

Part 3

Significant Financial Information

13. Significant Financial Information

13.1 Financial Statement

Report of the Independent Certified Public Accountants

Type of report is unqualified opinion for the year ended of December 31, 2014 and December 31, 2016

Significant Financial Information for 2 year ago

AEC SECURITIES PUBLIC COMPANY LIMITED AND SUBSIDIARY STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014 AND DECEMBER 31, 2013

Unit: Baht

	DECEMBER 31, 2014		DECEMBER 31, 2013	
	Amount	Percentage	Amount	Percentage
ASSETS				
Cash and cash equivalents	287,878,964	8.69	218,141,995	21.53
Deposits at financial institutions	46,054,244	1.39	60,493,773	5.97
Receivables from Clearing House	203,488,804	6.14	171,195,113	16.89
Securities and derivatives				
business receivables - net	1,570,588,770	47.39	237,696,206	23.46
Investments - net	831,181,312	25.08	160,011,373	15.79
Investment in subsidiary	55,120,380	1.66	-	-
Premises improvement and equipment - net	212,200,369	6.40	86,202,986	8.51
Intangible assets - net	42,695,663	1.29	32,987,712	3.26
Deferred tax assets - net	10,922,052	0.33	10,523,899	1.04
Other assets - net	53,932,346	1.63	36,126,581	3.56
TOTAL ASSETS	3,314,062,904	100.00	1,013,379,638	100.00

AEC SECURITIES PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2014 AND DECEMBER 31, 2013

Unit : Baht

	DECEMBER 31, 2014		DECEMBER 31, 2013	
	Amount	Percentage	Amount	Percentage
LIABILITIES AND OWNERS' EQUITY				
LIABILITIES				
Payables to Clearing House	136,860,598	4.13	32,726,079	3.23
Securities and derivatives business payables	560,230,602	16.90	20,214,999	1.99
Finance lease liabilities	2,107,892	0.06	2,748,372	0.27
Debt issued and borrowings	1,364,215,217	41.16	-	-
Provisions for litigations	5,617,345	0.17	5,617,345	0.55
Post-employment benefit obligations	5,702,851	0.17	2,150,678	0.21
Accrued expenses	108,448,902	3.27	4,685,033	0.46
Accrued withholding tax	603,667	0.02	584,332	0.06
Other liabilities	27,568,261	0.83	16,730,725	1.65
TOTAL LIABILITIES	2,211,355,335	66.73	85,457,563	8.43
OWNERS' EQUITY				
SHARE CAPITAL				
Authorized share capital:				
1,331,716,928 ordinary shares of Baht 1 each	1,331,716,928			
172,000,000 ordinary shares of Baht 5 each			860,000,000	
Issued and paid-up share capital:				
1,009,743,709 ordinary shares of Baht 1 each,	1,009,743,709	30.47		
168,816,704 ordinary shares of Baht 5 each,			844,083,520	83.29
Additional paid-in capital	53,226,981	1.61	53,226,981	5.25
RETAINED EARNINGS				
Appropriated – Legal reserve	17,207,886	0.52	16,878,485	1.67
Unappropriated	22,528,993	0.68	13,733,089	1.36
TOTAL OWNERS' EQUITY	1,102,707,569	33.27	927,922,075	91.57
TOTAL LIABILITIES AND OWNERS' EQUITY	3,314,062,904	100.00	1,013,379,638	100.00

AEC SECURITIES PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014
AND OCTOBER 4, 2013 TO DECEMBER 31, 2013

Unit : Baht

	2014 (Jan 1 – Dec 31, 2014)		2013 Oct 4, 2013 – Dec 31, 2013	
	Amount	Percentage	Amount	Percentage
REVENUES				
Brokerage fees	490,696,474	68.95	13,344,635	26.58
Fee and service income	71,351,714	10.03	329,472	0.66
Gain on sale of investment in receivables	76,461,455	10.74	11,496,209	22.9
Interest income	24,113,623	3.39	21,356,818	42.54
Interest on margin loans	46,827,905	6.58	1,349,196	2.69
Other income	2,269,409	0.32	2,324,366	4.63
Total revenues	711,720,580	100.00	50,200,696	100.00
EXPENSES				
Finance costs	54,913,553	7.72	60,131	0.12
Fee and service expenses	77,726,403	10.92	6,107,511	12.17
Operating expenses				
Personnel expenses	366,815,812	51.54	29,476,388	58.72
Premises and equipment expenses	98,645,750	13.86	17,029,561	33.92
Directors and managements' remuneration	47,554,509	6.68	24,164,760	48.14
Other expenses	65,645,927	9.22	13,187,268	26.27
Total operating expenses	578,661,998	81.30	83,857,977	167.05
Reversal of bad debt and doubtful accounts	(5,136,913)	(0.72)	(235,508)	(0.47)
Total expenses	706,165,041	99.22	89,790,111	178.86
INCOME TAX EXPENSE	5,555,539	0.78	(39,589,415)	(78.86)
INCOME TAX EXPENSE (INCOME)	(1,032,476)	(0.15)	485,074	0.97
NET PROFIT (LOSS)	6,588,015	0.93	(40,074,489)	(79.83)
OTHER COMPREHENSIVE INCOME				
Actuarial gain for employee benefit plan	3,171,613		-	
Income tax relating to components of other comprehensive gain	(634,323)		-	
NET OTHER COMPREHENSIVE INCOME	2,537,290		-	
TOTAL COMPREHENSIVE INCOME (LOSS)	9,125,305		(40,074,489)	
BASIC EARNINGS (LOSS) PER SHARE	0.007		(0.047)	
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES	971,646,295		844,083,520	

AEC SECURITIES PUBLIC COMPANY LIMITED AND SUBSIDIARY								
CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY								
FOR THE YEAR ENDED DECEMBER 31, 2014								
UNIT : BAHT								
	Notes	Owners' equity of the parent				Total	Non-controlling	Total
		Issued and	Additional	Retained earnings		Owners' Equity	Interests	Owners' Equity
		Paid-up	Paid-in	Appropriated	Unappropriated			
		Share Capital	Capital	Legal Reserve				
Balance as at January 1, 2014		844,083,520	53,226,981	16,878,485	13,733,089	927,922,075	-	927,922,075
Purchase investment in subsidiary		-	-	-	-	-	2,638,265	2,638,265
Increase in issued and								
paid-up share capital	25.3	165,660,189	-	-	-	165,660,189	-	165,660,189
Increase in capital of the subsidiary		-	-	-	-	-	3,000,120	3,000,120
Total comprehensive income		-	-	-	14,914,497	14,914,497	643,244	15,557,741
Legal reserve	27	-	-	329,401	(329,401)	-	-	-
Balance as at December 31, 2014		1,009,743,709	53,226,981	17,207,886	28,318,185	1,108,496,761	6,281,629	1,114,778,390

AEC SECURITIES PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

AND OCTOBER 4, 2013 TO DECEMBER 31, 2013

Unit : Baht

	2014 (Jan 1–Dec 31, 2014)	2013 Oct 4, 2013 – Dec 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax expense	5,555,539	(39,589,415)
Adjustments to reconcile income (loss) before income tax expense to		
Depreciation and amortization	46,550,903	6,343,047
Reversal of bad debt and doubtful accounts	(5,136,913)	(235,508)
Provision for litigations	-	27,991
Post-employment benefit obligations (reversal)	6,723,786	(180,140)
(Unrealize (gain) loss on revaluation of investment in trading securities	(8,058,297)	1,732
(Gain) loss on sale of premises improvement and equipment and intangible assets	4,632,488	(9,286)
Loss on write-off of intangible assets	107,000	-
Interest and dividend income	(70,941,528)	(22,706,014)
Finance costs	54,913,553	60,131
Cash received from interest	72,059,162	16,916,124
Cash paid for interest	(54,590,978)	(60,131)
Cash paid for income tax expense	(2,261,076)	(263,485)
Operating income (loss) before changes in operating assets and liabilities	49,553,639	(39,694,954)
Operating assets (increase) decrease		
Deposits at financial institutions	14,439,529	(178,282)
Receivables from Clearing House	(32,293,691)	(171,195,113)
Securities and derivatives business receivables	(1,327,755,651)	(225,140,698)
Investments in trading securities	(663,111,642)	98,064,239
Other assets	(16,662,324)	(6,385,206)
Operating liabilities increase (decrease)		
Payable to Clearing House	104,134,519	32,726,079
Securities and derivatives business payables	540,015,603	(1,156,369)
Accrued expenses	103,763,870	559,088
Accrued withholding tax	19,335	-
Other liabilities	8,752,841	(6,537,497)
Net cash used in operating activities	(1,219,143,972)	(318,938,713)

AEC SECURITIES PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014
AND OCTOBER 4, 2013 TO DECEMBER 31, 2013

Unit :Baht

	2014 (Jan 1–Dec 31, 2014)	2013 Oct 4, 2013 – Dec 31, 2013
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for purchase investment in subsidiary	(55,120,380)	-
Cash paid for short-term loan to subsidiary	(230,000,000)	-
Cash received from short-term loan to subsidiary	230,000,000	-
Cash paid for purchases of premises improvement and equipment	(162,787,086)	(76,816,211)
Proceeds from disposal of premises improvement and equipment	603,532	60,017
Cash paid for purchases of intangible assets	(23,050,051)	(30,104,150)
Case receive from sale of intangible assets	-	51,098
Cash received from sale of investment in receivables	(240,353,985)	(106,809,246)
Net cash used in investing activities		
Proceeds from debt issued and borrowings	1,364,215,217	-
Cash payment for finance lease liability	(640,480)	(51,628)
Cash received from increase in capital	165,660,189	-
Net cash provided by (used in) financing activity	1,529,234,926	(51,628)
Net increase (decrease) in cash and cash equivalents	69,736,969	(425,799,587)
Cash and cash equivalents as at January 1,	218,141,995	643,941,582
Cash and cash equivalents as at December 31,	287,878,964	218,141,995

13.2 Financial Ratio

Financial Ratio	2014 (Jan 1–Dec 31, 2014)	2013 Oct 4, 2013 – Dec 31, 2013
<u>Profitability Ratio</u>		
Gross Profit Margin	81.30%	87.12%
Net Profit Margin	0.93%	(79.83%)
Return on Owners' Equity	0.65%	(4.23%)
Return on Investment	20.29%	15.80%
<u>Efficiency Ratio</u>		
Return on Asset	0.30%	(3.96%)
Asset Turn Over Ratio	0.33	0.05
<u>Financial Ratio</u>		
Liquid Asset to Borrowing	0.82	-
Earning Asset to Borrowing	1.30	-
Liquid Asset to total Asset Ratio	33.77%	37.32%
Earning Asset to total Asset Ratio	53.53%	40.35%
Debt Equity Ratio	2.01	0.09
Dividend Payout	-	-
<u>Other Ratio</u>		
Securities Investment to Total Asset	25.08%	15.79%
Net Capital Ratio	85.05%	729.38%

14. Management Discussion and Analysis

14.1 Analysis of Operations and Financial Position

(1) Analysis of operating results of the Company

In the year 2014 (1 January to 31 December, 2014) AEC Securities Public company Limited ("the Company") has operate securities business for a full 12 months in both types of license in brokerage and derivatives. Moreover, the Company continues operating business under granted license by type of business such as securities trading business, debt and underwriting business and Investment Advisors. Compared to the year 2013, which the company can operate the business in the fourth quarter of 2013. Therefore, the company has only three months to operate the business.

In the year 2014 , the Company had significant developments to support the expansion of the business, including opening branches in the amount of 13 branches service coverage in Bangkok and other provinces such as Chiang Mai , Nakhon Sawan is a major economic city of Hat Yai , Nakhon Si Thammarat. In addition, the Company has set new business unit such as Fund management, Debt management and the Derivatives & SBL. The Company remains focused on recruiting professionals to join the company. According to the data by the end of 2014 , the company employs a total of 411 employees .

For the year 2014, the Company operates with full capacity. The result of the Company's main revenue comes from commission, services fees , interest from loans to purchase securities. From year 2013, with revenues mainly from interest income.

Total revenue for the year 2014 in the amount of THB 711,720,580 increased THB 661,519,884. 1317.75 per cent compared to the year 2013 with total revenues of THB 50,200,696. The accounting transaction that changes are as follows.

Brokerage fees increased from THB 13,344,635 in 2013 to THB 490,696,474. In 2014, an increase of 3577.10 percent from brokerage and derivatives services and branches opening.

Income from fees and services grew from THB 329,472 in the year 2013 to THB 71,351,714 in 2014 , or an increase of the Company 21556.38 because the company are fully engaged in all aspects of financial advisors, brokerage services and debt instrument. By the increase in income came from securities underwriting in the amount of THB 32,762,500 and investment advisors and financial in the amount of THB 37,040,705.

Profit from investments increased from THB 11,496,209 in 2013 to THB 76,461,455 in the year 2014, an increase of 565.10 percent , as the Company are invested in securities and mutual funds . The profits earned from trading debt securities that provide a good return.

Income from loans interest for buying securities increased from THB 1,349,196 in 2013 to THB 46,827,905 in 2014 , an increase of 3,370.80 percent because the company has expanded its services to provide loans to purchase securities to clients .

Total expenses increased from THB 89,790,111 in 2013 to THB 706,165,041 in 2014 , an increase of 686.46 percent mainly from

Financial costs of the company increased from THB 60,131 in 2013 to THB 54,913,553 in 2014 , an increase of 91,223.20 due to the volume of saving deposits increased by customer volume and loans from local financial institutions for working capital and to support the expansion of the company .

Personnel expenses increased from THB 29,476,388 in 2013 to THB 366,815,812 in 2014 , an increase of 1144.44 percent because the company hiring employees to be able to fully operate the business despite cost increases in line with brokerage and commission fee from the prior year .

Expenses related to premises and equipment increased from THB 17,029,561 in 2013 to THB 98,645,750 in 2014 , up 479.26 percent. Because the company is expanding more branch expansion and investment in systems.

In summary, in the year 2014 , the Company had total comprehensive profit of THB 15,557,741 by the statements of comprehensive income THB 9,125,305. Or an increase of 122.78 percent compared with the same period of year 2013 with an operating loss , net THB 40,074,489 .

(2) Analysis of the financial position of the Company

The company's total assets as of December 31, 2014 in the amount of THB 3,314,062,904 increased THB 2,300,683,266 or 227.03 percent compared to total assets of the same period of year 2013 of THB 1,013,379,638. an increase mainly due to money lending to customers to buy securities and investment in securities . The details are as follows:

Net securities business receivables and derivatives as of December 31, 2014 in the amount of THB 1,570,588,770 increased THB 1,332,892,564 baht representing an increase of 560.75 percent compared to the balance as at December 31, 2013 in the amount of THB 237,696,206. Most of the increase from cash balances in the amount of THB 384,440,349. Total receivables from cash and loans to buy securities in the amount of THB 889,799,511 due to the fact the Company operates in a full capacity and expand loan business to purchase securities for client which in line with increased customer volume.

Net investments as of December 31, 2014 in the amount of THB 831,181,312, increased THB 671,169,939 or representing 419.45 percent compared to the balance as of December 31, 2013 in the amount of

THB 160,011,373 due to increase of investment in the investment unit and debt in the amount of THB 414,383,487. Due to the liquidity of the Company and investments in listed securities in the market that managed by the Asset Management Company in the amount of THB 189,950,053.

The improvement in Buildings and equipment, including computer equipment office equipment and is the most decorated office and intangible assets. The program consists of a computer system used in the primary business of the Company in the amount of THB 212,200,369 compared to the balance as of December 31, 2013 in the amount of THB 86,202,986 an increase of THB 125,997,383. 146.16 percent. The Company has expanded its business in line with increase with the expansion of the company.

The Company's total liabilities as of December 31, 2014 in the amount of THB 2,211,355,335 increase from the same period of year 2013 in the amount of THB 85,457,563, or a percentage 2487.66, the main cause of the increase in accounts payable securities and derivatives. Debt issued and other loans. The details are as follows:

Securities and derivatives business payables as of December 31, 2014, compared to the total number THB 560,230,602 as of December 31, 2013 in the amount of THB 20,214,999 increased THB 540,015,603, representing an increase of 2671.36 percent. Most of the increase from the amount payable from cash THB 538,472,643. The Company It operates full capacity in line with increased customer volume.

Debt issued and other loans as of December 31, 2014 in amount of THB 1,364,215,217 increase from the same period of 2013 due to the Company issued short-term bills of exchange and the issuance of subordinated debentures. The company started operations in the year 2014. To put money into the business, in line with the increase in the assets of the above companies as of December 31, 2013.

The Company's shareholders as of December 31, 2014 Number of 1,102,707,569 baht increase from the same period of year 2013 in the amount of THB 927,922,075 or 18.84 percent.

In summary, the Company is a company with a strong financial position. And still have the ability to repay loans and the ability to have a common standard. The company currently There are still unappropriated retained earnings in the amount of 22,528,993 baht.