

TSFC Securities Public Company Limited
Report and interim financial statements
For the six-month period ended 30 June 2016

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 30 June 2016, and the related statements of comprehensive income, changes in owners' equity and cash flows for the six-month period 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.



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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 30 June 2016, and its financial performance and cash flows for the six-month period then ended, in accordance with Thai Financial Reporting Standards.

A handwritten signature in black ink, appearing to read 'Sumana', followed by a long, horizontal flourish.

Sumana Punpongsanon

Certified Public Accountant (Thailand) No. 5872

EY Office Limited

Bangkok: 15 August 2016

TSFC Securities Public Company Limited

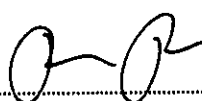
Statement of financial position

As at 30 June 2016

(Unit: Baht)

| | <u>Note</u> | <u>30 June 2016</u> | <u>31 December 2015</u> |
|--|-------------|----------------------|-------------------------|
| Assets | | | |
| Cash and cash equivalents | 6 | 1,105,084 | 2,893,745 |
| Deposits at financial institutions - net | 7 | - | - |
| Loans to financial institutions - net | 8 | 396,000,000 | 346,500,000 |
| Receivables from Clearing House | 9 | 51,687,059 | 40,102,071 |
| Securities business receivables - net | 10 | 2,108,461,503 | 2,382,427,515 |
| Investments - net | 12 | 116,703,166 | 113,233,207 |
| Equipment - net | 13 | 5,421,565 | 1,552,210 |
| Intangible assets - net | 14 | 11,384,868 | 14,698,989 |
| Receivables from sales of investments | | 1,127 | 1,127 |
| Deferred tax assets | 24 | 11,433,391 | 12,178,967 |
| Other assets | 15 | 6,778,354 | 5,811,439 |
| Total assets | | <u>2,708,976,117</u> | <u>2,919,399,270</u> |

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



(Dr. Pakorn Peetathawatchai)

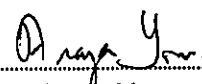
Director



TSFC

Securities Public Company Limited

บริษัทหลักทรัพย์ ทีเอสเอฟ จำกัด (มหาชน)



(Mrs. Araya Yommana)

Director

TSFC Securities Public Company Limited
Statement of financial position (continued)
As at 30 June 2016

(Unit: Baht)

| | <u>Note</u> | <u>30 June 2016</u> | <u>31 December 2015</u> |
|---|-------------|----------------------|-------------------------|
| Liabilities and owners' equity | | | |
| Liabilities | | | |
| Borrowings from financial institutions | 16 | 828,612,069 | 1,143,097,565 |
| Payables to Clearing House | 17 | 7,420,655 | - |
| Securities business payables | 18 | 234,413,889 | 76,183,345 |
| Provisions for long-term employee benefits | 26.2 | 11,450,145 | 12,947,326 |
| Other liabilities | 19 | 15,752,855 | 21,493,723 |
| Total liabilities | | 1,097,649,613 | 1,253,721,959 |
| Owners' equity | | | |
| Share capital | | | |
| Registered | | | |
| 154,912,584 ordinary shares of Baht 10 each | | 1,549,125,840 | 1,549,125,840 |
| Issued and paid-up | | | |
| 154,912,584 ordinary shares of Baht 10 each | | 1,549,125,840 | 1,549,125,840 |
| Retained earnings | | | |
| Appropriated | | | |
| Statutory reserve | 20 | 15,632,975 | 15,632,975 |
| Unappropriated | | | |
| | | 46,547,283 | 100,922,098 |
| Other components of owners' equity | 12.3 | 20,406 | (3,602) |
| Total owners' equity | | 1,611,326,504 | 1,665,677,311 |
| Total liabilities and owners' equity | | 2,708,976,117 | 2,919,399,270 |

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

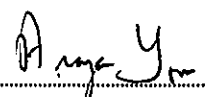


(Dr. Pakorn Peetathawatchai)

Director



TSFC
Securities Public Company Limited
บริษัทหลักทรัพย์ เพื่อธุรกิจหลักทรัพย์ จำกัด มหาชน



(Mrs. Araya Yommana)

Director

TSFC Securities Public Company Limited
Statement of comprehensive income
For the six-month period ended 30 June 2016

| | Note | 2016 | 2015 |
|---|------|-------------------|--------------------|
| (Unit: Baht) | | | |
| Revenues | | | |
| Fees and services income | 22 | 360,605 | 283,352 |
| Gain (loss) on securities | 12.4 | 3,429 | (50) |
| Interest and dividend | | 6,415,749 | 3,039,209 |
| Interest on margin loans | | 82,352,142 | 116,771,923 |
| Other income | | 817,695 | - |
| Total revenues | | <u>89,949,620</u> | <u>120,094,434</u> |
| Expenses | | | |
| Finance costs | | 14,608,873 | 27,642,871 |
| Fees and services expenses | | 892,090 | 765,043 |
| Operating expenses | | | |
| Personnel expenses | | 25,840,787 | 27,838,087 |
| Premises and equipment expenses | | 8,790,705 | 8,858,737 |
| Directors' remuneration | | 1,303,250 | 1,339,250 |
| Tax expenses | | 2,749,575 | 3,934,344 |
| Other expenses | | 6,887,326 | 14,056,937 |
| Bad debt and doubtful accounts (reversal) | 11 | (82,290) | 1,741,810 |
| Total expenses | | <u>60,990,316</u> | <u>86,177,079</u> |
| Profit before income tax | | 28,959,304 | 33,917,355 |
| Tax income (expenses) | 24 | (5,877,827) | 5,081,004 |
| Profit for the period | | <u>23,081,477</u> | <u>38,998,359</u> |
| Other comprehensive income | | | |
| <i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i> | | | |
| Gain (loss) on re-measuring available-for-sale investments | 12.3 | 30,010 | (13,262) |
| Less: Income tax effect | 24 | (6,002) | 2,652 |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax | | <u>24,008</u> | <u>(10,610)</u> |
| <i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i> | | | |
| Actuarial losses | 26.2 | - | (1,979,602) |
| Less: Income tax effect | 24 | - | 395,920 |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax | | <u>-</u> | <u>(1,583,682)</u> |
| Other comprehensive income for the period | | <u>24,008</u> | <u>(1,594,292)</u> |
| Total comprehensive income for the period | | <u>23,105,485</u> | <u>37,404,067</u> |
| Basic earnings per share | 25 | | |
| Profit for the period | | <u>0.15</u> | <u>0.25</u> |

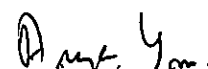
The accompanying notes are an integral part of the financial statements.



(Dr. Pakorn Peetathawatchai)
 Director



TSFC
 Securities Public Company Limited
 บริษัทหลักทรัพย์ เทสซุทีกาหลักทรัพย์ จำกัด มหาชน



(Mrs. Araya Yommana)
 Director

TSFC Securities Public Company Limited
Statement of changes in owners' equity
For the six-month period ended 30 June 2016

(Unit: Baht)

| | Note | Issued and paid-up share capital | Retained earnings | | Other components of owner's equity | Total owners' equity |
|---|------|--|-------------------|-------------------|---------------------------------------|-------------------------|
| | | | Appropriated | Unappropriated | | |
| Balance as at 1 January 2015 | | 1,549,125,840 | 12,780,319 | 71,542,200 | 4,016 | 1,633,452,375 |
| Profit for the period | | - | - | 38,998,359 | - | 38,998,359 |
| Other comprehensive income for the period | | - | - | (1,583,682) | (10,610) | (1,594,292) |
| Total comprehensive income for the period | | - | - | 37,414,677 | (10,610) | 37,404,067 |
| Dividend paid | 21 | - | - | (23,236,888) | - | (23,236,888) |
| Balance as at 30 June 2015 | | <u>1,549,125,840</u> | <u>12,780,319</u> | <u>85,719,989</u> | <u>(6,594)</u> | <u>1,647,619,554</u> |
| Balance as at 1 January 2016 | | 1,549,125,840 | 15,632,975 | 100,922,098 | (3,602) | 1,665,677,311 |
| Profit for the period | | - | - | 23,081,477 | - | 23,081,477 |
| Other comprehensive income for the period | | - | - | - | 24,008 | 24,008 |
| Total comprehensive income for the period | | - | - | 23,081,477 | 24,008 | 23,105,485 |
| Dividend paid | 21 | - | - | (77,456,292) | - | (77,456,292) |
| Balance as at 30 June 2016 | | <u>1,549,125,840</u> | <u>15,632,975</u> | <u>46,547,283</u> | <u>20,406</u> | <u>1,611,326,504</u> |

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

TSFC Securities Public Company Limited
Statement of cash flows
For the six-month period ended 30 June 2016

| | <u>2016</u> | <u>2015</u> |
|--|-------------------|-------------------|
| | | (Unit: Baht) |
| Cash flows from operating activities | | |
| Profit before tax | 28,959,304 | 33,917,355 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: | | |
| Depreciation and amortisation | 3,792,089 | 10,789,223 |
| Bad debts and doubtful accounts | 345,427 | 1,741,810 |
| Amortisation of discount on investments in debt securities | (1,221,619) | (31,940) |
| Loss (gain) on trading in securities | (3,429) | 50 |
| Loss (gain) on disposal equipment | (811,255) | 353 |
| Interest and dividend income | (6,415,749) | (3,039,209) |
| Interest on margin loans | (82,352,142) | (116,771,923) |
| Finance costs | 14,608,873 | 27,642,871 |
| Long-term employee benefits expenses | 1,447,979 | 1,407,088 |
| Loss from operating activities before changes in operating assets and liabilities | (41,650,522) | (44,344,322) |
| (Increase) decrease in operating assets | | |
| Loans to financial institutions | (50,000,000) | (149,985,710) |
| Receivables from Clearing House | (11,584,988) | (9,688,833) |
| Securities business receivables | 356,472,727 | 72,053,628 |
| Short-term investments | (2,218,330) | (86,751,692) |
| Other assets | (868,518) | (679,637) |
| Increase (decrease) in operating liabilities | | |
| Borrowings from financial institutions | (314,485,496) | 245,572,593 |
| Payables to Clearing House | 7,420,655 | (8,059,913) |
| Securities business payables | 158,230,544 | 37,312,265 |
| Cash paid for long-term employee benefits | (2,945,160) | (3,660,000) |
| Accrued expenses | (6,513,814) | (2,608,681) |
| Other liabilities | (431,576) | (1,072,759) |
| Net cash flows from operating activities | 91,425,522 | 48,086,939 |
| Cash received from interest income | 5,094,232 | 2,885,843 |
| Cash paid for interest expenses | (14,862,708) | (27,625,180) |
| Cash paid for corporate income tax | (5,530,591) | - |
| Net cash flows from operating activities | 76,126,455 | 23,347,602 |

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

TSFC Securities Public Company Limited
Statement of cash flows (continued)
For the six-month period ended 30 June 2016

| | (Unit: Baht) | |
|--|-------------------------|-----------------------|
| | <u>2016</u> | <u>2015</u> |
| Cash flows from investing activities | | |
| Cash paid for purchases of available-for-sale securities | (110,000,000) | - |
| Proceeds on disposal of available-for-sale securities | 110,003,429 | - |
| Cash received from dividends | 1,500 | - |
| Cash received from interest on investments | 1,221,619 | 31,941 |
| Cash paid for purchases of equipments | (2,468,031) | (9,240) |
| Cash received from disposal of equipments | 812,148 | - |
| Cash paid for purchases of intangible assets | - | (1,106,500) |
| Net cash flows used in investing activities | <u>(429,335)</u> | <u>(1,083,799)</u> |
| Cash flows from financing activities | | |
| Dividends paid | (77,456,292) | (23,236,888) |
| Cash paid for liabilities under finance lease agreement | (29,489) | - |
| Net cash flows used in financing activities | <u>(77,485,781)</u> | <u>(23,236,888)</u> |
| Net decrease in cash and cash equivalents | <u>(1,788,661)</u> | <u>(973,085)</u> |
| Cash and cash equivalents at beginning of period | <u>2,893,745</u> | <u>1,907,243</u> |
| Cash and cash equivalents at end of period (Note 6) | <u><u>1,105,084</u></u> | <u><u>934,158</u></u> |
| Supplement cash flows information | | |
| Non-cash items | | |
| Payable from purchases of intangible assets | 4,574,250 | 4,865,438 |
| Purchases of assets under finance lease agreement | 1,880,186 | - |
| Gain (loss) on re-measuring available-for-sale investments | 30,010 | (13,262) |
| Actuarial losses | - | (1,980) |

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

TSFC Securities Public Company Limited
Notes to financial statements
For the six-month period ended 30 June 2016

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 No. 898, Ploenchit Tower, 10th Floor, Ploenchit Road, Lumpini, Patumwan, Bangkok.

2. Basis of preparation

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) "Interim Financial Reporting" with the Company choosing to present full format of interim financial statements, as that used for the annual financial statements.

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

During the period, the Company has adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. 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 standards. The adoption of these financial reporting standards does not have any significant impact on the Company's 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 right to receive the dividends is established.

Gain (loss) on trading in securities is recognised as income/expense on the transaction 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 services 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 Recognition and amortisation of customers assets

Cash received from customers of credit balance accounts are recorded as assets and liabilities of the Company for the internal control purposes. At the end of the reporting period, the Company excludes these amounts from both assets and liabilities and presents only the assets which belong to the Company.

4.4 Securities borrowing and lending

The Company records its obligations to return borrowed securities which it has been sold as short selling or lent as "Securities borrowing and lending payables" and securities lent to customers are recorded as "Securities borrowing and lending receivables" in the statement of financial position. At the end of the reporting period, the balance of "Securities borrowing and lending payables" and "Securities borrowing and lending receivables" are adjusted based on the closing price quoted on the Stock Exchange of Thailand of the last working day of the reporting period. In addition, the Company records cash paid as collateral for securities borrowing as "Collateral receivables" and cash received as collateral for securities lending as "Collateral payables".

Fees from borrowing and lending are recognised on an accrual basis over the term of the lending.

4.5 Receivables from Clearing House

Receivables from Clearing House comprises the net receivable from Thailand Clearing House (TCH) for settlement of equity securities trades made through the Stock Exchange of Thailand.

4.6 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in debt securities which expected to be held to maturity are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.

The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association as at the last working day of the reporting period. The fair value of unit trusts is determined from their net asset value as at the end of reporting period.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.7 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 as at the end of reporting period.

4.8 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.

4.9 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 - 5 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.

4.10 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 charged to profit or loss.

Intangible assets with finite lives are as follows:

| | |
|-------------------|---------|
| Computer software | 5 years |
|-------------------|---------|

4.11 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.12 Long-term leases

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

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.

4.13 Payables to Clearing House

Payables to Clearing House comprises the net payable to Thailand Clearing House (TCH) for settlement of equity securities trades made through the Stock Exchange of Thailand.

4.14 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

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.

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 other comprehensive income.

4.15 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.

4.16 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.

4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

4.18 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

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:

Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

Allowance for doubtful accounts for loans and securities business receivables

Allowances for doubtful accounts 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 doubtful accounts and adjustments to the allowances may therefore be required in the future.

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 their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement.

Equipment/Depreciation

In determining depreciation of equipment, the management is required to make estimates of the useful lives and residual values of the Company's equipment and to review estimate residual lives and salvage values when there are any changes.

In addition, the management is required to review equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

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.

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.

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.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

6. Cash and cash equivalents

(Unit: Thousand Baht)

| | 30 June 2016 | 31 December 2015 |
|---------------------------------------|-----------------|---------------------|
| Cash | 25 | 50 |
| Saving and current deposits | 25,438 | 5,861 |
| Less: Deposits for customers' account | (24,358) | (3,017) |
| Total cash and cash equivalents | <u>1,105</u> | <u>2,894</u> |

7. Deposits at financial institutions

(Unit: Thousand Baht)

| | 30 June 2016 | 31 December 2015 |
|---|-----------------|---------------------|
| Fixed deposits with maturity over 3 months but less than 1 year | 80,000 | 50,000 |
| Less: Deposits for customers' account | (80,000) | (50,000) |
| Total deposits at financial institutions - net | <u>-</u> | <u>-</u> |

8. Loans to financial institutions

(Unit: Thousand Baht)

| | 30 June 2016 | 31 December 2015 |
|---|-----------------|---------------------|
| At call | 511,976 | 462,404 |
| Less: Allowance for doubtful accounts | (115,976) | (115,904) |
| Total loans to financial institutions - net | <u>396,000</u> | <u>346,500</u> |

As at 30 June 2016, the Company had discontinued recognising income from 4 debtors of approximately Baht 112.0 million (31 December 2015: 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)

| | 30 June 2016 | 31 December 2015 |
|---------------------------------------|-----------------|---------------------|
| Receivables from Clearing House | 51,687 | 40,102 |
| Total receivables from Clearing House | <u>51,687</u> | <u>40,102</u> |

10. Securities business receivables

(Unit: Thousand Baht)

| | 30 June 2016 | 31 December 2015 |
|--|------------------|---------------------|
| Customers' accounts - credit balance | 2,005,313 | 2,382,577 |
| Securities borrowing and lending receivables | 48,116 | - |
| Collateral receivables | 55,212 | - |
| Other receivables | 235,152 | 299,695 |
| Total | 2,343,793 | 2,682,272 |
| Add: Accrued interest receivables | 8 | 192 |
| Less: Allowance for doubtful accounts | (235,339) | (300,036) |
| Net securities business receivables | 2,108,462 | 2,382,428 |

10.1 As at 30 June 2016, the Company had discontinued recognising income from securities business receivables with total outstanding balances of approximately Baht 235.1 million (31 December 2015: Baht 299.7 million).

10.2 As at 30 June 2016 and 31 December 2015, the Company has classified securities business receivables in accordance with the Notification of the Office of the Securities and Exchange Commission governing accounting for doubtful debts of securities companies. The Company classified securities business receivables are as follows:

(Unit: Million Baht)

| | 30 June 2016 | | | | 31 December 2015 | | | |
|-----------------|--------------|---------------------------------------|---|---|------------------|---------------------------------------|---|---|
| | Number | Securities business receivables | Allowance for doubtful accounts set up by the Company | Net securities business receivables after allowance for doubtful accounts | Number | Securities business receivables | Allowance for doubtful accounts set up by the Company | Net securities business receivables after allowance for doubtful accounts |
| Normal debt | 207 | 2,108.6 | (0.2) | 2,108.4 | 232 | 2,375.4 | (0.2) | 2,375.2 |
| Special mention | - | - | - | - | 2 | 7.3 | (0.1) | 7.2 |
| Doubtful debt | 5 | 235.1 | (235.1) | - | 7 | 299.7 | (299.7) | - |
| Total | 212 | 2,343.7 | (235.3) | 2,108.4 | 241 | 2,682.4 | (300.0) | 2,382.4 |

11. Allowance for doubtful accounts

Movements of allowance for doubtful accounts for loans to financial institutions and securities business receivables for the six-month period ended 30 June 2016 and for the year ended 31 December 2015 are summarised below.

(Unit: Thousand Baht)

| | 30 June 2016 | 31 December 2015 |
|--|-----------------|---------------------|
| Balance - beginning of the period/year | 415,940 | 415,419 |
| Provision for doubtful accounts | 345 | 2,645 |
| Bad debt recoverable | (428) | (14) |
| Bad debt write-off | (64,542) | (2,110) |
| Balance - end of the period/year | <u>351,315</u> | <u>415,940</u> |

12. Investments

12.1 Cost and fair value

(Unit: Thousand Baht)

| | 30 June 2016 | | 31 December 2015 | |
|--|--------------------|----------------|--------------------|----------------|
| | Cost/ Amortised | | Cost/ Amortised | |
| | cost | Fair value | cost | Fair value |
| Available-for-sale securities | | | | |
| Debt securities | | | | |
| Government and state enterprises bond | 353,448 | 353,469 | 123,646 | 123,637 |
| Add (less): Allowance for revaluation of securities | 21 | - | (9) | - |
| Less: Government securities for customers' account | (236,780) | (236,780) | (10,418) | (10,418) |
| Total debt securities - net | <u>116,689</u> | <u>116,689</u> | <u>113,219</u> | <u>113,219</u> |
| Unit trusts | | | | |
| Equity open end fund | 10 | 14 | 10 | 14 |
| Add: Allowance for revaluation of securities | 4 | - | 4 | - |
| Total unit trusts - net | <u>14</u> | <u>14</u> | <u>14</u> | <u>14</u> |
| Total available-for-sale securities - net | <u>116,703</u> | <u>116,703</u> | <u>113,233</u> | <u>113,233</u> |

12.2 Investments in debt securities classified by the remaining contracts

(Unit: Thousand Baht)

| | 30 June 2016 | | | | 31 December 2015 | | | |
|------------------------------------|--------------|-----------|---------|---------|------------------|-----------|---------|---------|
| | Not over | Over | | Total | Not over | Over | | Total |
| | 1 year | 1-5 years | 5 years | | 1 year | 1-5 years | 5 years | |
| Available-for-sale debt securities | 353,469 | - | - | 353,469 | 123,637 | - | - | 123,637 |
| Total | 353,469 | - | - | 353,469 | 123,637 | - | - | 123,637 |

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

(Unit: Thousand Baht)

| | For the six-month period ended 30 June 2016 | For the year ended 31 December 2015 |
|--|---|-------------------------------------|
| Balance - beginning of the period/year (net of income tax) | (4) | 4 |
| Changes during the period/year | | |
| - from revaluation (before net of income tax) | 30 | (10) |
| - income tax | (6) | 2 |
| Balance - end of the period/year | 20 | (4) |

12.4 Gain (loss) on securities

(Unit: Thousand Baht)

| | For the six-month periods ended 30 June | |
|---|---|------|
| | 2016 | 2015 |
| Gain (loss) on trading in available-for-sale securities | 3 | (50) |
| Total | 3 | (50) |

13. Equipment

(Unit: Thousand Baht)

| | Leasehold Improvement | Office equipment | Furniture and fixtures | Vehicle | Total |
|---|--------------------------|---------------------|---------------------------|---------|----------|
| Cost | | | | | |
| 1 January 2015 | 25,101 | 30,118 | 4,533 | 2,059 | 61,811 |
| Purchases | - | 13 | - | - | 13 |
| Disposals | - | (10,192) | (165) | - | (10,357) |
| 31 December 2015 | 25,101 | 19,939 | 4,368 | 2,059 | 51,467 |
| Purchases | - | 1,158 | - | 3,190 | 4,348 |
| Disposals | - | (1,382) | - | (2,059) | (3,441) |
| 30 June 2016 | 25,101 | 19,715 | 4,368 | 3,190 | 52,374 |
| Accumulated depreciation | | | | | |
| 1 January 2015 | 25,100 | 27,970 | 4,519 | 1,556 | 59,145 |
| Depreciation for the year | 1 | 618 | 4 | 503 | 1,126 |
| Disposals | - | (10,192) | (165) | - | (10,357) |
| 31 December 2015 | 25,101 | 18,397 | 4,358 | 2,059 | 49,915 |
| Depreciation for the period | - | 352 | 2 | 124 | 478 |
| Disposals | - | (1,381) | - | (2,059) | (3,440) |
| 30 June 2016 | 25,101 | 17,368 | 4,360 | 124 | 46,953 |
| Net book value | | | | | |
| 31 December 2015 | - | 1,542 | 10 | - | 1,552 |
| 30 June 2016 | - | 2,347 | 8 | 3,066 | 5,421 |
| Depreciation charge included in the statements of comprehensive income for the six-month periods ended | | | | | |
| 30 June 2015 | | | | | 659 |
| 30 June 2016 | | | | | 478 |

As at 30 June 2016, 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 45.0 million (31 December 2015: Baht 48.5 million).

14. Intangible assets

(Unit: Thousand Baht)

| | 31 December 2015 | Additions | Amortised | 30 June 2016 |
|----------|---------------------|-----------|-----------|-----------------|
| Software | 14,699 | - | (3,314) | 11,385 |

(Unit: Thousand Baht)

| | 31 December 2014 | Additions | Amortised | 31 December 2015 |
|----------|---------------------|-----------|-----------|---------------------|
| Software | 33,929 | - | (19,230) | 14,699 |

Part of the above intangible assets comprises development costs of the Securities Borrowing and Lending (SBL) program, amounting to Baht 0.2 million (31 December 2015: Baht 1.4 million).

15. Other assets

(Unit: Thousand Baht)

| | 30 June 2016 | 31 December 2015 |
|--------------------|-----------------|---------------------|
| Deposits | 3,785 | 3,785 |
| Prepaid expenses | 2,166 | 1,654 |
| Others | 827 | 372 |
| Total other assets | 6,778 | 5,811 |

16. Borrowings from financial institutions

(Unit: Thousand Baht)

| | 30 June 2016 | | | | 31 December 2015 | | | |
|---|--------------------------------|--------------------|-----------|---------|--------------------------------|--------------------|-----------|-----------|
| | 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 | 1.60 - 4.25 | 670,000 | - | 670,000 | 1.75 - 4.25 | 850,000 | - | 850,000 |
| Bills of exchange | 2.12 - 2.50 | 158,612 | - | 158,612 | 2.50 - 3.00 | 293,098 | - | 293,098 |
| Borrowings from financial institutions | | 828,612 | - | 828,612 | | 1,143,098 | - | 1,143,098 |

The borrowings from financial institutions are unsecured loan.

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

17. Payables to Clearing House

(Unit: Thousand Baht)

| | 30 June 2016 | 31 December 2015 |
|----------------------------------|-----------------|---------------------|
| Payables to Clearing House | 7,421 | - |
| Total payables to Clearing House | 7,421 | - |

18. Securities business payables

(Unit: Thousand Baht)

| | 30 June 2016 | 31 December 2015 |
|--|-----------------|---------------------|
| Securities business payables - cash accounts | 126,660 | 76,183 |
| Securities borrowing and lending payables | 48,116 | - |
| Collateral payables | 59,638 | - |
| Total securities business payables | 234,414 | 76,183 |

19. Other liabilities

(Unit: Thousand Baht)

| | 30 June 2016 | 31 December 2015 |
|---|-----------------|---------------------|
| Interest payable | 3 | 257 |
| Income tax payable | 5,138 | 5,531 |
| Accrued expenses | 2,915 | 9,397 |
| Withholding tax payable | 325 | 226 |
| Specific business tax payable | 420 | 550 |
| Other payable | 5,099 | 5,532 |
| Liabilities under finance lease agreement | 1,851 | - |
| Others | 2 | 1 |
| Total other liabilities | 15,753 | 21,494 |

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. Dividends

| Dividend | Approved by | Total dividend (Thousand Baht) | Dividend per share (Baht) |
|----------------------------|--|--------------------------------------|---------------------------------|
| Dividend for the year 2014 | Annual General Meeting of the shareholders on 2 April 2015 | 23,237 | 0.15 |
| Total | | <u>23,237</u> | <u>0.15</u> |
| Dividend for the year 2015 | Annual General Meeting of the shareholders on 20 April 2016 | 77,456 | 0.50 |
| Total | | <u>77,456</u> | <u>0.50</u> |

22. Fee and services income

(Unit: Thousand Baht)

For the six-month periods
ended 30 June

| | 2016 | 2015 |
|------------------------------|------------|------------|
| Front end fee income | 135 | 263 |
| Other fee and service income | 225 | 20 |
| Total | <u>360</u> | <u>283</u> |

23. Directors and management's benefits

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

(Unit: Thousand Baht)

For the six-month periods
ended 30 June

| | 2016 | 2015 |
|--------------------------------|---------------|---------------|
| Management expenses | | |
| - Short-term employee benefits | 11,450 | 11,150 |
| - Post-employment benefits | 1,517 | 1,710 |
| Total | <u>12,967</u> | <u>12,860</u> |

24. Income Tax

Income tax expenses for the six-month periods ended 30 June 2016 and 2015 are made up as follows:

| | (Unit: Thousand Baht) | |
|--|---|----------------|
| | For the six-month periods ended 30 June | |
| | 2016 | 2015 |
| Current income tax: | | |
| Interim corporate income tax charge | 5,138 | 5,763 |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | 740 | (10,844) |
| Income tax expenses (income) reported in the statements of comprehensive income | 5,878 | (5,081) |

The amounts of income tax relating to each component of other comprehensive income for the six-month periods ended 30 June 2016 and 2015 are as follows:

| | (Unit: Thousand Baht) | |
|---|---|------------|
| | For the six-month periods ended 30 June | |
| | 2016 | 2015 |
| Deferred tax relating to | | |
| Loss on change in value of available-for-sale investments | (6) | 2 |
| Actuarial losses | - | 396 |
| | (6) | 398 |

The reconciliation between accounting profit and income tax expenses (income) is shown below.

| | (Unit: Thousand Baht) | |
|---|-----------------------|----------|
| | For the six-month | |
| | periods ended 30 June | |
| | 2016 | 2015 |
| Accounting profit before tax | 28,959 | 33,917 |
| Applicable tax rate | 20% | 20% |
| Accounting profit before tax multiplied by income tax rate | 5,792 | 6,783 |
| Effects of: | | |
| Non-deductible expenses | 102 | 581 |
| Additional expense deductions allowed | (16) | (11) |
| Tax loss brought forward from previous years which utilised in the current year | - | (1,591) |
| Utilisation of previously unrecognised deferred tax assets | - | (10,843) |
| Income tax expenses (income) reported in statements of comprehensive income | 5,878 | (5,081) |

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

| | (Unit: Thousand Baht) | |
|--|-----------------------|-------------|
| | 30 June | 31 December |
| | 2016 | 2015 |
| Deferred tax assets | | |
| Accumulated amortisation - computer software | 9,148 | 9,589 |
| Provision for long-term employee benefits | 2,290 | 2,589 |
| Unrealised loss from revaluation of available-for-sale investments | - | 1 |
| Total | 11,438 | 12,179 |
| Deferred tax liabilities | | |
| Unrealised gain from revaluation of available-for-sale investments | 5 | - |
| Total | 5 | - |
| Deferred tax assets - net | 11,433 | 12,179 |

25. Earnings per share

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

26. Post-employment benefits

26.1 Provident fund

The Company and its employees have jointly established a provident fund 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. The contributions for the six-month period ended 30 June 2016 amounting to approximately 1.7 million (2015: Baht 1.8 million) were recognised as expenses.

26.2 Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

| | (Unit: Thousand Baht) | |
|--|-----------------------|---------------------|
| | 30 June 2016 | 31 December 2015 |
| | <u> </u> | <u> </u> |
| Provision for long-term employee benefits at beginning of period/year | 12,947 | 12,065 |
| Included in profit or loss: | | |
| Current service cost | 1,294 | 2,255 |
| Interest cost | 154 | 307 |
| Included in other comprehensive income: | | |
| Actuarial losses arising from | | |
| Demographic assumptions changes | - | 56 |
| Financial assumptions changes | - | 2,016 |
| Experience adjustments | - | (92) |
| Benefits paid during the period/year | <u>(2,945)</u> | <u>(3,660)</u> |
| Provision for long-term employee benefits at end of period/year | <u>11,450</u> | <u>12,947</u> |

Long-term employee benefit expenses included in personnel expenses in the profit or loss.

The Company expects to pay no long-term employee benefits during the next year (31 December 2015: Baht 2.8 million).

As at 30 June 2016, the weighted average duration of the liabilities for long-term employee benefit is 10 years (31 December 2015: 10 years).

Significant actuarial assumptions are summarised below:

| | (Unit: % per annum) | |
|----------------------|---------------------|---------------------|
| | 30 June 2016 | 31 December 2015 |
| Discount rate | 2.96 | 2.96 |
| Salary increase rate | 5.00 | 5.00 |
| Turnover rate | 0.00 - 10.00 | 0.00 - 10.00 |

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 30 June 2016 are summarised below:

| | (Unit: Thousand Baht) | |
|----------------------|-----------------------|------------------|
| | Increase 1.0% | Decrease 1.0% |
| Discount rate | (887) | 1,531 |
| Salary increase rate | 1,672 | (1,042) |
| Turnover rate | (956) | 602 |

27. Commitments

27.1 Capital commitments

As at 30 June 2016, the Company had capital commitments of approximately Baht 0.4 million (31 December 2015: Baht 0.7 million) relating to system development and maintenance.

27.2 Operating lease commitments

The Company had entered into several lease agreements in respect of the lease of area in the building, equipment and vehicles. The terms of the agreements are generally between 1 year and 4 years.

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

| | (Unit: Million Baht) | |
|-----------------------------|----------------------|---------------------|
| | 30 June 2016 | 31 December 2015 |
| Payable: | | |
| In up to 1 year | 11.3 | 12.1 |
| In over 1 and up to 3 years | 17.9 | 22.2 |

28. Fair value hierarchy

As at 30 June 2016 and 31 December 2015, the Company had the assets that were measured at fair value using different levels of inputs as follows:

| | (Unit: Thousand Baht) | | | |
|--------------------------------------|-----------------------|---------|---------|---------|
| | As at 30 June 2016 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | |
| Available-for-sale investments | | | | |
| Debt securities* | - | 353,469 | - | 353,469 |
| Unit trusts | - | 14 | - | 14 |

* Included government securities for customers' account amounting to Baht 237 million

| | (Unit: Thousand Baht) | | | |
|--------------------------------------|------------------------|---------|---------|---------|
| | As at 31 December 2015 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Assets measured at fair value | | | | |
| Available-for-sale investments | | | | |
| Debt securities* | - | 123,637 | - | 123,637 |
| Unit trusts | - | 14 | - | 14 |

* Included government securities for customers' account amounting to Baht 10 million

29. Financial instruments

29.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, loans, receivables from Clearing House, securities business receivables, investments, borrowings, payables to Clearing House and securities business payables. 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 loans, receivables from Clearing House, securities business receivables and investments in debt securities. 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 investment in debt instruments is determined on the basis of the firm financial status of issuing institutions and their instruments being rated at acceptable rating by the reputable credit rating agencies.

The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans and investments in debt securities 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, securities business receivables, investments in debt securities and borrowings. 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 30 June 2016 and 31 December 2015 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)

| | 30 June 2016 | | | | | | |
|--|---|-----------------------------|-------------|--------------|-------|-------------|--------------|
| | 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 | - | - | - | - | 1.1 | 1.1 | - |
| Loans to financial institutions - net | - | 396.0 | - | - | - | 396.0 | 1.75 - 2.50 |
| Receivables from Clearing House | - | - | - | - | 51.7 | 51.7 | - |
| Securities business receivables - net | 2,001.2 | - | 0.5 | 3.4 | 103.3 | 2,108.4 | 6.27 - 20.00 |
| Investments in debt securities - net | - | - | 116.7 | - | - | 116.7 | 1.35 - 1.44 |
| Financial liabilities | | | | | | | |
| Borrowings from financial institutions | - | 270.0 | 558.6 | - | - | 828.6 | 1.60 - 4.25 |
| Payables to Clearing House | - | - | - | - | 7.4 | 7.4 | - |
| Securities business payables | - | - | - | - | 234.4 | 234.4 | - |

(Unit: Million Baht)

31 December 2015

| | Outstanding balances of financial instruments | | | | | | | Interest rate (% per annum) |
|--|---|-----------------------------|---------------|-------------|--------------|-------------|---------|--------------------------------|
| | 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 | - | - | - | - | - | 2.9 | 2.9 | - |
| Loans to financial institutions - net | - | 346.5 | - | - | - | - | 346.5 | 2.40 - 2.50 |
| Receivables from Clearing House | - | - | - | - | - | 40.1 | 40.1 | - |
| Securities business receivables - net | 2,365.4 | - | 1.6 | 15.4 | - | - | 2,382.4 | 6.50 - 20.0 |
| Investments in debt securities - net | - | - | 113.2 | - | - | - | 113.2 | 1.49 - 1.50 |
| Financial liabilities | | | | | | | | |
| Borrowings from financial institutions | - | 350.0 | 793.1 | - | - | - | 1,143.1 | 1.75 - 4.25 |
| Securities business payables | - | - | - | - | - | 76.2 | 76.2 | - |

Liquidity risk

The periods of time from the statements of financial position date to the maturity dates of financial instruments as of 30 June 2016 and 31 December 2015 are as follows:

(Unit: Million Baht)

30 June 2016

| | Outstanding balances of financial instruments | | | | |
|--|---|---------|-------|--------|---------|
| | At call | Within | 1 - 5 | Over 5 | Total |
| | | 1 year | years | years | |
| Financial assets | | | | | |
| Cash and cash equivalents | 1.1 | - | - | - | 1.1 |
| Loans to financial institutions - net | 396.0 | - | - | - | 396.0 |
| Receivables from Clearing House | - | 51.7 | - | - | 51.7 |
| Securities business receivables - net | - | 2,092.2 | 16.2 | - | 2,108.4 |
| Investments in debt securities - net | - | 116.7 | - | - | 116.7 |
| Financial liabilities | | | | | |
| Borrowings from financial institutions | 270.0 | 558.6 | - | - | 828.6 |
| Payables to Clearing House | - | 7.4 | - | - | 7.4 |
| Securities business payables | - | 234.4 | - | - | 234.4 |

(Unit: Million Baht)

| | 31 December 2015 | | | | |
|--|---|------------------|----------------|-----------------|---------|
| | 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 | 2.9 | - | - | - | 2.9 |
| Loans to financial institutions - net | 346.5 | - | - | - | 346.5 |
| Receivables from Clearing House | - | 40.1 | - | - | 40.1 |
| Securities business receivables - net | - | 2,359.2 | 23.2 | - | 2,382.4 |
| Investments in debt securities - net | - | 113.2 | - | - | 113.2 |
| <u>Financial liabilities</u> | | | | | |
| Borrowings from financial institutions | 350.0 | 793.1 | - | - | 1,143.1 |
| Securities business payables | - | 76.2 | - | - | 76.2 |

29.2 Fair values and financial instruments

Since the majority of the Company's financial instruments are short-term in nature. Loans and borrowings have bear market interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

During the current period, there were no transfers within the fair value level.

30. Capital management

The primary objectives of the Company's capital management is to ensure that it has an appropriate financial structure, to preserve the ability to continue its business as a going concern and to maintain net capital in accordance with the rules laid down by the Office of the Securities and Exchange Commission.

31. Segment information

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

32. Approval of financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 15 August 2016.