

Capital Nomura Securities Public Company Limited  
Report and interim financial statements  
30 June 2016

## **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 2016, 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 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 30 June 2016 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 2016 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: 25 August 2016

**Capital Nomura Securities Public Company Limited**

**Statement of financial position**

**As at 30 June 2016**

		(Unit: Baht)	
	Note	30 June 2016	31 December 2015
<b>Assets</b>			
Cash and cash equivalents	6	515,551,109	1,463,362,886
Deposits at financial institutions	7	1,600,000	-
Receivables from Clearing House	8	586,762,210	252,230,696
Securities and derivatives business receivables - net	9	10,175,730,028	8,152,071,439
Investments - net	10	169,578,076	709,883,719
Premises and equipment - net	11	123,355,976	92,227,867
Intangible assets - net	12	14,257,706	14,084,361
Deferred tax assets	13	50,273,573	61,440,477
Other assets - net	14	215,123,949	215,543,631
<b>Total assets</b>		<u>11,852,232,627</u>	<u>10,960,845,076</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 30 June 2016**

(Unit: Baht)

	Note	30 June 2016	31 December 2015
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Borrowings from financial institutions	15	2,450,000,000	2,300,000,000
Payables to Clearing House	16	669,800,228	305,992,841
Securities and derivatives business payables - net	17	3,186,464,278	1,596,725,594
Borrowings	18	-	895,568,661
Provisions for long-term employee benefits	19	88,945,713	72,059,699
Other liabilities	20	214,245,967	317,492,846
<b>Total liabilities</b>		<b>6,609,456,186</b>	<b>5,487,839,641</b>
<b>Equity</b>			
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 (deficit) on investments	10.3	(441,029)	1,134,327
Retained earnings			
Appropriated - statutory reserve	21	134,300,000	134,300,000
- general reserve		215,000,000	215,000,000
Unappropriated		610,127,620	838,781,258
<b>Total equity</b>		<b>5,242,776,441</b>	<b>5,473,005,435</b>
<b>Total liabilities and equity</b>		<b>11,852,232,627</b>	<b>10,960,845,076</b>

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

Directors

**Capital Nomura Securities Public Company Limited**

**Statements of comprehensive income**

**For the three-month and six-month periods ended 30 June 2016**

(Unit: Baht)

Note	For the three-month periods		For the six-month periods		
	ended 30 June		ended 30 June		
	2016	2015	2016	2015	
	(Unaudited but reviewed)	(Unaudited but reviewed)	(Audited)	(Audited)	
<b>Profit or loss:</b>					
<b>Revenue</b>					
Brokerage fees	23	215,714,220	185,537,177	438,650,765	468,044,385
Fees and service income	24, 29	42,573,278	46,749,835	74,889,532	79,291,233
Gain on securities	10.4	10,084,664	17,726,863	28,967,345	32,560,572
Loss on derivatives		(900)	(168,340)	(1,100)	(8,984,760)
Interest and dividend		17,532,368	21,631,842	34,269,707	49,871,382
Interest on margin loans		90,818,130	130,665,464	177,240,809	257,904,304
Other income		1,643,029	2,805,240	9,092,562	3,507,351
<b>Total revenue</b>		<b>378,364,789</b>	<b>404,948,081</b>	<b>763,109,620</b>	<b>882,194,467</b>
<b>Expenses</b>					
Financial costs		21,438,391	41,963,924	44,220,908	87,910,869
Fees and services expenses		30,601,666	23,205,950	60,566,090	52,671,562
Operating expenses					
Personnel expenses		159,139,174	153,462,006	317,661,642	321,325,786
Premises and equipment expenses		41,267,115	39,367,490	81,584,825	79,142,255
Directors' remuneration	25	2,849,274	2,745,000	3,244,274	3,160,000
Other expenses		22,675,481	23,039,963	45,805,270	48,233,274
Total operating expenses		225,931,044	218,614,459	448,296,011	451,861,315
Doubtful accounts		-	83,276	-	83,276
<b>Total expenses</b>		<b>277,971,101</b>	<b>283,867,609</b>	<b>553,083,009</b>	<b>592,527,022</b>
<b>Profit before income tax</b>		<b>100,393,688</b>	<b>121,080,472</b>	<b>210,026,611</b>	<b>289,667,445</b>
Income tax	13	(19,289,791)	(24,128,161)	(41,382,439)	(57,301,298)
<b>Profit for the period</b>		<b>81,103,897</b>	<b>96,952,311</b>	<b>168,644,172</b>	<b>232,366,147</b>

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

**Capital Nomura Securities Public Company Limited**

**Statements of comprehensive income (continued)**

**For the three-month and six-month periods ended 30 June 2016**

(Unit: Baht)

	Note	For the three-month periods		For the six-month periods			
		ended 30 June		ended 30 June			
		2016	2015	2016	2015		
		(Unaudited but reviewed)	(Unaudited but reviewed)	(Audited)	(Audited)		
<b>Other comprehensive income:</b>							
Other comprehensive income to be reclassified							
to profit or loss in subsequent periods:							
Loss on change in value of							
		available-for-sale investments	(2,371,675)	(2,806,633)	(1,969,195)	(2,522,199)	
		Income tax relating to gain (loss) on change in					
		value of available-for-sale investments	13	474,335	561,327	393,839	504,440
		Net other comprehensive income to be reclassified					
		to profit or loss in subsequent periods		(1,897,340)	(2,245,306)	(1,575,356)	(2,017,759)
Other comprehensive income not to be reclassified							
to profit or loss in subsequent periods:							
		Actuarial Losses		(12,766,738)	-	(12,766,738)	-
		Income tax relating to actuarial losses	13	2,553,348	-	2,553,348	-
		Net other comprehensive income not to be					
		reclassified to profit or loss in subsequent periods		(10,213,390)	-	(10,213,390)	-
		Total comprehensive income (loss) for the period		(12,110,730)	(2,245,306)	(11,788,746)	(2,017,759)
		<b>Total comprehensive income for the period</b>		<b>68,993,167</b>	<b>94,707,005</b>	<b>156,855,426</b>	<b>230,348,388</b>
<b>Basic earnings per share</b>							
	27	Profit for the period		0.04	0.05	0.08	0.11

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 2016**

(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		
<b>Balance - as at 1 January 2015</b>	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 period	-	-	-	-	-	-	232,366,147	232,366,147
Other comprehensive income (loss) for the period	-	-	-	(2,017,759)	-	-	-	(2,017,759)
Total comprehensive income for the period	-	-	-	(2,017,759)	-	-	232,366,147	230,348,388
Dividend paid (Note 28)	-	-	-	-	-	-	(387,084,420)	(387,084,420)
<b>Balance - as at 30 June 2015</b>	<u>2,150,469,000</u>	<u>2,131,833,600</u>	<u>1,487,250</u>	<u>118,286</u>	<u>113,300,000</u>	<u>215,000,000</u>	<u>676,183,558</u>	<u>5,288,391,694</u>
<b>Balance - as at 1 January 2016</b>	2,150,469,000	2,131,833,600	1,487,250	1,134,327	134,300,000	215,000,000	838,781,258	5,473,005,435
Profit for the period	-	-	-	-	-	-	168,644,172	168,644,172
Other comprehensive income (loss) for the period	-	-	-	(1,575,356)	-	-	(10,213,390)	(11,788,746)
Total comprehensive income for the period	-	-	-	(1,575,356)	-	-	158,430,782	156,855,426
Dividend paid (Note 28)	-	-	-	-	-	-	(387,084,420)	(387,084,420)
<b>Balance - as at 30 June 2016</b>	<u>2,150,469,000</u>	<u>2,131,833,600</u>	<u>1,487,250</u>	<u>(441,029)</u>	<u>134,300,000</u>	<u>215,000,000</u>	<u>610,127,620</u>	<u>5,242,776,441</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 2016**

	(Unit: Baht)	
	2016	2015
<b>Cash flows from operating activities</b>		
Profit before income tax	210,026,611	289,667,445
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	18,924,309	20,467,275
Doubtful accounts	-	83,276
Loss (gain) on disposal securities	(157,791)	833
Loss (gain) on revaluation of investments	415,435	(2,298,148)
Loss (gain) on disposal of equipment	(6,717,608)	1,078,738
Loss on written-off equipment	159,167	-
Loss (gain) on derivatives/exchange rate	1,100	8,984,760
Long-term employee benefits	4,119,276	3,907,656
Interest and dividend income	(34,269,707)	(49,871,382)
Interest income from margin loans	(177,240,809)	(257,904,304)
Others interest income	(735,410)	(716,828)
Financial costs	44,220,908	87,910,869
Cash received from interest and dividend	11,523,803	23,126,078
Cash received from interest on margin loans	181,645,613	257,150,143
Cash received from other interest	747,231	710,984
Cash paid for interest expenses (included other financial costs)	(48,644,130)	(78,385,087)
Cash paid for income tax	(62,799,056)	(93,961,990)
Income from operating activities before changes in operating assets and liabilities	141,218,942	209,950,318
Operating assets (increase) decrease		
Deposits at financial institutions	(1,600,000)	-
Receivables from Clearing House	(334,531,514)	(113,717,360)
Securities and derivatives business receivables - net	(2,028,020,885)	(2,030,166,399)
Trading securities	(3,177,090)	(23,995,750)
Other assets	(1,513,724)	(19,585)

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 2016**

	(Unit: Baht)	
	2016	2015
Operating liabilities increase (decrease)		
Borrowings from financial institutions	150,000,000	(52,675,000)
Payables to Clearing House	363,807,387	481,022,234
Securities and derivatives business payables - net	1,589,753,971	1,118,087,534
Borrowings	(895,569,761)	883,995,441
Other liabilities	(54,056,480)	(94,479,448)
<b>Net cash from (used in) operating activities</b>	<b>(1,073,689,154)</b>	<b>378,001,985</b>
<b>Cash flows from investing activities</b>		
Cash paid for purchase of available-for-sale securities	-	(508,184)
Cash received from disposal of available-for-sale securities	10,316,763	1,526
Net cash received (paid) for held-to maturity debt securities	530,665,192	(1,412,153)
Cash received from interest and dividend	24,439,591	27,129,419
Cash paid for acquisition of equipment	(52,035,344)	(14,732,164)
Cash received from sales of equipment	6,718,972	-
Cash paid for acquisition of intangible assets	(7,143,377)	(611,943)
<b>Net cash from investing activities</b>	<b>512,961,797</b>	<b>9,866,501</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(387,084,420)	(387,084,420)
<b>Net cash used in financing activities</b>	<b>(387,084,420)</b>	<b>(387,084,420)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(947,811,777)</b>	<b>784,066</b>
Cash and cash equivalents at the beginning of the period	1,463,362,886	384,254,287
<b>Cash and cash equivalents at the end of the period</b>	<b>515,551,109</b>	<b>385,038,353</b>
<b>Supplemental cash flows information</b>		
Non-cash transactions		
Accounts payable for purchase of fixed assets and intangible assets	825,578	2,481,209

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 2016**

#### **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 30 June 2016, 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 interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) "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 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 interim financial statements.

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

### **3. New financial reporting standards**

During the period, the Company has adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become 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, 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.

### **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 comprehensive income in the statements of comprehensive income, 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 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.

#### **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.

#### **4.21 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.

## **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 credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and discloses of fair value hierarchy.

## 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 2016	31 December 2015
Cash	74,250	74,000
Current deposits and saving deposits	644,504,497	387,833,307
Time deposits with maturity date not more than 3 months		
from acquisition date	-	300,000,000
Promissory notes at call	448,000,000	1,115,000,000
Promissory notes with maturity date due no more than 3 months	-	250,000,000
Total cash and cash equivalents	1,092,578,747	2,052,907,307
Less: Deposits for customers' account	(577,027,638)	(589,544,421)
Cash and cash equivalents	<u>515,551,109</u>	<u>1,463,362,886</u>

## 7. Deposits at financial institutions

	(Unit: Baht)	
	30 June 2016	31 December 2015
Time deposits with maturity date more than 3 months from acquisition date	400,000,000	600,000,000
Deposits subject to restriction	1,600,000	-
Less: Deposits for customers' account	(400,000,000)	(600,000,000)
Deposits at financial institutions	<u>1,600,000</u>	<u>-</u>

## 8. Receivables from Clearing House

	(Unit: Baht)	
	30 June 2016	31 December 2015
Receivables from Clearing House		
Equity and debt securities	585,780,493	247,804,828
Derivatives	56,589,923	24,959,046
Receivables from foreign companies	674,558	4,167,608
Total receivables from Clearing House	<u>643,044,974</u>	<u>276,931,482</u>
Less: Receivables from Clearing House for customers' accounts	(56,282,764)	(24,700,786)
Receivables from Clearing House	<u>586,762,210</u>	<u>252,230,696</u>

## 9. Securities and derivatives business receivables

	(Unit: Baht)	
	30 June 2016	31 December 2015
<u>Securities business receivables</u>		
Cash accounts	2,130,387,728	769,148,189
Credit balances receivables	6,804,358,967	6,622,207,301
Guaranteed deposit receivables	639,094,384	380,668,994
Receivables under securities borrowing and lending business	571,950,969	345,991,348
Other receivables	6,480,088	6,569,999
Total securities business receivables	<u>10,152,272,136</u>	<u>8,124,585,831</u>
Add: Accrued interest receivables	29,201,228	33,563,524
Less: Allowance for doubtful accounts	(6,335,398)	(6,335,398)
Net securities business receivables	<u>10,175,137,966</u>	<u>8,151,813,957</u>
<u>Derivatives business receivables</u>		
Derivatives business receivables	592,062	257,482
Total derivatives business receivables	<u>592,062</u>	<u>257,482</u>
Net securities and derivatives business receivables	<u>10,175,730,028</u>	<u>8,152,071,439</u>

**9.1** As at 30 June 2016, 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 2015: Baht 6 million).

**9.2** As at 30 June 2016 and 31 December 2015, 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. The classification is as follows:

(Unit: Thousand Baht)

	30 June 2016		
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal	10,175,706	-	10,175,706
Sub standard	24	-	24
Doubtful	6,335	6,335	-
<b>Total</b>	<b>10,182,065</b>	<b>6,335</b>	<b>10,175,730</b>

(Unit: Thousand Baht)

	31 December 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	-
<b>Total</b>	<b>8,158,406</b>	<b>6,335</b>	<b>8,152,071</b>

**9.3** As at 30 June 2016, guaranteed deposit receivables of approximately Baht 639 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 572 million (31 December 2015: Baht 381 million and Baht 346 million, respectively).

## 9.4 Allowance for doubtful accounts

(Unit: Baht)

	For the six-month period ended 30 June 2016	For the year ended 31 December 2015
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. Investments

### 10.1 Classify by type of investments

(Unit: Baht)

	30 June 2016		31 December 2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b><u>Trading securities</u></b>				
Debt securities	59,052,150	58,820,844	55,780,586	55,967,588
Listed equity securities	-	-	94,474	91,601
Total	59,052,150	58,820,844	55,875,060	56,059,189
Add (less): Allowance for revaluation	(231,306)		184,129	
Net trading securities	<u>58,820,844</u>		<u>56,059,189</u>	
<b><u>Available-for-sale securities</u></b>				
Listed equity securities	30,210	-	30,210	-
Unit trusts	100,562,282	100,010,996	110,721,254	112,139,163
Total	100,592,492	100,010,996	110,751,464	112,139,163
Add (less): Allowance for revaluation	(551,286)		1,417,909	
Less: Allowance for impairment	(30,210)		(30,210)	
Net available-for-sale securities	<u>100,010,996</u>		<u>112,139,163</u>	
<b><u>Held-to-maturity debt securities</u></b>				
Treasury bill	2,489,765,054		2,394,470,600	
Less: Investments for customer's accounts	(2,485,490,686)		(1,859,257,101)	
Net held-to-maturity debt securities	<u>4,274,368</u>		<u>535,213,499</u>	
<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	<u>6,471,868</u>		<u>6,471,868</u>	
<b>Net investments</b>	<u>169,578,076</u>		<u>709,883,719</u>	

## 10.2 Debt securities classified by remaining periods to maturity

As at 30 June 2016 and 31 December 2015, the Company classified investments in held-to-maturity debt securities by remaining periods to maturity as follows:

	(Unit: Baht)			
	30 June 2016			
	Due within			
	Within 1 year	1 - 5 years	Over 5 years	Total
<b>Held-to-maturity debt securities</b>				
Treasury bill	2,489,765,054	-	-	2,489,765,054
Less: Investments for customer's accounts	(2,485,490,686)	-	-	(2,485,490,686)
<b>Total investments in held-to-maturity debt securities</b>	<b>4,274,368</b>	<b>-</b>	<b>-</b>	<b>4,274,368</b>
				(Unit: Baht)
	31 December 2015			
	Due within			
	Within 1 year	1 - 5 years	Over 5 years	Total
<b>Held-to-maturity debt securities</b>				
Treasury bill	2,394,470,600	-	-	2,394,470,600
Less: Investments for customer's accounts	(1,859,257,101)	-	-	(1,859,257,101)
<b>Total investments in held-to-maturity debt securities</b>	<b>535,213,499</b>	<b>-</b>	<b>-</b>	<b>535,213,499</b>

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

	(Unit: Baht)	
	For the six-month period ended 30 June 2016	For the year ended 31 December 2015
Balance - beginning of the period	1,134,327	2,136,045
Changes during the period from		
Revaluation	(1,811,404)	(1,267,830)
Disposal	(157,791)	15,683
Deferred income tax	393,839	250,429
Balance - end of the period	<b>(441,029)</b>	<b>1,134,327</b>

## 10.4 Gain on securities

(Unit: Baht)

	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
Realised gain (loss) on trading in securities				
Trading securities	10,920,304	16,537,712	29,224,989	30,263,257
Available-for-sale securities	3,642	(833)	157,791	(833)
Unrealised gain (loss) on trading securities	(839,282)	1,189,984	(415,435)	2,298,148
Total gain on securities	<u>10,084,664</u>	<u>17,726,863</u>	<u>28,967,345</u>	<u>32,560,572</u>

## 10.5 Interest and dividend income

(Unit: Baht)

	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
Interest income from debt securities	9,356,371	10,642,859	20,434,205	22,758,559
Dividend income from equity securities	3,631,353	197,331	3,631,353	4,125,485
Total interest and dividend income	<u>12,987,724</u>	<u>10,840,190</u>	<u>24,065,558</u>	<u>26,884,044</u>

## 11. Premises and equipment

(Unit: Baht)

For the six-month period ended 30 June 2016						
	Condominium	Office	Furniture	Motor	Work	
	units	equipment	and fixtures	vehicles	in progress	Total
<b>Cost</b>						
1 January 2016	22,704,701	244,038,739	142,462,531	48,285,980	735,851	458,227,802
Additions	-	25,465,777	181,688	-	22,058,714	47,706,179
Disposals/write-off	-	(13,915,214)	(989,684)	(24,374,034)	-	(39,278,932)
Transfer in/out	-	2,194,738	1,385,715	-	(3,580,453)	-
30 June 2016	22,704,701	257,784,040	143,040,250	23,911,946	19,214,112	466,655,049
<b>Accumulated depreciation</b>						
1 January 2016	18,441,571	203,381,269	119,719,796	24,457,299	-	365,999,935
Depreciation for the period	-	11,372,911	3,601,365	1,443,264	-	16,417,540
Depreciation on disposal/write-off	-	(13,914,198)	(830,179)	(24,374,025)	-	(39,118,402)
30 June 2016	18,441,571	200,839,982	122,490,982	1,526,538	-	343,299,073
<b>Net book value</b>						
30 June 2016	4,263,130	56,944,058	20,549,268	22,385,408	19,214,112	123,355,976
Depreciation for the six-month periods ended 30 June						
2015						18,640,541
2016						16,417,540

(Unit: Baht)

For the year ended 31 December 2015						
	Condominium	Office	Furniture	Motor	Work	
	units	equipment	and fixtures	vehicles	in progress	Total
<b>Cost</b>						
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	22,704,701	244,038,739	142,462,531	48,285,980	735,851	458,227,802
<b>Accumulated depreciation</b>						
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 write-off	-	-	(2,520,454)	-	-	(2,520,454)
31 December 2015	18,441,571	203,381,269	119,719,796	24,457,299	-	365,999,935
<b>Net book value</b>						
31 December 2015	4,263,130	40,657,470	22,742,735	23,828,681	735,851	92,227,867

As at 30 June 2016, the Company premises and office equipment have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 289 million (31 December 2015: Baht 314 million).

## 12. Intangible assets

(Unit: Baht)

	Remaining amortisation period	For the six-month period ended 30 June 2016				Balance end of the period
		Balance beginning of the period	Increase/ transfer in	Amortised	Disposals/ transfer out	
Computer software	0 - 4.96 years	19,746,712	2,309,622	-	-	22,056,334
Software in progress		2,644,933	1,132,185	-	(1,220,021)	2,557,097
Total intangible assets		22,391,645	3,441,807	-	(1,220,021)	24,613,431
Less: Accumulated amortisation		(8,307,284)	-	(2,048,441)	-	(10,355,725)
Net intangible assets		14,084,361	3,441,807	(2,048,441)	(1,220,021)	14,257,706
Amortisation expenses for the six-month periods ended 30 June						
2015						1,311,437
2016						2,048,441

(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		7,605,541	10,109,933	(3,096,129)	(534,984)	14,084,361

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

Income tax expenses for the three-month and six-month periods ended 30 June 2016 and 2015 are made up as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Interim corporate income tax	25,234,127	30,726,134	27,291,933	41,657,402
Adjustment in respect of income tax of prior period	(23,585)	(291,554)	(23,585)	(291,554)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(5,920,751)	(6,306,419)	14,114,091	15,935,450
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>19,289,791</b>	<b>24,128,161</b>	<b>41,382,439</b>	<b>57,301,298</b>

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2016 and 2015 are as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2016	2015	2016	2015
Deferred tax relating to gain (loss) on re-measuring available-for-sale investments	474,335	561,327	393,839	504,440
Deferred tax relating to actuarial loss	2,553,348	-	2,553,348	-
	<u>3,027,683</u>	<u>561,327</u>	<u>2,947,187</u>	<u>504,440</u>

Reconciliation between income tax expenses and the product of accounting profit and the applicable tax rates for the three-month and six-month periods ended 30 June 2016 and 2015 are as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2016	2015	2016	2015
Accounting profit before tax	100,393,688	121,080,472	210,026,611	289,667,445
Applicable tax rate	20 percent	20 percent	20 percent	20 percent
Accounting profit before tax multiplied by applicable tax rate	20,078,738	24,216,094	42,005,322	57,933,489
Adjustment in respect of income tax of prior period	(23,585)	(291,554)	(23,585)	(291,554)
Effects of:				
Non-deductible expense	142,609	472,686	317,814	714,059
Non-taxable income	(898,455)	(247,594)	(898,455)	(1,033,225)
Additional expense deductions allowed	(9,516)	(21,471)	(18,657)	(21,471)
Total	(765,362)	203,621	(599,298)	(340,637)
Income tax expenses reported in the statement of comprehensive income	19,289,791	24,128,161	41,382,439	57,301,298

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Baht)	
	30 June 2016	31 December 2015
<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	1,321,959	1,324,759
Provisions for long-term employee benefits	17,789,143	14,411,940
Accrued employee expenses	20,096,275	34,997,508
Others	3,745,545	3,666,113
Total deferred tax assets	50,367,881	61,815,279
<b>Deferred tax liabilities</b>		
Others	(94,308)	(374,802)
Total deferred tax liabilities	(94,308)	(374,802)
Net deferred tax assets	50,273,573	61,440,477

## 14. Other assets

	(Unit: Baht)	
	30 June 2016	31 December 2015
Loans to employees	73,063,794	77,222,198
Contribution for Securities Clearing Fund	55,939,046	50,131,252
Prepaid expenses	28,104,471	28,646,809
Deposits	18,020,236	18,014,629
Property foreclosed (net of allowance for impairment of Baht 28 million)	15,000,000	15,000,000
Accrued interest receivables	3,148,781	4,622,857
Deposit for derivative business	5,000,000	5,000,000
Fees and service income receivables	10,768,492	10,538,788
Others	6,079,129	6,367,098
<b>Total other assets</b>	<b>215,123,949</b>	<b>215,543,631</b>

## 15. Borrowings from financial institutions

As at 30 June 2016 and 31 December 2015, borrowings from financial institutions comprising only domestic borrowings and are classified as follows:

	(Unit: Thousand Baht)				
	30 June 2016				
	Interest rate per annum (percent)	Remaining period to maturity			
		At call	Less than 1 year	1 - 5 years	Total
Promissory notes	1.57 - 1.70	450,000	700,000	-	1,150,000
Borrowings					
Borrowings (THB)	2.41 - 3.08	-	300,000	1,000,000	1,300,000
<b>Total borrowings from financial institutions</b>		<b>450,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>2,450,000</b>

  

	(Unit: Thousand Baht)				
	31 December 2015				
	Interest rate per annum (percent)	Remaining period to maturity			
		At call	Less than 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
<b>Total borrowings from financial institutions</b>		<b>-</b>	<b>1,000,000</b>	<b>1,300,000</b>	<b>2,300,000</b>

As at 30 June 2016 and 31 December 2015, the above borrowings of Baht 1,300 million 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 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.

## 16. Payables to Clearing House

	(Unit: Baht)	
	30 June 2016	31 December 2015
Payables to Clearing House		
Equity and debt securities	669,234,020	305,608,149
Derivatives	566,208	384,692
Total payables to Clearing House	<u>669,800,228</u>	<u>305,992,841</u>

## 17. Securities and derivatives business payables

	(Unit: Baht)	
	30 June 2016	31 December 2015
<u>Securities business payables</u>		
Cash accounts	1,987,094,591	896,755,323
Guarantee deposit payables	623,913,956	350,508,874
Payable under securities borrowing and lending business	571,950,969	345,991,348
Total securities business payables	<u>3,182,959,516</u>	<u>1,593,255,545</u>
Accrued interest payables	3,434,982	3,450,269
Total securities business payables	<u>3,186,394,498</u>	<u>1,596,705,814</u>
<u>Derivatives business payables</u>		
Derivatives business payables	69,780	19,780
Total derivatives business payables	<u>69,780</u>	<u>19,780</u>
Net securities and derivatives business payables	<u>3,186,464,278</u>	<u>1,596,725,594</u>

## 18. Borrowings

As at 31 December 2015, net of discount for borrowing of Baht 896 million 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.

## 19. 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 2016	For the year ended 31 December 2015
<b>Provisions for long-term employee benefits at beginning of period</b>	72,059,699	64,441,460
Included in profit or loss:		
Current service cost	2,741,286	5,306,102
Interest cost	1,377,990	2,509,215
Included in other comprehensive income:		
Actuarial loss arising from		
Demographic assumptions changes	(5,302,768)	-
Financial assumptions changes	19,620,895	-
Experience adjustments	(1,551,389)	-
Benefits paid during the period	-	(197,078)
<b>Provisions for long-term employee benefits at end of period</b>	<b>88,945,713</b>	<b>72,059,699</b>

Long-term employee benefit expenses included in the profit or loss for the six-month periods ended 30 June 2016 and 2015 are as follows:

	(Unit: Baht)	
	2016	2015
Current service cost	2,741,286	2,653,050
Interest cost	1,377,990	1,254,606
<b>Total expense recognised in profit or loss</b>	<b>4,119,276</b>	<b>3,907,656</b>

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 2 million.

As at 30 June 2016, the weighted average duration of the liabilities for long-term employee benefit was 17 years.

Significant actuarial assumptions are summarised below:

	30 June 2016	31 December 2015
Discount rate	2.10 - 2.16 percent per annum	3.9 percent per annum
Salary increase rate	5 - 7 percent per annum	5 - 6 percent per annum
Average turnover rate	3 - 25 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 30 June 2016 are summarised below:

(Unit: Million Baht)

	30 June 2016		31 December 2015	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(4.6)	4.9	(3.1)	3.3
Salary increase rate	4.5	(4.2)	3.9	(3.7)

(Unit: Million Baht)

	30 June 2016		31 December 2015	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Average turnover rate	(3.2)	3.5	(2.8)	3.1

## 20. Other liabilities

(Unit: Baht)

	30 June 2016	31 December 2015
Accrued employee expenses	102,122,291	177,035,777
Accrued interest expenses	12,075,175	16,484,110
Accrued expenses	41,344,659	37,262,226
Corporate income tax payable	23,945,104	59,475,812
Others	34,758,738	27,234,921
Total other liabilities	<u>214,245,967</u>	<u>317,492,846</u>

## 21. 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.

## 22. 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.

## 23. Brokerage fee income

(Unit: Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2016	2015	2016	2015
Brokerage fee from securities business	173,007,640	168,466,324	371,245,483	434,420,692
Brokerage fee from derivatives business	15,132,396	12,990,836	31,738,412	26,008,623
Brokerage fee from others business	27,574,184	4,080,017	35,666,870	7,615,070
Total brokerage fees income	<u>215,714,220</u>	<u>185,537,177</u>	<u>438,650,765</u>	<u>468,044,385</u>

## 24. Fees and service income

(Unit: Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2016	2015	2016	2015
Underwriting fee	7,171,500	7,942,165	14,817,300	17,634,948
Financial advisory	1,820,000	9,075,000	2,720,000	10,545,000
Securities borrowing and lending	5,109,611	3,996,768	11,731,440	8,111,576
Business support	27,394,052	25,263,444	44,001,526	40,795,123
Others	1,078,115	472,458	1,619,266	2,204,586
Total fees and service income	<u>42,573,278</u>	<u>46,749,835</u>	<u>74,889,532</u>	<u>79,291,233</u>

## 25. 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.

## 26. 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.

During the six-month period ended 30 June 2016, the Company contributed Baht 13.0 million (2015: Baht 12.8 million) to the fund.

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".

## 27. 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.

## 28. Dividends

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

	Approved by	Total dividend declaration	Dividend declaration per share
		(Million Baht)	(Baht)
Dividends from the operating results for the year ended 31 December 2015	The annual ordinary meeting of the Company's shareholders No. 1/2559 on 25 April 2016	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 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)

## 29. Related party transactions

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

Related parties	Relationship
Nomura Holding, INC.	Major shareholder
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
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 2016)
	2016	2015	2016	2015	
	<b><u>Transactions occurred during the periods</u></b>				
Brokerage fees income					
- Nomura Singapore Limited	6,119	28,978	146,294	581,077	At normal rate charged to other clients
- Nomura International Plc.	257,839	190,386	267,702	353,175	At normal rate charged to other clients
- Instinet Pacific Limited	8,400,793	8,909,821	20,534,144	19,234,982	At normal rate charged to other clients
Fees income from business support services					
- Nomura Singapore Limited	3,900,000	3,900,000	7,800,000	7,800,000	At actual costs plus a margin of 10 percent
Fees income from international investment banking services					
- Nomura Singapore Limited	5,200,000	8,450,000	11,500,000	8,450,000	At actual costs plus a margin of 10 percent
Fees income from introducing clients					
- Nomura Singapore Limited	892,357	414,294	1,373,816	559,137	Based on actual executed transactions of our referred customers and at the rate as indicate in the agreement referred to similar business

(Unit: Baht)

	For the three-month		For the six-month		Pricing policies (for the period 2016)
	periods ended 30 June		periods ended 30 June		
	2016	2015	2016	2015	
<b><u>Transactions occurred during the period (continued)</u></b>					
Fees income from securities borrowing and lending					
- Nomura International Plc.	177,514	794,522	201,671	1,965,382	At normal rate charged to other clients
- Instinet Pacific Limited	15,941	34,762	68,490	44,882	At normal rate charged to other clients
Fees income from other services					
- Nomura Securities Co., Ltd.	6,414,400	5,425,400	6,414,400	5,425,400	At the contract rate determined by extend and amount of work assigned
- Nomura International (Hong Kong) Limited	1,540,998	(265,157)	1,540,998	3,787,956	At the contract rate determined by extend and amount of work assigned
- Nomura Singapore Limited	43,367	-	43,367	-	At the contract rate determined by extend and amount of work assigned
Fee income from sales and trading services and research	10,419,021	7,753,201	16,826,496	15,331,767	At actual costs plus a margin of 10 percent
- Nomura Singapore Limited					
Fee expenses from Hi-speed circuit service					
- United Information Highway Co., Ltd.	546,360	391,023	1,158,839	707,570	At the same rate charged to other clients without dependent interest
Brokerage fees expense from foreign securities trading					
- Nomura Singapore Limited	8,843	22,639	17,732	54,082	Calculated based 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	-	14,538	-	14,538	At normal rate charged to other clients
Interest received from loans to employees					
- Director	2,377	3,498	5,033	7,822	At the same rate charged to other Company's staffs

As at 30 June 2016 and 31 December 2015, the outstanding balances of the related party transactions are as follows:

	(Unit: Baht)	
	30 June 2016	31 December 2015
Securities business receivables		
- Nomura International Plc.	5,297,500	3,718,000
- Instinet Pacific Limited	461,251,397	9,309,650
Other assets - accrued income receivables		
- Nomura Singapore Limited	9,890,900	8,022,875
- Nomura International (Hong Kong) Limited	85,993	-
- Director	-	536,412
Other assets - loan to employees		
- Director	588,748	739,599
Other assets - Securities borrowing and Lending receivables		
- Nomura International Plc.	67,347	382,196
- Instinet Pacific Limited	10,512	6,976
Other assets - others		
- Nomura Holdings, INC.	-	172,594
- Instinet Pacific Limited	-	49,648
- Nomura Singapore Limited	853,231	847,167
- Nomura Securities Co., Ltd.	-	46,262
Securities business payables		
- Instinet Pacific Limited	1,847,489	77,765,896
- Nomura International Plc.	19,187,451	4,200,299
Other liabilities		
- United Information Highway Co., Ltd.	-	215,222

### Management's remuneration

During the three-month and six-month periods ended 30 June 2016 and 2015, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2016	2015	2016	2015
Short-term employee benefits	22,683,765	25,656,831	46,151,493	49,688,181
Post-employment benefits	1,443,395	1,364,489	2,882,389	2,728,978
Total	24,127,160	27,021,320	49,033,882	52,417,159

### **30. 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.

The following tables present revenue and profit and total assets regarding the Company operating segments information as at 30 June 2016 and 31 December 2015, and for the three-month and six-month periods ended 30 June 2016 and 2015 of the Company by segment.

(Unit: Million Baht)

## For the three-month periods ended 30 June

	Securities business		Investments		Fixed income		Other segments		Total	
	segment		banking segment		segment					
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Total revenue	231	193	22	35	13	23	5	5	271	256
Segment operating income	68	48	8	19	6	15	-	1	82	83
Unallocated income (expenses)										
Gain on investments/ derivatives/exchange rate									-	2
Interest and dividend income									15	16
Interest on margin loans									91	131
Other income									1	3
Financial costs									(21)	(42)
Operating expenses									(68)	(72)
Income tax									(19)	(24)
Profit for the period									81	97

(Unit: Million Baht)

## For the six-month periods ended 30 June

	Securities business		Investments		Fixed income		Other segments		Total	
	segment		banking segment		segment					
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Total revenue	466	492	37	46	36	44	10	10	549	592
Segment operating income	147	174	7	15	17	28	2	3	173	220
Unallocated income (expenses)										
Gain (loss) on investments/ derivatives/exchange rate									2	(4)
Interest and dividend income									28	38
Interest on margin loans									177	258
Other income									9	4
Financial costs									(44)	(88)
Operating expenses									(135)	(139)
Income tax									(41)	(57)
Profit for the period									169	232

(Unit: Million Baht)

## As at

	Securities and		Investments banking		Fixed income		Other segments		Total	
	derivatives brokerage		segment		segment					
	segment		segment		segment					
	30	31	30	31	30	31	30	31	30	31
	June	December	June	December	June	December	June	December	June	December
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Premises and equipment - net									123	92
Unallocated assets									11,729	10,869
Total assets									11,852	10,961

## 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 2016 and 2015, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

### 31. Commitments and contingent liabilities

As at 30 June 2016 and 31 December 2015, the Company has the following outstanding commitments and contingent liabilities.

- 31.1** 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 2016	31 December 2015
Within 1 year	40	51
In 1-2 years	34	39
Over 2 years	-	14

- 31.2** The Company has commitments to pay the fees related to its securities business to the Stock Exchange of Thailand, Thailand Clearing House Company Limited 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.

- 31.3** 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.

- 31.4** 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. For securities trading of funds fee, the fee is charged at the rate of 0.1 percent per annum for commission received from securities trading of funds. The minimum total fee is Baht 500,000 per annum.

## **32. 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 2016 and 31 December 2015, the Company has no policy to speculate in or engaged in the trading of any financial derivative instruments.

### **32.1 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, 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.

### **32.2 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.

### **32.3 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 30 June 2016 and 31 December 2015 classified by type of interest rates are summarised in the table below.

(Unit: Million Baht)

30 June 2016								
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	Interest rate	
		Within 1 year		over 5 years			Floating interest rate	Fixed interest rate
		year	1 - 5 years	years			% p.a.	% p.a.
<b>Financial assets</b>								
Cash and cash equivalents	503	-	-	-	13	516	0.05 - 1.30	-
Deposits at financial institutions	-	2	-	-	-	2	-	1.38
Receivable from Clearing House	-	-	-	-	587	587	-	-
Securities and derivatives business receivables	6,804	572	-	-	2,776	10,152	5.19	3.50
Investments	-	4	-	59	107	170	-	1.33 - 3.47
Loans to employees	73	-	-	-	-	73	1.50	-
<b>Financial liabilities</b>								
Borrowings from financial institutions	450	1,000	1,000	-	-	2,450	1.70	1.57 - 3.08
Payables to Clearing House	-	-	-	-	670	670	-	-
Securities and derivatives business payables	-	572	-	-	2,611	3,183	-	2.50

(Unit: Million Baht)

31 December 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	Interest rate	
		Within 1 year		1 - 5 years			Floating interest rate	Fixed interest rate
		year	1 - 5 years	years			% p.a.	% p.a.
<b>Financial assets</b>								
Cash and cash equivalents	1,195	250	-	-	18	1,463	0.05 - 1.45	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	-	537	54	-	119	710	-	14.42 - 6.50
Loans to employees	77	-	-	-	-	77	1.50	-
<b>Financial liabilities</b>								
Borrowings from financial institutions	-	1,000	1,300	-	-	2,300	-	1.93 - 3.08
Payables to Clearing House	-	-	-	-	306	306	-	-
Securities and derivatives business payables	-	346	-	-	1,247	1,593	-	2.50
Borrowings	-	896	-	-	-	896	-	1.85

## 32.4 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 30 June 2016 and 31 December 2015, the periods to the maturity dates of financial instruments are as follows.

(Unit: Million Baht)

	30 June 2016					
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b>Financial assets</b>						
Cash and cash equivalents	516	-	-	-	-	516
Deposits at financial institutions	-	2	-	-	-	2
Receivable from Clearing House	-	587	-	-	-	587
Securities and derivatives business receivables - net						
Investments - net	1,211	2,161	-	-	6,804	10,176
Loans to employees	100	63	-	-	7	170
<b>Financial liabilities</b>	-	1	7	65	-	73
Borrowings from financial institutions						
Payables to Clearing House	450	1,000	1,000	-	-	2,450
Securities and derivatives business payables - net	-	670	-	-	-	670
Borrowings	1,196	1,990	-	-	-	3,186

(Unit: Million Baht)

	31 December 2015					
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b>Financial assets</b>						
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
<b>Financial liabilities</b>						
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

### 32.5 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.

### 32.6 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.

### 33. Fair value

As of 30 June 2016 and 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: Thousand Baht)

	30 June 2016			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Held for trade investments				
Debt instruments	-	58,821	-	58,821
Available-for-sale investments				
Unit trusts	-	100,011	-	100,011

(Unit: Thousand Baht)

	31 December 2015			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Held for trade investments				
Debt instruments	-	56,059	-	56,059
Available-for-sale investments				
Unit trusts	-	112,139	-	112,139

As at 30 June 2016 and 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)

	30 June 2016				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<b>Financial assets and liabilities measured at fair value</b>					
Cash and cash equivalents	516	516	516	-	-
Deposits at financial institutions	2	2	-	2	-
Receivable from Clearing House	587	587	-	587	-
Securities and derivatives business receivables - net	10,176	10,176	-	10,176	-
Investments	11	11	-	4	7
Loans to employees	73	57	-	-	57
<b>Financial liabilities for which fair value are disclosed</b>					
Borrowings from financial institutions	2,450	2,450	-	2,450	-
Payables to Clearing House	670	670	-	670	-
Securities and derivatives business payables - net	3,186	3,186	-	3,186	-
Borrowings					

(Unit: Million Baht)

	31 December 2015				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<b>Financial assets and liabilities measured at fair value</b>					
Cash and cash equivalents	1,463	1,463	1,463	-	-
Receivable from Clearing House	252	252	-	252	-
Securities and derivatives business receivables - net	8,152	8,152	-	8,152	-
Investments	542	542	-	535	7
Loans to employees	77	58	-	-	58
<b>Financial liabilities for which fair value are disclosed</b>					
Borrowings from financial institutions	2,300	2,300	-	2,300	-
Payables to Clearing House	306	306	-	306	-
Securities and derivatives business payables - net	1,597	1,597	-	1,597	-
Borrowings	896	896	-	896	-

#### Valuation techniques and inputs used for fair value measurement

- a) 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.
- b) 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. The fair value of investments in debt instruments has been determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.
- c) The fair value of unit trusts has been determined by using the net asset value per share as announced by the fund managers. For investment in non-marketable equity securities, their fair value is based on their net book value.
- d) 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.
- e) 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 period, there were no transfers within the fair value hierarchy.

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

These interim financial statements were authorised for issue by the Company's board of directors on 25 August 2016.