

TSFC Securities Public Company Limited
Report and interim financial statements
For the six-month periods ended 30 June 2011 and 2010

Report of Independent Auditor

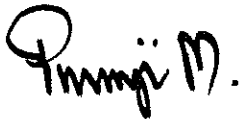
To The Shareholders of TSFC Securities Public Company Limited

I have audited the accompanying balance sheets of TSFC Securities Public Company Limited as at 30 June 2011 and 31 December 2010, and the related statements of comprehensive income, changes in owners' equity and cash flows for the six-month periods ended 30 June 2011 and 2010. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion and issue a report on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion and my report.

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 2011 and 31 December 2010, and the results of its operations and cash flows for the six-month periods ended 30 June 2011 and 2010, in accordance with generally accepted accounting principles.

As described in Note 6 to the financial statements, during the current period, the Company adjusted the prior year's financial statements to record additional allowance for doubtful accounts amounting to Baht 44.8 million, and restated the financial statements as at 31 December 2010 in order to appropriately reflect the value of securities business receivables. I have audited the adjustment entries and, in my opinion, the adjustments made for the preparation of the restated statements are appropriate and have been properly applied. In addition, as described in Note 3 to the financial statements, during the current period, the Company adopted the revised and new accounting standards issued by the Federation of Accounting Professions, and applied them in its preparation and presentation of the interim financial statements.



Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

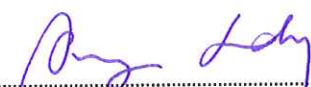
Ernst & Young Office Limited

Bangkok: 23 August 2011

TSFC Securities Public Company Limited
Statements of financial position
As at 30 June 2011 and 31 December 2010


		(Unit: Baht)	
	<u>Note</u>	<u>30 June 2011</u>	<u>31 December 2010</u>
			(Restated)
Assets			
Cash and cash equivalents	9	3,630,647	16,564,190
Deposits at financial institutions	10	767,662	766,592
Loans to financial institutions - net	11	-	-
Receivables from Clearing House	12	53,777,439	119,588,165
Securities business receivables - net	13	2,645,216,673	2,847,415,222
Investments - net	15	465,213,832	44,874,308
Equipment - net	16	13,959,510	18,413,572
Intangible assets - net	17	76,781,553	80,241,454
Receivables from sales of investments		100,010,325	41,358,325
Other assets	18	8,391,399	12,415,121
Total assets		<u>3,367,749,040</u>	<u>3,181,636,949</u>

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


 (Mrs. Napaporn Landy)

Director



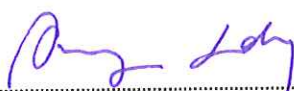

 (Mrs. Nongram Wongwanich)

Director

TSFC Securities Public Company Limited
Statements of financial position (continued)
As at 30 June 2011 and 31 December 2010

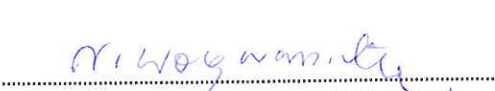
		(Unit: Baht)	
	<u>Note</u>	<u>30 June 2011</u>	<u>31 December 2010</u>
			(Restated)
Liabilities			
Borrowings from financial institutions	19	1,975,000,000	1,780,566,166
Payable to Clearing House	20	-	2,154,359
Securities business payables - net	21	117,679,776	222,826,113
Provision for long-term employee benefits	27.2	14,082,711	3,542,166
Payables from purchase of investments		99,890,498	-
Other liabilities	22	8,674,445	13,893,885
Total liabilities		<u>2,215,327,430</u>	<u>2,022,982,689</u>
Owners' equity			
Share capital			
Authorised share capital			
130,000,050 ordinary shares of Baht 10 each		<u>1,300,000,500</u>	<u>1,300,000,500</u>
Issued and paid-up share capital			
101,673,984 ordinary shares of Baht 10 each		<u>1,016,739,840</u>	<u>1,016,739,840</u>
Retained earnings			
Appropriated		9,369,772	9,369,772
Statutory reserve			
Unappropriated		127,142,186	133,200,671
Other components of equity	15.2	(830,188)	(656,023)
Total owners' equity		<u>1,152,421,610</u>	<u>1,158,654,260</u>
Total liabilities and owners' equity		<u>3,367,749,040</u>	<u>3,181,636,949</u>

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


 (Mrs. Napaporn Landy)

Director




 (Mrs. Nongram Wongwanich)

Director

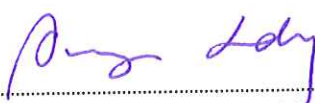
TSFC Securities Public Company Limited

Statements of comprehensive income

For the six-month periods ended 30 June 2011 and 2010

			(Unit: Baht)
	<u>Note</u>	<u>2011</u>	<u>2010</u>
			(Restated)
Income			
Fees and services income	23	297,802	306,512
Gain on securities	15.3	3,724,702	15,465,725
Interest and dividend		2,255,258	8,680,683
Interest on margin loans		110,359,431	101,845,482
Total income		<u>116,637,193</u>	<u>126,298,402</u>
Expenses			
Finance costs		46,464,926	23,590,491
Fees and services expenses		874,885	782,883
Operating expenses			
Personnel expenses		30,229,793	22,317,397
Premises and equipment expenses		15,979,761	14,366,999
Directors' remuneration		1,199,500	942,340
Tax expenses		3,666,764	3,371,652
Other expenses		15,012,664	7,545,003
Bad debt and doubtful accounts	14	116,579	101,475
Total expenses		<u>113,544,872</u>	<u>73,018,240</u>
Profit for the period	25	<u>3,092,321</u>	<u>53,280,162</u>
Other comprehensive incomes			
Loss on re-measuring available-for-sale investments	15.2	(174,165)	(13,284,847)
Total other comprehensive incomes		<u>(174,165)</u>	<u>(13,284,847)</u>
Total comprehensive income		<u>2,918,156</u>	<u>39,995,315</u>
Basic earnings per share	26		
Net profit		<u>0.03</u>	<u>0.52</u>

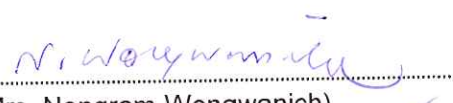
The accompanying notes are an integral part of the financial statements.



(Mrs. Napaporn Landy)

Director





(Mrs. Nongram Wongwanich)

Director

For the six-month periods ended 30 June 2011 and 2010

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

TSFC Securities Public Company Limited

Statements of cash flows

For the six-month periods ended 30 June 2011 and 2010

		(Unit: Baht)
	<u>2011</u>	<u>2010</u>
		(Restated)
Cash flows from operating activities		
Profit before tax	3,092,321	53,280,162
Adjustments to reconcile profit before tax to net cash provided by (used in) operating activities:		
Depreciation and amortisation	12,353,129	5,965,842
Bad debts and doubtful accounts	116,579	101,474
Amortisation of discount on investments in bonds and debentures	(724,362)	(309,035)
Amortisation of premium on investments in bonds and debentures	135,517	1,267,736
Gain on trading in securities	(3,724,702)	(15,465,725)
Increase in accrued dividend and interest receivables	(112,614,689)	(57,628,219)
Reserve for employee benefits	(9,150,806)	-
Increase in accrued interest	46,464,926	23,590,491
Decrease in accrued expenses	(897,750)	(7,065)
Cash received from interest income	111,007,810	49,085,215
Cash paid from interest expenses	(50,141,844)	(24,001,161)
Cash paid for corporate income tax	(8,751)	(167,578)
Profit (loss) from operating activities before changes in operating assets and liabilities	(4,092,622)	35,712,137
(Increase) decrease in operating assets		
Receivables from Clearing House	65,810,726	40,712,992
Securities business receivables	202,087,282	(269,444,141)
Short-term investments	(319,382,830)	41,386,385
Deposit in financial institutions	(1,070)	-
Receivables from sales of investments	(58,652,000)	-
Other assets	4,084,606	24,407,516

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

TSFC Securities Public Company Limited

Statements of cash flows (continued)

For the six-month periods ended 30 June 2011 and 2010

	(Unit: Baht)	
	<u>2011</u>	<u>2010</u>
		(Restated)
Increase (decrease) in operating liabilities		
Borrowings from financial institutions	195,000,000	650,000,000
Payable to Clearing House	(2,154,359)	22,749,446
Securities business payables	(105,146,337)	(57,033,394)
Provision for long-term employee benefits	10,540,545	661,943
Payables from purchase of investments	99,890,498	-
Other liabilities	(644,772)	86,884
Net cash from operating activities	<u>87,339,667</u>	<u>489,239,768</u>
Cash flows from investing activities		
Payments to acquire available-for-sale securities	(2,010,000,000)	(1,370,000,000)
Proceeds on disposal of available-for-sale securities	1,913,182,689	2,484,124,461
Cash received from dividends received	1,000	3,905,958
Cash received from interest on investments	1,129,257	17,560,574
Payments to acquire equipment	(13,910)	(30,604)
Payments to acquire intangible assets	(4,006,080)	(10,321,127)
Net cash from (used in) investing activities	<u>(99,707,044)</u>	<u>1,125,239,262</u>
Cash flows from financing activities		
Bank overdrafts	(566,166)	-
Cash paid from principles under restructuring agreement	-	(1,635,476,444)
Cash paid from interest expenses under restructuring agreement	-	(22,986,286)
Net cash used in financing activities	<u>(566,166)</u>	<u>(1,658,462,730)</u>
Net decrease in cash and cash equivalents	<u>(12,933,543)</u>	<u>(43,983,700)</u>
Cash and cash equivalents at beginning of period	16,564,190	50,604,307
Cash and cash equivalents at end of period (Note 9)	<u><u>3,630,647</u></u>	<u><u>6,620,607</u></u>

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

TSFC Securities Public Company Limited
Notes to interim financial statements
For the six-month periods ended 30 June 2011 and 2010

1. General information

TSFC Securities Public Company Limited (hereinafter referred to as “the Company”) is a limited company incorporated and domiciled in Thailand. The Company registered as a Public Company Limited with the Ministry of Commerce on 31 March 2009. The Company is principally engaged in securities business and has two business licenses to engage in granting credits to securities business and securities borrowing and lending business. Its registered address is located at 10th Floor, Ploenchit Tower, 898 Ploenchit Road, Lumpini, Patumwan, Bangkok.

2. Basis of preparation

The financial statements have been prepared in accordance with accounting 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 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. Application of new accounting standards during the period

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

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts

TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards will not have any significant impact on the financial statements for the current period, except for the following accounting standards.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company previously accounted for such employee benefits when they were incurred.

The Company have changed this accounting policy in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current period. The change will have the effect of decreasing the profit of the Company for the six-months period ended 30 June 2011 by Baht 1.4 million (0.01 Baht per share). The cumulative effect of the changes in the accounting policy has been presented in Note 7.

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) Principal or interest payments of installment loans with repayments scheduled no less frequently than every 3 months is overdue by more than 3 months.

- (3) Installment loans with repayments scheduled less frequently than every 3 months, unless there is clear evidence and a high degree of certainty that full repayment will be received.
- (4) Problem financial institutions.
- (5) Other receivables from which interest payment is overdue for 3 months or more.

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

4.8 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

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 each reporting date 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 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, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

The defined benefits liability comprise(s) the present value of the defined benefit obligation less unrecognised past service cost.

For the first-time adoption of TAS 19 Employee Benefits, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current period.

4.11 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.

4.12 Income tax

Income tax is provided in the accounts based on taxable profits determined in accordance with tax legislation.

5. Significant accounting judgments, estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. The significant accounting judgments and estimates are as follow:

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 judgment 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 judgment.

Severance pay for retirement

Severance pay for retirement is based on actuarial calculations. Inherent within these calculations are assumptions as to discount rates and salary increases. Actual severance pay for retirement may ultimately differ.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgment to assess of the results of the litigation and believes that no loss will result. However, actual results could differ from the estimates.

6. Prior year adjustments

In May 2011, the management of the Company reviewed the values of the collateral for securities business receivables and found that the market value of one security used to calculate as collateral was too high and need to be adjusted. The result of this adjustment was to reduce the value of the collateral recorded based on the price of this security, and the Company therefore recorded additional allowance for doubtful accounts for two securities business receivables amounting to Baht 44.8 million and restated the financial statements as at 31 December 2010 presented herein for comparative purposes.

The amounts of adjustments affecting items in the financial statements for the year ended 31 December 2010 are as follow.

	(Unit: Baht)
	<u>31 December 2010</u>
Statement of financial position	
Decrease in securities business receivables - net	(44,824,993)
Decrease in unappropriated retained earnings	(44,824,993)
Statement of comprehensive income	
Increase in bad debt and doubtful accounts	44,824,993
Decrease in basic earnings per share	(0.44)

7. Cumulative effect of changes in accounting policies due to the adoption of new accounting standards

During the current period, the Company made the changes to its significant accounting policies described in Note 3, as a result of the adoption of revised and new accounting standards. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in owners' equity.

The cumulative effect of the changes in accounting policies due to the adoption of new accounting standards decrease the beginning balance of retained earnings for 2011 amounting to Baht 9.1 million.

The amounts of adjustments affecting the statement of financial position as at 1 January 2011 are summarised below.

(Unit: Baht)

1 January 2011

Statement of financial position

Increase in reserve for long-term employee benefits	9,150,806
Decrease in unappropriated retained earnings	(9,150,806)

8. New accounting standards issued during the period not yet effective

During the current period, the Federation of Accounting Professions issued the below listed new accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting Standard Interpretations:

- SIC 10 Government Assistance - No Specific Relation to Operating Activities
- SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets
- SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

9. Cash and cash equivalents

(Unit: Baht)

	30 June 2011	31 December 2010
Cash	50,000	50,000
Saving and current deposits	16,930,795	32,444,945
Less: Customers' deposits at financial institutions under the Company's name	(13,350,148)	(15,930,755)
Total cash and cash equivalents - net	<u>3,630,647</u>	<u>16,564,190</u>

10. Deposits at financial institutions

(Unit: Baht)

	30 June 2011		31 December 2010	
	Over 3 months but less than		Over 3 months but less than	
	1 year	Over 1 year	1 year	Over 1 year
Fixed deposit	767,662	-	-	-
Restricted fixed deposit	-	-	766,592	-
Total deposits at financial institutions	<u>767,662</u>	<u>-</u>	<u>766,592</u>	<u>-</u>

11. Loans to financial institutions - net

	(Unit: Baht)	
	30 June 2011	31 December 2010
Call	113,039,469	113,039,469
Less: Allowance for doubtful accounts (Note 14)	(113,039,469)	(113,039,469)
Total loans to financial institutions - net	-	-

The Company had discontinued recognising income from 4 debtors. These comprise of transactions with problem financial institutions which were ordered to discontinue their operations by Ministry of Finance on 8 December 1997.

12. Receivables from Clearing House

	(Unit: Baht)	
	30 June 2011	31 December 2010
Receivables from Clearing House	53,777,439	119,588,165
Total receivables from Clearing House	53,777,439	119,588,165

13. Securities business receivables

	(Unit: Baht)	
	30 June 2011	31 December 2010
		(Restated)
Securities business receivables		
Customers' accounts - credit balance	2,645,480,573	2,824,425,103
Other receivables	394,627,683	417,770,435
Total securities business receivables	3,040,108,256	3,242,195,538
Add: Accrued interest receivables	25,730	20,418
Less: Allowance for doubtful accounts (Note 14)	(394,917,313)	(394,800,734)
Net securities business receivables	2,645,216,673	2,847,415,222

13.1 As at 30 June 2011, the Company had discontinued recognising income from loans and receivables with total outstanding balances of approximately Baht 394.6 million (31 December 2010: Baht 417.8 million).

13.2 The Company has classified securities business receivables according to a Notification set out by the Office of the Securities and Exchange Commission. As at 30 June 2011 and 31 December 2010, classified loans, securities business receivables are as follows:

(Unit: Million Baht)

	30 June 2011				31 December 2010 (Restated)			
	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	491	2,645.3	(0.3)	2,645.0	513	2,823.0	(0.2)	2,822.8
Special mention	1	0.2	-	0.2	1	1.4	-	1.4
Doubtful debt	18	394.6	(394.6)	-	13	417.8	(394.6)	23.2
Total	510	3,040.1	(394.9)	2,645.2	527	3,242.2	(394.8)	2,847.4

14. Allowance for doubtful accounts

(Unit: Baht)

	30 June 2011	31 December 2010
		(Restated)
Balance - beginning of the period/year	507,840,203	463,745,079
Adjustments of allowance for doubtful accounts (Note 6)	-	44,824,993
Provision for doubtful accounts (reversal)	116,579	(729,869)
Balance - end of the period/year	507,956,782	507,840,203

15. Investment in securities

(Unit: Baht)

	30 June 2011		31 December 2010	
	Cost/ Amortisation cost	Fair value	Cost/ Amortisation cost	Fair value
Available-for-sale securities				
Debt instruments				
Government and state enterprises bond	300,756,425	300,629,781	99,917,985	99,830,316
Less: Allowance for revaluation of securities	(126,644)	-	(87,669)	-
Government securities for customers accounts	(75,264,418)	(75,264,418)	(94,397,654)	(94,397,654)
Subtotal	225,365,363	225,365,363	5,432,662	5,432,662

(Unit: Baht)

	30 June 2011		31 December 2010	
	Cost/ Amortisation		Cost/ Amortisation	
	cost	Fair value	cost	Fair value
Unit trusts				
Money market fund	200,542,013	200,834,052	-	-
Equity fund	10,000	16,417	10,000	17,246
Foreign investment fund	40,000,000	38,998,000	40,000,000	39,424,400
Less: Allowance for revaluation of securities	(703,544)	-	(568,354)	-
Subtotal	239,848,469	239,848,469	39,441,646	39,441,646
Total available-for-sale securities - net	465,213,832	465,213,832	44,874,308	44,874,308

15.1 Investments in debt instruments classify by the remaining contracts

(Unit: Baht)

	30 June 2011				31 December 2010			
	Not over 1 year	1-5 years	Over 5 years	Total	Not over 1 year	1-5 years	Over 5 years	Total
Debt instruments	300,629,781	-	-	300,629,781	99,830,316	-	-	99,830,316
Total	300,629,781	-	-	300,629,781	99,830,316	-	-	99,830,316

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

(Unit: Baht)

	For the six-month period ended 30 June 2011	For the year ended 31 December 2010
Balance - beginning of the period/year	(656,023)	14,045,054
Changes during the period/year		
- from revaluation	(174,165)	676,600
- from sales of securities	-	(15,377,677)
Balance - end of the period/year	(830,188)	(656,023)

15.3 Gain on securities

(Unit: Baht)

	For the six-month periods ended	
	30 June	
	2011	2010
Gain on trading in available-for-sale securities	3,724,702	15,465,725
Total	3,724,702	15,465,725

16. Equipment

(Unit: Baht)

	Leasehold improvement	Office equipment	Furniture and fixtures	Total
Cost				
31 December 2009	25,075,197	27,436,859	4,549,240	57,061,296
Purchases	26,215	81,055	-	107,270
Write-off	-	(967,013)	-	(967,013)
31 December 2010	25,101,412	26,550,901	4,549,240	56,201,553
Purchases	-	13,910	-	13,910
30 June 2011	25,101,412	26,564,811	4,549,240	56,215,463
Accumulated depreciation				
31 December 2009	8,990,589	18,307,382	1,880,932	29,178,903
Depreciation for the year	4,936,790	3,794,748	844,532	9,576,070
Write-off	-	(966,992)	-	(966,992)
31 December 2010	13,927,379	21,135,138	2,725,464	37,787,981
Depreciation for the period	2,448,698	1,600,938	418,336	4,467,972
30 June 2011	16,376,077	22,736,076	3,143,800	42,255,953
Net book value				
31 December 2010	11,174,033	5,415,763	1,823,776	18,413,572
30 June 2011	8,725,335	3,828,735	1,405,440	13,959,510
Depreciation charge included in the statements of comprehensive income				
for the six-month periods ended				
30 June 2010				4,816,434
30 June 2011				4,467,972

As at 30 June 2011, 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 13.7 million (31 December 2010: Baht 10.1 million).

17. Intangible assets

				(Unit: Baht)
	31 December			30 June
	2010	Additions	Amortised	2011
Software	<u>80,241,454</u>	<u>4,006,080</u>	<u>(7,465,981)</u>	<u>76,781,553</u>
				(Unit: Baht)
	31 December			31 December
	2009	Additions	Amortised	2010
Software	<u>68,533,003</u>	<u>19,784,698</u>	<u>(8,076,247)</u>	<u>80,241,454</u>

Part of the above intangible assets comprises development costs of the Securities Borrowing and Lending (SBL) program, amounting to Baht 68.2 million (31 December 2010: Baht 74.8 million).

18. Other assets

			(Unit: Baht)
	30 June	31 December	
	2011	2010	
Deposits	3,666,366	3,669,516	
Prepaid expenses	3,193,195	1,682,625	
Deferred charges	426,124	53,500	
Revenue Department receivable - 2007	-	6,384,483	
- 2009	435,744	435,744	
- 2010	189,085	189,085	
Others	480,885	168	
Total other assets	<u>8,391,399</u>	<u>12,415,121</u>	
Amortisation of deferred charges for the period/year	<u>419,176</u>	<u>824,486</u>	

19. Borrowings

(Unit: Baht)

	30 June 2011			31 December 2010		
	Interest rate	Due period		Interest rate	Due period	
		Not over 1 year	1-5 years		Not over 1 year	1-5 years
Bank overdrafts	-	-	-	-	566,166	-
Promissory notes	3.00%-3.50%	375,000,000	-	2.35%-3.50%	150,000,000	-
Loans	MLR-1.0 to 1.5	1,600,000,000	-	MLR-1.0 to 1.5	1,630,000,000	-
Borrowing from financial institutions		1,975,000,000	-		1,780,566,166	-
			1,975,000,000			1,780,566,166

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

As at 30 June 2011, the credit facilities of the Company that had not yet been drawn down amounted to Baht 1,500 million from six banks.

20. Payables from Clearing House

(Unit: Baht)

	30 June 2011	31 December 2010
Payables from Clearing House	-	2,154,359
Total payables from Clearing House	-	2,154,359

21. Securities business payables

(Unit: Baht)

	30 June 2011	31 December 2010
Securities business payables		
Payables from trading investments with cash	117,679,776	222,826,113
Total securities business payables	117,679,776	222,826,113

22. Other liabilities

	(Unit: Baht)	
	30 June	31 December
	2011	2010
Accrued expenses	4,582,915	8,995,815
Withholding tax payable	524,216	629,373
Specific business tax payable	600,879	657,554
Other payable	1,679,845	2,373,708
Others	1,286,590	1,237,435
Total other liabilities	<u>8,674,445</u>	<u>13,893,885</u>

23. Fee and service income

	(Unit: Baht)	
	For the six-month periods ended	
	30 June	
	2011	2010
Front End Fee	296,353	303,677
Others	1,449	2,835
Total	<u>297,802</u>	<u>306,512</u>

24. 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: Baht)	
	For the six-month periods ended	
	30 June	
	2011	2010
Management expenses		
- Short-term benefits	15,122,323	11,402,340
- Retirement benefits	2,043,824	1,042,400
Total	<u>17,166,147</u>	<u>12,444,740</u>

25. Corporate income tax

The Company is not liable to corporate income tax on the profit for the six-month periods ended 30 June 2011 and 2010 due to tax loss brought forward from previous years exceeds profit for the period.

26. 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.

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 rates of 3% to 10% of their basic salaries, and by the Company at the rate of 10% of basic salaries, and will be paid to employees upon termination in accordance with the rules of the fund. The fund is managed by TISCO Securities Company Limited and Finansia Asset Management Limited. During the current period, the Company contributed Baht 2,007,079 (2010: Baht 1,888,727) to the provident fund.

27.2 Provision for long-term employee benefits

Movements in the defined benefit obligation for the six-month period ended 30 June 2011 are summarised below.

	(Unit: Baht)
Defined benefit obligation as at 1 January 2011	12,692,972
Current service cost	1,184,217
Interest cost	215,336
Benefits paid	(9,814)
Defined benefit obligation as at 30 June 2011	<u>14,082,711</u>

Principal actuarial assumptions at the valuation date were as follows:

	30 June 2011
Discount rate (% per annum)	3.91
Future salary increase rate (depending on age) (% per annum)	6.00
Price inflation rate (year)	60

28. Capital funds

On 20 November 2009, the Office of Securities and Exchange Commission issued Notification No. KorTor. 26/2552, concerning the cancellation of the Notification of the Office of Securities and Exchange Commission on the maintenance of capital funds by securities companies granting credit for securities business, and Notification No. KorTor. 27/2552, concerning the maintenance of net capital (Issue No.2).

Notification No. KorTor. 26/2552 stipulates that the cancellation of the 18 September 2003 Notification No. KorTor.22/2546, concerning the maintenance of capital funds by securities companies that grant credit for securities business, is effective from 1 January 2010. Notification No.27/2552 stipulates that securities companies authorised to grant credit for securities business must comply with the directives of Notification No.18/2549, dated 2 May 2006, concerning the maintenance of net capital, but that they must maintain the following net capital at the close of each business day specified in the notification, from the effective date.

- 1) From 1 January 2010 to 31 December 2010, net capital at the close of each business day may not be less than Baht 15 million and 3% of general liabilities.
- 2) From 1 January 2011 to 31 December 2011, net capital at the close of each business day may not be less than Baht 15 million and 5% of general liabilities.
- 3) From 1 January 2012 onward, net capital at the close of each business day may not be less than Baht 15 million and 7% of general liabilities.

As at 30 June 2011, the Company was able to maintain the required net capital.

29. Commitments

29.1 Capital commitments

As at 30 June 2011, the Company had capital commitments of approximately Baht 21.0 million relating to system development and maintenance.

29.2 Operating lease commitments

As at 30 June 2011, the Company had outstanding car rental and service commitments under long-term lease agreements in the following amounts:

	<u>Million Baht</u>
Payable within:	
1 year	11.7
2 years	5.0

30. 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. However, the plaintiff appealed the decision on 8 March 2011 and the case is currently being considered by the Supreme Court. The Company recorded the amounts as other liabilities in the statement of financial position.

31. Financial instruments

31.1 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 30 June 2011 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)

	Outstanding balances of financial instruments						Interest rate	
	Floating	Repricing or maturity dates				Total		
	interest rate	At call	Within 1 year	1 - 5 years	Over 5 years			No interest
<u>Financial instruments - assets</u>								
Cash and cash equivalents	1.4	-	0.8	-	-	2.2	4.4	0.0 - 1.37
Investments in debt securities - net	-	-	25.5	-	-	199.8	225.3	5.3 - 7.5
Investments in unit trust - net	-	-	-	-	-	239.9	239.9	-
Securities business receivables	2,624.7	-	3.5	17.0	-	-	2,645.2	5.875 - 10.325
<u>Financial instruments - liabilities</u>								
Borrowings from financial institutions	1,600.0	205.0	170.0	-	-	-	1,975.0	MLR-1.0 to 1.5
Securities business payables	-	-	-	-	-	117.7	117.7	-

Liquidity risk

The periods of time from the statements of financial position date to the maturity dates of financial instruments as of 30 June 2011 are as follows:

(Unit: Million Baht)

	Outstanding balances of financial instruments				
	At call	Within 1 year	1 - 5 years	Over 5 years	Total
<u>Financial instruments - assets</u>					
Cash and cash equivalents	3.6	0.8	-	-	4.4
Investments in debt securities - net	-	225.3	-	-	225.3
Investments in unit trust - net	-	-	239.9	-	239.9
Securities business receivable	-	2,621.7	23.5	-	2,645.2
<u>Financial instruments - liabilities</u>					
Borrowings from financial institutions	205.0	1,770.0	-	-	1,975.0
Securities business payables	-	117.7	-	-	117.7

31.2 Fair values and financial instruments

Since the majority of the Company's financial instruments 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.

31.3 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 30 June 2011, debt to equity ratio in the financial statements is 1.92: 1 (31 December 2010: 1.68: 1).

32. Financial information by segment

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

33. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 23 August 2011.