

TSFC Securities Public Company Limited  
Report and financial statements  
31 December 2013



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## **Independent Auditor's Report**

To the Shareholders of TSFC Securities Public Company Limited

I have audited the accompanying financial statements of TSFC Securities Public Company Limited, which comprise the statement of financial position as at 31 December 2013, and the related statements of comprehensive income, changes in owners' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TSFC Securities Public Company Limited as at 31 December 2013, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

### **Emphasis of matter**

I draw attention to Note 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 *Income Taxes*. The Company has restated the financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented the statements of financial position as at 1 January 2012 as comparative information, using the same accounting policy for income taxes. My opinion is not qualified in respect of this matter.



Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

Ernst & Young Office Limited

Bangkok: 17 February 2014

TSFC Securities Public Company Limited

Statement of financial position

As at 31 December 2013

(Unit: Baht)

	Note	31 December 2013	31 December 2012 (Restated)	1 January 2012
<b>Assets</b>				
Cash and cash equivalents	7	4,622,671	5,073,339	18,132,136
Deposits at financial institutions		-	-	773,794
Loans to financial institutions - net	8	-	-	-
Receivables from Clearing House	9	38,592,142	1,049,358	47,071,274
Securities business receivables - net	10	2,659,016,452	3,010,659,336	2,068,989,682
Investments - net	12	234,791,260	269,098,389	862,538,379
Equipment - net	13	2,657,272	5,524,375	10,213,979
Intangible assets - net	14	48,641,111	62,495,761	77,261,142
Receivables from sales of investments		1,127	1,127	1,127
Deferred tax assets	4, 23	-	-	515,711
Other assets	15	5,737,894	6,160,613	6,604,545
<b>Total assets</b>		<b>2,994,059,929</b>	<b>3,360,062,298</b>	<b>3,092,101,769</b>

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

*Chanisa Chutipat*

(Mrs. Chanisa Chutipat)

Director



*Yaowaluk Aramthaveethong*

(Miss Yaowaluk Aramthaveethong)

Director

**TSFC Securities Public Company Limited**  
**Statement of financial position (continued)**  
**As at 31 December 2013**

(Unit: Baht)

	Note	31 December 2013	31 December 2012 (Restated)	1 January 2012
<b>Liabilities and owners' equity</b>				
<b>Liabilities</b>				
Borrowings from financial institutions	16	1,729,176,883	1,990,000,000	1,600,000,000
Securities sold under repurchase agreements		-	-	200,000,000
Payables to Clearing House	17	15,635,275	59,930,004	8,066,124
Securities business payables	18	60,113,165	146,185,875	106,153,090
Provisions for long-term employee benefits	25.2	10,785,517	10,461,914	9,821,755
Deferred tax liabilities	4, 23	70,936	29,611	-
Other liabilities	19	11,079,004	11,132,046	17,032,542
<b>Total liabilities</b>		<b>1,826,860,780</b>	<b>2,217,739,450</b>	<b>1,941,073,511</b>
<b>Owners' equity</b>				
Share capital				
Authorised share capital				
130,000,050 ordinary shares of Baht 10 each		1,300,000,500	1,300,000,500	1,300,000,500
Issued and paid-up share capital				
101,673,984 ordinary shares of Baht 10 each		1,016,739,840	1,016,739,840	1,016,739,840
Retained earnings				
Appropriated				
Statutory reserve	22	9,499,537	9,499,537	9,369,772
Unappropriated		140,676,029	115,965,024	126,645,156
Other components of owners' equity	12.2	283,743	118,447	(1,726,510)
<b>Total owners' equity</b>		<b>1,167,199,149</b>	<b>1,142,322,848</b>	<b>1,151,028,258</b>
<b>Total liabilities and owners' equity</b>		<b>2,994,059,929</b>	<b>3,360,062,298</b>	<b>3,092,101,769</b>

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

*Chanisa Chutipat*

(Mrs. Chanisa Chutipat)

Director



*Yaowaluk Aramthaveethong*

(Miss Yaowaluk Aramthaveethong)

Director

**TSFC Securities Public Company Limited**  
**Statement of comprehensive income**  
**For the year ended 31 December 2013**

		(Unit: Baht)	
	<u>Note</u>	<u>2013</u>	<u>2012</u> (Restated)
<b>Revenues</b>			
Fees and services income	20	863,325	1,013,891
Gain on securities	12.3	1,065,234	1,362,448
Interest and dividend		5,831,930	19,717,932
Interest on margin loans		250,803,302	196,109,416
Other incomes		1,110	-
<b>Total revenues</b>		<u>258,564,901</u>	<u>218,203,687</u>
<b>Expenses</b>			
Finance costs		116,187,701	108,446,438
Fee and service expenses		2,393,483	2,617,984
Operating expenses			
Personnel expenses		54,830,435	54,133,560
Premises and equipment expenses		20,390,066	26,173,451
Directors' remuneration		2,314,500	2,298,750
Tax expenses		8,447,274	6,572,605
Other expenses		29,404,063	28,844,901
Reversal bad debt and doubtful accounts		(113,626)	(333,635)
<b>Total expenses</b>		<u>233,853,896</u>	<u>228,754,054</u>
<b>Profit (loss) for the year</b>	23	<u>24,711,005</u>	<u>(10,550,367)</u>
<b>Other comprehensive income</b>			
Gain on re-measuring available-for-sale investments	12.2	206,621	2,390,279
Income tax relating to components of other comprehensive income	4, 23	(41,325)	(545,322)
<b>Total other comprehensive income</b>		<u>165,296</u>	<u>1,844,957</u>
<b>Total comprehensive income (loss)</b>		<u>24,876,301</u>	<u>(8,705,410)</u>
<b>Basic earnings per share</b>			
Profit (loss) for the year	24	<u>0.24</u>	<u>(0.10)</u>

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

*Chanisa Chutipat*

(Mrs. Chanisa Chutipat)

Director



*Yaowaluk Aramthaveethong*

(Miss Yaowaluk Aramthaveethong)

Director

**TSFC Securities Public Company Limited**  
**Statement of changes in owners' equity**  
**For the year ended 31 December 2013**

(Unit: Baht)

	Other components of owners' equity				Total
	Issued and paid-up share capital	Retained earnings	Other comprehensive income	Total other components of owners' equity	
		Appropriated	Unappropriated	in value of available-for-sale investments	owners' equity
<b>Balance as at 31 December 2011 - as previously reported</b>	1,016,739,840	9,369,772	126,645,156	(2,242,221)	1,150,512,547
Cumulative effect of change in accounting policy for income taxes (Note 4)	-	-	-	515,711	515,711
<b>Balance as at 31 December 2011 - as restated</b>	1,016,739,840	9,369,772	126,645,156	(1,726,510)	1,151,028,258
<b><u>Change during the year</u></b>					
Transfer to legal reserve (Note 22)	-	129,765	(129,765)	-	-
Total comprehensive income for the year (restated)	-	-	(10,550,367)	1,844,957	(8,705,410)
<b>Balance as at 31 December 2012 - as restated</b>	1,016,739,840	9,499,537	115,965,024	118,447	1,142,322,848
<b>Balance as at 31 December 2012 - as previously reported</b>	1,016,739,840	9,499,537	115,965,024	148,058	1,142,352,459
Cumulative effect of change in accounting policy for income taxes (Note 4)	-	-	-	(29,611)	(29,611)
<b>Balance as at 31 December 2012 - as restated</b>	1,016,739,840	9,499,537	115,965,024	118,447	1,142,322,848
<b><u>Change during the year</u></b>					
Total comprehensive income for the year	-	-	24,711,005	165,296	24,876,301
<b>Balance as at 31 December 2013</b>	1,016,739,840	9,499,537	140,676,029	283,743	1,167,199,149

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

**TSFC Securities Public Company Limited****Statement of cash flows****For the year ended 31 December 2013**

	<u>2013</u>	<u>2012</u>
		(Unit: Baht)
<b>Cash flows from operating activities</b>		
Profit (loss) before tax	24,711,005	(10,550,367)
Adjustments to reconcile profit (loss) before tax to net cash provided by (used in) operating activities:		
Depreciation and amortisation	23,135,784	25,383,442
Reversal bad debts and doubtful accounts	(113,626)	(333,635)
Amortisation of discount on investments in bonds and debentures	(5,374,948)	(13,725,027)
Amortisation of premium on investments in bonds and debentures	-	395,856
Gain on trading in securities	(1,065,234)	(1,362,448)
Loss (gain) on proceed of equipment	(1,110)	14,354
Accrued dividend and interest receivables	(256,635,232)	(215,827,324)
Accrued interest	116,288,702	108,446,439
Reserve for employee benefits	3,662,603	640,159
Increase in accrued expenses	25,662	4,016,388
Cash received from interest income	251,238,401	196,727,890
Cash paid from interest expenses	(116,759,250)	(109,167,398)
Cash paid for income tax	-	(48,233)
Profit (loss) from operating activities before changes in operating assets and liabilities	39,112,757	(15,389,904)
(Increase) decrease in operating assets		
Lendings to financial institutions	57,555	388,095
Receivables from Clearing House	(37,542,784)	46,021,916
Securities business receivables	351,717,337	(941,699,506)
Short-term investments	(39,674,327)	689,338,993
Deposit in financial institutions	-	773,794
Other assets	422,719	(1,044,000)

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



**TSFC Securities Public Company Limited****Statement of cash flows (continued)****For the year ended 31 December 2013**

	(Unit: Baht)	
	<u>2013</u>	<u>2012</u>
Increase (decrease) in operating liabilities		
Borrowings from financial institutions	(260,823,117)	390,000,000
Securities sold under repurchase agreements	-	(200,000,000)
Payables to Clearing House	(44,294,729)	51,863,880
Securities business payables	(86,072,710)	43,031,605
Payables from purchase of investments	-	(2,998,820)
Provision for long-term employee benefits	(3,339,000)	-
Other liabilities	(624,657)	434,074
<b>Net cash flows from (used in) operating activities</b>	<u>(81,060,956)</u>	<u>60,720,127</u>
<b>Cash flows from investing activities</b>		
Payments to acquire available-for-sale securities	(1,905,000,000)	(1,360,000,000)
Proceeds on disposal of available-for-sale securities	1,985,628,261	1,281,182,894
Cash received from dividends	3,500	2,000
Cash received from interest on investments	5,374,948	19,763,692
Payments to acquire equipment	(315,043)	(4,467,804)
Proceeds on disposal of equipment	1,122	-
Payments to acquire intangible assets	(5,082,500)	(10,259,706)
<b>Net cash flows from (used in) investing activities</b>	<u>80,610,288</u>	<u>(73,778,924)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(450,668)</u>	<u>(13,058,797)</u>
Cash and cash equivalents at beginning of year	5,073,339	18,132,136
<b>Cash and cash equivalents at end of year (Note 7)</b>	<u>4,622,671</u>	<u>5,073,339</u>

**Supplement cash flows information**

## Non-cash items

Payable from acquire intangible assets	1,016,500	-
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The accompanying notes are an integral part of the financial statements.

**TSFC Securities Public Company Limited**  
**Notes to financial statements**  
**For the year ended 31 December 2013**

**1. General information**

TSFC Securities Public Company Limited (hereinafter referred to as “the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in securities business and has two business licenses to engage in granting credits to securities business and securities borrowing and lending business. Its registered address is located at 898 Ploenchit Tower, 10th Floor, Ploenchit Road, Lumpini, Patumwan, Bangkok.

**2. Basis of preparation**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act. B.E. 2547, and in accordance with Notification of the Office of the Securities and Exchange Commission.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Office of the Securities and Exchange Commission relating to the format of the financial statements of securities companies No. Sor Thor/Khor/Nor. 53/2553 dated 15 December 2010.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

**3. New accounting standards**

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

**(a) Accounting standards that became effective in the current accounting year**

Accounting standards:

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

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

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

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

**TAS 12 *Income Taxes***

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company has changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4.

**(b) Accounting standards that will become effective in the future**

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014

		<u>Effective date</u>
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets – Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014

		<u>Effective date</u>
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

#### 4. Cumulative effect of the change in accounting policies due to the adoption of new accounting standard

During the current year, the Company made the changes described in Note 3 to its significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 *Income Taxes*. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in owners' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

	(Unit: Thousand Baht)		
	31 December 2013	31 December 2012	1 January 2012
<b>Statements of financial position</b>			
Increase in deferred tax assets	-	-	516
Increase in deferred tax liabilities	71	30	-
Increase (decrease) in unappropriated retained earnings	(71)	(30)	516
		(Unit: Thousand Baht)	
		For the years ended	
		31 December	
		2013	2012
<b>Other comprehensive income:</b>			
Loss on changes in value of available-for-sale investments		41	545

## **5. Significant accounting policies**

### **5.1 Revenue and expenses recognition**

#### a) Revenue recognition

The Company recognises interest income on loans and receivables on an accrual basis, based on the amount principal outstanding, except for interest on loans to and amounts receivable from financial institutions and securities companies which are overdue more than 90 days where income is recognised on the basis of the amount collected.

The Company ceases recognising income from securities business loans on an accrual basis when there is uncertainty as to the collectability of the loans and interest.

In the following cases collectability of loans and interest is held to be uncertain.

- (1) Loans are not fully collateralised.
- (2) Principal or interest payments of installment loans with repayments scheduled no less frequently than every 3 months is overdue by more than 3 months.
- (3) Installment loans with repayments scheduled less frequently than every 3 months, unless there is clear evidence and a high degree of certainty that full repayment will be received.
- (4) Problem financial institutions.
- (5) Other receivables from which interest payment is overdue for 3 months or more.

These conditions are based on the guidelines stipulated by the Office of Securities and Exchange Commission.

The Company recognises interest income on securities on an accrual basis. Dividends are recognised as income when the dividend is declared.

Gain (loss) on trading in securities is recognised as income/expense when trading dates.

The Company recognises the surcharges on the collection basis for securities purchased under resale agreements which are not repurchased under the conditions.

Fees and service income is recognised on an accrual basis.

#### b) Expenses recognition

The Company recognises expenses on an accrual basis.

## **5.2 Cash and cash equivalents**

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

## **5.3 Investments in securities**

Available-for-sale securities consist of investments in marketable debt and equity securities that are not classified as trading or held-to-maturity securities. They are presented at fair value, with changes in the fair values being presented as unrealised gains or losses in owners' equity, unless the investments are subject to a fair value hedge, in which case changes in fair value resulting from the risk being hedged are recorded in the statements of comprehensive income.

The fair value of debt securities traded in the established market is based on the quoted prices or yields of the debt securities at the financial position date, or the latest trading date prior to the financial position date if there was no trading on that date. If the debt securities are not traded in the established market, the fair value is calculated by reference to the risk-free yield curve adjusted by the appropriate risk premium.

Fair value of marketable equity securities is calculated by reference to Stock Exchange of Thailand quoted bid prices at the close of business on the financial position date. The fair value of unit trusts is determined from the net assets value (NAV) published by the mutual fund management companies acting as the fund managers.

Investments in available-for-sale securities are evaluated at each reporting date to determine if there is any indication of impairment. If there is any impairment, these investments are then stated at the net value of allowance for impairment loss. Loss on impairment in value is charged directly to the statements of comprehensive income when incurred.

Realised gains and losses on sale of securities are determined on weighted average method and reflected in the statements of comprehensive income.

## **5.4 Trading transactions pending clearance**

Trading transactions pending clearance represent customer trading transactions during the last 3 days of the accounting period, for which settlement was not yet due at the financial position date.

## **5.5 Securities purchased under resale agreements/securities sold under repurchase agreements**

Securities purchased under resale agreements/securities sold under repurchase agreements are carried at cost. However, the securities will subsequently be repurchased or resold at a price which includes interest.

## **5.6 Allowance for doubtful accounts**

The allowance for doubtful accounts is based on management's evaluation of the adequacy of the reserve for doubtful accounts. The evaluation encompasses consideration of past collection experience and other factors including the change in composition and volume of receivables and the relationship of the reserve to the portfolio and local economic conditions and compliance with the Office of the Securities and Exchange Commission's notification regarding the accounting for sub-standard loans of securities companies which undertake the granting of credits to securities businesses.

## **5.7 Equipment and depreciation**

Equipment is stated at cost less accumulated depreciation. Depreciation is provided for all equipment using the straight-line basis over the estimated useful lives as follows:

Leasehold improvement	5 - 6 years
Office equipment	5 years
Furniture and fixtures	5 years
Vehicle	3 years

Depreciation is included in determining income.

Expenditures for additions, renewals and betterments, which result in a substantial increase in an asset's current replacement value, are capitalised. Repair and maintenance costs are recognised as an expense when incurred.

## **5.8 Intangible assets and amortisation**

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses (if any).



Intangible assets with finite lives are amortised on a systematic basis over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. The amortisation expense is recognised in the statements of comprehensive income as an expense.

Intangible assets with finite lives as follows:

Computer software	5 years
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## **5.9 Impairment of assets**

The Company assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that based on information available, reflects the amount that the Company could obtain at the financial position date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

The Company recognised impairment losses in the statements of comprehensive income in the expenses category consistent with the function of each impairment of assets.

## **5.10 Long-term leases**

Leases of plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

## **5.11 Employee benefits**

### *Post-employment benefits (Defined contribution plans)*

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

### *Post-employment benefits (Defined benefit plans)*

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognized actuarial gain or loss.

## **5.12 Provisions**

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

## **5.13 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

## **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to owners' equity if the tax relates to items that are recorded directly to owners' equity.

## **6. Significant accounting judgments and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### ***Allowance for loan losses for loans and securities business receivables***

Allowances for loan losses for loans and securities business receivables are intended to adjust the values of loans and receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses of each outstanding loan and securities business receivable by taking into account collection risk and the value of the security used as collateral. However, the use of different estimates and assumptions could affect the amounts of allowances for loan losses and adjustments to the allowances may therefore be required in the future.

### ***Fair value of financial instruments***

To determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques. The input to these models is taken from observation markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

### ***Impairment of equity investments***

The Company treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment.

### ***Leases***

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

### ***Deferred tax assets***

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### ***Post employment benefits under defined benefit plans***

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

### ***Litigation***

The Company has contingent liabilities as a result of litigation. The Company's management has exercised judgment to assess the potential results of the litigation, and the estimated contingent liabilities are recorded provision as at the end of the reporting period. However, the actual results may differ from the estimates.

## 7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2013	2012
Cash	50	50
Saving and current deposits	21,956	29,171
Less: Customers' deposits at financial institutions under the Company's name	(17,383)	(24,148)
Total cash and cash equivalents - net	4,623	5,073

## 8. Loans to financial institutions

	(Unit: Thousand Baht)	
	2013	2012
At call	112,419	112,477
Less: Allowance for doubtful accounts (Note 11)	(112,419)	(112,477)
Total loans to financial institutions - net	-	-

The Company had discontinued recognising income from 4 debtors. These comprise of transactions with problem financial institutions which were ordered to discontinue their operations by Ministry of Finance on 8 December 1997.

## 9. Receivables from Clearing House

	(Unit: Thousand Baht)	
	2013	2012
Receivables from Clearing House	38,592	1,049
Total receivables from Clearing House	38,592	1,049

## 10. Securities business receivables

	(Unit: Thousand Baht)	
	2013	2012
Customers' accounts - credit balance	2,659,166	3,010,884
Other receivables	307,017	393,661
Total	2,966,183	3,404,545
Add: Accrued interest receivables	121	103
Less: Allowance for doubtful accounts (Note 11)	(307,288)	(393,989)
Net securities business receivables	2,659,016	3,010,659

10.1 As at 31 December 2013, the Company had discontinued recognising income from loans and receivables with total outstanding balances of approximately Baht 307.0 million (2012: Baht 393.7 million).

10.2 The Company has classified securities business receivables according to a Notification set out by the Office of the Securities and Exchange Commission. As at 31 December 2013 and 2012, classified loans, securities business receivables are as follows:

(Unit: Million Baht)

	2013				2012			
	Number	Loans, securities business receivables and accrued interest	Allowance for doubtful accounts set up by the Company	Net loans, securities business receivables after allowance for doubtful accounts	Number	Loans, securities business receivables and accrued interest	Allowance for doubtful accounts set up by the Company	Net loans, securities business receivables after allowance for doubtful accounts
Normal debt	284	2,659.3	(0.3)	2,659.0	423	3,005.5	(0.2)	3,005.3
Special mention	-	-	-	-	64	5.4	(0.1)	5.3
Doubtful debt	11	307.0	(307.0)	-	14	393.7	(393.7)	-
<b>Total</b>	<b>295</b>	<b>2,966.3</b>	<b>(307.3)</b>	<b>2,659.0</b>	<b>501</b>	<b>3,404.6</b>	<b>(394.0)</b>	<b>3,010.6</b>

## 11. Allowance for doubtful accounts

(Unit: Thousand Baht)

	2013	2012
Balance - beginning of the year	506,466	506,800
Bad debt recoverable	(57)	(388)
Provision for doubtful accounts (reversal)	(86,702)	54
<b>Balance - end of the year</b>	<b>419,707</b>	<b>506,466</b>

## 12. Investment in securities

(Unit: Thousand Baht)

	2013		2012	
	Cost/ Amortisation cost	Fair value	Cost/ Amortisation cost	Fair value
Available-for-sale securities				
Debt instruments				
Government and state enterprises bond	199,698	199,725	237,830	237,831
Add (less): Allowance for revaluation of securities	27	-	1	-
Government securities for customers accounts	(105,671)	(105,671)	(188,916)	(188,916)
<b>Total debt instruments - net</b>	<b>94,054</b>	<b>94,054</b>	<b>48,915</b>	<b>48,915</b>
Unit trusts				
Money market fund	140,400	140,722	220,026	220,165
Equity fund	10	15	10	18
Add: Allowance for revaluation of securities	327	-	147	-
<b>Total unit trusts - net</b>	<b>140,737</b>	<b>140,737</b>	<b>220,183</b>	<b>220,183</b>
<b>Total available-for-sale securities - net</b>	<b>234,791</b>	<b>234,791</b>	<b>269,098</b>	<b>269,098</b>

## 12.1 Investments in debt instruments classify by the remaining contracts

(Unit: Thousand Baht)

	2013				2012			
	Not over		Over 5		Not over		Over 5	
	1 year	1-5 years	years	Total	1 year	1-5 years	years	Total
Debt instruments	199,725	-	-	199,725	237,831	-	-	237,831
Total	199,725	-	-	199,725	237,831	-	-	237,831

## 12.2 Surplus (deficit) on changes in value of available-for-sale investments

(Unit: Thousand Baht)

	2013	2012
		(Restated)
Balance - beginning of the year (net of income tax)	118	(1,726)
Changes during the year		
- from revaluation (before net of income tax)	347	2,390
- from sales of securities (before net of income tax)	(140)	-
- income tax	(41)	(546)
Balance - end of the year	284	118

## 12.3 Gain on securities

(Unit: Thousand Baht)

	2013	2012
Gain on trading in available-for-sale securities	1,065	1,362
Total	1,065	1,362

### 13. Equipment

(Unit: Thousand Baht)

	Leasehold improvement	Office equipment	Furniture and fixtures	Vehicle	Total
<b>Cost</b>					
1 January 2012	25,101	27,010	4,549	-	56,660
Purchases	-	2,409	-	2,059	4,468
Write-off	-	(343)	-	-	(343)
31 December 2012	25,101	29,076	4,549	2,059	60,785
Purchases	-	295	20	-	315
Write-off	-	-	(36)	-	(36)
31 December 2013	25,101	29,371	4,533	2,059	61,064
<b>Accumulated depreciation</b>					
1 January 2012	18,865	24,013	3,569	-	46,447
Depreciation for the year	4,938	3,193	828	184	9,143
Write-off	-	(329)	-	-	(329)
31 December 2012	23,803	26,877	4,397	184	55,261
Depreciation for the year	1,140	1,202	154	686	3,182
Write-off	-	-	(36)	-	(36)
31 December 2013	24,943	28,079	4,515	870	58,407
<b>Net book value</b>					
31 December 2012	1,298	2,199	152	1,875	5,524
31 December 2013	158	1,292	18	1,189	2,657
<b>Depreciation charge included in the statements of comprehensive income for the years ended</b>					
31 December 2012					9,143
31 December 2013					3,182

As at 31 December 2013, certain fixed assets items have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 52.8 million (2012: Baht 20.5 million).



#### 14. Intangible assets

(Unit: Thousand Baht)

	2012	Additions	Amortised	Write-off	2013
Software	62,496	6,099	(19,954)	-	48,641

(Unit: Thousand Baht)

	2011	Additions	Amortised	Write-off	2012
Software	77,261	10,259	(19,786)	(5,238)	62,496

Part of the above intangible assets comprises development costs of the Securities Borrowing and Lending (SBL) program, amounting to Baht 31.7 million (2012: Baht 47.5 million).

#### 15. Other assets

(Unit: Thousand Baht)

	2013	2012
Deposits	3,668	3,793
Prepaid expenses	2,017	2,124
Revenue Department receivable - 2011	-	39
- 2012	49	48
Others	4	157
Total other assets	5,738	6,161

#### 16. Borrowings

(Unit: Thousand Baht)

	2013				2012			
	Interest rate (% per annum)	Due period			Interest rate (% per annum)	Due period		
		Not over 1 year	1-5 years	Total		Not over 1 year	1-5 years	Total
Promissory notes	-	-	-	-	3.05 - 5.175	390,000	-	390,000
Bills of exchange	4.35 - 4.50	129,177	-	129,177	-	-	-	-
Loans	5.375 - 6.25	880,000	720,000	1,600,000	5.5 - 6.375	1,360,000	240,000	1,600,000
Borrowing from financial institutions		1,009,177	720,000	1,729,177		1,750,000	240,000	1,990,000

The loan agreements contain covenants that, among other things, require the Company to maintain net capital ratios in the agreements.

As at 31 December 2013, the credit facilities of the Company that had not yet been drawn down amounted to Baht 1,660 million (2012: Baht 950 million) from 5 banks and the Stock Exchange of Thailand.

**17. Payables to Clearing House**

(Unit: Thousand Baht)

	2013	2012
Payables to Clearing House	15,635	59,930
Total payables to Clearing House	<u>15,635</u>	<u>59,930</u>

**18. Securities business payables**

(Unit: Thousand Baht)

	2013	2012
Payables from trading investments with cash	60,112	146,185
Collateral payables	1	1
Total securities business payables	<u>60,113</u>	<u>146,186</u>

**19. Other liabilities**

(Unit: Thousand Baht)

	2013	2012
Interest payable	1,739	2,209
Accrued expenses	4,210	4,014
Withholding tax payable	323	427
Specific business tax payable	637	703
Other payable	2,259	2,486
Others	1,911	1,293
Total other liabilities	<u>11,079</u>	<u>11,132</u>

**20. Fees and services income**

(Unit: Thousand Baht)

	2013	2012
Front end fee income	719	746
Others fee and service income	144	268
Total	<u>863</u>	<u>1,014</u>

## 21. Directors and management's benefits

During the years, the Company had salaries, bonuses, meeting allowances, gratuities of their directors and management and employee benefits, which were as follows:

	(Unit: Thousand Baht)	
	2013	2012
Management expenses		
- Short-term benefits	24,016	25,550
- Retirement benefits	3,929	2,210
Total	<u>27,945</u>	<u>27,760</u>

## 22. Statutory reserve

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

## 23. Income tax

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

	(Unit: Thousand Baht)	
	2013	2012
		(Restated)
Deferred tax relating to gain or loss on changes in value of available-for-sale investments	(41)	(545)
	<u>(41)</u>	<u>(545)</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012 could be presented as follows:

	(Unit: Thousand Baht)	
	2013	2012
		(Restated)
Accounting profit (loss) before tax	24,711	(10,550)
Applicable tax rate	20%	23%
Accounting profit (loss) before tax multiplied by applicable tax rate	4,942	(2,427)
Effects of:		
Tax exempted revenue	(2)	(1)
Non-deductible expenses	10,656	10,033
Additional expense deductions allowed	(86)	(87)
Tax loss brought forward from previous years which deferred tax assets have not been recognised	(15,510)	(7,518)
Income tax expenses reported in the statement of comprehensive income	-	-

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)		
	31 December 2013	31 December 2012	1 January 2012
		(Restated)	
<b>Deferred tax assets</b>			
Gain or loss on re-measuring available-for-sale investments	-	-	516
<b>Deferred tax liabilities</b>			
Gain or loss on re-measuring available-for-sale investments	71	30	-

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30% to 23% in 2012, and then to 20% from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company reflected the changes in tax rates in its deferred tax calculation, as presented above.

As at 31 December 2013 the Company has deductible temporary differences and unused tax losses totaling Baht 419.5 million (2012: Baht 417.5 million), on which deferred tax assets have not been recognised as the Company believes that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

## 24. Earnings per share

Basic earnings per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

## 25. Employee benefits

### 25.1 Provident fund

The Company and its employees have jointly established a provident fund as approved by the Ministry of Finance in accordance with the Provident Fund Act B.E. 2530. The fund is monthly contributed to by employees, at the rate which is not less than 2% of their basic salaries but not more than the amount contributed by the Company, and by the Company at the rates of 3% to 10% of basic salaries. It will be paid to employees upon termination in accordance with the rules of the fund. The fund is managed by BBL Asset Management Company Limited and Finansia Asset Management Limited. During the current year, the Company contributed Baht 3.9 million (2012: Baht 3.7 million) to the provident fund.

### 25.2 Provision for long-term employee benefits

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

	(Unit: Thousand Baht)	
	2013	2012
Defined benefit obligation at beginning of year	10,462	9,822
Current service cost	1,839	1,703
Interest cost	296	248
Benefits paid during the year	(3,339)	(839)
Actuarial (gain) loss	1,528	(446)
Past service costs	-	(26)
Defined benefit obligation at end of year	<u>10,786</u>	<u>10,462</u>

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

(Unit: Thousand Baht)

	2013	2012
Current service cost	1,839	1,703
Interest cost	296	248
Actuarial (gain) loss recognised during the year	1,528	(446)
Transitional liability recognised during the year	-	(839)
Past service costs recognised during the year	-	(26)
Total expenses recognized in profit or loss	<u>3,663</u>	<u>640</u>

The above expenses are included in personnel expenses in profit or loss.

Principal actuarial assumptions at the valuation date were as follows:

(Unit: % per annum)

	2013	2012
Discount rate	3.42	4.05
Future salary increase rate	3.00	2.00
Staff turnover rate (depending on age)	0.00 - 15.00	11.00

Amounts of defined benefit obligation for the current and previous four years are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation	Experience adjustments arising on the plan liabilities
Year 2013	10,786	-
Year 2012	10,462	-
Year 2011	9,822	-
Year 2010	12,693	-
Year 2009	2,880	-

## **26. Capital funds**

On 20 November 2009, the Office of Securities and Exchange Commission issued Notification No. KorTor. 26/2552, concerning the cancellation of the Notification of the Office of Securities and Exchange Commission on the maintenance of capital funds by securities companies granting credit for securities business, and Notification No. KorTor. 27/2552, concerning the maintenance of net capital (Issue No.2).

Notification No. KorTor. 26/2552 stipulates that the cancellation of the 18 September 2003 Notification No. KorTor.22/2546, concerning the maintenance of capital funds by securities companies that grant credit for securities business, is effective from 1 January 2010. Notification No.27/2552 stipulates that securities companies authorised to grant credit for securities business must comply with the directives of Notification No.18/2549, dated 2 May 2006, concerning the maintenance of net capital, but that they must maintain the following net capital at the close of each business day specified in the notification, from the effective date.

- 1) From 1 January 2010 to 31 December 2010, net capital at the close of each business day may not be less than Baht 15 million and 3% of general liabilities.
- 2) From 1 January 2011 to 31 December 2011, net capital at the close of each business day may not be less than Baht 15 million and 5% of general liabilities.
- 3) From 1 January 2012 onward, net capital at the close of each business day may not be less than Baht 15 million and 7% of general liabilities.

As at 31 December 2013, the Company was able to maintain the required net capital.

## **27. Commitments**

### **27.1 Capital commitments**

As at 31 December 2013, the Company had capital commitments of approximately Baht 0.8 million (2012: Baht 0.2 million) relating to system development and maintenance.

### **27.2 Operating lease commitments**

The Company had entered into several lease agreements in respect of the lease of area in the building and vehicles. The terms of the agreements are generally between 1 year and 3 years.

Future minimum lease payments required under operating leases contracts were as follows:

		(Unit: Million Baht)	
		As at 31 December	
		2013	2012
Payable:			
In up to 1 year		11.7	9.1
In over 1 and up to 5 years		9.8	19.4

## 28. Litigation

During the year 2005, the Company was sued for compensation of approximately Baht 0.6 million in relation to the cost of office supplies. On 31 May 2006, the Court ordered the Company to pay Baht 0.6 million together with interest at a rate of 7.5% per annum. On 23 June 2006, the Company appealed this judgement with the Appeal Court. On 11 February 2011, the Appeal Court dismissed the lawsuit of the plaintiff. However, the plaintiff appealed the decision on 8 March 2011 and the case is currently being considered by the Supreme Court. The Company recorded the amounts as other liabilities in the statement of financial position.

## 29. Financial instruments

### 29.1 Financial risk management

The Company's financial instruments principally comprise cash and cash equivalents, loans and securities business receivables, investment and borrowings. The Company uses derivatives, as and when it considers appropriate, to manage such risks. The financial risks associated with these financial instruments and how they are managed in described below.

#### *Credit risk*

The Company is exposed to credit risk primarily with respect to securities business receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer. The maximum exposure to credit risk is limited to the carrying amounts of receivables less provision for losses as stated in the statements of financial position.



## Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, loans and securities business receivables, borrowings and investments in debt securities. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2013 and 2012 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	31 December 2013							Interest rate (% per annum)
	Outstanding balances of financial instruments							
	Floating	Repricing or maturity dates				No interest	Total	
		At call	Within 1 year	1 - 5 years	Over 5 years			
Interest rate								
<b>Financial assets</b>								
Cash and cash equivalents	0.8	-	-	-	-	3.8	4.6	0.0 - 0.65
Investments in debt securities - net	-	-	-	-	-	94.1	94.1	-
Investments in unit trust - net	-	-	-	-	-	140.7	140.7	-
Securities business receivables	2,639.7	-	2.7	16.6	-	-	2,659.0	6.5 - 20.0
<b>Financial liabilities</b>								
Borrowings from financial institutions	1,600.0	-	129.2	-	-	-	1,729.2	4.35 - 4.50, MLR - 1.0 to 1.5
Securities business payables	-	-	-	-	-	60.1	60.1	-

(Unit: Million Baht)

	31 December 2012							Interest rate (% per annum)
	Outstanding balances of financial instruments							
	Floating	Repricing or maturity dates				No interest	Total	
		At call	Within 1 year	1 - 5 years	Over 5 years			
Interest rate								
<b>Financial assets</b>								
Cash and cash equivalents	0.9	-	-	-	-	4.2	5.1	0.0 - 0.75
Investments in debt securities - net	-	-	-	-	-	48.9	48.9	-
Investments in unit trust - net	-	-	-	-	-	220.2	220.2	-
Securities business receivables	2,995.8	-	2.5	12.3	-	-	3,010.6	7.0 - 20.0
<b>Financial liabilities</b>								
Borrowings from financial institutions	1,870.0	120.0	-	-	-	-	1,990.0	3.05 - 3.13, MLR - 1.0 to 1.8
Securities business payables	-	-	-	-	-	146.2	146.2	-

### Liquidity risk

The periods of time from the statements of financial position date to the maturity dates of financial instruments as of 31 December 2013 and 2012 are as follows:

(Unit: Million Baht)

	31 December 2013				
	Outstanding balances of financial instruments				
	At call	Within 1 year	1 - 5 years	Over 5 years	Total
<b><u>Financial assets</u></b>					
Cash and cash equivalents	4.6	-	-	-	4.6
Investments in debt securities - net	-	94.1	-	-	94.1
Investments in unit trust - net	-	140.7	-	-	140.7
Securities business receivable	-	2,637.7	21.3	-	2,659.0
<b><u>Financial liabilities</u></b>					
Borrowings from financial institutions	-	1,009.2	720.0	-	1,729.2
Securities business payables	-	60.1	-	-	60.1

(Unit: Million Baht)

	31 December 2012				
	Outstanding balances of financial instruments				
	At call	Within 1 year	1 - 5 years	Over 5 years	Total
<b><u>Financial assets</u></b>					
Cash and cash equivalents	5.1	-	-	-	5.1
Investments in debt securities - net	-	48.9	-	-	48.9
Investments in unit trust - net	-	220.2	-	-	220.2
Securities business receivable	-	2,989.3	21.3	-	3,010.6
<b><u>Financial liabilities</u></b>					
Borrowings from financial institutions	120.0	1,630.0	240.0	-	1,990.0
Securities business payables	-	146.2	-	-	146.2

## 29.2 Fair values and financial instruments

Since the majority of the Company's financial assets and liabilities are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

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

### **30. Capital management**

The primary objectives of the Company's capital management are to maintain the Company's ability to continue as a going concern and to maintain capital funds in accordance with the rules laid down by the Securities and Exchange Commission.

As at 31 December 2013, debt to equity ratio in the financial statements is 1.57:1 (2012: 1.94:1).

### **31. Segment information**

The Company is principally engaged in the granting credits to securities business. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

### **32. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 17 February 2014.