

TSFC Securities Public Company Limited
Report and financial statements
31 December 2014

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 2014, 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 judgement, 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 2014, and its financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Pimjai Manitkajohnkit
Certified Public Accountant (Thailand) No. 4521

EY Office Limited
Bangkok: 16 February 2015

TSFC Securities Public Company Limited

Statement of financial position

As at 31 December 2014

(Unit: Baht)

	<u>Note</u>	<u>2014</u>	<u>2013</u>
Assets			
Cash and cash equivalents	6	1,907,243	4,622,671
Deposits at financial institutions	7	-	-
Loans to financial institutions - net	8	89,100,000	-
Receivables from Clearing House	9	11,054,660	38,592,142
Securities business receivables - net	10	2,708,098,059	2,659,016,452
Investments - net	12	2,944,137	234,791,260
Equipment - net	13	2,665,870	2,657,272
Intangible assets - net	14	33,929,305	48,641,111
Receivables from sales of investments		1,127	1,127
Other assets	15	5,538,213	5,737,894
Total assets		2,855,238,614	2,994,059,929



Securities Public Company Limited

บริษัทหลักทรัพย์ สาธารณชน จำกัด (มหาชน)

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

(Dr. Pakorn Peetathawatchai)

Director

(Miss Yaowaluk Aramthaveethong)

Director

TSFC Securities Public Company Limited
Statement of financial position (continued)
As at 31 December 2014

(Unit: Baht)

	<u>Note</u>	<u>2014</u>	<u>2013</u>
Liabilities and owners' equity			
Liabilities			
Borrowings from financial institutions	16	1,158,024,768	1,729,176,883
Payables to Clearing House	17	12,351,132	15,635,275
Securities business payables	18	25,184,514	60,113,165
Provisions for long-term employee benefits	27.2	12,064,853	10,785,517
Deferred tax liabilities	25	1,004	70,936
Other liabilities	19	14,159,968	11,079,004
Total liabilities		1,221,786,239	1,826,860,780
Owners' equity			
Share capital	21		
Registered			
154,912,584 ordinary shares of Baht 10 each (2013: 130,000,050 ordinary shares of Baht 10 each)		1,549,125,840	1,300,000,500
Issued and paid-up			
154,912,584 ordinary shares of Baht 10 each (2013: 101,673,984 ordinary shares of Baht 10 each)		1,549,125,840	1,016,739,840
Retained earnings			
Appropriated			
Statutory reserve	20	12,780,319	9,499,537
Unappropriated		71,542,200	140,676,029
Other components of owners' equity	12.2	4,016	283,743
Total owners' equity		1,633,452,375	1,167,199,149
Total liabilities and owners' equity		2,855,238,614	2,994,059,929



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

(Dr. Pakorn Peetathawatchai)

Director

(Miss Yaowaluk Aramthaveethong)

Director

TSFC Securities Public Company Limited
Statement of comprehensive income
For the year ended 31 December 2014

		(Unit: Baht)	
	Note	<u>2014</u>	<u>2013</u>
Revenues			
Fees and services income	23	403,197	863,325
Gain on securities	12.3	1,230,192	1,065,234
Interest and dividend		4,884,059	5,831,930
Interest on margin loans		230,974,531	250,803,302
Other income		1,165	1,110
Total revenues		<u>237,493,144</u>	<u>258,564,901</u>
Expenses			
Finance costs		82,036,468	116,187,701
Fees and services expenses		1,771,924	2,393,483
Operating expenses			
Personnel expenses		54,684,375	54,830,435
Premises and equipment expenses		19,549,285	20,390,066
Directors' remuneration		2,355,500	2,314,500
Tax expenses		7,698,152	8,447,274
Other expenses		29,228,759	29,404,063
Reversal of bad debt and doubtful accounts		(735,955)	(113,626)
Total expenses		<u>196,588,508</u>	<u>233,853,896</u>
Profit for the year	25	<u>40,904,636</u>	<u>24,711,005</u>
Other comprehensive income			
Gain (loss) on re-measuring available-for-sale investments	12.2	(349,660)	206,621
Income tax relating to components of other comprehensive income	25	69,933	(41,325)
Total other comprehensive income		<u>(279,727)</u>	<u>165,296</u>
Total comprehensive income		<u>40,624,909</u>	<u>24,876,301</u>
Basic earnings per share			
Profit for the year	26	0.33	0.24



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


 (Dr. Pakorn Peetathawatchai)
 Director


 (Miss Yaowaluk Aramthaveethong)
 Director

TSFC Securities Public Company Limited
Statement of changes in owners' equity
For the year ended 31 December 2014

(Unit: Baht)

	Retained earnings		Issued and paid-up share capital		Total other components of owners' equity	Total owners' equity
	Appropriated	Unappropriated	share capital	paid-up		
Balance as at 1 January 2013	9,499,537	115,965,024	1,016,739,840		118,447	1,142,322,848
Total comprehensive income for the year	-	24,711,005	-		165,296	24,876,301
Balance as at 31 December 2013	<u>9,499,537</u>	<u>140,676,029</u>	<u>1,016,739,840</u>		<u>283,743</u>	<u>1,167,199,149</u>
Balance as at 1 January 2014	9,499,537	140,676,029	1,016,739,840		283,743	1,167,199,149
Increase share capital (Note 21)	-	-	532,386,000		-	532,386,000
Dividend paid (Note 22)	-	(106,757,683)	-		-	(106,757,683)
Appropriated to statutory reserve (Note 20)	3,280,782	(3,280,782)	-		-	-
Total comprehensive income for the year	-	40,904,636	-		(279,727)	40,624,909
Balance as at 31 December 2014	<u>12,780,319</u>	<u>171,542,200</u>	<u>1,549,125,840</u>		<u>4,016</u>	<u>1,633,452,375</u>

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 2014

	<u>2014</u>	<u>2013</u>
		(Unit: Baht)
Cash flows from operating activities		
Profit before tax	40,904,636	24,711,005
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	22,633,343	23,135,784
Reversal of bad debts and doubtful accounts	(735,955)	(113,626)
Amortisation of discount on investments in bonds and debentures	(1,996,095)	(5,374,948)
Gain on trading in securities	(1,230,192)	(1,065,234)
Loss (gain) on disposal equipment	35	(1,110)
Accrued dividend and interest income	(235,858,590)	(256,635,232)
Accrued interest	82,036,468	116,288,702
Reserve for employee benefits	2,195,536	3,662,603
Increase in accrued expenses	1,311,245	25,662
Cash received from interest income	233,229,475	251,238,401
Cash paid from interest expenses	(83,775,098)	(116,759,250)
Profit from operating activities before changes in operating assets and liabilities	58,714,808	39,112,757
(Increase) decrease in operating assets		
Lendings to financial institutions	(89,998,809)	57,555
Receivables from Clearing House	27,537,482	(37,542,784)
Securities business receivables	(47,486,233)	351,717,337
Short-term investments	93,107,139	(39,674,327)
Other assets	570,913	422,719
Decrease in operating liabilities		
Borrowings from financial institutions	(571,152,115)	(260,823,117)
Payables to Clearing House	(3,284,143)	(44,294,729)
Securities business payables	(34,928,651)	(86,072,710)
Provisions for long-term employee benefits	(916,200)	(3,339,000)
Other liabilities	(1,447,088)	(624,657)
Net cash flows used in operating activities	<u>(569,282,897)</u>	<u>(81,060,956)</u>

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 2014

	<u>2014</u>	<u>2013</u>
		(Unit: Baht)
Cash flows from investing activities		
Payments to acquire available-for-sale securities	(789,000,000)	(1,905,000,000)
Proceeds on disposal of available-for-sale securities	930,616,611	1,985,628,261
Cash received from dividends	2,000	3,500
Cash received from interest on investments	2,295,273	5,374,948
Payments to acquire equipments	(1,699,186)	(315,043)
Cash received from disposal equipment	-	1,122
Payments to acquire intangible assets	(1,275,546)	(5,082,500)
Net cash flows from investing activities	<u>140,939,152</u>	<u>80,610,288</u>
Cash flows from financing activities		
Proceeds from increase in share capital	532,386,000	-
Dividends paid	(106,757,683)	-
Net cash from financing activities	<u>425,628,317</u>	<u>-</u>
Net decrease in cash and cash equivalents	<u>(2,715,428)</u>	<u>(450,668)</u>
Cash and cash equivalents at beginning of year	4,622,671	5,073,339
Cash and cash equivalents at end of year (Note 6)	<u><u>1,907,243</u></u>	<u><u>4,622,671</u></u>
 Supplement cash flows information		
Non-cash items		
Payable from acquire intangible assets	5,971,938	1,016,500

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 2014

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 financial reporting standards

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

(a) Financial reporting standards that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases – Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets – Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
Accounting Treatment Guidance for Stock Dividend	

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

(b) Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

At present, the Company immediately recognise actuarial gains and losses in profit or loss in the period in which they occur. The assessment of the management of the Company is that when the revised standard is applied in 2015 and the method of recognising those gains and losses is changed to immediately recognise them in other comprehensive income, there will be no impact to provision for long-term employee benefit liabilities and retained earnings in the financial statements.

4. Significant accounting policies

4.1 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) Installment loans with repayments scheduled no more than 3 months for each installment, which principal or interest is overdue more than 3 months.
- (3) Installment loans with repayments scheduled no less than 3 months for each installment, unless there is clear evidence and a high degree of certainty that full repayment will be received.
- (4) Problem financial institutions debtors.
- (5) Other receivables of which interest payment is overdue 3 months or more.

These conditions are based on the guidelines stipulated by the Office of the 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.

4.2 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.

4.3 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 the 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.

4.4 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.

4.5 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.

4.6 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.

4.7 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.

4.8 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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4.9 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.

4.10 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.

4.11 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 unrecognised actuarial gain or loss.

4.12 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.

4.13 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.

5. Significant accounting judgements 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 judgement 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 judgement.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement 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 judgement 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.

6. Cash and cash equivalents

(Unit: Thousand Baht)

	2014	2013
Cash	50	50
Saving and current deposits	75,698	21,956
Less: Deposits for customers' account	(73,841)	(17,383)
Total cash and cash equivalents	<u>1,907</u>	<u>4,623</u>

7. Deposits at financial institutions

(Unit: Thousand Baht)

	2014	2013
Fixed deposits with maturity over 3 months but less than 1 year	80,000	-
Less: Deposits for customers' account	(80,000)	-
Total deposits at financial institutions	<u>-</u>	<u>-</u>

8. Loans to financial institutions

(Unit: Thousand Baht)

	2014	2013
At call	202,418	112,419
Less: Allowance for doubtful accounts (Note 11)	(113,318)	(112,419)
Total loans to financial institutions - net	<u>89,100</u>	<u>-</u>

As at 31 December 2014, the Company had discontinued recognising income from 4 debtors of approximately Baht 112.4 million (2013: Baht 112.4 million). 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)

	2014	2013
Receivables from Clearing House	11,055	38,592
Total receivables from Clearing House	<u>11,055</u>	<u>38,592</u>

10. Securities business receivables

(Unit: Thousand Baht)

	2014	2013
Customers' accounts - credit balance	2,708,312	2,659,166
Other receivables	301,805	307,017
Total	3,010,117	2,966,183
Add: Accrued interest receivables	82	121
Less: Allowance for doubtful accounts (Note 11)	(302,101)	(307,288)
Net securities business receivables	<u>2,708,098</u>	<u>2,659,016</u>

10.1 As at 31 December 2014, the Company had discontinued recognising income from loans and receivables with total outstanding balances of approximately Baht 301.8 million (2013: Baht 307.0 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 2014 and 2013, classified loans, securities business receivables are as follows:

(Unit: Million Baht)

	2014				2013			
	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	276	2,708.4	(0.3)	2,708.1	284	2,659.3	(0.3)	2,659.0
Doubtful debt	9	301.8	(301.8)	-	11	307.0	(307.0)	-
Total	<u>285</u>	<u>3,010.2</u>	<u>(302.1)</u>	<u>2,708.1</u>	<u>295</u>	<u>2,966.3</u>	<u>(307.3)</u>	<u>2,659.0</u>

11. Allowance for doubtful accounts

(Unit: Thousand Baht)

	2014	2013
Balance - beginning of the year	419,707	506,466
Reversal provision for doubtful accounts	(734)	(57)
Bad debt recoverable	(1)	(57)
Bad debt write-off	(3,553)	(86,645)
Balance - end of the year	<u>415,419</u>	<u>419,707</u>

12. Investment in securities

(Unit: Thousand Baht)

	2014		2013	
	Cost/ Amortisation	Fair value	Cost/ Amortisation	Fair value
	cost		cost	
Available-for-sale securities				
Debt instruments				
Government and state enterprises bond	19,976	19,976	199,698	199,725
Add (less): Allowance for revaluation of securities	-	-	27	-
Government securities for customers accounts	(17,047)	(17,047)	(105,671)	(105,671)
Total debt instruments - net	<u>2,929</u>	<u>2,929</u>	<u>94,054</u>	<u>94,054</u>
Unit trusts				
Money market fund	-	-	140,400	140,722
Equity fund	10	15	10	15
Add: Allowance for revaluation of securities	5	-	327	-
Total unit trusts - net	<u>15</u>	<u>15</u>	<u>140,737</u>	<u>140,737</u>
Total available-for-sale securities - net	<u>2,944</u>	<u>2,944</u>	<u>234,791</u>	<u>234,791</u>

12.1 Investments in debt instruments classify by the remaining contracts

(Unit: Thousand Baht)

	2014				2013			
	Not over		Over		Not over		Over	
	1 year	1-5 years	5 years	Total	1 year	1-5 years	5 years	Total
Debt instruments	19,976	-	-	19,976	199,725	-	-	199,725
Total	19,976	-	-	19,976	199,725	-	-	199,725

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

(Unit: Thousand Baht)

	2014	2013
Balance - beginning of the year (net of income tax)	284	118
Changes during the year		
- from revaluation (before net of income tax)	(27)	347
- from sales of securities (before net of income tax)	(323)	(140)
- income tax	70	(41)
Balance - end of the year	4	284

12.3 Gain on securities

(Unit: Thousand Baht)

	2014	2013
Gain on trading in available-for-sale securities	1,230	1,065
Total	1,230	1,065

13. Equipment

(Unit: Thousand Baht)

	Leasehold improvement	Office equipment	Furniture and fixtures	Vehicle	Total
Cost					
1 January 2013	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
Purchases	-	1,699	-	-	1,699
Write-off	-	(952)	-	-	(952)
31 December 2014	25,101	30,118	4,533	2,059	61,811
Accumulated depreciation					
1 January 2013	23,803	26,877	4,397	184	55,261
Depreciation for the year	1,140	1,202	154	686	3,128
Write-off	-	-	(36)	-	(36)
31 December 2013	24,943	28,079	4,515	870	58,407
Depreciation for the year	157	843	4	686	1,690
Write-off	-	(952)	-	-	(952)
31 December 2014	25,100	27,970	4,519	1,556	59,145
Net book value					
31 December 2013	158	1,292	18	1,189	2,657
31 December 2014	1	2,148	14	503	2,666
Depreciation charge included in the statements of comprehensive income for the years ended					
31 December 2013					3,182
31 December 2014					1,690

As at 31 December 2014, 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 54.8 million (2013: Baht 52.8 million).

14. Intangible assets

(Unit: Thousand Baht)

	2013	Additions	Amortised	2014
Software	48,641	6,231	(20,943)	33,929

(Unit: Thousand Baht)

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

Part of the above intangible assets comprises development costs of the Securities Borrowing and Lending (SBL) program, amounting to Baht 16.0 million (2013: Baht 31.7 million).

15. Other assets

(Unit: Thousand Baht)

	2014	2013
Deposits	3,519	3,668
Prepaid expenses	1,628	2,017
Others	391	53
Total other assets	<u>5,538</u>	<u>5,738</u>

16. Borrowings

(Unit: Thousand Baht)

	2014				2013			
	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	3.75 - 4.95	969,000	-	969,000	-	-	-	-
Bills of exchange	3.25 - 4.25	189,025	-	189,025	4.35 - 4.50	129,177	-	129,177
Loans	-	-	-	-	5.375 - 6.25	880,000	720,000	1,600,000
Borrowing from financial institutions		<u>1,158,025</u>	<u>-</u>	<u>1,158,025</u>		<u>1,009,177</u>	<u>720,000</u>	<u>1,729,177</u>

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

As at 31 December 2014, the credit facilities of the Company that had not yet been drawn down amounted to Baht 1,621 million (2013: Baht 1,660 million) from 6 banks.

17. Payables to Clearing House

(Unit: Thousand Baht)

	2014	2013
Payables to Clearing House	12,351	15,635
Total payables to Clearing House	<u>12,351</u>	<u>15,635</u>

18. Securities business payables

(Unit: Thousand Baht)

	2014	2013
Payables from trading investments with cash	25,184	60,112
Collateral payables	1	1
Total securities business payables	<u>25,185</u>	<u>60,113</u>

19. Other liabilities

(Unit: Thousand Baht)

	2014	2013
Interest payable	-	1,739
Accrued expenses	5,490	4,210
Withholding tax payable	341	323
Specific business tax payable	650	637
Other payable	6,561	2,259
Others	1,118	1,911
Total other liabilities	<u>14,160</u>	<u>11,079</u>

20. 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.

21. Share capital

On 21 April 2014, the Annual General Meeting of the Company's shareholders for the year 2014 passed resolutions approving the reduction of its registered share capital from Baht 1,300,000,500 (130,000,050 ordinary share of Baht 10 each) to Baht 1,016,739,840 (101,673,984 ordinary shares of Baht 10 each) by canceling 28,326,066 unissued ordinary shares with a par value of Baht 10 each. The Company registered the decrease in its capital with the Ministry of Commerce on 2 May 2014.

The Annual General Meeting of the Company's shareholders also approved the increase of the Company's registered and issued capital by Baht 1,016,739,840, to Baht 1,549,125,840, through the issued of an additional 53,238,600 shares with a par value of Baht 10 each to be allocated to support offers of shares to existing shareholders by means of private placements, at a price of Baht 10 per share. The Company registered the increase in its registered share capital with the Ministry of Commerce on 6 May 2014.

During 21-22 July 2014, the Company received payment for the additional ordinary shares amounting to Baht 532,386,000 and registered the increase in its registered and issued share capital with the Ministry of Commerce on 25 July 2014 to be Baht 1,549,125,840.

Reconciliation of number of ordinary shares

	(Unit: Shares)	
	2014	2013
<u>Registered ordinary shares</u>		
Number of ordinary shares at the beginning of the year	130,000,050	130,000,050
Decrease in registered share capital	(28,326,066)	-
Increase in registered share capital	53,238,600	-
Number of ordinary shares at the end of the year	<u>154,912,584</u>	<u>130,000,050</u>
<u>Issued and paid-up ordinary shares</u>		
Number of ordinary shares at the beginning of the year	101,673,984	101,673,984
Increase in paid-up share capital	53,238,600	-
Number of ordinary shares at the end of the year	<u>154,912,584</u>	<u>101,673,984</u>

22. Dividends

Dividend	Approved by	Total dividend (Thousand Baht)	Dividend per share (Baht)
Dividend from profit for the year 2013 and part of retained earnings	Annual General Meeting of the shareholders on 21 April 2014	106,758	1.05
Total dividend for the year 2014		<u>106,758</u>	<u>1.05</u>

23. Fees and services income

(Unit: Thousand Baht)

	2014	2013
Front end fee income	355	719
Others fee and service income	48	144
Total	<u>403</u>	<u>863</u>

24. 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)

	2014	2013
Management expenses		
- Short-term benefits	24,251	24,016
- Retirement benefits	3,321	3,929
Total	<u>27,572</u>	<u>27,945</u>

25. Income tax

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

(Unit: Thousand Baht)

	2014	2013
Deferred tax relating to gain or loss on changes in value of available-for-sale investments	70	(41)
	<u>70</u>	<u>(41)</u>

The reconciliation between accounting profit and income tax expense for the years ended 31 December 2014 and 2013 could be presented as follows:

	(Unit: Thousand Baht)	
	2014	2013
Accounting profit before tax	<u>40,905</u>	<u>24,711</u>
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	8,181	4,942
Effects of:		
Tax exempted revenue	(1)	(2)
Non-deductible expenses	12,111	10,656
Additional expense deductions allowed	(90)	(86)
Tax loss brought forward from previous years which deferred tax assets have not been recognised	<u>(20,201)</u>	<u>(15,510)</u>
Income tax expenses reported in the statement of comprehensive income	<u>-</u>	<u>-</u>

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

	(Unit: Thousand Baht)	
	2014	2013
Deferred tax liabilities		
Gain or loss on re-measuring available-for-sale investments	1	71

As at 31 December 2014 the Company has deductible temporary differences and unused tax losses totaling Baht 230.9 million (2013: Baht 419.5 million). No deferred tax assets have been recognised on these amounts as the Company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

26. Earnings per share

Basic earnings per share is calculated by dividing profit 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.

	2014	2013
Profit for the year (Thousand Baht)	40,905	24,711
Weighted average number of ordinary shares (Thousand shares)	125,491	101,674
Earnings per share (Baht/share)	0.33	0.24

27. Employee benefits

27.1 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 3.8 million (2013: Baht 3.9 million) to the provident fund.

27.2 Provision for long-term employee benefits

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

	(Unit: Thousand Baht)	
	2014	2013
Defined benefit obligation at beginning of year	10,786	10,462
Current service cost	1,848	1,839
Interest cost	347	296
Benefits paid during the year	(916)	(3,339)
Actuarial loss	-	1,528
Defined benefit obligation at end of year	12,065	10,786

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

(Unit: Thousand Baht)

	2014	2013
Current service cost	1,848	1,839
Interest cost	347	296
Actuarial loss recognised during the year	-	1,528
Total expenses recognised in profit or loss	<u>2,195</u>	<u>3,663</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)

	2014	2013
Discount rate	3.42	3.42
Future salary increase rate	3.00	3.00
Staff turnover rate (depending on age)	0.00 - 15.00	0.00 - 15.00

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 2014	12,065	-
Year 2013	10,786	-
Year 2012	10,462	-
Year 2011	9,822	-
Year 2010	12,693	-

28. Commitments

28.1 Capital commitments

As at 31 December 2014, the Company had capital commitments of approximately Baht 0.8 million (2013: Baht 0.8 million) relating to system development and maintenance.

28.2 Operating lease commitments

The Company had entered into several lease agreements in respect of the lease of area in the building, equipments 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	
	2014	2013
Payable:		
In up to 1 year	11.8	11.7
In over 1 and up to 5 years	0.1	9.8

29. 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. On 8 March 2011, the plaintiff appealed the decision. On 21 February 2014, the Supreme Court affirmed the Appeal Court's decision, and as a result the case is final. The Company has reversed the other liabilities previously recorded by netting the amount with other expenses in the statement of comprehensive income for the current year.

30. Financial instruments

30.1 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 2014 and 2013 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)

	2014							Interest rate (% per annum)
	Outstanding balances of financial instruments							
	Floating interest rate	Repricing or maturity dates				No interest	Total	
		At call	Within 1 year	1 - 5 years	Over 5 years			
Financial assets								
Cash and cash equivalents	0.1	-	-	-	-	1.8	1.9	0.0 - 0.5
Loans to financial institutions - net	-	89.1	-	-	-	-	89.1	3.50 - 4.25
Investments in debt securities - net	-	-	-	-	-	2.9	2.9	-
Securities business receivables	2,703.6	-	0.4	4.1	-	-	2,708.1	8.5 - 20.0
Financial liabilities								
Borrowings from financial institutions	-	119.0	1,039.0	-	-	-	1,158.0	3.25 - 4.95
Securities business payables	-	-	-	-	-	25.2	25.2	-

(Unit: Million Baht)

	2013							Interest rate (% per annum)
	Outstanding balances of financial instruments							
	Floating interest rate	Repricing or maturity dates				No interest	Total	
		At call	Within 1 year	1 - 5 years	Over 5 years			
<u>Financial assets</u>								
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	8.5 - 20.0
<u>Financial liabilities</u>								
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	-

Liquidity risk

The periods of time from the statements of financial position date to the maturity dates of financial instruments as of 31 December 2014 and 2013 are as follows:

	2014				
	Outstanding balances of financial instruments				
	At call	Within	1 - 5	Over 5	Total
		1 year	years	years	
<u>Financial assets</u>					
Cash and cash equivalents	1.9	-	-	-	1.9
Loans to financial institutions - net	89.1	-	-	-	89.1
Investments in debt securities - net	-	2.9	-	-	2.9
Securities business receivable	-	2,684.3	23.8	-	2,708.1
<u>Financial liabilities</u>					
Borrowings from financial institutions	119.0	1,039.0	-	-	1,158.0
Securities business payables	-	25.2	-	-	25.2

(Unit: Million Baht)

	2013				
	Outstanding balances of financial instruments				
	At call	Within 1 year	1 - 5 years	Over 5 years	Total
<u>Financial assets</u>					
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
<u>Financial liabilities</u>					
Borrowings from financial institutions	-	1,009.2	720.0	-	1,729.2
Securities business payables	-	60.1	-	-	60.1

30.2 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.

31. 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 2014, debt to equity ratio in the financial statements is 0.75:1 (2013: 1.57:1).

32. 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.

33. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 16 February 2015.