

Ref. Wor Thor. Tor. 027/2017

May 11, 2017

Subject : Explanation and analysis of financial performance for the three-month period ended March 31, 2017

Attention : The President  
The Stock Exchange of Thailand

The Board of Directors' meeting of Trinity Watthana Public Company Limited No. 4/2017, held on 11<sup>st</sup> May 2017, had approved the reviewed financial statements for the three-month period ended March 31, 2017. Net profit for the first quarter of 2017 and earnings per share were Baht 31.54 million and Baht 0.16 respectively, which were slightly less than net profit and earnings per share for the corresponding period of 2016 at Baht 32.84 million and Baht 0.17, equivalent to decline 3.96%.

The Company would like to explain and analyze the financial position and operating results for the first quarter of 2017 compared to the corresponding period of 2016 as follows:

## **1. Operating Results**

### **Income**

The consolidated income of the Company and subsidiaries for the first quarter of 2017 was Baht 181.91 million, which was slightly decreased from Baht 185.79 million for the corresponding period of 2016. The decrease in the consolidated income of the Company and subsidiaries was attributed to the following:

- 1) The securities and derivatives business income increased from Baht 123.01 million for the first quarter of 2016 to Baht 134.81 million in the same period of 2017, resulted from the following:
  - An increase in a daily average turnover of SET from Baht 46,540 million to Baht 50,865 million in the first quarter of 2017 or increased by 9.29% resulted in an increase in securities brokerage fee from Baht 69.1 million for the first quarter of 2016 to Baht 75.6 million in the same period of 2017 or increased by 9.41%;
  - The subsidiaries' interest income from margin loan increased from Baht 32.99 million for the first quarter of 2016 to Baht 37.75 million resulting from increase in margin loan during the first quarter of 2017.
- 2) The Company's net gain from investment was Baht 30.11 million in the first quarter of 2017, dividing into gain on trading securities amounted to Baht 36.23 million and loss on trading derivatives amounted to Baht 6.12 million compared to net gain from investment was Baht 37.24 million in the same period of 2016 dividing into gain on trading securities amounted to Baht 35.91 million and gain on trading derivatives amounted to Baht 1.33 million.
- 3) The Company's interest and dividend income decreased from Baht 13.52 million for the first quarter of 2016 to Baht 8.92 million due to decrease in other short-term loans business.

### **Operating Expenses**

In the first quarter of 2017, the Company and subsidiaries' total expenses Baht 142.22 million comparing to Baht 143.74 million.

## **Net Profit (Loss)**

In the first quarter of 2017, the Company and subsidiaries' profit before corporate income tax was Baht 39.69 million which was slightly decreased from Baht 42.06 million in the same period of 2016 and net profit was Baht 31.54 million comparing to Baht 32.84 million in the same period of 2016.

## **2. Financial Position**

### **Total Assets**

As of 31 March 2017, the total assets of the Company and subsidiaries amounted to Baht 4,570.77 million comparing to Baht 4,592.74 million at the end of 2016, of which significant items included investments in securities in the amount of Baht 536.07 million which was increased from Baht 485.90 million, securities and derivatives business receivables in the amount of Baht 3,121.38 million slightly decreased from 3,186.48 million and other short-term loans amounted to Baht 217.35 million decreased from Baht 437.35 million. These main items represented 11.73%, 68.29%, and 4.76% of the total assets as of 31 March 2017, respectively.

### **Securities and Derivatives Business Receivables**

As of 31 March 2017, the subsidiary's securities and derivatives business receivables in the amount of Baht 3,121.38 million included margin loan receivables in the amount of Baht 2,895.31 million increased from Baht 2,346.81 million at the end of 2016, and receivables from cash account amounted to Baht 201.48 million decreased from 802.51 million at the end of 2016. 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 3,120 million and doubtful debts in the amount of Baht 60 million. In this regard, the Company has provided a reserve to cover all doubtful debts in accordance with the accounting standards.

### **Investments in Securities and Derivatives**

The Company and subsidiaries' net investments in securities as of 31 March 2017 were Baht 536.07 million, 11.73% of total assets, which was increased from Baht 485.90 million at the end of 2016. Out of this amount, short-term and long-term investment stated at fair value was Baht 532.60 million increased from Baht 482.46 million at the end of 2016. 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 2017, the Company and subsidiaries had a total return on investment in the amount of Baht 47.50 million increased from a total return of Baht 44.94 million in the same period of 2016 or equal to rate of return on investment 37.31% higher than 28.36% in the same period of 2016. The total return comprised of profit from investment in securities and derivatives trading at Baht 30.14 million, interest and dividend from securities held for trading and available-for-sale at Baht 10.02 million and a decrease in unrealized loss from investments presented in shareholders' equity amounted to Baht 7.34 million.

### **Liabilities**

As of 31 March 2017, the Company and subsidiaries' total liabilities stood at Baht 2,931.81 million compared to the total liabilities of Baht 2,992.66 million at the end of 2016. The total liabilities mainly comprised of borrowings increased from Baht 2,010 million at the end of 2016 to Baht 2,328.81 million at the end of March 2017 while the clearing house payable decreased by Baht 279 million.

**Shareholders' Equity**

As of 31 March 2017, the Company and subsidiaries' shareholders' equity stood at Baht 1,638.96 million which was increased from Baht 1,600.08 million at the end of 2016. The increase was mainly derived from the Company and subsidiaries' earnings for the first quarter of 2017 amounted to Baht 31.54 million and a decrease in unrealized loss from investments presented in shareholders' equity amounted to Baht 7.34 million.

Please be informed accordingly.

Yours faithfully,

Charnchai Kongthongluck  
Director