

Ref. Wor Thor. Tor. 020/2019

May 7, 2019

Subject : Explanation and analysis of financial performance for the three-month period ended March 31, 2019

Attention : The President
The Stock Exchange of Thailand

The Board of Directors' meeting of Trinity Watthana Public Company Limited No. 4/2019, held on 7th May 2019, had approved the reviewed financial statements for the three-month period ended March 31, 2019. Net profit for the first quarter of 2019 and earnings per share were Baht 1.11 million and Baht 0.006 respectively, which were less than net profit and earnings per share for the corresponding period of 2018 at Baht 23.76 million and Baht 0.12, equivalent to decline 95.33%.

The Company would like to explain and analyze the financial position and operating results for the first quarter of 2019 compared to the corresponding period of 2018 as follows:

1. Operating Results

Income

The consolidated income of the Company and subsidiaries for the first quarter of 2019 was Baht 120.86 million, which was decreased from Baht 189.31 million for the corresponding period of 2018. The decrease in the consolidated income of the Company and subsidiaries was attributed to the following:

- 1) The securities and derivatives business income decreased from Baht 144.87 million for the first quarter of 2018 to Baht 90.02 million in the same period of 2019, resulted from the following:
 - A decrease in a daily average turnover of SET from Baht 71,182 million to Baht 45,739 million in the first quarter of 2019 or decreased by 35.74% mainly contributed from foreign investors. The subsidiary's securities brokerage fee decreased from Baht 86.82 million for the first quarter of 2018 to Baht 35.05 million in the same period of 2019 or decreased by 59.63%;
- 2) The Company's net gain from investment was Baht 10.80 million in the first quarter of 2019, dividing into gain on trading securities amounted to Baht 1.93 million and gain on trading derivatives amounted to Baht 8.87 million compared to net gain from investment was Baht 31.37 million in the first quarter of 2018, dividing into gain on trading securities amounted to Baht 33.53 million and loss on trading derivatives amounted to Baht 2.16 million.
- 3) Interest and dividend income increased from Baht 6.95 million in the first quarter of 2018 to Baht 12.83 million in the same period of 2019 resulting from an increase in other short-term loans during the first quarter of 2019.

Operating Expenses

In the first quarter of 2019, the Company and subsidiaries' total expenses Baht 119.01 million comparing to Baht 158.84 million in the same period of 2018. The expenses which had significant changes included:

- Personnel expenses in the first quarter of 2019 amounted to Baht 68.60 million which was decreased from Baht 97.71 million in the same period of 2018, or by 29.79%. This decrease varied in relation to the Company's overall decrease in the operating results.

- Fee and services expenses in the first quarter of 2019 amounted to Baht 12.94 million which was decreased from Baht 18.67 million in the same period of 2018, or decreased by 30.69%. This decrease varied in relation to the Company's trading volume.
- During the first quarter of 2018, provision for doubtful debts was set amounted to Baht 6.89 million as a result from the decrease in collateral fair value of one listed securities of which the listed company has been suspended from trading. Therefore, the Company was required to recognize the uncollateralized portion of debts.

Net Profit (Loss)

In the first quarter of 2019, the Company and subsidiaries' profit before corporate income tax was Baht 1.85 million which was decreased from Baht 30.47 million in the same period of 2018 and net profit was Baht 1.11 million comparing to Baht 23.76 million in the same period of 2018.

2. Financial Position

Total Assets

As of 31 March 2019, the total assets of the Company and subsidiaries amounted to Baht 3,925.99 million comparing to Baht 3,922.15 million at the end of 2018, of which significant items included investments in securities in the amount of Baht 750.25 million which was slightly increased from Baht 722.86 million, securities and derivatives business receivables in the amount of Baht 1,952.40 million decreased from 2,248.53 million and other short-term loans amounted to Baht 530.54 million decreased from Baht 612.85 million. These main items represented 19.11%, 49.73%, and 13.51% of the total assets as of 31 March 2019, respectively.

Securities and Derivatives Business Receivables

As of 31 March 2019, the subsidiary's securities and derivatives business receivables in the amount of Baht 1,952.40 million included margin loan receivables in the amount of Baht 1,811.85 million decreased from Baht 2,090.95 million at the end of 2018, and receivables from cash account amounted to Baht 140.55 million decreased from 157.58 million at the end of 2018. As required by the Notification of the Office of the Securities and Exchange Commission (SEC), the subsidiary categorized its securities business receivables and accrued interest receivables in accordance with the SEC's Notification re: Bookkeeping in relation to Sub-Standard Debtors of Securities Companies as general debt in the amount of Baht 1,937 million, sub-standard debt in the amount of Baht 15 million and doubtful debts in the amount of Baht 62 million. In this regard, the Company has provided a reserve to cover all doubtful debts in accordance with the financial reporting standard.

Investments in Securities and Derivatives

The Company and subsidiaries' net investments in securities as of 31 March 2019 were Baht 750.25 million, 19.11% of total assets, which was slightly increased from Baht 722.86 million at the end of 2018. Out of this amount, short-term and long-term investment stated at fair value was Baht 746.78 million increased from Baht 719.58 million at the end of 2018. The remaining investment Baht 3.47 million was the investment in affiliates which were accounted for under an equity method.

In the first quarter of 2019, the Company and subsidiaries had a total return on investment in the amount of Baht 35.88 million compared to a total return of Baht 34.83 million in the same period of 2018 or equal to rate of return on investment 19.49% p.a. lower than 22.43% p.a. in the same period of 2018. The total return comprised of profit from investment in securities and derivatives trading at Baht 10.99 million, interest and dividend from securities held for trading and available-for-sale at Baht 12.24 million and a decrease in unrealized loss from investments presented in shareholders' equity amounted to Baht 12.65 million.

Liabilities

As of 31 March 2019, the Company and subsidiaries' total liabilities stood at Baht 2,366.44 million compared to the total liabilities of Baht 2,369.99 million at the end of 2018. The total liabilities mainly comprised of borrowings slightly decreased from Baht 2,081 million at the end of 2018 to Baht 2,013.25 million at the end of March 2019 while the securities and derivatives business payables increased from Baht 111.95 million at the end of 2018 to Baht 218.72 million at the end of March 2019.

Shareholders' Equity

As of 31 March 2019, the Company and subsidiaries' shareholders' equity stood at Baht 1,559.55 million compared to Baht 1,552.16 million at the end of 2018. The increase was mainly derived from a decrease in unrealized loss from investments presented in shareholders' equity amounted to Baht 12.65 million whereas an increase in actuarial loss amounted to Baht 7.27 million. The return on equity for the first quarter of 2019 was 0.285% per annum comparing to 5.90% per annum in the same period of 2018.

Please be informed accordingly.

Yours faithfully,

Charnchai Kongthongluck
Director & CEO