

Capital Nomura Securities Public Company Limited  
Report and interim financial statements  
30 June 2014

## **Independent Auditor's Report**

To the Shareholders of Capital Nomura Securities Public Company Limited

### **Report on Audit of Financial Statements**

I have audited the accompanying financial statements of Capital Nomura Securities Public Company Limited, which comprise the statement of financial position as at 30 June 2014, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Nomura Securities Public Company Limited as at 30 June 2014 and its financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards.

### **Report on Review of Interim Financial Information**

I have reviewed the accompanying statement of comprehensive income for the three-month period ended 30 June 2014 of Capital Nomura Securities Public Company Limited. Management is responsible for the preparation and presentation of these interim statements of comprehensive income in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on these interim statements of comprehensive income based on my review.

### **Scope of review**

I conducted my review in accordance with 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 auditing standards 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 statement of comprehensive income is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 26 August 2014

**Capital Nomura Securities Public Company Limited**

**Statement of financial position**

**As at 30 June 2014**

		(Unit: Baht)	
	Note	30 June 2014	31 December 2013
<b>Assets</b>			
Cash and cash equivalents	6	415,042,270	632,251,180
Deposits at financial institutions	7	-	-
Receivables from Clearing House	8	1,615,307,913	64,995,414
Securities and derivatives business receivables - net	9	8,842,871,920	7,694,699,270
Derivatives assets	10	-	119,465,000
Investments - net	11	371,161,280	1,054,381,107
Premises and equipment - net	12	74,637,944	96,916,474
Intangible assets - net	13	13,240,644	15,751,429
Deferred tax assets	14	36,559,522	51,281,926
Other assets - net	15	193,271,712	191,851,108
<b>Total assets</b>		<b>11,562,093,205</b>	<b>9,921,592,908</b>

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

**Capital Nomura Securities Public Company Limited****Statement of financial position (Continued)**

As at 30 June 2014

(Unit: Baht)

	Note	30 June 2014	31 December 2013
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Borrowings from financial institutions	16	3,330,000,000	900,000,000
Payables to Clearing House	17	3,065,367	328,108,786
Securities and derivatives business payables - net	18	2,838,805,309	1,386,289,678
Borrowings	19	-	1,647,470,000
Provisions for long-term employee benefits	20	60,731,453	52,903,963
Other liabilities	21	152,247,606	223,434,237
<b>Total liabilities</b>		<b>6,384,849,735</b>	<b>4,538,206,664</b>
<b>Equity</b>			
Share capital			
Registered, issued and paid-up			
2,150,469,000 ordinary shares of Baht 1 each	22	2,150,469,000	2,150,469,000
Premium on share capital		2,131,833,600	2,131,833,600
Premium on treasury stock		1,487,250	1,487,250
Other components of equity - revaluation			
surplus on investments	11.3	770,212	56,989
Retained earnings			
Appropriated - statutory reserve	23	92,000,000	92,000,000
- general reserve		215,000,000	215,000,000
Unappropriated		585,683,408	792,539,405
<b>Total equity</b>		<b>5,177,243,470</b>	<b>5,383,386,244</b>
<b>Total liabilities and equity</b>		<b>11,562,093,205</b>	<b>9,921,592,908</b>
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The accompanying notes are an integral part of the financial statements.

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Directors  
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**Capital Nomura Securities Public Company Limited**

**Statements of comprehensive income**

**For the three-month and six-month periods ended 30 June 2014**

(Unit: Baht)

	Note	For the three-month periods		For the six-month periods	
		ended 30 June		ended 30 June	
		2014	2013	2014	2013
		(Unaudited but reviewed)	(Unaudited but reviewed)	(Audited)	(Audited)
<b>Profit or loss:</b>					
<b>Revenue</b>					
Brokerage fees	25	207,274,503	297,967,890	355,249,236	672,309,465
Fees and service income	26, 31	49,346,989	23,594,237	65,175,930	58,694,482
Gain on securities	11.4	5,007,166	2,699,806	14,980,315	817,695
Gain (Loss) on derivatives		-	(127,900)	13,572,900	(14,053,800)
Interest and dividend		17,480,618	23,277,036	34,492,500	42,612,735
Interest on margin loans		88,093,879	81,770,889	162,503,412	165,673,062
Other income		1,555,058	1,839,592	2,345,290	2,779,189
<b>Total revenue</b>		<b>368,758,213</b>	<b>431,021,550</b>	<b>648,319,583</b>	<b>928,832,828</b>
<b>Expenses</b>					
Financial costs		25,744,213	40,746,734	46,107,114	79,995,749
Fees and services expenses		18,913,434	25,197,703	35,172,406	55,088,564
Operating expenses					
Personnel expenses		126,390,779	151,162,155	238,767,582	323,646,227
Premises and equipment expenses		43,523,143	39,686,711	83,978,528	78,559,778
Directors' remuneration	27	2,765,000	2,621,500	3,200,000	2,938,000
Other expenses		23,674,357	21,940,160	41,738,202	42,062,314
Total operating expenses		196,353,279	215,410,526	367,684,312	447,206,319
<b>Total expenses</b>		<b>241,010,926</b>	<b>281,354,963</b>	<b>448,963,832</b>	<b>582,290,632</b>
<b>Profit before income tax</b>		<b>127,747,287</b>	<b>149,666,587</b>	<b>199,355,751</b>	<b>346,542,196</b>
Income tax	14	(25,907,639)	(29,962,944)	(40,660,068)	(69,536,986)
<b>Profit for the period</b>		<b>101,839,648</b>	<b>119,703,643</b>	<b>158,695,683</b>	<b>277,005,210</b>
<b>Other comprehensive income:</b>					
Gain (loss) on re-measuring					
available-for-sale investments		1,181,332	(633,226)	891,528	(595,410)
Income tax relating to gain (loss) on re-measuring					
available-for-sale investments	14	(236,266)	126,645	(178,305)	119,082
Other comprehensive income (loss)		945,066	(506,581)	713,223	(476,328)
<b>Total comprehensive income for the period</b>		<b>102,784,714</b>	<b>119,197,062</b>	<b>159,408,906</b>	<b>276,528,882</b>
<b>Basic earnings per share</b>					
Profit for the period	29	0.05	0.14	0.07	0.35
Weighted average number of ordinary shares (Shares)		2,150,469,000	874,366,516	2,150,469,000	796,029,961

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

**Capital Nomura Securities Public Company Limited**

**Statement of changes in equity**

**For the six-month period ended 30 June 2014**

(Unit: Baht)

	Issued and paid-up share capital	Premium on share capital	Premium on treasury stock	Other components of equity - revaluation surplus (deficit) on investments	Retained earnings			Total
					Appropriated			
					Statutory reserve	General reserve	Unappropriated	
<b>Balance - as at 1 January 2013</b>	716,823,000	2,131,833,600	1,487,250	(60,036)	72,000,000	215,000,000	533,160,964	3,670,244,778
Increase share capital (Note 22)	1,433,646,000	-	-	-	-	-	-	1,433,646,000
Dividend paid (Note 30)	-	-	-	-	-	-	(114,665,280)	(114,665,280)
Total comprehensive income (loss) for the period	-	-	-	(476,328)	-	-	277,005,210	276,528,882
<b>Balance - as at 30 June 2013</b>	<u>2,150,469,000</u>	<u>2,131,833,600</u>	<u>1,487,250</u>	<u>(536,364)</u>	<u>72,000,000</u>	<u>215,000,000</u>	<u>695,500,894</u>	<u>5,265,754,380</u>
<b>Balance - as at 1 January 2014</b>	2,150,469,000	2,131,833,600	1,487,250	56,989	92,000,000	215,000,000	792,539,405	5,383,386,244
Dividend paid (Note 30)	-	-	-	-	-	-	(365,551,680)	(365,551,680)
Total comprehensive income for the period	-	-	-	713,223	-	-	158,695,683	159,408,906
<b>Balance - as at 30 June 2014</b>	<u>2,150,469,000</u>	<u>2,131,833,600</u>	<u>1,487,250</u>	<u>770,212</u>	<u>92,000,000</u>	<u>215,000,000</u>	<u>585,683,408</u>	<u>5,177,243,470</u>

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

**Capital Nomura Securities Public Company Limited**

**Statements of cash flows**

**For the six-month period ended 30 June 2014**

	(Unit: Baht)	
	2014	2013
<b>Cash flows from operating activities</b>		
Profit before income tax	199,355,751	346,542,196
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	25,822,478	27,148,285
Gain on disposal securities	(1,055,678)	(3,707,311)
Loss on revaluation of investments	1,598,100	-
Loss on written-off computer software	2,349,862	-
Gain on disposal of equipment	(7,921)	(109,980)
Loss (gain) on derivatives/exchange rate	(13,572,900)	14,040,000
Long-term employee benefits	7,827,490	1,034,099
Interest and dividend income	(34,492,500)	(42,612,735)
Interest income from margin loans	(162,503,412)	(165,673,062)
Others interest income	(680,169)	(958,026)
Financial costs	46,107,113	79,995,749
Cash received from interest	14,720,239	16,775,506
Cash received from interest on margin loans	160,163,661	164,221,756
Cash received from other interest	689,099	963,098
Cash paid for interest expenses (included other financial costs)	(48,940,720)	(63,671,009)
Cash paid for income tax	(32,636,629)	(48,246,942)
Income from operating activities before changes in operating assets and liabilities	164,743,864	325,741,624
Operating assets (increase) decrease		
Receivables from Clearing House	(1,550,312,500)	(854,556,426)
Securities and derivatives business receivables - net	(1,145,795,561)	326,230,415
Trading securities	80,176,246	-
Other assets	181,068	(7,974,995)
Operating liabilities increase (decrease)		
Borrowings from financial institutions	2,430,000,000	(1,180,000,000)
Payables to Clearing House	(325,043,419)	(551,219,321)
Securities and derivatives business payables - net	1,452,418,411	1,189,601,719
Borrowings	(1,514,432,100)	1,484,500,000
Other liabilities	(61,580,912)	30,202,071
<b>Net cash from (used in) operating activities</b>	<b>(469,644,903)</b>	<b>762,525,087</b>

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

**Capital Nomura Securities Public Company Limited****Statements of cash flows (Continued)****For the six-month period ended 30 June 2014**

	(Unit: Baht)	
	2014	2013
<b>Cash flows from investing activities</b>		
Cash paid for purchase of available-for-sale securities	(402,097,222)	(7,213,889,193)
Cash received from disposal of available-for-sale securities	1,003,157,583	6,907,833,778
Net cash received (net cash paid) for held-to maturity debt securities	(1,471)	1,844,358
Cash received from interest and dividend	19,454,462	20,893,751
Cash paid for acquisition of equipment	(1,229,026)	(10,133,943)
Cash received from sales of equipment	7,944	110,458
Cash paid for acquisition of intangible assets	(1,304,597)	(3,230,191)
<b>Net cash from (used in) investing activities</b>	<b>617,987,673</b>	<b>(296,570,982)</b>
<b>Cash flows from financing activities</b>		
Proceed from increase in share capital	-	1,433,646,000
Dividends paid	(365,551,680)	(114,665,280)
<b>Net cash provided by financing activities</b>	<b>(365,551,680)</b>	<b>1,318,980,720</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(217,208,910)</b>	<b>1,784,934,825</b>
Cash and cash equivalents at the beginning of the period	632,251,180	440,270,969
<b>Cash and cash equivalents at the end of the period</b>	<b>415,042,270</b>	<b>2,225,205,794</b>
	-	-
<b>Supplemental cash flows information</b>		
Non-cash transactions		
Accounts payable for purchase of fixed assets and intangible assets	504,615	10,261,546

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

## **Capital Nomura Securities Public Company Limited**

### **Notes to interim financial statements**

**For the six-month period ended 30 June 2014**

#### **1. General information**

Capital Nomura Securities Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the securities with business of securities brokerage, securities dealing, securities borrowing and lending services, investment advisory, securities underwriting, financial advisory services and the derivatives broking.

The registered office of the Company is at 25 Bangkok Insurance Building, 15th - 17th Floor, South Sathorn Road, Tungmahamak, Sathorn, Bangkok. As at 30 June 2014 and 31 December 2013, the Company has 27 branches including a headquarter, 25 branches in Bangkok and up country and a Representative Office in Laos.

#### **2. Basis of the preparation of the interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standards No.34 (revised 2012) "Interim Financial Reporting", with the Company choosing to present complete interim financial statements as presented in the annual financial statements.

These interim financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and they are presented in compliance with the requirement 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/Kor/Nor. 53/2553 dated 15 December 2010.

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.

The interim financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

### **3. New accounting standards**

Below is a summary of accounting standards that become effective in the current accounting year and those that will become effective in the future.

#### **3.1 Accounting standards that become effective in the current accounting period**

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

#### Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

The Company's management has assessed the effects of the above accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations, and believes that they are not relevant to the business of the Company or do not have a significant impact.

### **3.2 Accounting standards that will become effective in the future**

TFRS 4 Insurance Contracts will become effective for the accounting period as from 1 January 2016. The Company's management has assessed the effect of this financial reporting standard and believes that it is not relevant to the business of the Company.

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### a) Brokerage fees

Brokerage fees on securities and derivatives business are recognised as income on the transaction dates.

#### b) Fees and service income

Fees and service income are recognised as income when services have been rendered taking into account the stage of completion.

#### c) Gain (loss) on trading in securities and derivatives

Gain (loss) on trading in securities and derivatives are recognised as income/expenses on the transaction dates.

d) Interest and dividend

Interest is recognised as income on an accrual basis. Dividend from investments is recognised when the right to receive the dividends is established.

e) Interest on credit balance loans

Interest is recognised as interest accrues based on a time proportion basis, but where there is uncertainty as to the collectability of loans and interest the Company ceases accrual.

In the following cases collectability of loans and interest is held to be uncertain.

- 1) Loans which are not fully collateralised.
- 2) Installment loans with repayments scheduled less frequently than every 3 months and for which principal or interest is overdue for more than 3 months.
- 3) Other receivables of which interest payment is overdue 3 months or more.

These conditions are based on the guidelines stipulated by the Office of Securities and Exchange Commission in Notification No. Kor. Thor. 5/2544 dated 15 February 2001.

#### **4.2 Expense recognition**

a) Interest on borrowings

Interest on borrowings is charged to expenses on an accrual basis.

b) Fees and service expenses

Fees and service expenses are charged to expenses on an accrual basis.

#### **4.3 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, all bank deposit accounts maturing within 3 months or less from the date of acquisition, and including call notes receivable and term notes receivable issued by financial institutions with an ordinary maturing within 3 months or less and not subject to withdrawal restrictions.

#### **4.4 Recognition and amortisation of customers' deposits assets**

Assets which customers have placed with the Company for securities trading, both through cash accounts and credit balance accounts, including amounts which customers have placed as security for derivatives trading, are recorded as assets and liabilities of the Company for internal control purposes. As at the end of the reporting date, the Company excludes the amounts which are unsecured from both assets and liabilities and presents only those assets which belong to the Company.

#### **4.5 Borrowing and lending of securities**

The Company is engaged in securities borrowing and lending, whereby the Company acts as a principal or an agent of the borrowers and lenders of securities who are the Company's customers. The Company's objective in lending securities to its customers is solely to allow them to short sell securities through the credit balance accounts they have with the Company. These types of transaction are limited to securities listed on the SET 100 Index and on the list of securities which the Company allows customers to purchase through margin accounts (Marginable Securities).

The Company records its obligations to return borrowed securities which it has lent as "Securities borrowing payables" and securities lent to customers are recorded as "Securities borrowing receivables" in the statement of financial position. At the end of the period, the balance of securities borrowing payables and securities borrowing receivables are adjusted based on the close price quoted on the Stock Exchange of Thailand of the last working day of the period. Gains or losses arising from such adjustment are included in profit or loss. In addition, the Company records cash paid as collateral for securities borrowing as "Guaranteed deposit receivables" and cash received as collateral for securities lending as "Guarantee deposit payables". Fees for borrowing and lending are recognised on an accrual basis over the term of the period.

#### **4.6 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of those securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as gain (loss) on remeasuring investments in other comprehensive income in the statements of comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investment in held-to-maturities debt securities are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/ accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities which are classified as other investments are valued at cost net of allowance of impairment (if any).
- e) The fair value of marketable securities is based on the latest bid price of the last working day of the period as quoted on the Stock Exchange of Thailand. The fair value of debt instruments is determined based on the required rate of return or the yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

- f) Losses on impairment of the investments (if any) are included in profit or loss when there is a factor indicating that such investments might be impaired.
- g) The weighted average method is used for computation of the cost of investments. On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.
- h) In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of equity, depending on the type of investment that is reclassified.

#### **4.7 Receivables from/payables to Clearing House**

Receivables from/payables to Clearing House comprise the net balance receivables from/payables to Thailand Clearing House in respect of securities trades settled and derivative trading, and also include amounts pledged with Thailand Clearing House as security for derivatives trading and the net balance of receivables from/payables to overseas securities companies in respect of overseas securities trades settle through those companies.

#### **4.8 Securities and derivatives business receivables and allowance for doubtful accounts**

Securities and derivatives business receivables comprise the net securities and derivatives business receivables, after deducting allowance for doubtful accounts, and also including related accrued interest receivables.

In addition, securities business receivables comprise the net receivables balances of cash accounts, credit balance accounts for which the securities purchased are used as collateral, securities borrowing and lending receivables and guarantee deposit receivables (which comprise cash placed as guarantee for securities borrowing payables or Thailand Clearing House) as well as other receivables such as overdue cash customers accounts and securities receivables which are subject to legal proceedings, are undergoing restructuring or are settling in installments.

The Company has provided an allowance for doubtful accounts based on a review of debtor's ability to make repayment, taking into consideration recovery risk, and the value of the collateral. An allowance is set aside for doubtful debts not fully covered by collateral and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the following guidelines.

- a) Assets classified as doubtful loss are to satisfy the following criteria.
  - (1) Loans balance which the Company has already made every effort to collect, but which remain unpaid and which the Company has already written-off in accordance with tax legislation.
  - (2) Loans balance which the Company has forgiven.
- b) Doubtful debt is defined as the uncollateralised portion of the value of a debt which meets the following criteria.
  - (1) General loans and other loans for which the collateral value is less than the loan balance.
  - (2) Installment loans with repayments scheduled less frequently than every 3 months and for which principal or interest is overdue by more than 3 months.
  - (3) Installment loans with repayment scheduled no less frequently than every 3 months, unless there is clear evidence and high degree of certainty that full repayment will be received.
- c) Substandard debt is defined as the collateralised portion of loans which meet the criteria in b).

Loans classified as doubtful loss will be written-off when identified. Allowance for doubtful account will be set aside for loans classified as doubtful at not less than 100 percent of the loan balance. The above guideline is in accordance with Notification No. Kor. Thor. 33/2543 dated 25 August 2000 which is updated by Notification No. Kor. Thor. 5/2544 dated 15 February 2001 of the Office of the Securities and Exchange Commission.

#### **4.9 Premises and equipment/Depreciation**

Premises and equipment are stated at cost less accumulated depreciation and allowance for impairment of assets (if any).

Depreciation of premises and equipment is calculated by reference to their cost on the straight-line basis over the following estimated useful lives:

Condominium units	20 years
Leasehold improvements	12 years
Office equipment	3, 5, 6 years
Furniture and fixtures	5, 6 years
Motor vehicles	5 years

No depreciation is provided on construction in progress.

Depreciation is included in determining income.

An item of premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss when the asset is derecognised.

#### **4.10 Intangible assets and amortisation**

Intangible assets acquired are initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets with finite useful lives is amortised for a period of 5 years.

#### **4.11 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legalisation.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences, to the extent it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

#### **4.12 Property foreclosed**

Property foreclosed is stated at the lower of cost or net realisable value with reference to the latest appraisal value less estimated selling expenses.

#### **4.13 Impairment of assets**

At the end of each reporting period, the Company performs impairment reviews in respect of the assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining 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 from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in profit or loss.

#### **4.14 Securities and derivatives business payables**

Securities and derivatives business payables are the obligations of the Company in respect of its securities and derivatives business with outside parties, such as the net payable balances of cash accounts, securities delivery obligations as a result of short sales or securities borrowing, and obligations to return assets held by the Company as collateral for securities lending.

#### **4.15 Related parties transaction**

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with direct or indirect authority in the planning and direction of the Company's operations.

#### **4.16 Long-term leases**

Leases of assets that all the significant risk and rewards of ownership are retained with the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

#### **4.17 Foreign currencies**

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the end of reporting date.

Gains and losses on exchange are included in determining income.

#### **4.18 Employee benefits**

a) Short-term employee benefits

Salaries, wages, bonuses, contribution to the social security fund, contribution under Employee Joint Investment Program and annual leave are recognised as expenses when incurred.

b) 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 contributions are recognised as expenses when incurred.

c) 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 is determined by a professionally qualified independent actuary, based on actuarial techniques, using the Projected Unit Credit Method.

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

#### **4.19 Derivatives - Forward exchange contracts**

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Gains and losses from the translation are included in profit or loss. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

## **4.20 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.

## **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures, and actual results could differ from these estimation. The significant judgements and accounting estimates are as follows:

### **5.1 Allowances for loan losses for securities and derivative business receivables**

Allowances for doubtful accounts for securities and derivatives business receivables are intended to adjust the values of receivables for probable credit losses. The management uses the SEC's regulations regarding the provision of allowance for doubtful accounts and judgement to establish reserves for estimated losses for each outstanding receivable when there is any doubt about the receivable's capability to repay the debt. The allowances for doubtful accounts are determined through a combination of specific reviews, probability of default and the value of the securities used as collateral.

### **5.2 Impairment of investments**

The Company reviews and set up allowance for impairment of investment when indication of impairment exists. The determination of what is indication of impairment requires judgement of management to estimate the expected loss by considering the status of each investment item.

### **5.3 Deferred tax assets**

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is highly probable that taxable profit will be available against which these differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

#### 5.4 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

#### 5.5 Fair value of financial instruments

In 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 and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

#### 5.6 Premises and equipment/Depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and residual values of the premises and equipment, and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review premises and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### 5.7 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, and mortality rate.

### 6. Cash and cash equivalents

	(Unit: Baht)	
	30 June 2014	31 December 2013
Cash	83,000	83,000
Current deposits and saving deposits	585,215,527	573,152,701
Time deposits with maturity date not more than 3 months		
from acquisition date	100,000,000	390,000,000
Promissory notes at call	342,000,000	552,000,000
Total cash and cash equivalents	1,027,298,527	1,515,235,701
Less: Deposits for customers' account	(612,256,257)	(882,984,521)
Cash and cash equivalents	415,042,270	632,251,180

## 7. Deposits at financial institutions

	(Unit: Baht)	
	30 June 2014	31 December 2013
Time deposits with maturity date more than 3 months from acquisition date	600,000,000	200,000,000
Less: Deposits for customers' account	(600,000,000)	(200,000,000)
Deposits at financial institutions	<u>-</u>	<u>-</u>

## 8. Receivables from Clearing House

	(Unit: Baht)	
	30 June 2014	31 December 2013
Receivables from Thailand Clearing House		
Equity and debt securities	1,613,774,302	64,729,514
Derivatives	28,886,002	31,004,281
Receivables from foreign companies	1,272,344	-
Total receivables from Clearing House	<u>1,643,932,648</u>	<u>95,733,795</u>
Less: Receivables from Clearing House for customers' accounts	(28,624,735)	(30,738,381)
Receivables from Clearing House	<u>1,615,307,913</u>	<u>64,995,414</u>

## 9. Securities and derivatives business receivables

	(Unit: Baht)	
	30 June 2014	31 December 2013
<u>Securities business receivables</u>		
Cash accounts	1,095,610,376	1,128,630,599
Credit balances receivables	7,218,296,299	5,785,335,306
Guaranteed deposit receivables	258,843,568	425,295,070
Receivables under securities borrowing and lending business	238,233,778	325,391,043
Other receivables	6,527,911	6,538,770
Total securities business receivables	<u>8,817,511,932</u>	<u>7,671,190,788</u>
Add: Accrued interest receivables	31,575,932	29,198,843
Less: Allowance for doubtful accounts	(6,335,398)	(6,335,398)
Net securities business receivables	<u>8,842,752,466</u>	<u>7,694,054,233</u>
<u>Derivatives business receivables</u>		
Derivatives business receivables	119,454	645,037
Total derivatives business receivables	<u>119,454</u>	<u>645,037</u>
Net securities and derivatives business receivables	<u>8,842,871,920</u>	<u>7,694,699,270</u>

**9.1** As at 30 June 2014, the Company has securities business receivables of approximately Baht 6.5 million on which the recognition of income on an accrual basis has been suspended (31 December 2013: Baht 6.5 million).

**9.2** As at 30 June 2014 and 31 December 2013, the Company has classified its securities business receivables including related interest receivable as follows, in accordance with the relevant guidelines issued by the Office of the Securities and Exchange Commission governing accounting for the doubtful debts of securities companies.

(Unit: Thousand Baht)

	30 June 2014		
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal	8,842,872	-	8,842,872
Doubtful	6,335	6,335	-
Total	<u>8,849,207</u>	<u>6,335</u>	<u>8,842,872</u>

(Unit: Thousand Baht)

	31 December 2013		
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal	7,694,699	-	7,694,699
Doubtful	6,335	6,335	-
Total	<u>7,701,034</u>	<u>6,335</u>	<u>7,694,699</u>

**9.3** As at 30 June 2014, guaranteed deposit receivables of approximately Baht 258.8 million represent cash paid to secure the borrowing of securities for securities borrowing and lending transactions, and the fair value of the securities borrowed is approximately Baht 238.2 million (31 December 2013: Baht 425.3 million and Baht 325.4 million, respectively).

#### 9.4 Allowance for doubtful accounts

(Unit: Baht)

	For the six-month	
	period ended 30 June 2014	For the year ended 31 December 2013
Balance - beginning of the period	6,335,398	6,335,398
Change during the period	-	-
Balance - end of the period	<u>6,335,398</u>	<u>6,335,398</u>

#### 10. Derivatives assets

(Unit: Baht)

	30 June 2014		31 December 2013	
	Fair value	Notional amount	Fair value	Notional amount
Forward exchange contract	-	-	119,465,000	1,514,425,000
<b>Total derivatives assets</b>	<u>-</u>	<u>-</u>	<u>119,465,000</u>	<u>1,514,425,000</u>

As at 31 December 2014, derivatives assets relate to the differences between the fair values and the original values of the forward foreign exchange contracts, amounting to USD 50 million.

## 11. Investments

### 11.1 Classify by type of investments

	30 June 2014		31 December 2013	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b><u>Trading securities</u></b>				
Investments in debt securities	242,568,602	242,567,192	337,294,468	338,644,338
Investments in capital securities	14,549,620	14,302,800	-	-
Total	257,118,222	256,869,992	337,294,468	338,644,338
Add (less): Allowance for revaluation	(248,230)		1,349,870	
Net trading securities	256,869,992		338,644,338	
<b><u>Available-for-sale securities</u></b>				
Listed equity securities	30,220	10	30,210	-
Unit trusts	100,624,873	101,587,638	700,629,565	700,700,801
Total	100,655,093	101,587,648	700,659,775	700,700,801
Add: Allowance for revaluation	962,765		71,236	
Less: Allowance for impairment	(30,210)		(30,210)	
Net available-for-sale securities	101,587,648		700,700,801	
<b><u>Held-to-maturity debt securities</u></b>				
Treasury bill	1,639,029,607		1,151,571,872	
Less: Investments for customer's accounts	(1,632,797,835)		(1,143,007,772)	
Net held-to-maturity debt securities	6,231,772		8,564,100	
<b><u>Other investments</u></b>				
Non-marketable equity securities	15,665,250		15,665,250	
Less: Allowance for impairment	(9,193,382)		(9,193,382)	
Net other investments	6,471,868		6,471,868	
<b>Net investments</b>	<b>371,161,280</b>		<b>1,054,381,107</b>	

## 11.2 Debt securities classified by remaining periods to maturity

As at 30 June 2014 and 31 December 2013, the Company classified investments in held-to-maturity debt securities by remaining periods to maturity as follows:

(Unit: Baht)

	30 June 2014			
	Due within			
	Within 1 year	1 - 5 years	Over 5 years	Total
<b>Held-to-maturity debt securities</b>				
Treasury bill	1,639,029,607	-	-	1,639,029,607
Less: Investments for customer's accounts	(1,632,797,835)	-	-	(1,632,797,835)
<b>Total investments in held-to-maturity debt securities</b>	<b>6,231,772</b>	<b>-</b>	<b>-</b>	<b>6,231,772</b>

(Unit: Baht)

	31 December 2013			
	Due within			
	Within 1 year	1 - 5 years	Over 5 years	Total
<b>Held-to-maturity debt securities</b>				
Treasury bill	1,151,571,872	-	-	1,151,571,872
Less: Investments for customer's accounts	(1,143,007,772)	-	-	(1,143,007,772)
<b>Total investments in held-to-maturity debt securities</b>	<b>8,564,100</b>	<b>-</b>	<b>-</b>	<b>8,564,100</b>

## 11.3 Other components of equity - revaluation surplus (deficit) on investments

(Unit: Baht)

	For the six-month period ended 30 June 2014	For the year ended 31 December 2013
Balance - beginning of the period	56,989	(60,036)
Changes during the period from		
Revaluation	1,947,206	18,050,095
Disposal	(1,055,678)	(18,984,567)
Reclassification from available-for-sale to trading	-	1,080,753
Deferred income tax	(178,305)	(29,256)
Balance - end of the period	<b>770,212</b>	<b>56,989</b>

## 11.4 Gain on securities

(Unit: Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2014	2013	2014	2013
Realised gain (loss) on trading in securities				
Trading securities	5,830,811	(660,578)	15,275,917	(2,889,616)
Available-for-sale securities	15,412	3,360,384	1,055,678	3,707,311
Unrealised gain on trading securities	(839,057)	-	(1,351,280)	-
Total gain on securities	<u>5,007,166</u>	<u>2,699,806</u>	<u>14,980,315</u>	<u>817,695</u>

## 11.5 Interest and dividend income

(Unit: Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2014	2013	2014	2013
Interest income from debt securities	9,033,844	11,377,216	16,750,497	21,834,836
Dividend income from equity securities	253,819	461,200	253,819	461,200
Total interest and dividend income	<u>9,287,663</u>	<u>11,838,416</u>	<u>17,004,316</u>	<u>22,296,036</u>

## 12. Premises and equipment

(Unit: Baht)

For the six-month period ended 30 June 2014						
	Condominium units	Office equipment	Furniture and fixtures	Motor vehicles	Work in progress	Total
<b>Cost</b>						
1 January 2014	22,704,701	216,797,204	132,306,055	27,954,034	2,859,316	402,621,310
Additions	-	512,461	690,748	-	-	1,203,209
Disposals	-	(367,034)	(70,561)	-	-	(437,595)
Transfer in/out	-	2,694,024	165,592	-	(2,859,316)	-
30 June 2014	22,704,701	219,636,655	133,091,534	27,954,034	-	403,386,924
<b>Accumulated depreciation</b>						
1 January 2014	18,441,571	176,186,483	91,852,245	19,224,537	-	305,704,836
Depreciation for the period	-	11,660,623	9,403,724	2,417,369	-	23,481,716
Depreciation on disposals	-	(367,015)	(70,557)	-	-	(437,572)
30 June 2014	18,441,571	187,480,091	101,185,142	21,641,906	-	328,748,980
<b>Net book value</b>						
30 June 2014	4,263,130	32,156,564	31,906,122	6,312,128	-	74,637,944
Depreciation for the six-month periods ended 30 June						
2013						24,782,385
2014						23,481,716

(Unit: Baht)

For the year ended 31 December 2013						
	Condominium units	Office equipment	Furniture and fixtures	Motor vehicles	Work in progress	Total
<b>Cost</b>						
1 January 2013	22,704,701	187,151,181	131,286,546	27,954,034	2,694,024	371,790,486
Additions	-	26,629,880	325,792	-	7,093,284	34,048,956
Disposals	-	(701,280)	(2,516,852)	-	-	(3,218,132)
Transfer in/out	-	3,717,423	3,210,569	-	(6,927,992)	-
31 December 2013	22,704,701	216,797,204	132,306,055	27,954,034	2,859,316	402,621,310
<b>Accumulated depreciation</b>						
1 January 2013	18,441,571	149,927,219	75,392,425	14,349,732	-	258,110,947
Depreciation for the year	-	26,952,461	18,976,208	4,874,805	-	50,803,474
Depreciation on disposals	-	(693,197)	(2,516,388)	-	-	(3,209,585)
31 December 2013	18,441,571	176,186,483	91,852,245	19,224,537	-	305,704,836
<b>Net book value</b>						
31 December 2013	4,263,130	40,610,721	40,453,810	8,729,497	2,859,316	96,916,474

As at 30 June 2014, condominium units for a total of Baht 4.3 million are not in use and currently in the process of selling. In addition, certain office equipment, furniture and fixtures and motor vehicles have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 160.5 million (31 December 2013: Baht 4.3 million and Baht 149.8 million, respectively).

### 13. Intangible assets

(Unit: Baht)

	Remaining amortisation period	For the six-month period ended 30 June 2014				Balance end of the period
		Balance beginning of the period	Increase/ transfer in	Amortised	Disposals/ transfer out	
Computer software	0 - 4.93 years	81,042,380	1,957,722	(3,638,176)	-	79,361,926
Software in progress		4,761,200	1,455,321	-	(1,722,393)	4,494,128
Total intangible assets		85,803,580	3,413,043	(3,638,176)	(1,722,393)	83,856,054
Less: Accumulated amortisation		(70,052,151)	-	(1,851,574)	1,288,315	(70,615,410)
Net intangible assets		15,751,429	3,413,043	(5,489,750)	(434,078)	13,240,644
Amortisation expenses for the six-month periods ended 30 June						
2013						1,771,009
2014						1,851,574

(Unit: Baht)

	Remaining amortisation period	For the year ended 31 December 2013				Balance end of the year
		Balance beginning of the year	Increase/ transfer in	Amortised	Disposals/ transfer out	
Computer software	0 - 4.92 years	76,367,663	4,674,717	-	-	81,042,380
Software in progress		1,670,588	4,650,005	-	(1,559,393)	4,761,200
Total intangible assets		78,038,251	9,324,722	-	(1,559,393)	85,803,580
Less: Accumulated amortisation		(66,202,714)	-	(3,849,437)	-	(70,052,151)
Net intangible assets		11,835,537	9,324,722	(3,849,437)	(1,559,393)	15,751,429

As at 30 June 2014, certain computer software have been fully amortised but are still in use. The original cost, before deducting accumulated amortisation, of those assets amounted to Baht 62.1 million (31 December 2013: Baht 60.6 million).

#### 14. Deferred tax assets/liabilities and income tax

Income tax expenses for the three-month and six-month periods ended 30 June 2014 and 2013 are made up as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2014	2013	2014	2013
<b>Current income tax:</b>				
Current income tax charge for the period	29,456,152	36,063,865	26,073,446	73,230,776
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(3,591,037)	(6,100,921)	14,544,098	(3,579,600)
Effects of changes in the applicable tax rates/prior period's adjustments	42,524	-	42,524	(114,190)
<b>Income tax expense reported in the statement of comprehensive income</b>	<u>25,907,639</u>	<u>29,962,944</u>	<u>40,660,068</u>	<u>69,536,986</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2014 and 2013 are as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2014	2013	2014	2013
Deferred tax relating to gain (loss) on re-measuring available-for-sale investments	(236,266)	126,645	(178,305)	119,082
	<u>(236,266)</u>	<u>126,645</u>	<u>(178,305)</u>	<u>119,082</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the three-month and six-month periods ended 30 June 2014 and 2013 are as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2014	2013	2014	2013
Accounting profit before tax	127,747,287	149,666,587	199,355,751	346,542,196
Applicable tax rate	20 percent	20 percent	20 percent	20 percent
Accounting profit before tax multiplied by applicable tax rate	25,549,457	29,933,318	39,871,150	69,308,439
Effects of changes in the applicable tax rates/prior period's adjustments	42,524	-	42,524	(114,190)
Effects of:				
Non-deductible expense	531,259	271,090	961,995	584,201
Non-taxable income	(214,021)	(235,944)	(214,021)	(235,944)
Additional expense deductions allowed	(1,580)	(5,520)	(1,580)	(5,520)
Total	315,658	29,626	746,394	342,737
Income tax expenses reported in the statement of comprehensive income	25,907,639	29,962,944	40,660,068	69,536,986

As of 30 June 2014 and 31 December 2013, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Baht)	
	30 June 2014	31 December 2013
<b>Deferred tax assets</b>		
Allowance for impairment of investments	1,844,719	1,844,719
Allowance for impairment of property foreclosed	5,570,240	5,570,240
Allowance for doubtful accounts/allowance for other receivables	1,281,959	1,281,959
Provisions for long-term employee benefits	12,146,291	10,580,793
Accrued employee expenses	12,052,165	27,883,162
Others	3,948,511	4,207,351
Total deferred tax assets	36,843,885	51,368,224
<b>Deferred tax liabilities</b>		
Others	(284,363)	(86,298)
Total deferred tax liabilities	(284,363)	(86,298)
Net deferred tax assets	36,559,522	51,281,926

## 15. Other assets

	(Unit: Baht)	
	30 June 2014	31 December 2013
Loans to employees	67,814,837	69,859,939
Contribution for Securities Clearing Fund	43,116,174	40,810,173
Prepaid expenses	19,437,016	17,988,702
Deposits	16,981,031	16,936,186
Deferred premium on forward exchange contract	-	514,470
Property foreclosed (net of allowance for impairment of Baht 28 million)	15,000,000	15,000,000
Accrued interest receivables	6,398,549	3,793,219
Deposit for derivative business	5,000,000	5,000,000
Fees and service income receivables	14,616,668	13,200,299
Others	4,907,437	8,748,120
<b>Total other assets</b>	<b>193,271,712</b>	<b>191,851,108</b>

## 16. Borrowings from financial institutions

As at 30 June 2014 and 31 December 2013, borrowings from financial institutions comprising only domestic borrowings and are classified as follows:

	(Unit: Thousand Baht)				
	30 June 2014				
	Interest rate per annum (percent)	Remaining period to maturity			Total
		At call	Less than 1 year	1 - 5 years	
Promissory notes	2.30 - 2.58	2,150,000	280,000	-	2,430,000
Borrowings	3.85 - 4.33	-	500,000	400,000	900,000
<b>Total borrowings from financial institutions</b>		<b>2,150,000</b>	<b>780,000</b>	<b>400,000</b>	<b>3,330,000</b>

	(Unit: Thousand Baht)				
	31 December 2013				
	Interest rate per annum (percent)	Remaining period to maturity			Total
		At call	Less than 1 year	1 - 5 years	
Borrowings	3.85 - 4.33	-	500,000	400,000	900,000
<b>Total borrowings from financial institutions</b>		<b>-</b>	<b>500,000</b>	<b>400,000</b>	<b>900,000</b>

As at 30 June 2014 and 31 December 2013, the above borrowings of Baht 900 million are borrowings from the branch of an overseas bank, with maturities of next 2-3 years counting from contract date. The interest is carried at fixed rates per annum, payable monthly. The loan agreements contain conditions whereby the Company is obliged to pay unwinding fees or compensation for losses arising as a result of the Company terminating the agreements or prepaying the borrowings before the maturity date, which is calculated based on the conditions as specified in the loan agreements. Moreover, the Company has to comply with certain terms and conditions such as the maintenance of an interest bearing debt to equity ratio of not exceeding 1.5:1 and dividend payout ratio.

#### 17. Payables to Clearing House

	(Unit: Baht)	
	30 June 2014	31 December 2013
Payables to Clearing House		
Equity and debt securities	-	324,740,034
Derivatives	189,918	620,188
Payables to foreign companies	2,875,449	2,748,564
Total payables to Clearing House	<u>3,065,367</u>	<u>328,108,786</u>

#### 18. Securities and derivatives business payables

	(Unit: Baht)	
	30 June 2014	31 December 2013
<u>Securities business payables</u>		
Cash accounts	2,358,861,897	692,133,009
Guarantee deposit payables	238,131,171	365,286,850
Payable under securities borrowing and lending business	238,233,778	325,391,042
Total securities business payables	<u>2,835,226,846</u>	<u>1,382,810,901</u>
Accrued interest payables	3,566,396	3,469,177
Total securities business payables	<u>2,838,793,242</u>	<u>1,386,280,078</u>
<u>Derivatives business payables</u>		
Derivatives business payables	12,067	9,600
Total derivatives business payables	<u>12,067</u>	<u>9,600</u>
Net securities and derivatives business payables	<u>2,838,805,309</u>	<u>1,386,289,678</u>

## 19. Borrowings

As at 31 December 2013, borrowings of Baht 1,647.5 million are US dollar borrowing from a related party and carrying interest at LIBOR+1.05 percent per annum, payable quarterly. However, the Company has purchased a forward exchange contract to mitigate the related foreign exchange risk. The Company made repayment in January 2014.

## 20. Provisions for long-term employee benefits

Provision for long-term employee benefits, which are compensations on employees' retirement, are as follows:

	(Unit: Baht)	
	For the six-month period ended 30 June 2014	For the year ended 31 December 2013
<b>Provisions for long-term employee benefits at beginning of period</b>	52,903,963	49,826,271
Current service cost	2,314,031	4,236,840
Interest cost	1,099,033	1,986,755
Benefits paid during the period	-	(3,145,903)
Actuarial loss	4,414,426	-
<b>Provisions for long-term employee benefits at end of period</b>	<u>60,731,453</u>	<u>52,903,963</u>

Long-term employee benefit expenses included in the profit or loss for the six-month periods ended 30 June 2014 and 2013 are as follows:

	(Unit: Baht)	
	2014	2013
Current service cost	2,314,031	2,010,398
Interest cost	1,099,033	965,074
Actuarial loss recognised during the period		
- Assumptions changing adjustments	722,859	-
- Experience adjustments	3,691,567	-
<b>Total expense recognised in profit or loss</b>	<u>7,827,490</u>	<u>2,975,472</u>

Amounts of defined benefit obligation and experience adjustments on the obligation for the current period and previous three years are as follows:

	Defined benefit obligation	Experience adjustments on the obligation
30 June 2014	60,731,453	3,691,567
31 December 2013	52,903,963	-
31 December 2012	49,826,271	-
31 December 2011	45,330,655	-

Principal actuarial assumptions at the valuation date were as follows:

	30 June 2014	31 December 2013
Discount rate	3.9 percent per annum	4.1 percent per annum
Average future salary increase	5 - 6 percent per annum	5 - 8 percent per annum
Average turnover rate	2.5 - 35 percent per annum based on employee's age	5 - 35 percent per annum based on employees' age

## 21. Other liabilities

	30 June 2014	31 December 2013
Accrued employee expenses	62,698,821	141,913,105
Accrued interest expenses	2,730,874	6,176,170
Accrued expenses	20,621,868	22,179,758
Corporate income tax payable	23,957,383	30,478,043
Others	42,238,660	22,687,161
Total other liabilities	<u>152,247,606</u>	<u>223,434,237</u>

## 22. Share capital

On 26 April 2013, the Annual General Meeting of the Company's shareholders No.1/2556 passed the following resolutions.

- a. Approved a share split by changing the par value of the Company's ordinary shares from Baht 10 per share (71,682,300 shares) to Baht 1 per share (716,823,000 shares).
- b. Approved an increase of Baht 1,433,646,000 in the Company's registered share capital, from Baht 716,823,000 to Baht 2,150,469,000, through the issuance of 1,433,646,000 new ordinary shares with a par value of Baht 1 each. All new ordinary shares are to be allotted to the existing shareholders in proportion to their existing shareholding (Rights Offering) at a rate of 2 new shares for each existing share, and an offer price of Baht 1 per share. The Company registered the increase in its registered share capital with the Ministry of Commerce on 24 June 2013 and share capital has been fully paid up.

## 23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

As at 31 December 2013, the Company allotted profit of Baht 20 million to the statutory reserve.

## 24. 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 net liquid capital in accordance with the rules laid down by the Office of the Securities and Exchange Commission.

## 25. Brokerage fee income

(Unit: Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2014	2013	2014	2013
Brokerage fee from securities business	196,021,234	276,785,766	332,801,915	632,834,668
Brokerage fee from derivatives business	11,253,269	21,182,124	22,447,321	39,474,797
Total brokerage fees income	<u>207,274,503</u>	<u>297,967,890</u>	<u>355,249,236</u>	<u>672,309,465</u>

## 26. Fees and service income

(Unit: Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2014	2013	2014	2013
Underwriting fee	2,570,000	10,508,093	2,640,000	22,921,218
Financial advisory	830,000	1,386,575	1,970,000	3,486,575
Securities borrowing and lending	4,200,166	6,796,658	8,244,306	12,765,714
Business support	41,186,896	2,700,000	51,622,753	15,033,790
Others	559,927	2,202,911	698,871	4,487,185
Total fees and service income	<u>49,346,989</u>	<u>23,594,237</u>	<u>65,175,930</u>	<u>58,694,482</u>

## 27. Directors' remuneration

Directors' remuneration represents the benefits paid to directors of the Company in accordance with Section 90 of the Public Limited Companies Act., exclusive of salaries, bonuses and related benefits paid to directors who hold executive positions.

## 28. Provident fund

The Company and its employees have jointly registered a provident fund scheme under the Provident Fund Act B.E 2530. The Fund is contributed to by both the employees and the Company at the rate of 5 - 10 percent of the employee's salary. The Fund is managed by TISCO Asset Management Limited and will be paid to the employees upon termination in accordance with the rules of the Fund.

For the six-month period ended 30 June 2014, Baht 10.5 million has been contributed to the Fund by the Company (2013: Baht 10.2 million).

In addition to the contributory registered provident fund, the Company has established a provision for an additional plan for employees who work with the Company for over 5 years and over 10 years. The plan is unfunded and is provided only for employees who joined the Company prior to 15 July 1986. Liabilities under this plan have been presented as part of "Other liabilities".

## 29. Earnings per share

Basic earnings per share is calculated by dividing profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares outstanding during the period, net of treasury stock held by the Company. The number of ordinary shares has been adjusted to reflect the proportionate change in the number of ordinary shares as a result of the share split mentioned in Note 22 to financial statements, with the calculation assuming that the share split took place at the beginning of the reporting period.

	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2014	2013	2014	2013
Profit for the period (Baht)	101,839,648	119,703,643	158,695,683	277,005,210
Weighted average number of ordinary shares (shares)	2,150,469,000	874,366,516	2,150,469,000	796,029,961
Earnings per share (Baht/share)	0.05	0.14	0.07	0.35

## 30. Dividends

During the periods, the Company declared the following dividends for payment to shareholders:

	Approved by	Total dividend	Dividend
		declaration	declaration
		(Million Baht)	(Baht)
Dividends from the operating results for the year ended 31 December 2013	The annual ordinary meeting of the Company's shareholders No. 1/2557 on 25 April 2014	366	0.17 (from 2,150,469,000 ordinary shares at par value of Baht 1 each)
Dividends from the operating results for the year ended 31 December 2012	The annual ordinary meeting of the Company's shareholders No. 1/2556 on 26 April 2013	115	1.60 (from 71,682,300 ordinary shares at par value of Baht 10 each)

### 31. Related party transactions

During the periods, the Company had significant business transactions with the following related parties.

Related parties	Relationship
Nomura Singapore Limited	Having common major shareholders
Nomura Securities Co., Ltd.	Having common major shareholders
Nomura International (Hong Kong) Limited	Having common major shareholders
Nomura International Plc.	Having common major shareholders
Nomura Investments (Singapore) Private Limited	Having common major shareholders
Nomura Mauritius Limited	Having common major shareholders
Nomura Asia Holding N.V.	Having common major shareholders
Instinet Pacific Limited	Having common major shareholders
United Information Highway Co., Ltd.	Having common director

Such transactions with its related companies were concluded on the commercial terms and based agree upon by the Company and those companies in the ordinary course of business. The significant transactions are summarised below.

(Unit: Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June		Pricing policies  (for the period 2014)
	2014	2013	2014	2013	
	<b>Transactions occurred during the periods</b>				
Brokerage fees income					
- Nomura Singapore Limited	22,273	792,976	59,026	4,354,739	At normal rate charged to other clients and Exclusive Partner, in accordance with the SET's and SEC's notification
- Nomura International Plc.	313,452	1,985,573	345,298	2,590,867	At normal rate charged to other clients and Exclusive Partner, in accordance with the SET's and SEC's notification
- Instinet Pacific Limited	7,473,802	10,685,462	13,905,117	15,685,317	At normal rate charged to other clients and Exclusive Partner, in accordance with the SET's and SEC's notification
- Nomura Asia Holding N.V.	1,820,820	-	1,820,820	-	At normal rate charged to other clients and Exclusive Partner, in accordance with the SET's and SEC's notification

(Unit: Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June		Pricing policies  (for the period 2014)
	2014	2013	2014	2013	
	<b><u>Transactions occurred during the periods (continued)</u></b>				
Fees income from business support services					
- Nomura Singapore Limited	3,300,000	2,700,000	6,600,000	5,400,000	At actual costs plus a margin of 10 percent
Fees income from research services					
- Nomura Securities Co., Ltd.	-	1,950,000	-	3,900,000	
Fees income from introducing clients					
- Nomura Singapore Limited	388,374	192,448	435,542	466,072	Based on actual executed transactions of our referred customers and at the rate as indicate in the agreement referred to similar business
Fees income from securities borrowing and lending					
- Nomura International Plc.	166,660	1,307,481	210,261	2,517,680	At normal rate charged to other clients
Fees income from other services					
- Nomura Securities Co., Ltd.	736,037	-	7,871,893	-	At the rate determined by extend and amount of work assigned
- Nomura International (Hong Kong) Limited	26,324,661	-	26,324,661	9,633,790	At the rate determined by extend and amount of work assigned
Fee income from Brokerage fee from securities trading and research					
- Nomura Singapore Limited	10,826,198	-	10,826,198	-	At actual costs plus a margin of 10 percent
Fee expenses from Hi-speed circuit service					
- United Information Highway Co., Ltd.	266,233	311,051	532,721	581,488	At the same rate charged to other clients without dependent interest
Brokerage fees expense from foreign securities trading					
- Nomura Singapore Limited	-	27,372	162,714	372,294	Calculated base on trade volume and at the referential rate charged to other clients without dependent interest

(Unit: Baht)

	For the three-month		For the six-month		Pricing policies (for the period 2014)
	periods ended 30 June		periods ended 30 June		
	2014	2013	2014	2013	
<b><u>Transactions occurred during the periods (continued)</u></b>					
Interest on borrowings					
- Nomura Mauritius Limited	-	5,104,815	-	8,898,970	
Interest received from loans to employees					
- Director	5,385	9,051	12,486	18,421	At the same rate charged to other Company's staffs

As at 30 June 2014 and 31 December 2013, the outstanding balances of the related party transactions are as follows:

	(Unit: Baht)	
	30 June 2014	31 December 2013
Securities business receivables		
- Nomura Singapore Limited	-	327,324
- Nomura International Plc.	-	121,500
- Instinet Pacific Limited	117,940,471	13,033,191
Other assets - accrued income receivables		
- Nomura Singapore Limited	13,244,093	4,787,075
- Nomura Securities Co., Ltd.	787,560	1,540,205
- Nomura International (Hong Kong) Limited	47,669	-
Other assets - loan to employees		
- Director	1,183,671	1,327,003
Other assets - Securities borrowing and Lending receivables		
- Nomura International Plc.	49,967	42,852
- Instinet Pacific Limited	3,575	797
Other assets - others		
- Nomura Investments (Singapore) Private Limited	176,541	668,304
- Nomura International (Hong Kong) Limited	270,015	222,903
- Nomura Singapore Limited	16,121	16,121
- Nomura Securities Co., Ltd.	24,394	424,875
Securities business payables		
- Instinet Pacific Limited	868,453,616	35,421,274
Borrowings		
- Nomura Mauritius Limited	-	1,647,470,000

	(Unit: Baht)	
	30 June 2014	31 December 2013
Other liabilities		
- Nomura International (Hong Kong) Limited	46,459	46,459
- Nomura Mauritius Limited	-	5,088,170
- United Information Highway Co., Ltd.	88,389	88,644

The movements of the balance of borrowings between the Company and those related companies for the six-month period ended 30 June 2014 are as follows:

	For the six-month period ended 30 June 2014		
Borrowings	Balance as at 1 January 2014	Decrease during the period	Balance as at 30 June 2014
Nomura Mauritius Limited	1,647,470,000	(1,647,470,000)	-

### Management's remuneration

Benefits paid to directors and management of the Company both monetary and non-monetary were as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2014	2013	2014	2013
Short-term employee benefits	15,214,437	28,037,029	40,522,908	52,155,017
Post-employment benefits	529,025	481,913	2,331,916	963,862
Total	<u>15,743,462</u>	<u>28,518,942</u>	<u>42,854,824</u>	<u>53,118,879</u>

## 32. Operating information by segment

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker (the Board of Executive Directors) in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company is organised into business units based on its products and services and have four reportable segments as follows:

- Securities business segment, which provide service according to brokering, derivative brokering and securities borrowing and lending.

- Investment banking segment, which provide service according to underwriting, investment advisory and financial advisory.
- Fixed Income segment, which provide service according to trading debt securities.
- Other segments, which provide support services and operating management.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

Below is the financial information as at 30 June 2014 and 31 December 2013, and for the three-month and six-month periods ended 30 June 2014 and 2013 of the Company by segment.

(Unit: Million Baht)

	For the three-month periods ended 30 June									
	Securities business segment		Investments banking segment		Fixed income segment		Other segments		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Total revenue	222	306	30	10	8	5	4	5	264	326
Segment operating income	95	155	20	4	3	3	2	1	120	163
Unallocated income (expenses)										
Gain (loss) on investments/ derivatives/exchange rate									1	(1)
Interest and dividend income									15	22
Interest on margin loans									88	82
Other income									2	2
Financial costs									(26)	(41)
Operating expenses									(72)	(77)
Income tax									(26)	(30)
Profit for the period									102	120

(Unit: Million Baht)

For the six-month periods ended 30 June										
	Securities business		Investments		Fixed income		Other segments		Total	
	segment		banking segment		segment					
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Total revenue	373	686	38	34	20	5	9	11	440	736
Segment operating income	133	365	21	17	10	2	3	3	167	387
Unallocated income (expenses)										
Gain (loss) on investments/ derivatives/exchange rate									17	(17)
Interest and dividend income									30	41
Interest on margin loans									162	166
Other income									2	3
Financial costs									(46)	(80)
Operating expenses									(133)	(153)
Income tax									(40)	(70)
Profit for the period									159	277

(Unit: Million Baht)

As at											
	Securities and		Investments banking		Fixed income		Other segments		Total		
	derivatives brokerage		segment		segment						
	30	31	30	31	30	31	30	31	30	31	
	June	December	June	December	June	December	June	December	June	December	
2014		2013		2014		2013		2014		2013	
Premises and equipment - net									75	97	
Unallocated assets									11,487	9,825	
Total assets									11,562	9,922	

## Geographic information

The Company is operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

## Major customers

For the three-month and six-month periods ended 30 June 2014 and 2013, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

### 33. Commitments and contingent liabilities

As at 30 June 2014 and 31 December 2013, the Company has the following outstanding commitments and contingent liabilities.

**33.1** The Company has the following outstanding commitments under the lease agreements for its office building and motor vehicles, under which the Company is to pay rental and service fees in the future, counting from the period end date, as follows.

	(Unit: Million Baht)	
	30 June 2014	31 December 2013
Within 1 year	42.7	45.7
In 1-2 years	16.8	26.1
Over 2 years	5.7	10.6

The Company also has commitment under a rental agreement, which were expired on 7 February 2014. However, subsequent to the financial reporting date, the Company still has to receive those services and are in the process of drawing up new service agreements.

**33.2** The Company has commitments to pay the fees related to its securities business to the Stock Exchange of Thailand and Thailand Securities Depository Company Limited. These comprise a monthly fixed amount, a percentage of trading volume each month and/or a percentage of net settlements each month.

**33.3** The Company has commitment to pay the fees related to its derivatives business to Thailand Futures Exchange Public Company Limited and Thailand Clearing House Company Limited. These comprise a monthly fixed amount and/or at the fixed payment for each purchase or sale of a futures contract transacted.

**33.4** The Company has commitments to pay a fee to the Office of the Securities and Exchange Commission in relation to securities business licenses for securities brokerage at the rate of 0.0007 - 0.0018 percent of its trading volume. For commission received from securities trading, underwriting and others which the Company has licenses, the fee is charged at the rate of 1 percent per annum of income from the aforesaid activities. The minimum total fee is Baht 500,000 per annum.

### **33.5 Employee Joint Investment Program**

The Company has the Employee Joint Investment Program (“the EJIP”), one of the Company’s staff welfare benefits, which support the Company’s staff who voluntary apply to be the EJIP members to build their wealth by possessing the Company’s shares. The EJIP member must contribute a certain amount or a certain portion but not less than Baht 500 and not greater than 10 percent of their salary and average incentive on a monthly basis. The Company shall contribute to the EJIP members at 10 percent of their contributions.

During the period, the amount contributed to the EJIP members by the Company as mentioned portion was presented under the caption of “Personnel expenses”. However, the EJIP was terminated effective from 9 June 2014 onward.

### **34. Financial instruments**

Financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

As at 30 June 2014 and 31 December 2013, the Company has no policy to speculate in or engaged in the trading of any financial derivative instruments.

The Company’s financial instruments principally comprise cash and cash equivalents, receivables/payables from clearing house, securities and derivatives business receivables/payables, derivatives assets, investments, loans to employees, borrowings from financial institutions and other borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

#### **34.1 Credit risk**

The Company is exposed to credit risk primarily with respect to securities and derivatives 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 base. The maximum exposure to credit risk is limited to the carrying amounts of receivable from Clearing House, securities and derivatives business receivables and loans to employees as stated in the statements of financial position.

#### **34.2 Interest rate risk**

Interest rate risk refers to the risk that the value of financial asset and financial liabilities may change from the market interest rate. Significant financial assets and liabilities as at 30 June 2014 and 31 December 2013 classified by type of interest rates are summarised in the table below.

(Unit: Million Baht)

30 June 2014

Outstanding balances of financial instruments							
	Floating interest rate	Fixed interest rate which the remaining period before			Total	Average interest rate	
		maturity date or end of contract date		Without interest		Floating	Fixed
		Within 1 year	1 - 5 years			interest rate	interest rate
						% p.a.	% p.a.
<b>Financial assets</b>							
Cash and cash equivalents	410	-	-	5	415	1.69	-
Receivable from Clearing House	-	-	-	1,615	1,615	-	-
Securities and derivatives							
business receivables	7,218	238	-	1,361	8,817	5.42	3.51
Investments	-	249	-	122	371	5.56	-
Loans to employees	68	-	-	-	68	1.75	-
<b>Financial liabilities</b>							
Borrowings from financial							
institutions	2,150	280	900	-	3,330	2.37	3.71
Payables to Clearing House	-	-	-	3	3	-	-
Securities and derivatives							
business payables	-	238	-	2,601	2,839	-	2.5

(Unit: Million Baht)

31 December 2013

Outstanding balances of financial instruments							
	Floating interest rate	Fixed interest rate which the remaining period before			Total	Average interest rate	
		maturity date or end of contract date		Without interest		Floating	Fixed
		Within 1 year	1 - 5 years			interest rate	interest rate
						% p.a.	% p.a.
<b>Financial assets</b>							
Cash and cash equivalents	621	-	-	11	632	1.90	-
Receivable from Clearing House	-	-	-	65	65	-	-
Securities and derivatives							
business receivables	5,785	326	-	1,561	7,672	5.42	3.51
Derivatives assets	-	-	-	119	119	-	-
Investments	-	347	-	707	1,054	-	3.51
Loans to employees	70	-	-	-	70	2.25	-
<b>Financial liabilities</b>							
Borrowings from financial							
institutions	-	500	400	-	900	-	4.06
Payables to Clearing House	-	-	-	328	328	-	-
Securities and derivatives							
business payables	-	325	-	1,061	1,386	-	3.50
Borrowings	1,648	-	-	-	1,648	1.29	-

### 34.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate financial assets and/or procure sufficient funds to discharge obligations in a timely manner, resulting in a financial loss.

Counting from the reporting date, as at 30 June 2014 and 31 December 2013, the periods to the maturity dates of financial instruments are as follows.

(Unit: Million Baht)

	30 June 2014					Total
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	
<b>Financial assets</b>						
Cash and cash equivalents	415	-	-	-	-	415
Receivable from Clearing House	-	1,615	-	-	-	1,615
Securities and derivatives business						
receivables - net	497	1,128	-	-	7,218	8,843
Investments - net	116	249	-	-	6	371
Loans to employees	-	-	6	62	-	68
<b>Financial liabilities</b>						
Borrowings from financial institutions	2,150	280	900	-	-	3,330
Payables to Clearing House	-	3	-	-	-	3
Securities and derivatives business						
payables	476	2,363	-	-	-	2,839

(Unit: Million Baht)

	31 December 2013					Total
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	
<b>Financial assets</b>						
Cash and cash equivalents	632	-	-	-	-	632
Receivable from Clearing House	-	65	-	-	-	65
Securities and derivatives business						
receivables - net	751	1,159	-	-	5,785	7,695
Derivatives assets	-	119	-	-	-	119
Investments - net	701	347	-	-	6	1,054
Loans to employees	-	1	7	62	-	70
<b>Financial liabilities</b>						
Borrowings from financial institutions	-	500	400	-	-	900
Payables to Clearing House	-	328	-	-	-	328
Securities and derivatives business						
payables	691	695	-	-	-	1,386
Borrowings	-	1,648	-	-	-	1,648

#### **34.4 Foreign exchange risk**

As at 31 December 2013, the Company has liabilities in foreign currency by Baht 1,647.5 million, and has entered into forward exchange contract to mitigate the foreign currency risk.

#### **34.5 Equity position risk**

The Company is exposed to equity position risk, due to the Company has investment in listed securities which will result in fluctuations in revenue or the value of financial assets.

#### **34.6 Fair value**

Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The Company has estimated the fair value of financial instruments as follows.

a) Financial assets

The method used for determining the fair value is dependent upon the characteristics of the financial instruments. The fair values of financial assets, including cash and cash equivalents are considered to approximate their respective carrying value since the financial instruments are predominantly subject to market interest rates. Fair value of receivables from Clearing House and derivatives asset are presented at their book value since they mature in the short-term. The fair values of financial instruments that have standard terms and conditions and are traded on an active market, such as investments, are determined by the quoted market price. In addition, the fair values of securities and derivative business receivables and loans to employees are determined based on their book value less allowance for doubtful accounts.

b) Financial liabilities

Borrowings from financial institutions, payables to Clearing House, securities and derivatives business payables and borrowings are presented at their book values, since they mature in the short-term or are subject to interest at the rates that approximate market interest rates.

As at 30 June 2014 and 31 December 2013, there were no material differences between the book value of financial instruments and their fair value.

#### **35. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's board of directors on 26 August 2014.