

TSFC Securities Public Company Limited
Review report and interim financial statements
For the three-month period ended 31 March 2016

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of TSFC Securities Public Company Limited

I have reviewed the accompanying statement of financial position of TSFC Securities Public Company Limited as at 31 March 2016, the related statements of comprehensive income, changes in owners' equity and cash flows for the three-month period then ended, as well as the condensed notes to the financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.



Sumana Punpongsanon
Certified Public Accountant (Thailand) No. 5872

EY Office Limited
Bangkok: 16 May 2016

TSFC Securities Public Company Limited

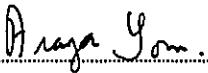
Statement of financial position

As at 31 March 2016

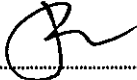
(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2016</u> (Unaudited but reviewed)	<u>31 December 2015</u> (Audited)
Assets			
Cash and cash equivalents	3	802	2,894
Deposits at financial institutions - net	4	-	-
Loans to financial institutions - net	5	509,850	346,500
Receivables from Clearing House	6	48,610	40,102
Securities business receivables - net	7	2,022,100	2,382,428
Investments - net	9	108,001	113,233
Equipment - net	10	2,389	1,552
Intangible assets - net	11	12,918	14,699
Receivables from sales of investments		1	1
Deferred tax assets		12,111	12,179
Other assets		7,420	5,811
Total assets		2,724,202	2,919,399

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


 (Mrs. Araya Yommana)
 Director


TSFC
 Securities Public Company Limited
 บริษัทหลักทรัพย์ เพื่อธุรกิจหลักทรัพย์ จำกัด (มหาชน)

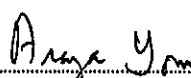

 (Dr. Pakorn Peetathawatchai)
 Director

TSFC Securities Public Company Limited
Statement of financial position (continued)
As at 31 March 2016

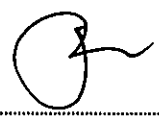
(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2016</u> (Unaudited but reviewed)	<u>31 December 2015</u> (Audited)
Liabilities and owners' equity			
Liabilities			
Borrowings from financial institutions	12	919,499	1,143,098
Securities business payables	13	97,381	76,183
Provisions for long-term employee benefits		13,666	12,947
Other liabilities		16,832	21,494
Total liabilities		<u>1,047,378</u>	<u>1,253,722</u>
Owners' equity			
Share capital			
Registered			
154,912,584 ordinary shares of Baht 10 each		<u>1,549,126</u>	<u>1,549,126</u>
Issued and paid-up			
154,912,584 ordinary shares of Baht 10 each		1,549,126	1,549,126
Retained earnings			
Appropriated			
Statutory reserve		15,633	15,633
Unappropriated			
		112,006	100,922
Other components of owners' equity	9.3	59	(4)
Total owners' equity		<u>1,676,824</u>	<u>1,665,677</u>
Total liabilities and owners' equity		<u>2,724,202</u>	<u>2,919,399</u>

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


(Mrs. Araya Yommana)
Director




(Dr. Pakorn Peetathawatchai)
Director

(Unaudited but reviewed)

TSFC Securities Public Company Limited
Statement of comprehensive income
For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

	Note	2016	2015
Revenues			
Fees and services income	14	224	94
Interest and dividend		3,352	1,308
Interest on margin loans		42,946	57,965
Total revenues		46,522	59,367
Expenses			
Finance costs		7,887	13,622
Fees and services expenses		471	423
Operating expenses			
Personnel expenses		13,033	13,979
Premises and equipment expenses		4,276	4,591
Directors' remuneration		795	643
Tax expenses		1,437	1,934
Other expenses		3,498	7,107
Bad debt and doubtful accounts	8	1,246	549
Total expenses		32,643	42,848
Profit before income tax		13,879	16,519
Tax income (expenses)	16	(2,795)	8,618
Profit for the period		11,084	25,137

Other comprehensive income

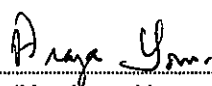
*Other comprehensive income to be reclassified
to profit or loss in subsequent periods*

Gain on re-measuring available-for-sale investments	9.3	78	-
Income tax relating to components of other comprehensive income	16	(15)	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		63	-
Other comprehensive income for the period		63	-
Total comprehensive income for the period		11,147	25,137

(Unit: Baht)

Basic earnings per share	17		
Profit for the period		0.07	0.16

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


(Mrs. Araya Yommana)
Director


TSFC
Securities Public Company Limited
บริษัทหลักทรัพย์ ทีเอสเอฟ จำกัด (มหาชน)


(Dr. Pakorn Peetathawatchai)
Director

(Unaudited but reviewed)

TSFC Securities Public Company Limited

Statement of changes in owners' equity

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

	Issued and paid-up share capital	Retained earnings		Unappropriated	Total
		Appropriated	Unappropriated		
Balance as at 1 January 2015	1,549,126	12,780	71,542	4	1,633,452
Profit for the period	-	-	25,137	-	25,137
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	25,137	-	25,137
Balance as at 31 March 2015	1,549,126	12,780	96,679	4	1,658,589
Balance as at 1 January 2016	1,549,126	15,633	100,922	(4)	1,665,677
Profit for the period	-	-	11,084	-	11,084
Other comprehensive income for the period	-	-	-	63	63
Total comprehensive income for the period	-	-	11,084	63	11,147
Balance as at 31 March 2016	1,549,126	15,633	112,006	59	1,676,824

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

(Unaudited but reviewed)

TSFC Securities Public Company Limited

Statement of cash flows

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Profit before tax	13,879	16,519
Adjustments to reconcile profit before tax to net cash provided by (paid for) operating activities:		
Depreciation and amortisation	1,931	5,393
Bad debts and doubtful accounts	1,246	549
Amortisation of discount on investments in debt securities	(515)	(55)
Interest and dividend income	(3,352)	(1,308)
Interest on margin loans income	(42,946)	(57,965)
Finance costs	7,887	13,622
Long-term employee benefits expenses (reversal)	718	(304)
Loss from operating activities before changes in operating assets and liabilities	(21,152)	(23,549)
(Increase) decrease in operating assets		
Loans to financial institutions	(164,587)	(50,000)
Receivables from Clearing House	(8,508)	1,097
Securities business receivables	403,264	(48,822)
Short-term investments	5,826	(9,737)
Other assets	(1,776)	(1,447)
Increase (decrease) in operating liabilities		
Borrowings from financial institutions	(223,599)	126,422
Payables to Clearing House	-	(6,807)
Securities business payables	21,198	31,652
Cash paid for long-term employee benefits	-	(3,660)
Accrued expenses	(7,898)	(3,990)
Other liabilities	552	378
Net cash flows from operating activities	3,320	11,537
Cash received from interest income	3,005	1,285
Cash paid for interest expenses	(7,945)	(13,608)
Net cash flows used in operating activities	<u>(1,620)</u>	<u>(786)</u>

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

(Unaudited but reviewed)

TSFC Securities Public Company Limited

Statement of cash flows (continued)

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

	<u>2016</u>	<u>2015</u>
Cash flows from investing activities		
Cash received from interest on investments	515	55
Cash paid for purchases of equipments	(987)	(9)
Net cash flows from (used in) investing activities	<u>(472)</u>	<u>46</u>
Net decrease in cash and cash equivalents	(2,092)	(740)
Cash and cash equivalents at beginning of period	2,894	1,907
Cash and cash equivalents at end of period (Note 3)	<u><u>802</u></u>	<u><u>1,167</u></u>
Supplemental cash flows information		
Non-cash items		
Payable from purchases of intangible assets	4,574	5,972

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

TSFC Securities Public Company Limited

Notes to interim financial statements

For the three-month period ended 31 March 2016

1. General information

1.1 Corporate 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.

1.2 Basis for the preparation of interim financial statements

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 condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in owners' equity and cash flows in the same format as that used for the annual financial statements which 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 interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 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.

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2015 with the following additional accounting policy adopted:

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.

3. Cash and cash equivalents

(Unit: Thousand Baht)

	31 March 2016	31 December 2015
Cash	25	50
Saving and current deposits	23,190	5,861
Less: Deposits for customers' account	(22,413)	(3,017)
Total cash and cash equivalents	802	2,894

4. Deposits at financial institutions

(Unit: Thousand Baht)

	31 March 2016	31 December 2015
Fixed deposits with maturity over 3 months but less than 1 year	60,000	50,000
Less: Deposits for customers' account	(60,000)	(50,000)
Total deposits at financial institutions	-	-

5. Loans to financial institutions

(Unit: Thousand Baht)

	31 March 2016	31 December 2015
At call	626,991	462,404
Less: Allowance for doubtful accounts	(117,141)	(115,904)
Total loans to financial institutions - net	509,850	346,500

As at 31 March 2016, the Company had discontinued recognising income from 4 debtors from loans to financial institutions 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 the Ministry of Finance on 8 December 1997.

6. Receivables from Clearing House

(Unit: Thousand Baht)

	31 March 2016	31 December 2015
Receivables from Clearing House	48,610	40,102
Total receivables from Clearing House	<u>48,610</u>	<u>40,102</u>

7. Securities business receivables

(Unit: Thousand Baht)

	31 March 2016	31 December 2015
Customers' accounts - credit balance	2,001,492	2,382,577
Securities borrowing and lending receivables	9,780	-
Collateral receivables	11,086	-
Other receivables	244,486	299,695
Total	<u>2,266,844</u>	<u>2,682,272</u>
Add: Accrued interest receivables	92	192
Less: Allowance for doubtful accounts	<u>(244,836)</u>	<u>(300,036)</u>
Net securities business receivables	<u>2,022,100</u>	<u>2,382,428</u>

7.1 As at 31 March 2016, the Company had discontinued recognising income from securities business receivables with total outstanding balances of approximately Baht 244.5 million (31 December 2015: Baht 299.7 million).

7.2 As at 31 March 2016 and 31 December 2015, the Company has classified securities business receivables according to a Notification set out by the Office of the Securities and Exchange Commission. The Company classified securities business receivables are as follows:

(Unaudited but reviewed)

(Unit: Million Baht)

	31 March 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	230	2,013.2	(0.1)	2,013.1	232	2,375.4	(0.2)	2,375.2
Special mention	8	9.2	(0.2)	9.0	2	7.3	(0.1)	7.2
Doubtful debt	6	244.5	(244.5)	-	7	299.7	(299.7)	-
Total	244	2,266.9	(244.8)	2,022.1	241	2,682.4	(300.0)	2,382.4

8. Allowance for doubtful accounts

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

(Unit: Thousand Baht)

	31 March 2016	31 December 2015
Balance - beginning of the period/year	415,940	415,419
Provision for doubtful accounts	1,659	2,645
Bad debt recoverable	(413)	(14)
Bad debt write-off	(55,209)	(2,110)
Balance - end of the period/year	361,977	415,940

9. Investments in securities

9.1 Cost and fair value

(Unit: Thousand Baht)

	31 March 2016		31 December 2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
	Available-for-sale securities			
Debt securities				
Government and state enterprises bond	214,017	214,085	123,646	123,637
Add (less): Allowance for revaluation of securities	68	-	(9)	-
Less: Government securities for customers' account	(106,100)	(106,100)	(10,418)	(10,418)
Total debt securities - net	107,985	107,985	113,219	113,219
Unit trusts				
Equity fund	10	16	10	14
Add: Allowance for revaluation of securities	6	-	4	-
Total unit trusts - net	16	16	14	14
Total available-for-sale securities - net	108,001	108,001	113,233	113,233

9.2 Investments in debt securities classified by the remaining contracts

(Unit: Thousand Baht)

	31 March 2016				31 December 2015			
	Not over		Over		Not over		Over	
	1 year	1-5 years	5 years	Total	1 year	1-5 years	5 years	Total
Available-for-sale debt securities	214,085	-	-	214,085	123,637	-	-	123,637
Total	214,085	-	-	214,085	123,637	-	-	123,637

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

(Unit: Thousand Baht)

	For the three-month period ended 31 March 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)	78	(10)
- income tax	(15)	2
Balance - end of the period/year	<u>59</u>	<u>(4)</u>

10. Equipment

Movements of the equipment account during the three-month period ended 31 March 2016 are summarised below.

(Unit: Thousand Baht)

	<u>Equipment</u>
Cost	
31 December 2015	51,467
Additions	987
31 March 2016	<u>52,454</u>
Accumulated depreciation	
31 December 2015	49,915
Depreciation for the period	150
31 March 2016	<u>50,065</u>
Net book value	
31 December 2015	<u>1,552</u>
31 March 2016	<u>2,389</u>

11. Intangible assets

(Unit: Thousand Baht)

Net book value as at 1 January 2016	14,699
Amortisation for the period	<u>(1,781)</u>
Net book value as at 31 March 2016	<u>12,918</u>

12. Borrowings from financial institutions

(Unit: Thousand Baht)

	31 March 2016			31 December 2015				
	Interest rate (% per annum)	Due period		Interest rate (% per annum)	Due period			
		Not over 1 year	1-5 years		Not over 1 year	1-5 years	Total	
Promissory notes	1.75 - 4.25	765,000	-	765,000	1.75 - 4.25	850,000	-	850,000
Bills of exchange	2.00 - 2.85	154,499	-	154,499	2.50 - 3.00	293,098	-	293,098
Borrowings from financial institutions		<u>919,499</u>	<u>-</u>	<u>919,499</u>		<u>1,143,098</u>	<u>-</u>	<u>1,143,098</u>

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.

13. Securities business payables

(Unit: Thousand Baht)

	31 March 2016	31 December 2015
Securities business payables - cash accounts	76,165	76,183
Securities borrowing and lending payables	9,780	-
Collateral payables	11,436	-
Total securities business payables	<u>97,381</u>	<u>76,183</u>

14. Fees and services income

(Unit: Thousand Baht)

	For the three-month periods ended 31 March	
	2016	2015
Front end fee income	147	74
Other fee and service income	77	20
Total	<u>224</u>	<u>94</u>

15. 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 three-month periods ended 31 March	
	2016	2015
Management expenses		
- Short-term employee benefits	5,855	5,936
- Post-employment benefits	856	721
Total	<u>6,711</u>	<u>6,657</u>

16. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month periods ended 31 March 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)	
	2016	2015
Current income tax:		
Interim corporate income tax charge	2,742	1,425
Deferred tax:		
Relating to origination and reversal of temporary differences	53	(10,043)
Income tax expenses (income) reported in the statements of comprehensive income	<u>2,795</u>	<u>(8,618)</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2016 and 2015 are as follows:

	(Unit: Thousand Baht)	
	2016	2015
Deferred tax relating to gain on changes in value of available-for-sale investments	<u>(15)</u>	<u>-</u>

17. 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.

18. Commitments**18.1 Capital commitments**

As at 31 March 2016, the Company had capital commitments of approximately Baht 0.6 million (31 December 2015: Baht 0.7 million) relating to systems development and maintenance.

18.2 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)	
	31 March 2016	31 December 2015
Payable:		
In up to 1 year	11.4	12.1
In over 1 and up to 3 years	20.7	22.2

19. 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.

20. Fair value of financial instruments

The Company uses the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company endeavors to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels 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

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

(Unit: Thousand Baht)

	As at 31 March 2016			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investments				
Debt securities*	-	107,985	-	107,985
Unit trusts	-	16	-	16

* Excluded government securities for customers' account.

(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*	-	113,219	-	113,219
Unit trusts	-	14	-	14

* Excluded government securities for customers' account.

Valuation techniques and inputs to Level 2 valuations

a) For debts securities, their fair values are generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.

- b) 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.

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

21. Event after the reporting period

On 20 April 2016, the Annual General Meeting of the Company's shareholders for the year 2016 passed resolution approving payment of a dividend of Baht 0.50 per share to the ordinary shareholders, from profit for the year 2015 and retained earnings, or a total of Baht 77.5 million. The dividend payment will be made on 12 May 2016 and will be reflected in the financial statements of the second quarter of the year 2016.

22. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 16 May 2016.