Financial Advisor to the Shareholders

Signature     *Ms. Suthang Khonsilpa*  
                  (Ms. Suthang Khonsilpa)  
                  Financial Advisor to the Shareholders