

Capital Nomura Securities Public Company Limited
Report and financial statements
31 December 2015

Independent Auditor's Report

To the Shareholders of Capital Nomura Securities Public Company Limited

I have audited the accompanying financial statements of Capital Nomura Securities Public Company Limited, which comprise the statement of financial position as at 31 December 2015, and the related statements of comprehensive income, changes in equity and cash flows for the year 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 judgement, 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 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 29 February 2016

Capital Nomura Securities Public Company Limited

Statement of financial position

As at 31 December 2015

		(Unit: Baht)	
	Note	2015	2014
Assets			
Cash and cash equivalents	7	1,463,362,886	384,254,287
Deposits at financial institutions	8	-	-
Receivables from Clearing House	9	252,230,696	30,633,964
Securities and derivatives business receivables - net	10	8,152,071,439	11,107,161,197
Derivatives assets	11	-	3,353,000
Investments - net	12	709,883,719	676,302,034
Premises and equipment - net	13	92,227,867	63,442,889
Intangible assets - net	14	14,084,361	7,605,541
Deferred tax assets	15	61,440,477	60,851,265
Other assets - net	16	215,543,631	235,789,418
Total assets		<u>10,960,845,076</u>	<u>12,569,393,595</u>

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

Capital Nomura Securities Public Company Limited**Statement of financial position (Continued)****As at 31 December 2015**

		(Unit: Baht)	
	Note	2015	2014
Liabilities and equity			
Liabilities			
Borrowings from financial institutions	17	2,300,000,000	4,581,132,000
Payables to Clearing House	18	305,992,841	219,331,680
Securities and derivatives business payables - net	19	1,596,725,594	1,598,313,591
Borrowings	20	895,568,661	299,058,936
Provisions for long-term employee benefits	21	72,059,699	64,441,460
Other liabilities	22	317,492,846	361,988,202
Total liabilities		5,487,839,641	7,124,265,869
Equity			
Share capital			
Registered, issued and paid-up			
2,150,469,000 ordinary shares of Baht 1 each		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	12.3	1,134,327	2,136,045
Retained earnings			
Appropriated - statutory reserve	23	134,300,000	113,300,000
- general reserve		215,000,000	215,000,000
Unappropriated		838,781,258	830,901,831
Total equity		5,473,005,435	5,445,127,726
Total liabilities and equity		10,960,845,076	12,569,393,595

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

Statement of comprehensive income

For the year ended 31 December 2015

		(Unit: Baht)	
	Note	2015	2014
			(Restated)
Profit or loss:			
Revenue			
Brokerage fees	25	877,208,683	929,529,568
Fees and service income	26, 31	168,704,264	178,839,600
Gain on securities	12.4	60,670,373	40,799,092
Gain on derivatives/exchange rate		2,961,040	10,562,240
Interest and dividend		88,453,060	85,316,476
Interest on margin loans		487,759,988	390,757,909
Other income		5,381,416	4,694,097
Total revenue		1,691,138,824	1,640,498,982
Expenses			
Financial costs		156,839,644	130,654,978
Fees and services expenses		95,383,218	83,256,573
Operating expenses			
Personnel expenses		658,199,046	616,200,059
Premises and equipment expenses		157,686,428	179,468,584
Directors' remuneration	27	4,030,000	4,150,000
Other expenses		99,200,010	88,171,913
Total operating expenses		919,115,484	887,990,556
Doubtful accounts		284,326	-
Total expenses		1,171,622,672	1,101,902,107
Profit before income tax		519,516,152	538,596,875
Income tax	15	(103,552,305)	(109,851,228)
Profit for the year		415,963,847	428,745,647

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

Capital Nomura Securities Public Company Limited
Statement of comprehensive income (Continued)
For the year ended 31 December 2015

		(Unit: Baht)	
	Note	2015	2014
			(Restated)
Other comprehensive income:			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Gain (loss) on change in value of available-for-sale investments		(1,252,147)	2,598,820
Income tax relating to gain (loss) on change in value of available-for-sale investments	15	250,429	(519,764)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(1,001,718)	2,079,056
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Actuarial Loss		-	(4,414,426)
Income tax relating to actuarial loss	15	-	882,885
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(3,531,541)
Total comprehensive income (loss) for the year		(1,001,718)	(1,452,485)
Total comprehensive income for the year		414,962,129	427,293,162
Basic earnings per share	29		
Profit for the year		0.19	0.20

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

Capital Nomura Securities Public Company Limited

Statement of changes in equity

For the year ended 31 December 2015

(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		Unappropriated	
					Statutory reserve	General reserve		
Balance - as at 1 January 2014	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
Profit for the year (restated)	-	-	-	-	-	-	428,745,647	428,745,647
Other comprehensive income (loss) for the year (restated)	-	-	-	2,079,056	-	-	(3,531,541)	(1,452,485)
Total comprehensive income for the year	-	-	-	2,079,056	-	-	425,214,106	427,293,162
Dividend paid (Note 30)	-	-	-	-	-	-	(365,551,680)	(365,551,680)
Statutory reserve (Note 23)	-	-	-	-	21,300,000	-	(21,300,000)	-
Balance - as at 31 December 2014	<u>2,150,469,000</u>	<u>2,131,833,600</u>	<u>1,487,250</u>	<u>2,136,045</u>	<u>113,300,000</u>	<u>215,000,000</u>	<u>830,901,831</u>	<u>5,445,127,726</u>
Balance - as at 1 January 2015	2,150,469,000	2,131,833,600	1,487,250	2,136,045	113,300,000	215,000,000	830,901,831	5,445,127,726
Profit for the year	-	-	-	-	-	-	415,963,847	415,963,847
Other comprehensive income (loss) for the year	-	-	-	(1,001,718)	-	-	-	(1,001,718)
Total comprehensive income for the year	-	-	-	(1,001,718)	-	-	415,963,847	414,962,129
Dividend paid (Note 30)	-	-	-	-	-	-	(387,084,420)	(387,084,420)
Statutory reserve (Note 23)	-	-	-	-	21,000,000	-	(21,000,000)	-
Balance - as at 31 December 2015	<u>2,150,469,000</u>	<u>2,131,833,600</u>	<u>1,487,250</u>	<u>1,134,327</u>	<u>134,300,000</u>	<u>215,000,000</u>	<u>838,781,258</u>	<u>5,473,005,435</u>

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

Capital Nomura Securities Public Company Limited**Statement of cash flows****For the year ended 31 December 2015**

		(Unit: Baht)
	2015	2014
		(Restated)
Cash flows from operating activities		
Profit before income tax	519,516,152	538,596,875
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	37,869,324	51,497,652
Loss (gain) on disposal of securities	15,683	(1,055,679)
Doubtful accounts	284,326	-
Loss (gain) on revaluation of investments	429,739	736,002
Loss on written-off computer software	-	2,885,877
Loss on written-off equipment	1,078,738	3,694,018
Gain on disposal of equipment	-	(755,582)
Gain on derivatives/exchange rate	(2,961,040)	(10,562,240)
Long-term employee benefits	7,815,317	7,123,071
Interest and dividend income	(88,453,060)	(85,316,476)
Interest income from margin loans	(487,759,988)	(390,757,909)
Others interest income	(1,622,782)	(1,341,676)
Financial costs	156,839,644	130,654,978
Cash received from interest	41,997,925	32,408,040
Cash received from interest on margin loans	496,346,200	377,955,983
Cash received from other interest	1,603,114	1,343,908
Cash paid for interest expenses (included other financial costs)	(140,769,729)	(123,466,391)
Cash paid for long-term employee benefits	(197,078)	-
Cash paid for income tax	(133,979,459)	(59,971,307)
Profit from operating activities before changes in operating assets and liabilities	408,053,026	473,669,144
Operating assets (increase) decrease		
Receivables from Clearing House	(221,596,732)	34,361,450
Securities and derivatives business receivables	2,946,520,967	(3,399,612,782)
Trading securities	503,759,371	(222,339,963)
Other assets	3,297,268	(41,302,123)

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

Capital Nomura Securities Public Company Limited**Statement of cash flows (Continued)****For the year ended 31 December 2015**

		(Unit: Baht)
	2015	2014
		(Restated)
Operating liabilities increase (decrease)		
Borrowings from financial institutions	(2,277,779,000)	3,681,132,000
Payables to Clearing House	86,661,161	(108,777,106)
Securities and derivatives business payables	(569,161)	211,023,984
Borrowings	599,470,766	(1,221,736,824)
Other liabilities	(31,773,953)	76,594,897
Net cash from (used in) operating activities	2,016,043,713	(516,987,323)
Cash flows from investing activities		
Cash paid for purchase of available-for-sale securities	(10,667,157)	(402,097,212)
Cash received from disposal of available-for-sale securities	555,092	1,003,157,583
Net cash received (paid) from held-to maturity debt securities	(529,880,694)	1,215,815
Cash received from interest and dividend	53,321,999	47,095,885
Cash paid for acquisition of equipment	(59,276,666)	(13,498,895)
Cash received from sales of equipment	-	755,607
Cash paid for acquisition of intangible assets	(3,903,268)	(2,086,673)
Net cash from (used in) investing activities	(549,850,694)	634,542,110
Cash flows from financing activities		
Cash paid for dividend	(387,084,420)	(365,551,680)
Net cash used in financing activities	(387,084,420)	(365,551,680)
Net increase (decrease) in cash and cash equivalents	1,079,108,599	(247,996,893)
Cash and cash equivalents at the beginning of the year	384,254,287	632,251,180
Cash and cash equivalents at the end of the year	1,463,362,886	384,254,287

Supplemental cash flows information

Non-cash transactions :

Purchases of equipment and intangible assets

that have not yet been paid

10,076,334

56,191

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

Capital Nomura Securities Public Company Limited

Notes to financial statements

For the year ended 31 December 2015

1. General information

Capital Nomura Securities Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its parent company is Nomura Asia Investment (Singapore) Pte. Ltd., which was incorporated in Singapore. The ultimate parent company of the Group is Nomura Holdings, Inc. 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 31 December 2015, the Company has 19 branches including a headquarter, 17 branches in Bangkok and up country and a Representative Office in Laos.

2. Basis of the preparation of the financial statements

These financial statements have been prepared in accordance with Thai Financial Reporting 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 financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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

3. New financial reporting standards

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

(a) Financial reporting standards that became effective in the current year

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allows the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

The Company has changed the recognition of actuarial gains and losses in the current period from an immediate recognition in profit or loss to an immediate recognition in other comprehensive income and adjusted the current year's transactions and restated the prior year's financial statements, presented as comparative information, as if the Company had always applied this accounting policy. The cumulative effect of changes in accounting policies is presented in Note 4 to the financial statements.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's financial statements.

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3 to the financial statements, during the current year, the Company has changed some of its accounting policies, as a result of the adoption of new and revised financial reporting standards.

The amounts of adjustments affecting the statements of comprehensive income are summarised below.

(Unit: Thousand Baht)

For the year ended

31 December 2014

Statements of comprehensive income

Profit or loss:

Decrease in personnel expenses	4,414
Increase in income tax	883
Increase in profit	3,531

Other comprehensive income:

Increase in actuarial losses	4,414
Decrease in income tax	883
Decrease in other comprehensive income	3,531

5. Significant accounting policies

5.1 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.

5.2 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.

5.3 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.

5.4 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.

5.5 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 year, 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 year. 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.

5.6 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 year 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 comprehensive income in the statements of comprehensive income, depending on the type of investment that is reclassified.

5.7 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.

5.8 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.

5.9 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.

5.10 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 year of 5 years.

5.11 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 legislation.

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.

5.12 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.

5.13 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.

5.14 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.

5.15 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.

5.16 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.

5.17 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.

5.18 Employee benefits

a) Short-term employee benefits

Salaries, wages, bonuses, contribution to the social security fund 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 plan 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 other comprehensive income.

5.19 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.

5.20 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.

5.21 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. 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:

6.1 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.

6.2 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.

6.3 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.

6.4 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.

6.5 Fair value of financial instruments

In determining the fair value of financial instruments recognised in financial statements 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 credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and discloses of fair value hierarchy.

6.6 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.

6.7 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.

7. Cash and cash equivalents

	(Unit: Baht)	
	2015	2014
Cash	74,000	80,200
Current deposits and saving deposits	387,833,307	794,214,535
Time deposits with maturity date not more than 3 months		
from acquisition date	300,000,000	100,000,000
Promissory notes at call	1,115,000,000	372,000,000
Promissory notes with maturity date due no more than 3 months	250,000,000	-
Total cash and cash equivalents	2,052,907,307	1,266,294,735
Less: Deposits for customers' account	(589,544,421)	(882,040,448)
Cash and cash equivalents	1,463,362,886	384,254,287

8. Deposits at financial institutions

	(Unit: Baht)	
	2015	2014
Time deposits with maturity date more than 3 months		
from acquisition date	600,000,000	1,170,000,000
Less: Deposits for customers' account	(600,000,000)	(1,170,000,000)
Deposits at financial institutions	-	-

9. Receivables from Clearing House

	(Unit: Baht)	
	2015	2014
Receivables from Clearing House		
Equity and debt securities	247,804,828	-
Derivatives	24,959,046	31,813,004
Receivables from foreign companies	4,167,608	30,380,544
Total receivables from Clearing House	276,931,482	62,193,548
Less: Receivables from Clearing House for customers' accounts	(24,700,786)	(31,559,584)
Receivables from Clearing House	<u>252,230,696</u>	<u>30,633,964</u>

10. Securities and derivatives business receivables

	(Unit: Baht)	
	2015	2014
<u>Securities business receivables</u>		
Cash accounts	769,148,189	1,388,045,776
Credit balances receivables	6,622,207,301	9,036,650,829
Guaranteed deposit receivables	380,668,994	336,063,481
Receivables under securities borrowing and lending business	345,991,348	303,886,705
Other receivables	6,569,999	6,620,531
Total securities business receivables	8,124,585,831	11,071,267,322
Add: Accrued interest receivables	33,563,524	42,047,988
Less: Allowance for doubtful accounts	(6,335,398)	(6,335,398)
Net securities business receivables	<u>8,151,813,957</u>	<u>11,106,979,912</u>
<u>Derivatives business receivables</u>		
Derivatives business receivables	257,482	181,285
Total derivatives business receivables	257,482	181,285
Net securities and derivatives business receivables	<u>8,152,071,439</u>	<u>11,107,161,197</u>

10.1 As at 31 December 2015, the Company has securities business receivables of approximately Baht 6 million on which the recognition of income on an accrual basis has been suspended (31 December 2014: Baht 7 million).

10.2 As at 31 December 2015 and 2014, 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)

	2015		
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal	8,152,071	-	8,152,071
Doubtful	6,335	6,335	-
Total	8,158,406	6,335	8,152,071

(Unit: Thousand Baht)

	2014		
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal	11,107,161	-	11,107,161
Doubtful	6,335	6,335	-
Total	11,113,496	6,335	11,107,161

10.3 As at 31 December 2015, guaranteed deposit receivables of approximately Baht 381 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 346 million (31 December 2014: Baht 336 million and Baht 304 million, respectively).

10.4 Allowance for doubtful accounts

(Unit: Baht)

	For the years ended 31 December	
	2015	2014
Balance - beginning of the year	6,335,398	6,335,398
Change during the year	-	-
Balance - end of the year	6,335,398	6,335,398

11. Derivatives assets

(Unit: Baht)

	2015		2014	
	Fair value	Notional amount	Fair value	Notional amount
Forward exchange contract	-	-	3,353,000	324,775,000
Total derivatives assets	-	-	3,353,000	324,775,000

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 10 million.

12. Investments

12.1 Classify by type of investments

(Unit: Baht)

	2015		2014	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<u>Trading securities</u>				
Debt securities	55,780,586	55,967,588	559,634,431	560,248,299
Listed equity securities	94,474	91,601	-	-
Total	55,875,060	56,059,189	559,634,431	560,248,299
Add: Allowance for revaluation	187,002		613,868	
Less: Allowance for impairment	(2,873)		-	
Net trading securities	56,059,189		560,248,299	
<u>Available-for-sale securities</u>				
Listed equity securities	30,210	-	30,210	-
Unit trusts	110,721,254	112,139,163	100,624,873	103,294,929
Total	110,751,464	112,139,163	100,655,083	103,294,929
Add: Allowance for revaluation	1,417,909		2,670,056	
Less: Allowance for impairment	(30,210)		(30,210)	
Net available-for-sale securities	112,139,163		103,294,929	
<u>Held-to-maturity debt securities</u>				
Treasury bill	2,394,470,600		1,328,606,101	
Less: Investments for customer's accounts	(1,859,257,101)		(1,322,319,163)	
Net held-to-maturity debt securities	535,213,499		6,286,938	
<u>Other investments</u>				
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	
Net investments	709,883,719		676,302,034	

12.2 Debt securities classified by remaining periods to maturity

As at 31 December 2015 and 2014, the Company classified investments in held-to-maturity debt securities by remaining periods to maturity as follows:

(Unit: Baht)

	2015			
	Due within			
	Within 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity debt securities				
Treasury bill	2,394,470,600	-	-	2,394,470,600
Less: Investments for customer's accounts	(1,859,257,101)	-	-	(1,859,257,101)
Total investments in held-to-maturity debt securities	535,213,499	-	-	535,213,499

(Unit: Baht)

	2014			
	Due within			
	Within 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity debt securities				
Treasury bill	1,328,606,101	-	-	1,328,606,101
Less: Investments for customer's accounts	(1,322,319,163)	-	-	(1,322,319,163)
Total investments in held-to-maturity debt securities	6,286,938	-	-	6,286,938

12.3 Other components of equity - revaluation surplus on investments

(Unit: Baht)

	For the years ended 31 December	
	2015	2014
Balance - beginning of the year	2,136,045	56,989
Changes during the year from		
Revaluation	(1,267,830)	3,654,499
Disposal	15,683	(1,055,679)
Deferred income tax	250,429	(519,764)
Balance - end of the year	1,134,327	2,136,045

12.4 Gain on securities

	(Unit: Baht)	
	For the years ended 31 December	
	2015	2014
Realised gain (loss) on trading in securities		
Trading securities	61,115,795	40,479,415
Available-for-sale securities	(15,683)	1,055,679
Unrealised loss on trading securities	(429,739)	(736,002)
Total gain on securities	<u>60,670,373</u>	<u>40,799,092</u>

12.5 Interest and dividend income

	(Unit: Baht)	
	For the years ended 31 December	
	2015	2014
Interest income from debt securities	45,819,441	45,228,780
Dividend income from equity securities	4,591,295	3,168,725
Total interest and dividend income	<u>50,410,736</u>	<u>48,397,505</u>

13. Premises and equipment

(Unit: Baht)

For the year ended 31 December 2015						
	Condominium units	Office equipment	Furniture and fixtures	Motor vehicles	Work in progress	Total
Cost						
1 January 2015	22,704,701	216,679,591	134,443,541	24,374,034	-	398,201,867
Additions	-	27,359,148	5,181,802	23,911,946	7,172,231	63,625,127
Write-off	-	-	(3,599,192)	-	-	(3,599,192)
Transfer in/out	-	-	6,436,380	-	(6,436,380)	-
31 December 2015	<u>22,704,701</u>	<u>244,038,739</u>	<u>142,462,531</u>	<u>48,285,980</u>	<u>735,851</u>	<u>458,227,802</u>
Accumulated depreciation						
1 January 2015	18,441,571	185,008,821	110,789,242	20,519,344	-	334,758,978
Depreciation for the year	-	18,372,448	11,451,008	3,937,955	-	33,761,411
Depreciation on disposals	-	-	(2,520,454)	-	-	(2,520,454)
31 December 2015	<u>18,441,571</u>	<u>203,381,269</u>	<u>119,719,796</u>	<u>24,457,299</u>	<u>-</u>	<u>365,999,935</u>
Net book value						
31 December 2015	<u>4,263,130</u>	<u>40,657,470</u>	<u>22,742,735</u>	<u>23,828,681</u>	<u>735,851</u>	<u>92,227,867</u>
Depreciation for the year ended 31 December 2015						<u>33,761,411</u>

(Unit: Baht)

For the year ended 31 December 2014						
	Condominium units	Office equipment	Furniture and fixtures	Motor vehicles	Work in progress	Total
Cost						
1 January 2014	22,704,701	216,797,204	132,306,055	27,954,034	2,859,316	402,621,310
Additions	-	15,059,063	996,640	-	1,113,930	17,169,633
Disposals	-	(17,908,505)	(100,571)	(3,580,000)	-	(21,589,076)
Transfer in/out	-	2,731,829	1,241,417	-	(3,973,246)	-
31 December 2014	<u>22,704,701</u>	<u>216,679,591</u>	<u>134,443,541</u>	<u>24,374,034</u>	<u>-</u>	<u>398,201,867</u>
Accumulated depreciation						
1 January 2014	18,441,571	176,186,483	91,852,245	19,224,537	-	305,704,836
Depreciation for the year	-	23,049,957	19,024,413	4,874,805	-	46,949,175
Depreciation on disposals	-	(14,227,619)	(87,416)	(3,579,998)	-	(17,895,033)
31 December 2014	<u>18,441,571</u>	<u>185,008,821</u>	<u>110,789,242</u>	<u>20,519,344</u>	<u>-</u>	<u>334,758,978</u>
Net book value						
31 December 2014	<u>4,263,130</u>	<u>31,670,770</u>	<u>23,654,299</u>	<u>3,854,690</u>	<u>-</u>	<u>63,442,889</u>
Depreciation for the year ended 31 December 2014						<u>46,949,175</u>

As at 31 December 2015, condominium units for a total of Baht 4 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 295 million (31 December 2014: Baht 4 million and Baht 167 million, respectively).

14. Intangible assets

(Unit: Baht)

	Remaining amortisation period	For the year ended 31 December 2015				Balance end of the year
		Balance beginning of the year	Increase/ transfer in	Amortised	Disposals/ transfer out	
Computer software	0.4 - 4.92 years	12,775,962	6,970,750	-	-	19,746,712
Software in progress		40,734	3,139,183	-	(534,984)	2,644,933
Total intangible assets		12,816,696	10,109,933	-	(534,984)	22,391,645
Less: Accumulated amortisation		(5,211,155)	-	(3,096,129)	-	(8,307,284)
Net intangible assets		<u>7,605,541</u>	<u>10,109,933</u>	<u>(3,096,129)</u>	<u>(534,984)</u>	<u>14,084,361</u>
Amortisation expenses for the year ended 31 December 2015						<u>3,096,129</u>

(Unit: Baht)

	Remaining amortisation year	For the year ended 31 December 2014				Balance end of the year
		Balance beginning of the year	Increase/ transfer in	Amortised	Disposals/ transfer out	
Computer software	0 - 4.92 years	81,042,380	3,048,213	(71,314,631)	-	12,775,962
Software in progress		4,761,200	1,223,699	-	(5,944,165)	40,734
Total intangible assets		85,803,580	4,271,912	(71,314,631)	(5,944,165)	12,816,696
Less: Accumulated amortisation		(70,052,151)	-	(3,587,758)	68,428,754	(5,211,155)
Net intangible assets		<u>15,751,429</u>	<u>4,271,912</u>	<u>(74,902,389)</u>	<u>62,484,589</u>	<u>7,605,541</u>
Amortisation expenses for the year ended 31 December 2014						<u>3,587,758</u>

15. Deferred tax assets/liabilities and income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2015	2014
		(Restated)
Current income tax:		
Current income tax charge for the year	104,182,641	119,014,923
Adjustment in respect of income tax of prior year	(291,554)	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(338,782)	(9,163,695)
Income tax expense reported in the statement of comprehensive income	<u>103,552,305</u>	<u>109,851,228</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2015	2014
		(Restated)
Deferred tax relating to gain (loss) on re-measuring available-for-sale investments	250,429	(519,764)
Deferred tax relating to actuarial loss	-	882,885
	<u>250,429</u>	<u>363,121</u>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2015	2014
		(Restated)
Accounting profit before tax	519,516,152	538,596,875
Applicable tax rates	20 percent	20 percent
Accounting profit before tax multiplied by applicable tax rates	103,903,230	107,719,375
Adjustment in respect of income tax of prior year	(291,554)	-
Effects of:		
Non-deductible expense	1,107,186	2,943,603
Non-taxable income	(1,125,187)	(797,003)
Additional expense deductions allowed	(41,370)	(14,747)
Total	(59,371)	2,131,853
Income tax expenses reported in the statement of comprehensive income	103,552,305	109,851,228

As of 31 December 2015 and 2014, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Baht)	
	2015	2014
Deferred tax assets		
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	1,324,759	1,281,959
Provisions for long-term employee benefits	14,411,940	12,888,292
Accrued employee expenses	34,997,508	37,704,869
Others	3,666,113	2,176,033
Total deferred tax assets	61,815,279	61,466,112
Deferred tax liabilities		
Others	(374,802)	(614,847)
Total deferred tax liabilities	(374,802)	(614,847)
Net deferred tax assets	61,440,477	60,851,265

16. Other assets

	(Unit: Baht)	
	2015	2014
Loans to employees	77,222,198	65,902,689
Contribution for Securities Clearing Fund	50,131,252	44,924,583
Prepaid expenses	28,646,809	37,958,194
Deposits	18,014,629	17,308,752
Deferred premium on forward exchange contract	-	421,926
Property foreclosed (net of allowance for impairment of Baht 28 million)	15,000,000	15,000,000
Accrued interest receivables	4,622,857	10,617,667
Deposit for derivative business	5,000,000	5,000,000
Fees and service income receivables	10,538,788	34,406,277
Others	6,367,098	4,249,330
Total other assets	<u>215,543,631</u>	<u>235,789,418</u>

17. Borrowings from financial institutions

As at 31 December 2015 and 2014, borrowings from financial institutions comprising only domestic borrowings and are classified as follows:

	(Unit: Thousand Baht)				
	2015				
	Interest rate	Remaining period to maturity			
	per annum	Less than			
	(percent)	At call	1 year	1 - 5 years	
				Total	
Promissory notes	1.93 - 2.23	-	1,000,000	-	1,000,000
Borrowings					
Borrowings (THB)	2.41 - 3.08	-	-	1,300,000	1,300,000
Total borrowings from financial institutions		-	1,000,000	1,300,000	<u>2,300,000</u>

(Unit: Thousand Baht)

	2014				Total
	Interest rate per annum (percent)	Remaining period to maturity			
		At call	Less than		
			1 year	1 - 5 years	
Promissory notes	2.35 - 2.65	2,800,000	1,050,000	-	3,850,000
Borrowings					
Borrowings (THB)	4.08 - 4.33	-	400,000	-	400,000
Borrowing (Foreign)	0.84	-	331,132	-	331,132
Total borrowings from financial institutions		2,800,000	1,781,132	-	4,581,132

As at 31 December 2015 and 2014, the above borrowings of Baht 1,300 million and Baht 400 million, respectively are borrowings from the Bangkok branch of the overseas banks, with maturities of 2-3 years counting from contract date. The interest is carried at fixed rates per annum, payable as specified in the loan agreements. 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.

As at 31 December 2014, the borrowings of Baht 331 million, was 10 million US dollar, borrowing from an overseas bank and carrying interest at 0.84 percent fixed rate per annum, payable at the maturity date. However, the Company has purchased a forward contract to mitigate the related foreign exchange risk.

18. Payables to Clearing House

	(Unit: Baht)	
	2015	2014
Payables to Clearing House		
Equity and debt securities	305,608,149	218,915,549
Derivatives	384,692	416,131
Total payables to Clearing House	305,992,841	219,331,680

19. Securities and derivatives business payables

	(Unit: Baht)	
	2015	2014
<u>Securities business payables</u>		
Cash accounts	896,755,323	978,030,917
Guarantee deposit payables	350,508,874	311,916,484
Payable under securities borrowing and lending business	345,991,348	303,886,705
Total securities business payables	1,593,255,545	1,593,834,106
Accrued interest payables	3,450,269	4,469,105
Total securities business payables	1,596,705,814	1,598,303,211
<u>Derivatives business payables</u>		
Derivatives business payables	19,780	10,380
Total derivatives business payables	19,780	10,380
Net securities and derivatives business payables	1,596,725,594	1,598,313,591

20. Borrowings

As at 31 December 2015 and 2014, net of discount for borrowing of Baht 896 million and 299 million, respectively are unsecured borrowing from bill of exchange and carrying interest at 1.85 percent fixed rate per annum, payable at the maturity date 6 month. (2014: 2.60 percent fixed rate per annum, payable at the maturity date 3 month)

21. Provisions for long-term employee benefits

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

	(Unit: Baht)	
	For the years ended	
	31 December	
	2015	2014
Provisions for long-term employee benefits at beginning of year	64,441,460	52,903,963
Current service cost	5,306,102	4,875,946
Interest cost	2,509,215	2,247,125
Benefits paid during the year	(197,078)	-
Actuarial loss (gain) arising from		
Demographic assumptions changes	-	3,691,567
Financial assumptions changes	-	6,124,289
Experience adjustments	-	(5,401,430)
Provisions for long-term employee benefits at end of year	72,059,699	64,441,460

Long-term employee benefit expenses included in the profit or loss for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Baht)	
	2015	2014
Current service cost	5,306,102	4,875,946
Interest cost	2,509,215	2,247,125
Total expenses recognised in profit or loss	7,815,317	7,123,071

The Company has obligation relating to long-term employee benefits expected to be paid to its employees in the next one year amount of Baht 1.6 million.

As at 31 December 2015, the weighted average duration of the liabilities for long-term employees benefit was 11 years.

Significant actuarial assumptions are summarised below:

	2015	2014
Discount rate	3.9 percent per annum	3.9 percent per annum
Salary increase rate	5 - 6 percent per annum	5 - 6 percent per annum
Average turnover rate	2.5 - 35 percent per annum based on employee's age	2.5 - 35 percent per annum based on employee's age

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

	(Unit: Million Baht)			
	Change - Increase	Amount Increase (Decrease)	Change - Decrease	Amount Increase (Decrease)
	(% per annum)		(% per annum)	
Discount rate	0.5	(3.1)	0.5	3.3
Salary increase rate	0.5	3.9	0.5	(3.7)
Average turnover rate	0 - 3.5	(2.8)	0 - 3.5	3.1

22. Other liabilities

	(Unit: Baht)	
	2015	2014
Accrued employee expenses	177,035,777	196,631,861
Accrued interest expenses	16,484,110	9,137,285
Accrued expenses	37,262,226	32,389,571
Corporate income tax payable	59,475,812	89,564,183
Others	27,234,921	34,265,302
Total other liabilities	<u>317,492,846</u>	<u>361,988,202</u>

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 2015, the Company allotted profit of Baht 21 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 years ended 31 December	
	2015	2014
Brokerage fee from securities business	823,163,920	885,176,552
Brokerage fee from derivatives business	54,044,763	44,353,016
Total brokerage fees income	<u>877,208,683</u>	<u>929,529,568</u>

26. Fees and service income

(Unit: Baht)

	For the years ended 31 December	
	2015	2014
Underwriting fee	39,432,783	60,897,233
Financial advisory	17,745,000	5,880,000
Securities borrowing and lending	21,032,723	16,959,088
Business support	87,866,927	93,606,736
Others	2,626,831	1,496,543
Total fees and service income	<u>168,704,264</u>	<u>178,839,600</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 established a provident fund in accordance with the Provident Fund Act B.E 2530. Both the employees and the Company contribute to the fund monthly at the rate of 5 - 10 percent of basic salary. The Fund is managed by TISCO Asset Management Limited and will be paid to the employees upon termination in accordance with the fund rules.

The contributions for the year 2015 amounting to approximately Baht 22 million were recognised as expenses. (2014: Baht 22 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 year (excluding other comprehensive income) by the weighted average number of ordinary shares outstanding during the year.

	For the years ended 31 December	
	2015	2014
		(Restated)
Profit for the year (Baht)	415,963,847	428,745,647
Weighted average number of ordinary shares (shares)	2,150,469,000	2,150,469,000
Earnings per share (Baht/share)	0.19	0.20

30. Dividends

During the years, 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 2014	The annual ordinary meeting of the Company's shareholders No. 1/2558 on 29 April 2015	387	0.18 (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 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)

31. Related party transactions

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

Related parties	Relationship
Nomura Holdings., Inc.	Ultimate parent company
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 Asia Holding N.V.	Having common major shareholders
Instinet Pacific Limited	Having common major shareholders
Nomura Mauritius 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.

	For the years ended 31 December		Pricing policies
	2015	2014	(for the year 2015)
	(Unit: Baht)		
<u>Transactions occurred during the years</u>			
Brokerage fees income			
- Nomura Singapore Limited	631,121	185,837	At normal rate charged to other clients
- Nomura International Plc.	1,277,434	2,142,081	At normal rate charged to other clients
- Instinet Pacific Limited	35,248,966	33,895,467	At normal rate charged to other clients
- Nomura Asia Holding N.V.	-	1,820,820	At normal rate charged to other clients
- Director	501,320	-	At normal rate charged to other clients
Fees income from business support services			
- Nomura Singapore Limited	15,908,475	15,914,477	At actual costs plus a margin of 10 percent
Fees income from international investment banking services			
- Nomura Singapore Limited	22,250,000	-	At actual costs plus a margin of 10 percent

(Unit: Baht)

	For the years ended 31 December		Pricing policies
	2015	2014	(for the year 2015)
<u>Transactions occurred during the year</u>			
<u>(continued)</u>			
Fees income from introducing broker			
- Nomura Singapore Limited	865,586	1,024,919	Based on actual executed transactions of our referred customers and at the rate as indicate in the agreement referred to similar business
Fee income from securities borrowing and lending			
- Nomura International Plc.	4,377,859	2,321,758	At normal rate charged to other clients
- Instinet Pacific Limited	59,434	19,324	At normal rate charged to other clients
Fees income from other services			
- Nomura Securities Co., Ltd.	5,425,400	19,361,184	At the contract rate determined by extent and amount of work assigned
- Nomura International (Hong Kong) Limited	3,787,956	26,324,661	At the contract rate determined by extent and amount of work assigned
Fees income from securities trading and research			
- Nomura Singapore Limited	40,495,097	32,006,414	At actual costs plus a margin of 10 percent
Fee expenses from Hi-speed circuit service			
- United Information Highway Co., Ltd.	1,971,614	1,078,928	At the same rate charged to other clients without dependent interest
Brokerage fees expense from foreign securities trading			
- Nomura Singapore Limited	72,520	198,261	Calculated base on trade volume and at the referential rate charged to other clients without dependent interest
Funding cost from trading fixed income in foreign currency			
- Nomura Singapore Limited	86,837	-	At normal rate charged to other clients
Interest on borrowings			
- Nomura Mauritius Limited	-	1,216,958	
Interest income from loans to employees			
- Director	14,044	22,356	At the same rate charged to other Company's staffs

As at 31 December 2015 and 2014, the outstanding balances of the related party transactions are as follows:

	(Unit: Baht)	
	2015	2014
Securities business receivables		
- Nomura International Plc.	3,718,000	89,615,000
- Instinet Pacific Limited	9,309,650	265,290,783
Other assets - accrued income receivables		
- Nomura Singapore Limited	8,022,875	24,058,307
- Director	536,412	-
Other assets - others		
- Nomura Singapore Limited	847,167	837,090
Other assets - loan to employees		
- Director	739,599	1,037,469
Other assets - Securities borrowing and Lending receivables		
- Nomura International Plc.	382,196	204,594
- Instinet Pacific Limited	6,976	2,000
Other assets - others		
- Nomura Holdings, INC.	172,594	7,625
- Instinet Pacific Limited	49,648	-
- Nomura International (Hong Kong) Limited	-	26,749
- Nomura Singapore Limited	-	33,542
- Nomura Securities Co., Ltd.	46,262	370,133
Securities business payables		
- Instinet Pacific Limited	77,765,896	102,923,522
- Nomura International Plc.	4,200,299	89,615,000
Other liabilities		
- United Information Highway Co., Ltd.	215,222	104,260

Management's remuneration

During the years ended 31 December 2015 and 2014, the Company had employee benefit expenses payable to their directors and management as below:

	(Unit: Baht)	
	For the years ended 31 December	
	2015	2014
Short-term employee benefits	98,220,543	110,862,537
Post-employment benefits	5,455,956	7,020,527
	<u>103,676,499</u>	<u>117,883,064</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 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 total assets on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

Below is the financial information as at 31 December 2015 and 2014, and for the years ended 31 December 2015 and 2014 of the Company by segment.

(Unit: Million Baht)

For the years ended 31 December										
	Securities and		Investments banking		Fixed income		Other segments		Total	
	derivatives brokerage		segment		segment		segment		segment	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Total revenue	937	975	90	113	85	56	19	21	1,131	1,165
Segment operating profit	315	381	23	63	47	29	7	9	392	482
Unallocated income(expenses)										
Gain on investments/ derivatives/exchange rate									13	22
Interest and dividend income									66	68
Interest on margin loans									488	391
Other income									5	5
Financial costs									(157)	(131)
Operating expenses									(287)	(299)
Income tax									(104)	(109)
Profit for the year									416	429

(Unit: Million Baht)

As at 31 December										
	Securities and		Investments banking		Fixed income		Other segments		Total	
	derivatives		segment		segment		segment		segment	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Premises and equipment - net									92	63
Unallocated assets									10,869	12,506
Total assets									10,961	12,569

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 years 2015 and 2014, 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 31 December 2015 and 2014, 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 year end date, as follows.

	(Unit: Million Baht)	
	2015	2014
Within 1 year	51	35
In 1-2 years	39	19
Over 2 years	14	11

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.

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 31 December 2015 and 2014, the Company has no policy to speculate in or engaged in the trading of any financial derivative instruments.

34.1 Risk management policy

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.

34.2 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.

34.3 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. However, since most of the Company's financial assets and liabilities will mature in 1 year or has floating interest rate, the Company's interest rate risk is expected to be low.

As at 31 December 2015 and 2014 significant financial assets and liabilities classified by type of interest rates are summarised in the table below.

(Unit: Million Baht)

	2015						
	Outstanding balances of financial instruments						
	Floating interest rate	Fixed interest rate which the remaining period before maturity date or end of contract date		Without interest	Total	Average interest rate	
		Within 1 year	1 - 5 years			Floating interest rate	Fixed interest rate
					% p.a.	% p.a.	
Financial assets							
Cash and cash equivalents	1,195	250	-	18	1,463	0.96	1.00
Receivable from Clearing House	-	-	-	252	252	-	-
Securities and derivatives							
business receivables	6,622	346	-	1,157	8,125	5.38	3.50
Investments	-	591	-	119	710	-	1.75
Loans to employees	77	-	-	-	77	1.50	-
Financial liabilities							
Borrowings from financial							
institutions	-	1,000	1,300	-	2,300	-	2.29
Payables to Clearing House	-	-	-	306	306	-	-
Securities and derivatives							
business payables	-	346	-	1,247	1,593	-	2.50
Borrowings	-	896	-	-	896	-	1.85

(Unit: Million Baht)

2014

Outstanding balances of financial instruments							
	Floating interest rate	Fixed interest rate which the remaining period before maturity date or end of contract date		Without interest	Total	Average interest rate	
		Within 1 year	1 - 5 years			Floating	Fixed
						interest rate	interest rate
						% p.a.	% p.a.
Financial assets							
Cash and cash equivalents	379	-	-	5	384	1.72	-
Receivable from Clearing House	-	-	-	31	31	-	-
Securities and derivatives							
business receivables	9,037	304	-	1,730	11,071	5.43	3.50
Derivatives assets	-	-	-	3	3	-	-
Investments	-	567	-	109	676	-	5.07
Loans to employees	66	-	-	-	66	1.75	-
Financial liabilities							
Borrowings from financial							
institutions	2,800	1,781	-	-	4,581	2.37	2.63
Payables to Clearing House	-	-	-	219	219	-	-
Securities and derivatives							
business payables	-	304	-	1,294	1,598	-	2.50
Borrowings	-	299	-	-	299	-	2.60

34.4 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 31 December 2015 and 2014, the periods to the maturity dates of financial instruments are as follows.

(Unit: Million Baht)

2015

Outstanding balances of financial instruments						
	At call	Within	1 - 5	Over	Unspecified	Total
		1 year	years	5 years		
Financial assets						
Cash and cash equivalents	1,463	-	-	-	-	1,463
Receivable from Clearing House	-	252	-	-	-	252
Securities and derivatives business						
receivables - net	727	803	-	-	6,622	8,152
Investments - net	112	591	-	-	7	710
Loans to employees	-	-	8	69	-	77
Financial liabilities						
Borrowings from financial institutions	-	1,000	1,300	-	-	2,300
Payables to Clearing House	-	306	-	-	-	306
Securities and derivatives business						
payables - net	697	900	-	-	-	1,597
Borrowings	-	896	-	-	-	896

(Unit: Million Baht)

2014

	Outstanding balances of financial instruments					Total
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	
Financial assets						
Cash and cash equivalents	384	-	-	-	-	384
Receivable from Clearing House	-	31	-	-	-	31
Securities and derivatives business						
receivables - net	640	1,430	-	-	9,037	11,107
Derivatives assets	-	3	-	-	-	3
Investments - net	103	567	-	-	6	676
Loans to employees	-	1	5	60	-	66
Financial liabilities						
Borrowings from financial institutions	2,800	1,781	-	-	-	4,581
Payables to Clearing House	-	219	-	-	-	219
Securities and derivatives business						
payables - net	616	982	-	-	-	1,598
Borrowings	-	299	-	-	-	299

34.5 Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues or the values of financial assets and liabilities.

As at 31 December 2015, the Company has no liabilities in foreign currency (2014: USD 10 million or equivalent to Baht 331 million and has entered into forward exchange contract to mitigate the foreign currency risk).

34.6 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.

35. Fair value

As of 31 December 2015, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	2015					2014	
	Book value	Fair value				Book value	Fair value
		Total	Level 1	Level 2	Level 3		
Financial assets measured at fair value							
Held for trade investments							
Debt securities	56	56	-	56	-	560	560
Available-for-sale investments							
Unit trusts	112	112	-	112	-	103	103
Forward exchange contact	-	-	-	-	-	3	3

As at 31 December 2015, the Company had the financial assets and financial liabilities that were measured at cost for which fair value are disclosed using different levels of inputs as follows:

(Unit: Million Baht)

	2015					2014	
	Book value	Fair value				Book value	Fair value
		Total	Level 1	Level 2	Level 3		
Financial assets and liabilities measured at fair value							
Cash and cash equivalents	1,463	1,463	1,463	-	-	384	384
Receivable from Clearing House	252	252	-	252	-	31	31
Securities and derivatives							
business receivables - net	8,152	8,152	-	8,152	-	11,107	11,107
Investments	542	542	-	535	7	12	12
Loans to employees	77	58	-	-	58	66	66
Financial liabilities for which fair value are disclosed							
Borrowings from financial institutions							
	2,300	2,300	-	2,300	-	4,581	4,581
Payables to Clearing House	306	306	-	306	-	219	219
Securities and derivatives							
business payables - net	1,597	1,597	-	1,597	-	1,598	1,598
Borrowings	896	896	-	896	-	299	299

The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follow:

For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, Receivable from Clearing House, Securities and derivatives business receivables - net, Payables to Clearing House and Securities and derivatives business payables - net, their carrying amounts in the statement of financial position approximate their fair value.

- a) For investments, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- b) For loans to employees under welfare program, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- c) For Borrowings from financial institutions and Borrowings carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

During the current year, there were no transfers within the fair value hierarchy.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's board of directors on 29 February 2016.