

Capital Nomura Securities Public Company Limited
Report and interim financial statements
30 September 2018

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Capital Nomura Securities Public Company Limited

I have reviewed the accompanying statement of financial position of Capital Nomura Securities Public Company Limited as at 30 September 2018, and the related statements of comprehensive income for the three-month and nine-month periods ended 30 September 2018 and the statement of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai 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 Thai Standards on Auditing 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 financial information 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: 12 November 2018

Capital Nomura Securities Public Company Limited**Statement of financial position****As at 30 September 2018**

(Unit: Thousand Baht)

	Note	30 September 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
Assets			
Cash and cash equivalents	2	301,448	280,287
Receivables from Clearing House and broker-dealers	3	526,044	778,930
Securities and derivatives business receivables	4	9,138,125	10,701,903
Investments	6	553,831	624,254
Premises and equipment	7	99,202	115,390
Intangible assets		25,235	12,927
Deferred tax assets	8	64,758	72,761
Other assets	9	277,735	279,709
Total assets		10,986,378	12,866,161

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 September 2018**

(Unit: Thousand Baht)

	Note	30 September 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
Liabilities and equity			
Liabilities			
Borrowings from financial institutions	10	2,250,000	3,800,000
Payables to Clearing House and broker-dealers	11	12,254	642,984
Securities and derivatives business payables	12	2,742,171	2,376,693
Corporate income tax payables		14,028	53,217
Debt issued and other borrowings	13	298,302	-
Provisions for long-term employee benefits	14	106,726	100,043
Other liabilities	15	284,184	318,086
Total liabilities		5,707,665	7,291,023
Equity			
Share capital - Registered, issued and paid-up			
2,150,469,000 ordinary shares of Baht 1 each		2,150,469	2,150,469
Premium on share capital and treasury stock		2,133,321	2,133,321
Retained earnings			
Appropriated - statutory reserve		178,800	178,800
- general reserve		215,000	215,000
Unappropriated		601,123	897,521
Other components of equity - revaluation surplus			
(deficit) on investments	6.3	-	27
Total equity		5,278,713	5,575,138
Total liabilities and equity		10,986,378	12,866,161

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

Directors

(Unaudited but reviewed)

Capital Nomura Securities Public Company Limited

Statements of comprehensive income

For the three-month and nine-month periods ended 30 September 2018

(Unit: Thousand Baht except earnings per share expressed in Baht)

		For the three-month periods		For the nine-month periods	
		ended 30 September		ended 30 September	
	Note	2018	2017	2018	2017
Profit or loss:					
Revenue					
Brokerage fees	16	176,299	206,306	597,273	630,085
Fees and service income	17	78,648	110,025	285,777	296,815
Interest on margin loans		86,211	86,238	288,850	262,292
Gain and return on financial instruments	18	18,785	27,672	69,976	210,402
Other income		2,038	2,449	9,643	5,602
Total revenue		361,981	432,690	1,251,519	1,405,196
Expenses					
Personnel expenses		156,351	160,677	489,979	473,777
Fees and services expenses		49,048	64,360	175,805	188,544
Financial costs		20,586	18,806	71,445	58,614
Bad debt and doubtful accounts		-	-	106,222	635
Other expenses		71,058	70,069	218,019	202,343
Total expenses		297,043	313,912	1,061,470	923,913
Profit before income tax		64,938	118,778	190,049	481,283
Income tax	8	(13,130)	(23,754)	(34,849)	(93,476)
Profit for the period		51,808	95,024	155,200	387,807

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

(Unaudited but reviewed)

Capital Nomura Securities Public Company Limited

Statements of comprehensive income (Continued)

For the three-month and nine-month periods ended 30 September 2018

(Unit: Thousand Baht except earnings per share expressed in Baht)

		For the three-month periods		For the nine-month periods	
		ended 30 September		ended 30 September	
	Note	2018	2017	2018	2017
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		-	62	(34)	1,886
Income tax relating to gain (loss) on change					
in value of available-for-sale investments	8	-	(12)	7	(377)
Net other comprehensive income to be reclassified					
to profit or loss in subsequent periods		-	50	(27)	1,509
Total comprehensive income for the period		51,808	95,074	155,173	389,316
Basic earnings per share					
19					
Profit for the period		0.02	0.04	0.07	0.18

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

Capital Nomura Securities Public Company Limited

(Unaudited but reviewed)

Statement of changes in equity
For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	Issued and paid-up share capital	Premium on share capital and treasury stock	Retained earnings			Other components of equity - revaluation surplus (deficit) on investments	Total
			Appropriated		Unappropriated		
			Statutory reserve	General reserve			
Balance - as at 1 January 2017	2,150,469	2,133,321	155,000	215,000	832,967	(1,492)	5,485,265
Profit for the period	-	-	-	-	387,807	-	387,807
Other comprehensive income (loss) for the period	-	-	-	-	-	1,509	1,509
Total comprehensive income for the period	-	-	-	-	387,807	1,509	389,316
Dividend paid (Note 20)	-	-	-	-	(387,085)	-	(387,085)
Balance - as at 30 September 2017	<u>2,150,469</u>	<u>2,133,321</u>	<u>155,000</u>	<u>215,000</u>	<u>833,689</u>	<u>17</u>	<u>5,487,496</u>
Balance - as at 1 January 2018	2,150,469	2,133,321	178,800	215,000	897,521	27	5,575,138
Profit for the period	-	-	-	-	155,200	-	155,200
Other comprehensive income (loss) for the period	-	-	-	-	-	(27)	(27)
Total comprehensive income for the period	-	-	-	-	155,200	(27)	155,173
Dividend paid (Note 20)	-	-	-	-	(451,598)	-	(451,598)
Balance - as at 30 September 2018	<u>2,150,469</u>	<u>2,133,321</u>	<u>178,800</u>	<u>215,000</u>	<u>601,123</u>	<u>-</u>	<u>5,278,713</u>

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

(Unaudited but reviewed)

Capital Nomura Securities Public Company Limited

Statements of cash flows

For the nine-month period ended 30 September 2018

	(Unit: Thousand Baht)	
	2018	2017
Cash flows from operating activities		
Profit before income tax	190,049	481,283
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	38,353	34,380
Doubtful accounts	106,222	635
Gain on revaluation of investments	(48,325)	(5,463)
Gain on disposal securities	(51)	(135,288)
Loss (gain) on disposal and written-off equipment	196	(1)
Loss on derivatives/exchange rate	20	3,234
Financial costs	71,445	58,614
Interest and dividend income	(51,831)	(44,600)
Interest income from margin loans	(288,850)	(262,292)
Others interest income	(915)	(1,019)
Long-term employee benefits	6,683	6,428
Income from operating activities before changes in operating assets and liabilities	22,996	135,911
Operating assets (increase) decrease		
Receivables from Clearing House and broker-dealers	252,865	(224,450)
Securities and derivatives business receivables	1,450,007	(949,018)
Trading securities	204,273	(167,910)
Other assets	2,637	(60,711)
Operating liabilities increase (decrease)		
Borrowings from financial institutions	(1,550,000)	650,000
Payables to Clearing House and broker-dealers	(630,729)	94,170
Securities and derivatives business payables	364,613	573,720
Debt issued and other borrowings	298,302	-
Provision for long-term employee benefits	-	(595)
Other liabilities	(34,114)	(8,596)
Cash received from operating activities	380,850	42,521

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

(Unaudited but reviewed)

Capital Nomura Securities Public Company Limited

Statements of cash flows (Continued)

For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	2018	2017
Cash received from dividend	13,965	2,306
Cash paid for interest expenses (included other financial costs)	(71,810)	(64,004)
Cash received from interest	7,286	9,237
Cash received from interest on margin loans	296,398	263,490
Cash received from other interest	1,132	1,087
Cash paid for income tax	(66,027)	(131,752)
Net cash from operating activities	561,794	122,885
Cash flows from investing activities		
Cash paid for purchase of available-for-sale securities	-	(6,296)
Cash received from disposal of available-for-sale securities	1,583	105,857
Net cash received (paid) from held-to maturity debt securities	(82,464)	2,750
Cash paid for purchase of other investment	(257)	-
Cash received from disposal of other investment	-	136,767
Cash paid for acquisition of equipment	(18,535)	(2,449)
Cash received from sales of equipment	190	1
Cash paid for acquisition of intangible assets	(14,961)	(3,127)
Cash received from interest	25,058	31,883
Cash received from dividend	351	592
Net cash from (used in) investing activities	(89,035)	265,978
Cash flows from financing activities		
Dividends paid	(451,598)	(387,085)
Net cash using in financing activities	(451,598)	(387,085)
Net increase in cash and cash equivalents	21,161	1,778
Cash and cash equivalents at the beginning of the period	280,287	437,957
Cash and cash equivalents at the end of the period	301,448	439,735

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

Capital Nomura Securities Public Company Limited

Notes to interim financial statements

For the three-month and nine-month periods ended 30 September 2018

1. General information

1.1 The Company's 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 and derivatives with business of securities brokerage, derivatives brokerage, selling agent, securities dealing, securities borrowing and lending services, investment and financial advisory and securities underwriting.

The registered office of the Company is at 25 Bangkok Insurance Building, 15th - 17th Floor, South Sathorn Road, Tungmahamak, Sathorn, Bangkok. As at 30 September 2018, the Company has 16 branches including a headquarter, 15 branches in Bangkok and up country.

1.2 Basis of the preparation of the interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in equity, and cash flows in the same format as that used for the annual financial statements, and the presentation of the financial statements has been made 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 (version 2) No. Sor. Thor. 22/2559 dated 2 June 2016.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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.

1.3 New financial reporting standards

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

During the period, the Company has adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

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

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards are summarized below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

Thai Financial Reporting Standards related to financial instruments

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32	Financial Instruments: Presentation
--------	-------------------------------------

Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

2. Cash and cash equivalents

	(Unit: Thousand Baht)	
	30 September 2018	31 December 2017
Cash	68	71
Current deposits and saving deposits	685,461	948,631
Promissory notes at call	216,000	170,000
Total cash and cash equivalents	901,529	1,118,702
Less: Deposits for customers' account	(600,081)	(838,415)
Cash and cash equivalents	301,448	280,287

	(Unit: Thousand Baht)	
	For the nine-month periods ended 30 September	
	2018	2017

Supplemental cash flows information

Non-cash transactions

Accounts payable for purchase of fixed assets
and intangible assets

596 478

3. Receivables from Clearing House and broker-dealers

	(Unit: Thousand Baht)	
	30 September 2018	31 December 2017
Receivables from Clearing House		
Equity and debt securities	491,282	743,722
Derivatives	130,722	99,900
Total receivables from Clearing House and broker-dealers	622,004	843,622
Less: Receivables from Clearing House for customers' accounts	(95,960)	(64,692)
Receivables from Clearing House and broker-dealers	526,044	778,930

4. Securities and derivatives business receivables

(Unit: Thousand Baht)

	30 September 2018	31 December 2017
<u>Securities business receivables</u>		
Cash accounts	974,781	1,750,002
Credit balances receivables	6,759,824	8,190,551
Guaranteed deposit receivables	736,513	388,315
Receivables under securities borrowing and lending business	637,982	335,070
Other receivables	114,076	9,283
Total securities business receivables	9,223,176	10,673,221
Add: Accrued interest receivables	27,777	35,326
Less: Allowance for doubtful accounts	(113,193)	(6,971)
Net securities business receivables	9,137,760	10,701,576
<u>Derivatives business receivables</u>		
Derivatives business receivables	365	327
Total derivatives business receivables	365	327
Net securities and derivatives business receivables	9,138,125	10,701,903

- 4.1** As at 30 September 2018, the Company has securities business receivables of approximately Baht 113 million on which the recognition of income on an accrual basis has been suspended (31 December 2017: Baht 7 million).
- 4.2** As at 30 September 2018 and 31 December 2017, 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: Million Baht)

	30 September 2018		
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal	9,138	-	9,138
Substandard	106	(106)	-
Doubtful	7	(7)	-
Total	9,251	(113)	9,138

(Unaudited but reviewed)

(Unit: Million Baht)

	31 December 2017		
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal	10,700	-	10,700
Substandard	2	-	2
Doubtful	7	(7)	-
Total	10,709	(7)	10,702

4.3 On 23 January 2018, the Company received an order from a government agency to hold all collateral of a credit balance receivable. On 3 May 2018, the Company received an order from the government agency to unfreeze part of the collateral. As of 30 September 2018, the credit balance receivable outstanding was Baht 106 million with the total collateral value of Baht 233 million which has been frozen. The Company is on the legal process to claim for the whole receivable amount and request the court to unfreeze such collateral in accordance with relevant laws. For prudent reason, the Company set up the allowance for doubtful account for this at Baht 106 million and classified such account balance as substandard.

4.4 As at 30 September 2018, guaranteed deposit receivables of approximately Baht 737 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 654 million (31 December 2017: Baht 388 million and Baht 348 million, respectively).

5. Derivative assets/liabilities

(Unit: Thousand Baht)

	30 September 2018		
	Fair value		Notional amount
	Assets	Liabilities	
<u>Trading derivatives</u>			
Futures ⁽¹⁾	-	-	460,892
Total	-	-	460,892

⁽¹⁾ Futures contracts are cash settlement. Real exposure is difference between cost of futures contracts and underlying assets level on settlement date, fair value of outstanding futures contracts as at the end of period included in "Receivables from Clearing House and broker-dealers". As at 30 September 2018, the fair value of derivative assets and liabilities for futures contracts are Baht 9 million and Baht 16 million respectively.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	31 December 2017		
	Fair value		Notional amount
	Assets	Liabilities	
<u>Trading derivatives</u>			
Futures ⁽¹⁾	-	-	606,298
Total	-	-	606,298

⁽¹⁾ Futures contracts are cash settlement. Real exposure is difference between cost of futures contracts and underlying assets level on settlement date, fair value of outstanding futures contracts as at the end of period included in "Receivables from Clearing House and broker-dealers". As at 31 December 2017, the fair value of derivative assets and liabilities for futures contracts are Baht 7 million and Baht 14 million respectively.

6. Investments

6.1 Classify by type of investments

(Unit: Thousand Baht)

	30 September 2018		31 December 2017	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<u>Trading securities</u>				
Listed equity securities	389,809	454,503	594,081	609,604
Total	389,809	454,503	594,081	609,604
Add: Allowance for revaluation	64,694		15,523	
Net trading securities	454,503		609,604	
<u>Available-for-sale securities</u>				
Unit trusts	-	-	1,532	1,566
Total	-	-	1,532	1,566
Add: Allowance for revaluation	-		34	
Net available-for-sale securities	-		1,566	
<u>Held-to-maturity debt securities</u>				
Deposits subject to restriction	84,086		1,622	
Treasury bill	2,728,713		2,572,907	
Total	2,812,799		2,574,529	
Less: Investments for customer's accounts	(2,718,700)		(2,566,417)	
Net held-to-maturity debt securities	94,099		8,112	

(Unaudited but reviewed)

(Unit: Thousand Baht)

	30 September 2018		31 December 2017	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
<u>Other investments</u>				
Non-marketable equity securities	14,452		14,195	
Less: Allowance for impairment	(9,223)		(9,223)	
Net other investments	5,229		4,972	
Net investments	553,831		624,254	

6.2 Debt securities classified by remaining periods to maturity

As at 30 September 2018 and 31 December 2017, the Company classified investments in held-to-maturity debt securities by remaining periods to maturity as follows:

(Unit: Thousand Baht)

	30 September 2018			
	Due within			
	Within 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity debt securities				
Deposits subject to restriction	84,086	-	-	84,086
Treasury bill	2,728,713	-	-	2,728,713
Less: Investments for customer's accounts	(2,718,700)	-	-	(2,718,700)
Total investments in held-to-maturity debt securities	94,099	-	-	94,099

(Unit: Thousand Baht)

	31 December 2017			
	Due within			
	Within 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity debt securities				
Deposits subject to restriction	1,622	-	-	1,622
Treasury bill	2,572,907	-	-	2,572,907
Less: Investments for customer's accounts	(2,566,417)	-	-	(2,566,417)
Total investments in held-to-maturity debt securities	8,112	-	-	8,112

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

	(Unit: Thousand Baht)	
	For the nine-month period ended 30 September 2018	For the year ended 31 December 2017
Balance - beginning of the period	27	(1,492)
Changes during the period from		
Revaluation	17	1,920
Disposal	(51)	(21)
Deferred income tax	7	(380)
Balance - end of the period	-	27

7. Premises and equipment

Movements of premises and equipment during the nine-month period ended 30 September 2018 are summarised below.

	(Unit: Thousand Baht)
Cost	
1 January 2018	515,100
Additions	19,030
Disposals/write-off	(8,382)
30 September 2018	525,748
Accumulated depreciation	
1 January 2018	399,710
Depreciation for the period	34,833
Depreciation on disposals/write-off	(7,997)
30 September 2018	426,546
Net book value	
30 September 2018	99,202

8. Deferred tax assets/liabilities and income tax

Income tax expenses for the three-month and nine-month periods ended 30 September 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Current income tax:				
Interim corporate income tax	16,722	30,813	26,800	89,384
Adjustment in respect of income tax of prior period	-	1	39	22
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,592)	(7,060)	8,010	4,070
Income tax expenses reported in the statements of comprehensive income	13,130	23,754	34,849	93,476

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Deferred tax relating to gain (loss) on re-measuring available-for-sale investments	-	(12)	7	(377)
	-	(12)	7	(377)

(Unaudited but reviewed)

Reconciliation between income tax expenses and the product of accounting profit and the applicable tax rates for the three-month and nine-month periods ended 30 September 2018 and 2017 are as follows:

	For the three-month		For the nine-month	
	periods ended		periods ended	
	30 September		30 September	
	2018	2017	2018	2017
Accounting profit before tax	64,938	118,778	190,049	481,283
Applicable tax rate	20 percent	20 percent	20 percent	20 percent
Accounting profit before tax multiplied by applicable tax rate	12,988	23,756	38,010	96,257
Adjustment in respect of income tax of prior period	-	1	39	22
Effects of:				
Non-deductible expense	211	268	539	609
Non-taxable income	(59)	(263)	(142)	(381)
Additional expense deductions allowed	(10)	(8)	(3,597)	(3,031)
Total	142	(3)	(3,200)	(2,803)
Income tax expenses reported in the statement of comprehensive income	13,130	23,754	34,849	93,476

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

	(Unit: Thousand Baht)	
	30 September 2018	31 December 2017
Deferred tax assets		
Allowance for impairment of investments	1,845	1,845
Allowance for impairment of property foreclosed	5,570	5,570
Allowance for doubtful accounts/allowance for other receivables	22,653	1,409
Provisions for long-term employee benefits	21,345	20,009
Accrued employee expenses	18,214	34,381
Others	7,910	11,095
Total deferred tax assets	77,537	74,309
Deferred tax liabilities		
Others	(12,779)	(1,548)
Total deferred tax liabilities	(12,779)	(1,548)
Net deferred tax assets	64,758	72,761

9. Other assets

	(Unit: Thousand Baht)	
	30 September 2018	31 December 2017
Loans to employees	61,187	66,493
Contribution for Securities Clearing Fund	79,021	70,708
Prepaid expenses	52,756	41,098
Deposits	18,623	17,802
Property foreclosed (net of allowance for impairment of Baht 28 million)	15,000	15,000
Accrued interest receivables	2,772	1,340
Deposits for derivative business	5,000	5,000
Fees and service income receivables	39,999	50,461
Others	3,377	11,807
Total other assets	277,735	279,709

10. Borrowings from financial institutions

As at 30 September 2018 and 31 December 2017, borrowings from financial institutions comprising domestic and foreign borrowings are classified as follows:

		(Unit: Thousand Baht)			
		30 September 2018			
	Interest rate	Remaining period to maturity			
	per annum	Less than			
	(percent)	At call	1 year	1 - 5 years	Total
Promissory notes	1.700-2.145	200,000	1,250,000	-	1,450,000
Borrowings					
Borrowings (THB)	1.644-2.680	-	500,000	300,000	800,000
Total borrowings from financial institutions		200,000	1,750,000	300,000	2,250,000

		(Unit: Thousand Baht)			
		31 December 2017			
	Interest rate	Remaining period to maturity			
	per annum	Less than			
	(percent)	At call	1 year	1 - 5 years	Total
Promissory notes	1.675 - 1.990	550,000	2,150,000	-	2,700,000
Borrowings					
Borrowings (THB)	1.644 - 3.080	-	800,000	300,000	1,100,000
Total borrowings from financial institutions		550,000	2,950,000	300,000	3,800,000

As at 30 September 2018, the above borrowings of Baht 800 million (31 December 2017: Baht 1,100 million) are borrowings from domestic bank and the Bangkok branch of the overseas banks, with maturities of 1 - 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 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.

11. Payables to Clearing House and broker-dealers

	(Unit: Thousand Baht)	
	30 September 2018	31 December 2017
Payables to Clearing House		
Equity and debt securities	-	641,074
Derivatives	8,734	1,831
Payables to foreign companies	3,520	79
Total payables to Clearing House and broker-dealers	12,254	642,984

12. Securities and derivatives business payables

	(Unit: Thousand Baht)	
	30 September 2018	31 December 2017
<u>Securities business payables</u>		
Cash accounts	1,391,556	1,673,626
Guarantee deposit payables	692,624	350,303
Payable under securities borrowing and lending business	654,326	347,720
Total securities business payables	2,738,506	2,371,649
Accrued interest payables	2,706	2,688
Total securities business payables	2,741,212	2,374,337
<u>Derivatives business payables</u>		
Derivatives business payables	959	2,356
Total derivatives business payables	959	2,356
Net securities and derivatives business payables	2,742,171	2,376,693

13. Debt issued and other borrowings

(Unit: Thousand Baht)

30 September 2018				
	Interest	Remaining period to maturity		
	rate/discount			
	Per annum (percent)	Less than 1 year	1 - 5 years	More than 5 years
				Total
Debt issued				
Bills of exchange				
(Zero - coupon note with				
Baht 300 million face value)	1.64	298,302	-	-
Total		298,302	-	-

14. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	For the nine-month period ended 30 September 2018	For the year ended 31 December 2017
Provisions for long-term employee benefits at beginning of period/year	100,043	92,068
Included in profit or loss:		
Current service cost	5,020	6,548
Interest cost	1,663	2,022
Included in other comprehensive income:		
Actuarial loss arising from		
Demographic assumptions changes	-	-
Financial assumptions changes	-	-
Experience adjustments	-	-
Benefits paid during the period/year	-	(595)
Provisions for long-term employee benefits at end of period/year	106,726	100,043

(Unaudited but reviewed)

Long-term employee benefit expenses included in the profit or loss for the three-month and the nine-month periods ended 30 September 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Current service cost	1,673	1,637	5,020	4,911
Interest cost	555	506	1,663	1,517
Total expense recognized in profit or loss	2,228	2,143	6,683	6,428

Principal actuarial assumptions at the valuation date were as follows:

	30 September 2018	31 December 2017
Discount rate	2.10 - 2.16 percent per annum	2.10 - 2.16 percent per annum
Salary increase rate	5 - 7 percent per annum	5 - 7 percent per annum
Average turnover rate	3 - 25 percent per annum based on employee's year of services	3 - 25 percent per annum based on employee's year of services

15. Other liabilities

	(Unit: Thousand Baht)	
	30 September 2018	31 December 2017
Accrued employee expenses	105,061	186,203
Accrued interest expenses	11,984	12,368
Accrued expenses	46,764	72,918
Others	120,375	46,597
Total other liabilities	284,184	318,086

16. Brokerage fee income

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Brokerage fee from securities business	159,031	194,391	538,357	599,071
Brokerage fee from derivatives business	17,268	11,915	58,916	31,014
Total brokerage fees income	176,299	206,306	597,273	630,085

17. Fees and service income

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Underwriting fee	4,421	8,666	4,441	23,793
Financial advisory	1,700	6,200	3,000	14,710
Selling agent	50,079	71,558	189,067	208,751
Securities borrowing and lending	5,310	5,806	24,861	16,071
Business support	16,820	17,102	63,353	31,515
Others	318	693	1,055	1,975
Total fees and service income	<u>78,648</u>	<u>110,025</u>	<u>285,777</u>	<u>296,815</u>

18. Gain and return on financial instruments

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Gain on securities	19,135	20,883	31,344	157,318
Gain (loss) on derivatives	(17,221)	(8,051)	(13,199)	8,485
Interest and dividend	<u>16,871</u>	<u>14,840</u>	<u>51,831</u>	<u>44,599</u>
Total gain and return on financial instruments	<u>18,785</u>	<u>27,672</u>	<u>69,976</u>	<u>210,402</u>

19. 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.

20. Dividends

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

	Approved by	Total dividend declaration (Million Baht)	Dividend declaration per share (Baht)
Dividends from the operating results for the year ended 31 December 2017	The annual ordinary meeting of the Company's shareholders No. 1/2561 on 27 April 2018	452	0.21 (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 2016	The annual ordinary meeting of the Company's shareholders No. 1/2560 on 26 April 2017	387	0.18 (from 2,150,469,000 ordinary shares at par value of Baht 1 each)

21. Related party transactions

During the periods, 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
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.

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		(Unit: Thousand Baht)
	2018	2017	2018	2017	Pricing policies (for the period 2018)
<u>Transactions occurred during the periods</u>					
Brokerage fees income					
- Nomura International Plc.	-	-	97	38	At normal rate charged to other clients
- Instinet Pacific Limited	12,229	15,896	43,926	64,890	At normal rate charged to other clients
- Director	-	3	115	3	At normal rate charged to other clients
Fees income from business support services					
- Nomura Singapore Limited	3,870	4,020	11,610	12,060	At actual costs plus a margin of 10 percent
Fees income from international investment banking services					
- Nomura Singapore Limited	8,190	4,820	23,747	14,782	At actual costs plus a margin of 10 percent
Fees income from introducing broker					
- Nomura Singapore Limited	267	547	512	1,555	Based on actual executed transactions of our referred customers and at the rate as indicate in the agreement referred to similar business
Fees income from securities borrowing and lending					
- Nomura International Plc.	-	-	58	18	At normal rate charged to other clients
- Instinet Pacific Limited	75	16	386	77	At normal rate charged to other clients
Fees income from other services					
- Nomura Securities Co., Ltd.	1,423	-	11,833	6,092	At the contract rate determined by extend and amount of work assigned
- Nomura International (Hong Kong) Limited	-	8,331	-	8,507	At the contract rate determined by extend and amount of work assigned
- Nomura Singapore Limited	-	-	1,455	-	At the contract rate determined by extend and amount of work assigned

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		(Unit: Thousand Baht)
	2018	2017	2018	2017	Pricing policies (for the period 2018)
<u>Transactions occurred during the period (continued)</u>					
Fee income from sales and trading services and research					
- Nomura Singapore Limited	3,337	-	14,708	(9,681) ¹	At actual costs plus a margin of 10 percent net with the brokerage commission received
Fee income from late delivery					
- Instinet Pacific Limited	115	10	525	1,049	At normal rate charged to other clients
Fee expenses from Hi-speed circuit service					
- United Information Highway Co., Ltd.	597	546	1,590	1,639	At the same rate charged to other clients without dependent interest
Brokerage fees expense from foreign securities trading					
- Nomura Singapore Limited	8	8	17	25	Calculated based on trade volume and at the referential rate charged to other clients without dependent interest
Referral Fees					
- Nomura International (Hong Kong) Limited	-	218	-	218	Calculated base on the proportionate rate of underwriting fees received from clients which was the same rate paid to others non related parties
- Nomura Securities Co., Ltd.	-	437	-	437	Calculated base on the proportionate rate of underwriting fees received from clients which was the same rate paid to others non related parties

Remark: ¹ Refund of over receipt of service fee relating to agreement for provision of services.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		Pricing policies
	2018	2017	2018	2017	(for the period 2018)
<u>Transactions occurred during the period (continued)</u>					
Funding cost from trading fixed income in foreign currency					
- Nomura Singapore Limited	-	134	-	134	At normal rate charged to other clients
- Nomura International (Hong Kong) Limited	-	269	-	269	At the contract rate determined by extend and amount of work assigned
Interest received from loans to employees					
- Director	-	1	-	4	At the same rate charged to other Company's staffs

As at 30 September 2018 and 31 December 2017, the outstanding balances of the related parties transactions are as follows:

	(Unit: Thousand Baht)	
	30 September 2018	31 December 2017
Securities business receivables		
- Instinet Pacific Limited	74,539	192,013
Other assets - accrued income receivables		
- Nomura Singapore Limited	19,695	18,263
Other assets - loan to employees		
- Director	-	129
Other assets - Securities borrowing and Lending receivables		
- Instinet Pacific Limited	5	11
Other assets - others		
- Nomura Singapore Limited	-	109
- Nomura Securities Co., Ltd.	-	580
- Nomura Holdings, Inc.	-	48
Securities business payables		
- Instinet Pacific Limited	401,867	196,984
Other liabilities		
- Instinet Pacific Limited	-	15,031

Management's remuneration

During the three-month and nine-month periods ended 30 September 2018 and 2017, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2018	2017	2018	2017
Short-term employee benefits	25,669	22,623	70,187	72,460
Post-employment benefits	1,450	1,200	3,951	3,600
Total	27,119	23,823	74,138	76,060

22. Operating information by segment

The Company is organised into business units based on its products and services. During the period, the Company has not changed the organization of their reportable segments.

Below is the financial information as at 30 September 2018 and 31 December 2017, and for the three-month and nine-month periods ended 30 September 2018 and 2017 of the Company by segment.

	(Unit: Million Baht)									
	For the three-month periods ended 30 September									
	Securities business segment		Investments banking segment		Fixed income segment		Other segments		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Total revenue	233	270	14	39	4	11	6	6	257	326
Segment operating income (expenses)	44	74	1	26	1	3	3	4	49	107
Unallocated income (expenses)										
Interest on margin loans									86	86
Gain and return on financial instruments									16	19
Other income									2	2
Financial costs									(20)	(19)
Personnel expenses and other expenses									(68)	(76)
Income tax									(13)	(24)
Profit for the period									52	95

(Unaudited but reviewed)

(Unit: Million Baht)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Securities business		Investments		Fixed income		Other segments		Total	
	segment		banking segment		segment					
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Total revenue	821	829	43	79	14	28	17	18	895	954
Segment operating income	209	252	(2)	46	7	6	8	9	222	313
Unallocated income (expenses)										
Interest on margin loans									289	262
Gain and return on financial instruments									58	185
Other income									10	5
Financial costs									(71)	(59)
Personnel expenses and other expenses									(212)	(225)
Bad Debt and doubtful accounts									(106)	-
Income tax									(35)	(93)
Profit for the period									155	388

(Unit: Million Baht)

As at

	Securities business		Investments banking		Fixed income		Other segments		Total	
	segment		segment		segment					
	30	31	30	31	30	31	30	31	30	31
	September	December	September	December	September	December	September	December	September	December
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Premises and equipment - net									99	115
Unallocated assets									10,887	12,751
Total assets									10,986	12,866

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 nine-month periods ended 30 September 2018 and 2017, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

23. Commitments and contingent liabilities

As at 30 September 2018 and 31 December 2017, the Company has the following outstanding commitments and contingent liabilities.

- 23.1** 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 September 2018	31 December 2017
Within 1 year	58	35
In 1-2 years	50	17
Over 2 years	24	11

- 23.2** 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.
- 23.3** 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.
- 23.4** The Company has commitments to pay a fee to the Office of the Securities and Exchange Commission in relation to securities business licenses at the rate of 0.001 percent of its trading volume in the Stock Exchange of Thailand. For commission received from securities trading, underwriting and others which the Company has licenses, the fee is charged at the rate of 1 percent of income from the aforesaid activities. For securities trading of funds, the fee is charged at the rate of 0.001 percent of sale volume of funds. The minimum total fee is Baht 25,000 per annum and the maximum total fee is Baht 10,000,000 per annum.
- 23.5** The Company has commitments to pay a fee to the Office of the Securities and Exchange Commission in relation to derivatives business licenses at the rate of Baht 0.10 per contract and Baht 0.01 per contract for single stock futures with underlying price not over Baht 100. The minimum total fee is Baht 25,000 per annum and the maximum total fee is Baht 1,000,000 per annum.

23.6 As at 30 September 2018, there has been a criminal lawsuit brought by an individual against the Company accusing the Company of fraud, without any claim for civil compensation. On 16 March 2018, the Court of First Instance sentenced the Company to pay a fine of Baht 120,000. The Company disagrees with the findings and the judgment, and has already filed the appeal with the Court of Appeal. The Court of First Instance dismissed the charges in respect of the Securities and Exchange Act B.E. 2535 (1992) violation. The Plaintiff appealed for the charges. On 5 November 2018, the Company has filed the answer/response to the Plaintiff's appeal. Therefore, the Company has not yet set aside any provision for potential loss in the accounts.

24. Fair value

As of 30 September 2018 and 31 December 2017, 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 September 2018			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Held for trade investments	454,503	-	-	454,503
Equity instruments				
Derivative assets ¹	-	-	-	-
Financial liabilities measured at fair value				
Derivative liabilities ¹	-	-	-	-

¹ Fair value of derivatives assets/liabilities - futures as at 30 September 2018 amounting to Baht 9 million and Baht 16 million, respectively, included in "Receivables from Clearing House and brokers", were measured at fair value by using Level 1 of input

(Unit: Thousand Baht)

	31 December 2017			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Held for trade investments				
Equity instruments	609,604	-	-	609,604
Available-for-sale investments				
Unit trusts	-	1,566	-	1,566
Derivative assets ¹	-	-	-	-
Financial liabilities measured at fair value				
Derivative liabilities ¹	-	-	-	-

¹ Fair value of derivatives assets/liabilities - futures as at 31 December 2017 amounting to Baht 7 million and Baht 14 million, respectively, included in "Receivables from Clearing House and brokers", were measured at fair value by using Level 1 of input

Valuation techniques and inputs to Level 2 valuation

- a) 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.
- b) The fair value of unit trusts has been determined by using the net asset value per unit as announced by the fund managers. For investment in non-marketable equity securities, their fair value is based on their net book value.

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

25. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's board of directors on 12 November 2018.