

TSFC Securities Public Company Limited
Review report and interim financial statements
For the three-month and nine-month periods ended
30 September 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 30 September 2010, and the related statements of income for the three-month and nine-month periods ended 30 September 2010, and the statements of changes in shareholders' equity, retained earnings and cash flows for the nine-month periods ended 30 September 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 for the three-month and nine-month periods ended 30 September 2009, and the statements of changes in shareholders' equity, retained earnings and cash flows for the nine-month period ended 30 September 2009 of TSFC Securities Public Company Limited, as presented herein for comparative purposes, formed an integral part of the interim financial statements which were reviewed by the aforementioned auditor who reported, under her report dated 9 November 2009 that nothing had come to her attention that caused her to believe that those financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.



Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

Ernst & Young Office Limited

Bangkok: 29 November 2010

TSFC Securities Public Company Limited

Balance sheets

As at 30 September 2010 and 31 December 2009

(Unit: Thousand Baht)

	<u>Note</u>	30 September <u>2010</u> (Unaudited but reviewed)	31 December <u>2009</u> (Audited)
Assets			
Cash and deposits at financial institutions	5	7,023	51,363
Investments in securities	6	322,709	1,289,888
Trading transactions pending clearance		56,572	72,564
Loans, securities business receivables and accrued interest receivables	7		
Loans and securities business receivables		3,121,456	2,856,750
Accrued interest receivables		14	15
Total loans, securities business receivables and accrued interest receivables		3,121,470	2,856,765
Less: Allowance for doubtful accounts	8	(463,039)	(463,745)
Loans, securities business receivables and accrued interest receivables - net		2,658,431	2,393,020
Account receivables from sale on investments		10	-
Equipment - net	9	20,710	27,882
Intangible assets - net	10	83,612	68,533
Accrued interest receivables		-	14,535
Other assets		12,555	37,556
Total assets		3,161,622	3,955,341

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 30 September 2010 and 31 December 2009

(Unit: Thousand Baht)

	Note	30 September 2010 (Unaudited but reviewed)	31 December 2009 (Audited)
Liabilities and shareholders' equity			
Borrowings			
From banks	11	1,600,150	1,000,000
From financial institutions		-	-
Total borrowings		1,600,150	1,000,000
Payable from restructuring agreement	12	-	1,658,463
Trading transactions pending clearance		84,101	-
Securities business payables		258,376	127,490
Accrued interest payable		204	1,015
Other liabilities	19	9,601	9,389
Total liabilities		1,952,432	2,796,357
Shareholders' equity			
Share capital	13		
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	14	-	-
Unappropriated		191,715	128,199
Net unrealised gain on securities for investment	6.2	735	14,045
Total shareholders' equity		1,209,190	1,158,984
Total liabilities and shareholders' equity		3,161,622	3,955,341

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

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(Mrs. Napaporn Landy)

Director

.....
(Mrs. Nongram Wongwanich)

Director

(Unaudited but reviewed)

TSFC Securities Public Company Limited

Income statements

For the three-month periods ended 30 September 2010 and 2009

(Unit: Thousand Baht)

	<u>Note</u>	<u>2010</u>	<u>2009</u>
Interest and dividend income			
Loans and deposits		53,211	49,959
Securities		853	7,206
Total interest and dividend income		<u>54,064</u>	<u>57,165</u>
Expenses on borrowings			
Interest and discounts on borrowings		<u>18,897</u>	<u>18</u>
Total expenses on borrowings		<u>18,897</u>	<u>18</u>
Net interest and dividend income		35,167	57,147
Reversal of bad debts and doubtful accounts		<u>(807)</u>	<u>(307)</u>
Net interest and dividend income after doubtful accounts		<u>35,974</u>	<u>57,454</u>
Non-interest income			
Gain on trading in securities	6.3	-	1,706
Reversal of impairment loss on securities	6.3	-	1,059
Gain on restructuring	12	-	148,770
Fees and services income		<u>414</u>	<u>-</u>
Total non-interest income		<u>414</u>	<u>151,535</u>
Operating expenses			
Personnel expenses		12,087	14,030
Premises and equipment expenses		7,117	8,663
Taxes and duties		1,759	1,662
Directors' remuneration		615	268
Other expenses		<u>4,574</u>	<u>3,864</u>
Total operating expenses		<u>26,152</u>	<u>28,487</u>
Net income for the period	15	<u>10,236</u>	<u>180,502</u>
			(Unit: Baht)
Basic earnings per share			
Net income	16	<u>0.10</u>	<u>2.26</u>
Weight average ordinary shares (Thousand shares)		<u>101,674</u>	<u>79,729</u>

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

(Mrs. Napaporn Landy)
Director

(Mrs. Nongram Wongwanich)
Director

(Unaudited but reviewed)

TSFC Securities Public Company Limited

Income statements

For the nine-month periods ended 30 September 2010 and 2009

		(Unit: Thousand Baht)	
	<u>Note</u>	<u>2010</u>	<u>2009</u>
Interest and dividend income			
Loans and deposits		155,198	175,537
Securities		9,392	35,984
Total interest and dividend income		<u>164,590</u>	<u>211,521</u>
Expenses on borrowings			
Interest and discounts on borrowings		42,488	112,191
Total expenses on borrowings		<u>42,488</u>	<u>112,191</u>
Net interest and dividend income		122,102	99,330
Bad debts and doubtful accounts (reversal)	8	(706)	646
Net interest and dividend income after doubtful accounts		<u>122,808</u>	<u>98,684</u>
Non-interest income			
Gain on trading in securities	6.3	15,466	53,495
Loss on diminution in value of investments	6.3	-	(1,068,085)
Gain on restructuring	12	-	148,770
Fees and services income		720	83
Gain on disposal of equipment		-	64
Total non-interest income (expense)		<u>16,186</u>	<u>(865,673)</u>
Operating expenses			
Personnel expenses		34,404	47,899
Premises and equipment expenses		21,185	25,128
Taxes and duties		5,131	5,883
Directors' remuneration		1,557	1,438
Other expenses		13,201	25,362
Total operating expenses		<u>75,478</u>	<u>105,710</u>
Net income (loss) for the period	15	<u>63,516</u>	<u>(872,699)</u>
			(Unit: Baht)
Basic earnings per share			
Net income (loss)	16	<u>0.62</u>	<u>(28.14)</u>
Weight average ordinary shares (Thousand shares)		<u>101,674</u>	<u>31,012</u>

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

.....
(Mrs. Napaporn Landy)

Director

.....
(Mrs. Nongram Wongwanich)

Director

(Unaudited but reviewed)

TSFC Securities Public Company Limited

Statements of changes in shareholders' equity

For the nine-month periods ended 30 September 2010 and 2009

(Unit: Thousand Baht)

	<u>Note</u>	<u>2010</u>	<u>2009</u>
Share capital - ordinary shares			
At beginning of period		1,016,740	1,000,000
Increase during period	13	-	954,240
Decrease during period	13	-	(937,500)
At end of period		<u>1,016,740</u>	<u>1,016,740</u>
Retained earnings			
Appropriated			
Statutory reserve			
At beginning of period		-	90,633
Decrease during period	14	-	(90,633)
At end of period		<u>-</u>	<u>-</u>
Unappropriated			
At beginning of period		128,199	(41,729)
Increase during the period - net income (loss) for the period		63,516	(872,699)
- transfer from share capital and statutory reserve	13, 14	-	1,028,133
At end of period		<u>191,715</u>	<u>113,705</u>
Net unrealised gain (loss) on available-for-sale securities			
At beginning of period		14,045	(987,017)
Change during the period		(13,310)	1,001,466
At end of period		<u>735</u>	<u>14,449</u>
Total shareholders' equity		<u><u>1,209,190</u></u>	<u><u>1,144,894</u></u>

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

(Unaudited but reviewed)

TSFC Securities Public Company Limited

Statements of retained earnings

For the nine-month periods ended 30 September 2010 and 2009

(Unit: Thousand Baht)

	<u>Note</u>	<u>2010</u>	<u>2009</u>
Unappropriated retained earnings			
At beginning of period		128,199	(41,729)
Net income (loss) for the period		63,516	(872,699)
Transfer from share capital and statutory reserve	13, 14	-	1,028,133
Total unappropriated retained earnings		<u>191,715</u>	<u>113,705</u>
Appropriated retained earnings			
Statutory reserve	14	-	-
Total appropriated retained earnings		<u>-</u>	<u>-</u>
Total retained earnings		<u><u>191,715</u></u>	<u><u>113,705</u></u>

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

(Unaudited but reviewed)

TSFC Securities Public Company Limited

Cash flow statements

For the nine-month periods ended 30 September 2010 and 2009

(Unit: Thousand Baht)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Net income (loss) before tax	63,516	(872,699)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortisation	8,927	11,771
Amortisation of discount on investments in debt securities	(580)	-
Amortisation of premium on investments in debt securities	1,404	6,011
Bad debts and doubtful accounts (reversal)	(706)	646
Gain on trading in securities	(15,466)	(22,006)
Loss on diminution in value of investments	-	1,068,085
Gain on disposal and write-off of equipment	-	(64)
Gain on restructuring agreement	-	(148,770)
Increase in accrued dividend and interest receivables	(164,590)	(211,521)
Increase (decrease) in accrued expenses	510	(4,232)
Interest expenses	42,488	112,191
Loss from operating activities before changes in operating assets and liabilities	(64,497)	(60,588)
(Increase) decrease in operating assets		
Investment in short-term securities	(45,624)	(17,491)
Trading transactions pending clearance	15,992	(43,797)
Loans and securities business receivables	(264,706)	1,010,944
Account receivables from sale on investments	(10)	-
Restricted fixed deposits	(4)	(4)
Other assets	24,567	338,412

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

(Unaudited but reviewed)

TSFC Securities Public Company Limited

Cash flow statements (continued)

For the nine-month periods ended 30 September 2010 and 2009

	(Unit: Thousand Baht)	
	<u>2010</u>	<u>2009</u>
Increase (decrease) in operating liabilities		
Borrowings from banks and financial institutions	600,000	-
Trading transactions pending clearance	84,101	35,930
Securities business payables	130,886	102,894
Other liabilities	(1,696)	(3,367)
Cash from operating activities	<u>479,009</u>	<u>1,362,933</u>
Cash received from interest income	155,199	175,657
Cash paid from interest expenses	(43,299)	(394)
Cash paid for corporate income tax	(189)	(435)
Net cash from operating activities	<u>590,720</u>	<u>1,537,761</u>
Cash flows from investing activities		
Payments to acquire available-for-sale securities	(1,570,000)	(2,200,000)
Proceeds on disposal of available-for-sale securities	2,584,135	4,028,226
Cash received from dividends received	4,088	9,946
Cash received from interests on investments	19,838	42,827
Payments to acquire equipment	(52)	(27)
Proceeds on disposal of equipment	-	762
Payments to acquire intangible assets	(14,759)	(11,971)
Net cash from investing activities	<u>1,023,250</u>	<u>1,869,763</u>
Cash flows from financing activities		
Payments interests under restructuring agreement	(22,987)	(55,336)
Payments principle under restructuring agreement	(1,635,476)	(4,539,629)
Increase paid-up capital	-	654,240
Net cash used in financing activities	<u>(1,658,463)</u>	<u>(3,940,725)</u>
Net decrease in cash and cash equivalents	<u>(44,493)</u>	<u>(533,201)</u>
Cash and cash equivalents at beginning of period	<u>50,604</u>	<u>670,351</u>
Cash and cash equivalents at end of period (Note 5)	<u>6,111</u>	<u>137,150</u>

Supplemental cash flows information

Non-cash item

Payable from acquire intangible assets	1,399	-
Payable from restructuring agreement	-	3,681,371
Convert debts to equity under restructuring agreement	-	300,000

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 and nine-month periods ended 30 September 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 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. Adoption of new accounting standards

During the current period, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- a) Accounting standards that will become effective in fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements
(revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 17 (revised 2009)	Leases
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

(Unaudited but reviewed)

- b) Accounting standards that will become effective in fiscal years beginning on or after 1 January 2013:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance

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

4. 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.

5. Cash and deposits at financial institutions

(Unit: Thousand Baht)

	30 September 2010	31 December 2009
Cash	50	50
Saving and current deposits	250,132	93,551
Total	250,182	93,601
Less: Customers' deposits at financial institutions under the Company's name	(243,159)	(42,238)
Total cash and deposits at financial institutions - net	7,023	51,363
Restricted fixed deposits at financial institution (Note 19)	(762)	(759)
Bank overdrafts (Note 11)	(150)	-
Cash and cash equivalents	6,111	50,604

As at 30 September 2010, the Company's deposits at financial institutions totaling Baht 250.1 million (31 December 2009: Baht 93.6 million) included customers' deposits at call under the Company's name totaling Baht 243.2 million (31 December 2009: Baht 42.2 million) and Baht 7.0 million (31 December 2009: Baht 51.4 million) of the Company's cash and deposits at financial institutions.

(Unaudited but reviewed)

6. Investments in securities

(Unit: Thousand Baht)

	30 September 2010		31 December 2009	
	Cost/ Amortisation cost	Fair value	Cost/ Amortisation cost	Fair value
<u>Securities for investments</u>				
Available-for-sale securities				
Debt instruments				
Government and state enterprises bond	99,891	99,850	896,805	909,029
Add (Less): Allowance for revaluation of securities	(41)	-	12,224	-
Government securities for customers accounts	(67,927)	(67,927)	(14,240)	(14,240)
Subtotal	<u>31,923</u>	<u>31,923</u>	<u>894,789</u>	<u>894,789</u>
Unit trusts				
Money market fund	200,000	200,072	154,299	154,997
Debt fund	-	-	148,959	149,634
Equity fund	10	19	20	26
Foreign investment fund	80,000	80,795	80,000	80,642
Property fund	10,000	9,900	10,000	9,800
Add: Allowance for revaluation of securities	776	-	1,821	-
Subtotal	<u>290,786</u>	<u>290,786</u>	<u>395,099</u>	<u>395,099</u>
Total available-for-sale securities - net	<u>322,709</u>	<u>322,709</u>	<u>1,289,888</u>	<u>1,289,888</u>
Total securities for investment - net	<u>322,709</u>	<u>322,709</u>	<u>1,289,888</u>	<u>1,289,888</u>

During the current period, dividend income from investments in the unit trusts amounted to Baht 4.1 million (for the nine-month period ended 30 September 2009: Baht 9.9 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.

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

(Unaudited but reviewed)

31 December 2009			
Type of business	Investment amount	Percentage of holding	
	(Thousand Baht)	%	
<u>Debt Fund</u>			
Smart Cash Fund	Unit Trust	148,959	22.99

6.2 Unrealised gain on securities for investment

(Unit: Thousand Baht)

	For the nine-month period ended 30 September 2010	For the year ended 31 December 2009
Balance - beginning of the period/year	14,045	(987,017)
Changes during the period/year		
- from revaluation	256	(9,546)
- from buying	31	-
- from sales	(13,597)	1,010,608
Balance - end of the period/year	735	14,045

6.3 Gain (loss) on trading in securities

(Unit: Thousand Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2010	2009	2010	2009
Gain on trading in available-for-sale securities	-	1,706	15,466	22,006
Gain on derivative instruments	-	-	-	31,489
(Loss) reversal on diminution in value of investments	-	1,059	-	(1,068,085)
Total	-	2,765	15,466	(1,014,590)

(Unaudited but reviewed)

7. Loans, securities business receivables and accrued interest receivables

7.1 Classified by maturity

(Unit: Thousand Baht)

	30 September 2010	31 December 2009
Less than one year	2,635,608	2,230,951
Over one year	23,098	162,266
Past due	462,750	463,533
Total loans and securities business receivables	3,121,456	2,856,750
Add: Accrued interest receivables	14	15
Less: Allowance for doubtful accounts (Note 8)	(463,039)	(463,745)
Total loans and securities business receivables and accrued interest receivables - net	2,658,431	2,393,020

As at 30 September 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 553.08 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)

	30 September 2010			
	Number	Outstanding	Collateral	Allowance for doubtful accounts
Loans for purchase of securities	13	440.04	378.24	349.71
Discontinued financial institutions	4	113.04	-	113.04
Total	17	553.08	378.24	462.75

(Unaudited but reviewed)

(Unit: Million Baht)

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

7.2 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 30 September 2010 and 31 December 2009, classified loans, securities business receivables are as follows:

(Unit: Million Baht)

	30 September 2010				31 December 2009			
	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	532	2,568.4	(0.3)	2,568.1	487	2,245.2	(0.2)	2,245.0
Special mention	1	-	-	-	-	-	-	-
Doubtful debt	17	553.0	(462.7)	90.3	20	611.5	(463.5)	148.0
Total	550	3,121.4	(463.0)	2,658.4	507	2,856.7	(463.7)	2,393.0

For account 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.

8. Allowance for doubtful accounts

(Unit: Thousand Baht)

	30 September 2010		
	Loans to financial institutions and accrued interest receivables	Loans, securities business receivables and accrued interest receivables	Total
Balance at beginning of period			
- General (Note 7.2)	-	212	212
- Specific (Note 7.2)	-	463,533	463,533
	-	463,745	463,745

(Unaudited but reviewed)

(Unit: Thousand Baht)

	30 September 2010		
	Loans to financial institutions and accrued interest receivables	Loans, securities business receivables and accrued interest receivables	Total
Add (Reversal):			
Allowance for doubtful accounts			
- General	-	77	77
- Specific	-	(783)	(783)
	-	(706)	(706)
Balance at end of period			
- General (Note 7.2)	-	289	289
- Specific (Note 7.2)	-	462,750	462,750
	-	463,039	463,039

(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	-	(1,425)	(1,425)
- Specific	-	691	691
	-	(734)	(734)
Balance at end of year			
- General (Note 7.2)	-	212	212
- Specific (Note 7.2)	-	463,533	463,533
	-	463,745	463,745

(Unaudited but reviewed)

9. Equipment

Movements of the equipment account during the nine-month period ended 30 September 2010 are summarised below.

(Unit: Thousand Baht)

	<u>Total</u>
Cost	
31 December 2009	57,061
Purchases	52
Disposals	(967)
30 September 2010	<u>56,146</u>
Accumulated depreciation	
31 December 2009	29,179
Depreciation for the period	7,224
Depreciation for disposal	(967)
30 September 2010	<u>35,436</u>
Net book value	
31 December 2009	<u>27,882</u>
30 September 2010	<u>20,710</u>

As at 30 September 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 8.3 million (31 December 2009: Baht 7.4 million).

10. Intangible assets

(Unit: Thousand Baht)

	<u>Total</u>
Net book value as at 1 January 2010	68,533
Acquisitions during period - at cost	16,158
Amortisation for period	(1,079)
Net book value as at 30 September 2010	<u>83,612</u>

Part of the above intangible assets comprises development costs of the Securities Borrowing and Lending (SBL) program, amounting to Baht 76.8 million (31 December 2009: Baht 61.0 million).

(Unaudited but reviewed)

11. Borrowings

(Unit: Thousand Baht)

	30 September 2010		31 December 2009	
	From banks	From financial institutions	From banks	From financial institutions
Past due	-	-	-	-
Call	-	-	-	-
Bank overdraft	150	-	-	-
1-7 days	-	-	-	-
More than 7 - 30 days	-	-	-	-
More than 1 - 3 months	1,000,000	-	-	-
More than 3 - 6 months	-	-	-	-
More than 6 - 12 months	600,000	-	1,000,000	-
Over one year	-	-	-	-
Total borrowings	<u>1,600,150</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 30 September 2010, the credit facilities of the Company that had not yet been drawn down amounted to Baht 1,500 million from six banks.

12. 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:

(Unaudited but reviewed)

Group	Amount (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 8,175,105,665 to group 1, group 2, group 4 and group 5 creditors and paid interest amounting to Baht 101,230,027 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.

As at 30 September 2010, no remaining balances of debts due to the Company already settlement debts under the restructuring agreement.

(Unaudited but reviewed)

13. 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.

Reconciliation of number of ordinary shares

	(Unit: Shares)	
	30 September 2010	31 December 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>

(Unaudited but reviewed)

14. Statutory reserve

(Unit: Thousand Baht)

	30 September 2010	31 December 2009
Beginning balance	-	90,633
Decrease during period/year	-	(90,633)
Ending balance	-	-

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.

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.

15. Corporate income tax

The Company is not liable to corporate income tax on the net income for the three-month and nine-month periods ended 30 September 2010 due to tax loss brought forward from previous years exceeds net income for the period.

16. 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.

17. 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).

(Unaudited but reviewed)

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 30 September 2010, the Company was able to maintain the required net capital.

18. Commitments

18.1 Capital commitments

As at 30 September 2010, the Company had capital commitments of approximately Baht 32.1 million relating to system development and maintenance.

18.2 Operating lease commitments

As at 30 September 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	12.1
2 - 3 years	13.1

19. 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.

20. 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.

21. 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.

22. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Director on 29 November 2010.