

TSFC Securities Public Company Limited  
Review report and interim financial statements  
For the three-month periods ended  
31 March 2010 and 2009

## **Review report of Independent Auditor**

To the Shareholders of TSFC Securities Public Company Limited

I have reviewed the accompanying balance sheet of TSFC Securities Public Company Limited as at 31 March 2010, and the related statements of income, changes in shareholders' equity, retained earnings and cash flows for the three-month period ended 31 March 2010. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my review.

I conducted my review in accordance with the auditing standard applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my review, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The financial statements of TSFC Securities Public Company Limited for the year ended 31 December 2009 were audited in accordance with generally accepted auditing standards by another auditor of our firm who expressed an unqualified opinion on those statements, under her report dated 16 March 2010. The balance sheets as at 31 December 2009, as presented herein for comparative purposes, formed an integral part of the financial statements which that auditor audited and reported on.

The statements of income, changes in shareholders' equity, retained earnings and cash flows for the three-month period ended 31 March 2009 of TSFC Securities Public Company Limited, as presented herein for comparative purposes, formed an integral part of the interim financial statements which were audited by the aforementioned auditor who, under her report dated 10 April 2009, expressed a qualified opinion with respect to not receiving replies from securities debtors due to time limitations. However, the other auditor did not qualify her opinion on the financial statements as at 31 December 2009 with respect to this issue.

Pimjai Manitkajohnkit  
Certified Public Accountant (Thailand) No. 4521

Ernst & Young Office Limited  
Bangkok: 8 June 2010

**TSFC Securities Public Company Limited**

**Balance sheets**

**As at 31 March 2010 and 31 December 2009**

(Unit: Thousand Baht)

|  | <u>Note</u> | <u>31 March 2010</u><br>(Unaudited but<br>reviewed) | <u>31 December 2009</u><br>(Audited) |
|--|-------------|---|--------------------------------------|
| <b>Assets</b>  |             |   |                                      |
| Cash and deposits at financial institutions                                      | 4           | 36,747  | 51,363                               |
| Investments in securities  | 5           | 1,382,869   | 1,289,888                            |
| Trading transactions pending clearance   |             | 17,415  | 72,564                               |
| Loans, securities business receivables and<br>accrued interest receivables       | 6           |   |                                      |
| Loans and securities business receivables  |             | 2,936,892   | 2,856,750                            |
| Accrued interest receivables   |             | 13  | 15                                   |
| Total loans, securities business receivables and<br>accrued interest receivables |             | 2,936,905   | 2,856,765                            |
| Less: Allowance for doubtful accounts  | 7           | (463,624)   | (463,745)                            |
| Loans, securities business receivables and<br>accrued interest receivables - net |             | 2,473,281   | 2,393,020                            |
| Equipment - net  | 8           | 25,501  | 27,882                               |
| Intangible assets - net  | 9           | 71,954  | 68,533                               |
| Accrued interest receivables   |             | 1,498   | 14,535                               |
| Other assets   |             | 13,744  | 37,556                               |
| <b>Total assets</b>  |             | <b>4,023,009</b>                                    | <b>3,955,341</b>                     |

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

.....  
(Mrs. Napaporn Landy)

Director

.....  
(Mrs. Nongram Wongwanich)

Director

**TSFC Securities Public Company Limited**  
**Balance sheets (continued)**  
**As at 31 March 2010 and 31 December 2009**

(Unit: Thousand Baht)

|   | <u>Note</u> | <u>31 March 2010</u><br>(Unaudited but reviewed) | <u>31 December 2009</u><br>(Audited) |
|---|-------------|--|--------------------------------------|
| <b>Liabilities and shareholders' equity</b>       |             |  |                                      |
| <b>Borrowings</b>                                 |             |  |                                      |
| From banks  | 10          | 1,000,108  | 1,000,000                            |
| From financial institutions                       |             | -  | -                                    |
| Total borrowings                                  |             | 1,000,108  | 1,000,000                            |
| Payable from restructuring agreements             | 11          | 1,646,365  | 1,658,463                            |
| Trading transactions pending clearance            |             | 43,745   | -                                    |
| Securities business payables                      |             | 146,000  | 127,490                              |
| Accrued interest payable                          |             | 124  | 1,015                                |
| Other liabilities                                 | 18          | 7,987  | 9,389                                |
| <b>Total liabilities</b>                          |             | <b>2,844,329</b>                                 | <b>2,796,357</b>                     |
| <b>Shareholders' equity</b>                       |             |  |                                      |
| Share capital                                     | 12          |  |                                      |
| Authorised  |             |  |                                      |
| 130,000,050 ordinary shares of Baht 10 each       |             | 1,300,001  | 1,300,001                            |
| Issued and paid-up                                |             |  |                                      |
| 101,673,984 ordinary shares of Baht 10 each       |             | 1,016,740  | 1,016,740                            |
| Retained earnings                                 |             |  |                                      |
| Appropriated                                      |             |  |                                      |
| Statutory reserve                                 | 13          | -  | -                                    |
| Unappropriated                                    |             | 159,192  | 128,199                              |
| Net unrealised gain on securities for investment  | 5.2         | 2,748  | 14,045                               |
| <b>Total shareholders' equity</b>                 |             | <b>1,178,680</b>                                 | <b>1,158,984</b>                     |
| <b>Total liabilities and shareholders' equity</b> |             | <b>4,023,009</b>                                 | <b>3,955,341</b>                     |
|   |             | 0  | 0                                    |

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

.....  
(Mrs. Napaporn Landy)

Director

.....  
(Mrs. Nongram Wongwanich)

Director

**TSFC Securities Public Company Limited****Income statements****For the three-month periods ended 31 March 2010 and 2009**

(Unit: Thousand Baht)

|   | <u>Note</u> | <u>2010</u><br>(Unaudited but<br>reviewed) | <u>2009</u><br>(Audited) |
|---|-------------|--|--------------------------|
| <b>Interest and dividend income</b>                                 |             |  |                          |
| Loans and deposits  |             | 49,083                                     | 67,814                   |
| Securities  | 5           | 6,113                                      | 21,092                   |
| <b>Total interest and dividend income</b>                           |             | <u>55,196</u>                              | <u>88,906</u>            |
| <b>Expenses on borrowings</b>                                       |             |  |                          |
| Interest and discounts on borrowings                                |             | 11,209                                     | 112,172                  |
| <b>Total expenses on borrowings</b>                                 |             | <u>11,209</u>                              | <u>112,172</u>           |
| Net interest and dividend income (expenses)                         |             | 43,987                                     | (23,266)                 |
| Bad debts and doubtful accounts (reversal)                          | 7           | (121)                                      | 2,139                    |
| Net interest and dividend income (expenses) after doubtful accounts |             | <u>44,108</u>                              | <u>(25,405)</u>          |
| <b>Non-interest income</b>  |             |  |                          |
| Gain on trading in securities                                       | 5.3         | 10,813                                     | 29,873                   |
| Loss from impairment of securities                                  | 5           | -  | (1,070,221)              |
| Fees and services income  |             | 163  | 2                        |
| Gain on sales of equipment  |             | -  | 95                       |
| Total non-interest income (expenses)                                |             | <u>10,976</u>                              | <u>(1,040,251)</u>       |
| <b>Operating expenses</b>   |             |  |                          |
| Personnel expenses  |             | 10,910                                     | 20,209                   |
| Premises and equipment expenses                                     |             | 6,831                                      | 8,261                    |
| Taxes and duties  |             | 1,623                                      | 2,292                    |
| Directors' remuneration   |             | 476  | 551                      |
| Other expenses  |             | 4,251                                      | 10,889                   |
| Total operating expenses  |             | <u>24,091</u>                              | <u>42,202</u>            |
| <b>Net income (loss) for the period</b>                             | 14          | <u>30,993</u>                              | <u>(1,107,858)</u>       |
|   |             |  | (Unit: Baht)             |
| <b>Basic earnings per share</b>                                     |             |  |                          |
| Net income (loss)   | 15          | <u>0.30</u>                                | <u>(177.26)</u>          |
| Weight average number of ordinary shares (Thousand shares)          |             | <u>101,674</u>                             | <u>6,250</u>             |

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

.....  
(Mrs. Napaporn Landy)

Director

.....  
(Mrs. Nongram Wongwanich)

Director

**TSFC Securities Public Company Limited****Statements of changes in shareholders' equity****For the three-month periods ended 31 March 2010 and 2009**

|   |             | (Unit: Thousand Baht)                      |                          |
|---|-------------|--|--------------------------|
|   | <u>Note</u> | <u>2010</u><br>(Unaudited but<br>reviewed) | <u>2009</u><br>(Audited) |
| <b>Share capital - ordinary shares</b>                          |             |  |                          |
| At beginning of period  |             | 1,016,740                                  | 1,000,000                |
| At end of period  |             | <u>1,016,740</u>                           | <u>1,000,000</u>         |
| <b>Retained earnings</b>  |             |  |                          |
| Appropriated  |             |  |                          |
| Statutory reserve   |             |  |                          |
| At beginning of period  |             | -  | 90,633                   |
| At end of period  | 13          | <u>-</u>                                   | <u>90,633</u>            |
| Unappropriated  |             |  |                          |
| At beginning of period  |             | 128,199                                    | (41,730)                 |
| Increase during period - net income (loss) for the period       |             | 30,993                                     | (1,107,858)              |
| At end of period  |             | <u>159,192</u>                             | <u>(1,149,588)</u>       |
| <b>Net unrealised gains (loss) on securities for investment</b> |             |  |                          |
| At beginning of period  |             | 44,914                                     | (987,017)                |
| Change during period  |             | (42,166)                                   | 1,031,931                |
| At end of period  | 5.2         | <u>2,748</u>                               | <u>44,914</u>            |
| <b>Total shareholders' equity (capital deficit)</b>             |             | <u><u>1,178,680</u></u>                    | <u><u>(14,041)</u></u>   |

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

**TSFC Securities Public Company Limited**

**Statements of retained earnings**

**For the three-month periods ended 31 March 2010 and 2009**

(Unit: Thousand Baht)

|  | <u>Note</u> | <u>2010</u><br>(Unaudited but<br>reviewed) | <u>2009</u><br>(Audited)  |
|--|-------------|--|---------------------------|
| <b>Unappropriated retained earnings</b>          |             |  |                           |
| At beginning of period                           |             | 128,199                                    | (41,730)                  |
| Net income (loss) for period                     |             | 30,993                                     | (1,107,857)               |
| Total unappropriated retained earnings (deficit) |             | <u>159,192</u>                             | <u>(1,149,587)</u>        |
| <b>Appropriated retained earnings</b>            |             |  |                           |
| Statutory reserve                                | 13          | -  | 90,633                    |
| Total appropriated retained earnings             |             | <u>-</u>                                   | <u>90,633</u>             |
| <b>Total retained earnings (deficit)</b>         |             | <u><u>159,192</u></u>                      | <u><u>(1,058,954)</u></u> |

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



**TSFC Securities Public Company Limited****Cash flow statements****For the three-month periods ended 31 March 2010 and 2009**

|  | (Unit: Thousand Baht)       |             |
|--|-----------------------------|-------------|
|  | <u>2010</u>                 | <u>2009</u> |
|  | (Unaudited but<br>reviewed) | (Audited)   |
| <b>Cash flows from operating activities</b>  |                             |             |
| Net income (loss) before tax   | 30,993                      | (1,107,858) |
| Adjustments to reconcile net income (loss) before tax to net cash<br>provided by (used in) operating activities: |                             |             |
| Depreciation and amortisation  | 2,994                       | 3,892       |
| Amortisation of discount on investments in bonds and debentures  | (246)                       | -           |
| Amortisation of premium on investments in bonds and debentures   | 923                         | 2,504       |
| Bad debts and doubtful accounts (reversal)   | (121)                       | 2,139       |
| Loss on diminution in value of investments   | -                           | 1,070,221   |
| (Gain) loss on trading in securities   | (10,813)                    | 1,615       |
| Gain on sales of equipment   | -                           | (95)        |
| Increase in accrued dividend and interest receivables  | (55,196)                    | (88,906)    |
| Decrease in accrued expenses   | (170)                       | (2,354)     |
| Interest expenses  | 11,209                      | 112,172     |
| Loss from operating activities before changes in operating<br>assets and liabilities                             | (20,427)                    | (6,670)     |
| (Increase) decrease in operating assets  |                             |             |
| Investment in short-term securities for investment   | (78,733)                    | (17,491)    |
| Trading transactions pending clearance   | 55,149                      | 11,123      |
| Loans and securities business receivables  | (80,142)                    | 483,845     |
| Receivable from sales of investments   | -                           | (1,843,246) |
| Restricted fixed deposit at financial institution  | -                           | (5)         |
| Other assets   | 23,752                      | (30,455)    |

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

**TSFC Securities Public Company Limited**

**Cash flow statements (continued)**

**For the three-month periods ended 31 March 2010 and 2009**

(Unit: Thousand Baht)

|  | <u>2010</u>                 | <u>2009</u>           |
|--|-----------------------------|-----------------------|
|  | (Unaudited but<br>reviewed) | (Audited)             |
| Increase (decrease) in operating liabilities                   |                             |                       |
| Trading transactions pending clearance                         | 43,745                      | -                     |
| Securities business payables                                   | 18,509                      | (11,549)              |
| Other liabilities  | (1,233)                     | (1,225)               |
| <b>Cash used in operating activities</b>                       | <u>(39,380)</u>             | <u>(1,415,673)</u>    |
| Cash received from interest income                             | 49,085                      | 67,864                |
| Cash paid from interest expenses                               | (12,099)                    | (376)                 |
| Cash paid for corporate income tax                             | (169)                       | (264)                 |
| <b>Net cash used in operating activities</b>                   | <u>(2,563)</u>              | <u>(1,348,449)</u>    |
| <b>Cash flows from investing activities</b>                    |                             |                       |
| Payments to acquire available-for-sale securities              | (1,170,000)                 | (900,000)             |
| Proceeds on disposal of available-for-sale securities          | 1,154,592                   | 1,844,661             |
| Cash received from dividends received                          | 2,543                       | 9,580                 |
| Cash received from interest on investments                     | 16,608                      | 25,065                |
| Payments to acquire equipment                                  | (31)                        | -                     |
| Proceeds on disposal of equipment                              | -                           | 761                   |
| Payments to acquire intangible assets                          | (3,775)                     | (4,600)               |
| <b>Net cash from (used in) investing activities</b>            | <u>(63)</u>                 | <u>975,467</u>        |
| <b>Cash flows from financing activities</b>                    |                             |                       |
| Cash paid from interest expenses under restructuring agreement | (12,098)                    | (2,910)               |
| <b>Net cash used in financing activities</b>                   | <u>(12,098)</u>             | <u>(2,910)</u>        |
| <b>Net decrease in cash and cash equivalents</b>               | <u>(14,724)</u>             | <u>(375,892)</u>      |
| Cash and cash equivalents at beginning of period               | <u>50,604</u>               | <u>670,352</u>        |
| <b>Cash and cash equivalents at end of period (Note 4)</b>     | <u><u>35,880</u></u>        | <u><u>294,460</u></u> |
| <b>Supplement cash flows information</b>                       |                             |                       |
| Non-cash item  |                             |                       |
| Payable from acquire equipment                                 | -                           | 8                     |
| Payable from acquire intangible assets                         | 1,262                       | -                     |
| Payable from restructuring agreement                           | 1,646,365                   | 8,722,196             |

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

**TSFC Securities Public Company Limited**

**Notes to interim financial statements**

**For the three-month periods ended 31 March 2010 and 2009**

**1. General information**

TSFC Securities Public Company Limited (hereinafter referred to as “the Company”) is a limited company incorporated and domiciled in Thailand. The Company registered as a Public Company Limited with the Ministry of Commerce on 31 March 2009. 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 10th Floor, Ploenchit Tower, 898 Ploenchit Road, Lumpini, Patumwan, Bangkok.

**2. Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standards No. 34 (revised 2007) “Interim financial statements”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the balance sheets, the statements of income, changes in shareholders’ equity, retained earnings and cash flows with the same format as that used in the annual financial statements.

In addition, the financial statements are prepared in accordance with the requirements of the Office of the Securities and Exchange Commission’s notification dated 28 July 1997 concerning the format of balance sheet and statements of income for securities companies which undertake the granting of credits to securities businesses.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

**3. Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2009.

(Unaudited but reviewed)

#### 4. Cash and deposits at financial institutions

(Unit: Thousand Baht)

|   | 31 March<br>2010 | 31 December<br>2009 |
|---|------------------|---------------------|
| Cash  | 50               | 50                  |
| Saving and current deposits   | 91,299           | 93,551              |
| Total   | 91,349           | 93,601              |
| Less: Customers' deposits at financial institutions under<br>the Company's name | (54,602)         | (42,238)            |
| Total cash and deposits at financial institutions - net                         | 36,747           | 51,363              |
| Restricted fixed deposits at financial institution (Note 18)                    | (759)            | (759)               |
| Bank overdrafts (Note 10)   | (108)            | -                   |
| Cash and cash equivalents   | 35,880           | 50,604              |

As at 31 March 2010, the Company's deposits at financial institutions totaling Baht 91.3 million (31 December 2009: Baht 93.6 million) included customers' deposits at call under the Company's name totaling Baht 54.6 million (31 December 2009: Baht 42.2 million) and Baht 36.7 million (31 December 2009: Baht 51.4 million) of the Company's cash and deposits at financial institutions.

#### 5. Investment in securities

(Unit: Thousand Baht)

|  | 31 March 2010                 |            | 31 December 2009              |            |
|--|-------------------------------|------------|-------------------------------|------------|
|  | Cost/<br>Amortisation<br>cost | Fair value | Cost/<br>Amortisation<br>cost | Fair value |
| <u>Securities for investments</u>                      |                               |            |                               |            |
| Available-for-sale securities                          |                               |            |                               |            |
| Debt instruments                                       |                               |            |                               |            |
| Government and state enterprises bond                  | 368,194                       | 370,379    | 896,805                       | 909,029    |
| Add (Less): Allowance for revaluation<br>of securities | 2,185                         | -          | 12,224                        | -          |
| Government securities for<br>customers accounts        | (62,197)                      | (62,197)   | (14,240)                      | (14,240)   |
| Subtotal   | 308,182                       | 308,182    | 894,789                       | 894,789    |

(Unaudited but reviewed)

(Unit: Thousand Baht)

|   | 31 March 2010         |            | 31 December 2009      |            |
|---|-----------------------|------------|-----------------------|------------|
|   | Cost/<br>Amortisation |            | Cost/<br>Amortisation |            |
|   | cost                  | Fair value | cost                  | Fair value |
| Unit trusts                                     |                       |            |                       |            |
| Money market fund                               | 835,145               | 836,300    | 154,299               | 154,997    |
| Debt fund                                       | 148,959               | 149,021    | 148,959               | 149,634    |
| Equity fund                                     | 20                    | 26         | 20                    | 26         |
| Foreign investment fund                         | 80,000                | 79,490     | 80,000                | 80,642     |
| Property fund                                   | 10,000                | 9,850      | 10,000                | 9,800      |
| Add: Allowance for revaluation<br>of securities | 563                   | -          | 1,821                 | -          |
| Subtotal  | 1,074,687             | 1,074,687  | 395,099               | 395,099    |
| Total available-for-sale securities - net       | 1,382,869             | 1,382,869  | 1,289,888             | 1,289,888  |
| Total securities for investment - net           | 1,382,869             | 1,382,869  | 1,289,888             | 1,289,888  |

During the current period, dividend income from investments in the unit trusts amounted to Baht 2.5 million (for the three-month period ended 31 March 2009: Baht 9.6 million) was presented as a part of interest and dividend income on securities in the statements of income.

During the year 2009, the Company recognised loss on impairment on investments in available-for-sales securities amounting to Baht 1,071.6 million because the fair values of those investments have diminished significantly.

5.1 Investment in securities in which the Company held 10% or more of the issued units of the funds consist of the followings:

|                  | 31 March 2010               |                          |
|------------------|-----------------------------|--------------------------|
|                  | Investment amount<br>(Baht) | Percentage<br>of holding |
| <u>Debt Fund</u> |                             |                          |
| Smart Cash Fund  | Unit Trust                  | 148,959,263<br>22.95     |
|                  |                             |                          |
|                  |                             |                          |
|                  |                             |                          |
|                  |                             |                          |
|                  |                             |                          |
|                  |                             |                          |
|                  |                             |                          |
|                  |                             |                          |
| <u>Debt Fund</u> |                             |                          |
| Smart Cash Fund  | Unit Trust                  | 148,959,263<br>22.99     |

(Unaudited but reviewed)

5.2 Unrealised gain (loss) on securities for investment

(Unit: Thousand Baht)

|  | For the three-month<br>period ended<br>31 March 2010 | For the year ended<br>31 December 2009 |
|--|--|--|
| Balance - beginning of the period/year | 14,045   | (987,017)                              |
| Changes during the period/year         |  |  |
| - from revaluation                     | (1,499)  | (9,546)                                |
| - from sales of securities             | (9,798)  | 1,010,608                              |
| Balance - end of the period/year       | <u>2,748</u>   | <u>14,045</u>                          |

5.3 Gain (loss) on trading in securities

(Unit: Thousand Baht)

|   | For the three-month periods ended<br>31 March |               |
|---|---|---------------|
|   | 2010  | 2009          |
| Gain (loss) on trading in available-for-sale securities | 10,813  | (1,615)       |
| Gain on derivative instruments                          | -   | 31,488        |
| Total   | <u>10,813</u>                                 | <u>29,873</u> |

**6. Loans, securities business receivables and accrued interest receivables**

6.1 Classified by maturity

(Unit: Thousand Baht)

|  | 31 March<br>2010 | 31 December<br>2009 |
|--|------------------|---------------------|
| Less than one year   | 2,318,004        | 2,230,951           |
| Over one year  | 155,572          | 162,266             |
| Past due   | 463,316          | 463,533             |
| Total loans and securities business receivables  | 2,936,892        | 2,856,750           |
| Add: Accrued interest receivables  | 13               | 15                  |
| Less: Allowance for doubtful accounts (Note 7)   | (463,624)        | (463,745)           |
| Total loans and securities business receivables and accrued interest receivables - net | <u>2,473,281</u> | <u>2,393,020</u>    |

(Unaudited but reviewed)

As at 31 March 2010 and 31 December 2009, the Company had discontinued recognising income from loans and receivables with total outstanding balances of principle and accrued interest receivables of approximately Baht 595.07 million and Baht 611.49 million, respectively. These comprise loans to purchase securities and transactions with problem financial institutions which were ordered to discontinue their operations by Ministry of Finance on 8 December 1997 and the Company has set aside provision for doubtful debt, as summarised below:

(Unit: Million Baht)

|                                     | 31 March 2010 |             |            |                                 |
|-------------------------------------|---------------|-------------|------------|---------------------------------|
|                                     | Number        | Outstanding | Collateral | Allowance for doubtful accounts |
| Loans for purchase of securities    | 14            | 481.49      | 370.06     | 349.74                          |
| Discontinued financial institutions | 4             | 113.58      | -          | 113.58                          |
| Total                               | 18            | 595.07      | 370.06     | 463.32                          |

(Unit: Million Baht)

|                                     | 31 December 2009 |             |            |                                 |
|-------------------------------------|------------------|-------------|------------|---------------------------------|
|                                     | Number           | Outstanding | Collateral | Allowance for doubtful accounts |
| Loans for purchase of securities    | 16               | 497.91      | 407.07     | 349.95                          |
| Discontinued financial institutions | 4                | 113.58      | -          | 113.58                          |
| Total                               | 20               | 611.49      | 407.07     | 463.53                          |

- 6.2 The Company has classified loans, securities business receivables including related accrued interest receivables according to a Notification set out by the Office of the Securities and Exchange Commission. As at 31 March 2010 and 31 December 2009, classified loans, securities business receivables are as follows:

(Unaudited but reviewed)

(Unit: Million Baht)

|               | 31 March 2010   |   |  |         | 31 December 2009  |   |  |         |
|---------------|---|---|--|---------|---|---|--|---------|
|               | Loans, securities<br>business<br>receivables and<br>accrued<br>interest | Allowance for<br>doubtful<br>accounts set<br>up by the<br>Company | Net loans, securities<br>business receivables<br>after allowance for<br>doubtful<br>accounts | Number  | Loans, securities<br>business<br>receivables and<br>accrued<br>interest | Allowance for<br>doubtful<br>accounts set<br>up by the<br>Company | Net loans, securities<br>business receivables<br>after allowance for<br>doubtful<br>accounts | Number  |
| Normal debt   | 543   | 2,341.8   | (0.3)  | 2,341.5 | 487   | 2,245.2   | (0.2)  | 2,245.0 |
| Doubtful debt | 18  | 595.1   | (463.3)  | 131.8   | 20  | 611.5   | (463.5)  | 148.0   |
| Total         | 561   | 2,936.9   | (463.6)  | 2,473.3 | 507   | 2,856.7   | (463.7)  | 2,393.0 |

For accounts receivables classified as normal debt, the Company has set up allowance for doubtful accounts at percentages of the account balances before deducting the value of collateral.

## 7. Allowance for doubtful accounts

(Unit: Thousand Baht)

|                                 | 31 March 2010   |   |         |
|---------------------------------|---|---|---------|
|                                 | Loans to financial<br>institutions and<br>accrued interest<br>receivables | Loans, securities<br>business<br>receivables and<br>accrued interest<br>receivables | Total   |
| Balance at beginning of period  |   |   |         |
| - General (Note 6.2)            | -   | 382   | 382     |
| - Specific (Note 6.2)           | -   | 463,363   | 463,363 |
|                                 | -   | 463,745   | 463,745 |
| Add (Reversal):                 |   |   |         |
| Allowance for doubtful accounts |   |   |         |
| - General                       | -   | 84  | 84      |
| - Specific                      | -   | (205)   | (205)   |
|                                 | -   | (121)   | (121)   |
| Balance at end of period        |   |   |         |
| - General (Note 6.2)            | -   | 466   | 466     |
| - Specific (Note 6.2)           | -   | 463,158   | 463,158 |
|                                 | -   | 463,624   | 463,624 |



(Unaudited but reviewed)

(Unit: Thousand Baht)

|                                 | 31 December 2009   |   |         |
|---------------------------------|--|---|---------|
|                                 | Loans to financial institutions and accrued interest receivables | Loans, securities business receivables and accrued interest receivables | Total   |
| Balance at beginning of year    |  |   |         |
| - General                       | -  | 1,637   | 1,637   |
| - Specific                      | -  | 462,842   | 462,842 |
|                                 | -  | 464,479   | 464,479 |
| Add (Reversal):                 |  |   |         |
| Allowance for doubtful accounts |  |   |         |
| - General                       | -  | (1,255)   | (1,255) |
| - Specific                      | -  | 521   | 521     |
|                                 | -  | (734)   | (734)   |
| Balance at end of year          |  |   |         |
| - General (Note 6.2)            | -  | 382   | 382     |
| - Specific (Note 6.2)           | -  | 463,363   | 463,363 |
|                                 | -  | 463,745   | 463,745 |

## 8. Equipment

Movements of the equipment account during the three-month period ended 31 March 2010 are summarised below.

(Unit: Thousand Baht)

|                                 | Total  |
|---------------------------------|--------|
| <b>Cost</b>                     |        |
| 31 December 2009                | 57,061 |
| Purchases                       | 31     |
| 31 March 2010                   | 57,092 |
| <b>Accumulated depreciation</b> |        |
| 31 December 2009                | 29,179 |
| Depreciation for the period     | 2,412  |
| 31 March 2010                   | 31,591 |
| <b>Net book value</b>           |        |
| 31 December 2009                | 27,882 |
| 31 March 2010                   | 25,501 |

(Unaudited but reviewed)

As at 31 March 2010, 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 8.1 million (31 December 2009: Baht 7.4 million).

## 9. Intangible assets

(Unit: Thousand Baht)

|                                      | <u>Total</u>         |
|--------------------------------------|----------------------|
| Net book value as at 1 January 2010  | 68,533               |
| Acquisitions during period - at cost | 3,775                |
| Amortisation for period              | <u>(354)</u>         |
| Net book value as at 31 March 2010   | <u><u>71,954</u></u> |

Part of the above intangible assets comprises development costs of the Securities Borrowing and Lending (SBL) program, amounting to Baht 64.8 million (31 December 2009: Baht 61.0 million).

## 10. Borrowings

(Unit: Thousand Baht)

|                         | <u>31 March 2010</u> |                                    | <u>31 December 2009</u> |                                    |
|-------------------------|----------------------|------------------------------------|-------------------------|------------------------------------|
|                         | <u>From banks</u>    | <u>From financial institutions</u> | <u>From banks</u>       | <u>From financial institutions</u> |
| Past due                | -                    | -                                  | -                       | -                                  |
| Call                    | -                    | -                                  | -                       | -                                  |
| Bank overdraft          | 108                  | -                                  | -                       | -                                  |
| 1-7 days                | -                    | -                                  | -                       | -                                  |
| More than 7 - 30 days   | -                    | -                                  | -                       | -                                  |
| More than 1 - 3 months  | -                    | -                                  | -                       | -                                  |
| More than 3 - 6 months  | -                    | -                                  | -                       | -                                  |
| More than 6 - 12 months | 1,000,000            | -                                  | 1,000,000               | -                                  |
| Over one year           | -                    | -                                  | -                       | -                                  |
| Total borrowings        | <u>1,000,108</u>     | <u>-</u>                           | <u>1,000,000</u>        | <u>-</u>                           |

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

As at 31 March 2010, the credit facilities of the Company that had not yet been drawn down amounted to Baht 1,500 million from four banks.

(Unaudited but reviewed)

## 11. Payable from restructuring agreement

On 20 March 2009, the Company signed a debt restructuring agreement with financial creditors covering principal and interest totaling Baht 8,725,476,463.74. All financial creditors commit to release the remaining debts, amounting to Baht 249,999,999.94, when the Company implements the conditions in debt restructuring agreement for creditor group 1, group 2 and group 3. The restructuring conditions with each group of creditors are as follows:

| Group | Amount<br>(Baht) | Period                            | Condition  | Interest rate                               | Remark  |
|-------|------------------|-----------------------------------|--|---|---|
| 1     | 2,270,000,000.02 | 21 March 2009 to 3 April 2009     | Issue of promissory notes amounting to Baht 2,269,629,221.16 | 1.5% per annum, paying interest on maturity | Deducted withholding tax amounting to Baht 370,778.86 when issuing the promissory notes |
| 2     | 2,270,000,000.02 | 21 March 2009 to 20 April 2009    | Issued all promissory notes                                  | 1.5% per annum, paying interest on maturity |   |
| 3     | 300,000,020.00   | With in 30 June 2009              | Convert debt to equity                                       |   | Issued not more than 30,000,002 new shares with a par value of Baht 10 each             |
| 4     | 1,999,999,999.92 | 21 March 2009 to 21 December 2009 | Issued all promissory notes                                  | 2.375% per annum, paying interest monthly   |   |
| 5     | 1,635,476,443.84 | 21 March 2009 to 21 June 2010     | Issued all promissory notes                                  | 3% per annum, paying interest monthly       |   |
| Total | 8,475,476,463.80 |                                   |  |   |   |

The Company converted debt to equity amounting to Baht 300,000,020 and paid principal amounting to Baht 6,539,629,221 to group 1, group 2 and group 4 creditors and paid interest amounting to Baht 90,341,786 to group 1, group 2, group 4 and group 5 creditors and deducted withholding tax amounting to Baht 370,779 in accordance with the debt restructuring agreement. The Company recognise gain on debt restructuring amounting to Baht 148,769,973 due to the Company has implemented the conditions in the debt restructuring agreement for the group 1, group 2 and group 3 creditors. The gain on restructuring is calculated based on the book value of the debts at the restructuring date (20 March 2009) and the fair value of the cash and issued common shares that the Company will transfer to the creditors in settlement of the debts.

(Unaudited but reviewed)

As at 31 March 2010, the Company has the remaining balances of debt of Baht 1,646,364,684, classified by the repayment period, are as follow:

(Unit: Thousand Baht)

|                        | <u>31 March 2010</u> |
|------------------------|----------------------|
| More than 7 - 30 days  | 4,033                |
| More than 1 - 3 months | <u>1,642,332</u>     |
| Total                  | <u>1,646,365</u>     |

## **12. Share capital**

The extraordinary general meeting of shareholders No. 1/2552 held on 21 April 2009, the Company's shareholders approved the reduction of its registered and paid-up share capital from Baht 1,000 million (100 million ordinary share of Baht 10 each) to Baht 62.5 million (6.25 million ordinary shares of Baht 10 each) by decreasing its registered and paid up capital by 93.75 million shares of Baht 10 per share in order to write-off retained losses. The Company already registered the decrease in its capital with the Ministry of Commerce on 29 June 2009.

On 5 June 2009, the extraordinary general meeting of shareholders No. 2/2552 approved the increase of the Company's registered and issued capital by Baht 62.5 million, to Baht 1,300 million, through the issuance of 123.75 million additional ordinary shares with a par value of Baht 10 per share. The increase in the registered and issued capital is to support the capital restructuring and conversion of debt to equity under the restructuring agreement. The Company registered the increase in its capital with the Ministry of Commerce on 30 June 2009. In July 2009, the Company received payment the paid-up share capital amounting to Baht 654.2 million and from conversion of debt to equity amounting to Baht 300 million. The Company's paid-up capital thus totalled Baht 1,016.7 million and the Company registered the increase in its capital with the Ministry of Commerce on 24 July 2009.

(Unaudited but reviewed)

Reconciliation of number of ordinary shares

|   | (Unit: Shares)     |                     |
|---|--------------------|---------------------|
|   | 31 March<br>2010   | 31 December<br>2009 |
| <u>Registered share capital</u>                               |                    |                     |
| Number of ordinary shares at the beginning of the period/year | 130,000,050        | 100,000,000         |
| Decrease in registered share capital                          | -                  | (93,749,997)        |
| Increase in registered share capital                          | -                  | 123,750,047         |
| Number of ordinary shares at the end of the period/year       | <u>130,000,050</u> | <u>130,000,050</u>  |
| <u>Issued and paid-up share capital</u>                       |                    |                     |
| Number of ordinary shares at the beginning of the period/year | 101,673,984        | 100,000,000         |
| Reduction in paid-up share capital                            | -                  | (93,749,997)        |
| Increase in paid-up share capital                             | -                  | 95,423,981          |
| Number of ordinary shares at the end of the period/year       | <u>101,673,984</u> | <u>101,673,984</u>  |

**13. Statutory reserve**

|                             | (Unit: Thousand Baht) |                     |
|-----------------------------|-----------------------|---------------------|
|                             | 31 March<br>2010      | 31 December<br>2009 |
| Beginning balance           | -                     | 90,633              |
| Decrease during period/year | -                     | (90,633)            |
| Ending balance              | <u>-</u>              | <u>-</u>            |

The statutory reserve was set up in accordance with the provisions of the Civil and Commercial Code which requires the appropriation as statutory reserve of at least 5% of profits derived from the business of the Company at each dividend distribution until the reserve reaches 10% of the registered share capital. The statutory reserve could not use for dividend payment.

On 21 April 2009, the extraordinary general meeting of shareholders No. 1/2552 approved the transfer of Baht 90,633,214 from the statutory reserve in order to offset retained losses.

**14. Corporate income tax**

The Company is not liable to corporate income tax on the net income for the three-month period ended 31 March 2010 due to tax loss brought forward from previous years exceeds net income for the period.

**15. Earnings per share**

Basic earnings (loss) per share is calculated by dividing the net income (loss) for the year by the weighted average number of ordinary shares in issue during the period. The number of ordinary shares using in calculation of earnings per share of the prior period, which presented herein for comparative purposes, was adjusted as a result of the reduction of number of ordinary shares discussed in Note 12.

**16. 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 March 2010, the Company was able to maintain the required net capital.

(Unaudited but reviewed)

## **17. Commitments**

### **17.1 Capital commitments**

As at 31 March 2010, the Company had capital commitments of approximately Baht 28.9 million relating to system development and maintenance.

### **17.2 Operating lease commitments**

As at 31 March 2010, the Company had outstanding car rental and service commitments under long-term lease agreements in the following amounts:

|                 | <u>Million Baht</u> |
|-----------------|---------------------|
| Payable within: |                     |
| 1 year          | 13.6                |
| 2 - 3 years     | 18.7                |

## **18. 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 the rate 7.5% per annum. On 23 June 2006, the Company appealed this judgement with the Appeal Court. On 27 December 2006, the Appeal Court ordered the Company to place a bond with the Court in the amount the Court of First Instance had ordered to be paid, in order to postpone execution. On 23 February 2007, the Company has placed deposits amounting to Baht 0.7 million as a bond. The Company has already recorded the above amount under "Other liabilities" in the financial statements.

## **19. Financial information by segment**

The majority of the operations of the Company involve the single business segment, granting credits to securities business. These businesses are mainly carried on in a single geographic area in Thailand. As a result, all revenues, operating income and assets as reflected in these financial statements are certain to the aforementioned industry and geographic area.

## **20. Presentation**

The presentation of the financial statements has been made in compliance with requirement of the Notification of the Office of the Securities and Exchange Commission relating to the format of the financial statements of granting credits to securities business No. Sor. Thor. 29/2540 dated 28 July 1997.

(Unaudited but reviewed)

**21. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Director on 8 June 2010.