

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

Independent Auditor's Report

To the Shareholders of Capital Nomura Securities Public Company Limited

Report on Audit of Financial Statements

Opinion

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 2018, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 2018, its financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the *Code of Ethics for Professional Accountants* as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures responded to each matter are described below.

1. Recognition of brokerage fees and interest on margin loans

The Company's income mainly consisted of brokerage fees and interest on margin loans, amounting to Baht 421 million and Baht 203 million, respectively, representing 47 percent and 23 percent of the Company's total revenue. The Company charges brokerage fees at variable percentages of trading volume, based on the type of customer and their trading volume, whereas interest on margin loans is charged at rates that are adjusted periodically based on market conditions. Because the size and volume of transactions, the number of customers and the fees charged to customers depend on various factors, and the recognition of revenue from brokerage fees and interest on margin loans relies primarily on data processing by information systems, I addressed the correct measurement and occurrence of brokerage fees and interest on margin loans as a key audit matter.

Key audit procedures I performed were as follows. Assessed, and tested on a sample basis, the Company's internal controls relevant to the recognition of brokerage fees and interest on margin loans, including information and technology system controls relevant to the calculation of brokerage fees and interest on margin loans. I also tested, on a sample basis, the brokerage fee rates, interest rates, calculation and account recording. In addition, I performed substantive analytical procedures relating to the brokerage fees and interest on margin loans.

2. Allowance for doubtful accounts for securities and derivatives business receivables

As discussed in Note 4.8 to the financial statements, the allowance for doubtful accounts for securities and derivatives business receivables is determined through consideration of the status of accounts receivables and the value of the collateral. The estimation of the allowance for doubtful accounts for securities and derivatives business receivables is significant because the significance of the amount of the receivables to the Company's financial statements, with securities and derivatives business receivables amounting to Baht 9,324 million as at 30 June 2018, representing 81 percent of the Company's total assets. Therefore, I addressed the adequacy of the allowance for doubtful accounts for such receivables as a key audit matter.

Key audit procedures I performed were as follows:

- Assessed, and tested on a sample basis, the Company's internal controls relevant to the status of account receivables, calculation of collateral value, calculation of allowance for doubtful debts and the recording of allowance for doubtful accounts. I also assessed the Company's method applied to the determination and calculation of the allowance, and compared the Company's policy with regulatory requirements and tested certain controls over the IT systems relevant to the calculation of the collateral value and revaluation adjustments of the fair value of collateral.
- Examined the allowance for doubtful accounts as at the period-end date by testing the status of outstanding debts, valuation of collateral, debt collection made after the period-end date and the calculation of the allowance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report

Review Report of Interim Financial Information

I have reviewed the accompanying statements of comprehensive income and notes to the financial statements for the three-month period ended 30 June 2018 ("Interim financial information") of Capital Nomura Securities Public Company Limited. 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: 27 August 2018

Capital Nomura Securities Public Company Limited

Statement of financial position

As at 30 June 2018

		(Unit: Baht)	
	Note	30 June 2018	31 December 2017
Assets			
Cash and cash equivalents	6	397,957,739	280,286,527
Receivables from Clearing House and broker-dealers	7	907,103,712	778,929,544
Securities and derivatives business receivables	8	9,323,561,251	10,701,902,950
Investments	10	456,646,655	624,254,089
Premises and equipment	11	99,811,152	115,390,413
Intangible assets	12	15,587,656	12,927,428
Deferred tax assets	13	61,166,598	72,761,438
Other assets	14	297,839,374	279,708,424
Total assets		11,559,674,137	12,866,160,813

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 2018

(Unit: Baht)

	Note	30 June 2018	31 December 2017
Liabilities and equity			
Liabilities			
Borrowings from financial institutions	15	3,000,000,000	3,800,000,000
Payables to Clearing House and broker-dealers	16	3,702,393	642,983,634
Securities and derivatives business payables	17	2,679,890,969	2,376,692,900
Corporate income tax payables		2,520,010	53,217,273
Debt issued and other borrowings	18	299,517,276	-
Provisions for long-term employee benefits	19	104,498,549	100,043,281
Other liabilities	20	242,640,083	318,085,120
Total liabilities		6,332,769,280	7,291,022,208
Equity			
Share capital - Registered, issued and paid-up			
2,150,469,000 ordinary shares of Baht 1 each		2,150,469,000	2,150,469,000
Premium on share capital and treasury stock		2,133,320,850	2,133,320,850
Retained earnings			
Appropriated - statutory reserve	21	178,800,000	178,800,000
- general reserve		215,000,000	215,000,000
Unappropriated		549,315,007	897,521,441
Other components of equity - revaluation	10.3		
surplus on investments		-	27,314
Total equity		5,226,904,857	5,575,138,605
Total liabilities and equity		11,559,674,137	12,866,160,813

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 2018

(Unit: Baht)

	Note	For the three-month periods		For the six-month periods	
		ended 30 June		ended 30 June	
		2018	2017	2018	2017
		(Unaudited but reviewed)	(Unaudited but reviewed)	(Audited)	(Audited)
Profit or loss:					
Revenue					
Brokerage fees	23	180,940,618	178,296,126	420,974,096	423,778,891
Fees and service income	24, 29	68,705,433	83,766,654	207,129,170	186,789,793
Interest on margin loans		99,204,121	85,557,626	202,639,260	176,054,959
Gain and return on financial instruments	25	34,788,101	159,350,681	51,190,767	182,730,382
Other income		4,799,036	2,203,229	7,604,167	3,153,141
Total revenue		388,437,309	509,174,316	889,537,460	972,507,166
Expenses					
Personnel expenses		159,077,608	152,639,928	333,628,432	313,099,705
Fees and services expenses		44,369,303	55,094,192	126,757,165	124,184,449
Financial costs		24,706,424	18,902,477	50,858,665	39,808,499
Bad debt and doubtful accounts		41,152,238	67,972	106,221,776	635,344
Other expenses		69,255,749	65,580,470	146,960,744	132,273,605
Total expenses		338,561,322	292,285,039	764,426,782	610,001,602
Profit before income tax		49,875,987	216,889,277	125,110,678	362,505,564
Income tax	13	(10,153,794)	(43,467,086)	(21,718,622)	(69,722,073)
Profit for the period		39,722,193	173,422,191	103,392,056	292,783,491

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 2018

(Unit: Baht)

	Note	For the three-month periods		For the six-month periods	
		ended 30 June		ended 30 June	
		2018	2017	2018	2017
		(Unaudited but reviewed)	(Unaudited but reviewed)	(Audited)	(Audited)
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					
		(46,552)	1,604,688	(34,143)	1,823,735
Income tax relating to gain (loss) on change in value of available-for-sale investments					
	13	9,310	(320,938)	6,829	(364,747)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods					
		(37,242)	1,283,750	(27,314)	1,458,988
Total comprehensive income (loss) for the period					
		(37,242)	1,283,750	(27,314)	1,458,988
Total comprehensive income for the period					
		<u>39,684,951</u>	<u>174,705,941</u>	<u>103,364,742</u>	<u>294,242,479</u>
Basic earnings per share					
	27				
Profit for the period					
		<u>0.02</u>	<u>0.08</u>	<u>0.05</u>	<u>0.14</u>

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 2018

(Unit: 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	2,150,469,000	2,133,320,850	155,000,000	215,000,000	832,966,523	(1,491,817)	5,485,264,556
Profit for the period	-	-	-	-	292,783,491	-	292,783,491
Other comprehensive income (loss) for the period	-	-	-	-	-	1,458,988	1,458,988
Total comprehensive income for the period	-	-	-	-	292,783,491	1,458,988	294,242,479
Dividend paid (Note 28)	-	-	-	-	(387,084,420)	-	(387,084,420)
Balance - as at 30 June 2017	<u>2,150,469,000</u>	<u>2,133,320,850</u>	<u>155,000,000</u>	<u>215,000,000</u>	<u>738,665,594</u>	<u>(32,829)</u>	<u>5,392,422,615</u>
Balance - as at 1 January 2018	2,150,469,000	2,133,320,850	178,800,000	215,000,000	897,521,441	27,314	5,575,138,605
Profit for the period	-	-	-	-	103,392,056	-	103,392,056
Other comprehensive income (loss) for the period	-	-	-	-	-	(27,314)	(27,314)
Total comprehensive income for the period	-	-	-	-	103,392,056	(27,314)	103,364,742
Dividend paid (Note 28)	-	-	-	-	(451,598,490)	-	(451,598,490)
Balance - as at 30 June 2018	<u>2,150,469,000</u>	<u>2,133,320,850</u>	<u>178,800,000</u>	<u>215,000,000</u>	<u>549,315,007</u>	<u>-</u>	<u>5,226,904,857</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 2018**

	(Unit: Baht)	
	2018	2017
Cash flows from operating activities		
Profit before income tax	125,110,678	362,505,564
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	25,545,635	22,747,377
Doubtful accounts	106,221,776	635,344
(Gain) loss on revaluation of investments	(43,519,320)	2,117,378
Gain on disposal securities	(50,735)	(135,337,043)
Gain on disposal and written-off equipment	(17,937)	(1,211)
(Gain) loss on derivatives/exchange rate	4,377,172	(1,852,924)
Financial costs	50,858,665	39,808,499
Interest and dividend income	(34,959,420)	(29,759,321)
Interest income from margin loans	(202,639,260)	(176,054,959)
Others interest income	(610,939)	(722,013)
Long-term employee benefits	4,455,268	4,284,938
Income from operating activities before changes in operating assets and liabilities	34,771,583	88,371,629
Operating assets (increase) decrease		
Receivables from Clearing House and broker-dealers	(132,551,340)	366,803,622
Securities and derivatives business receivables	1,268,186,716	(778,971,765)
Trading securities	268,358,723	6,725,322
Other assets	(18,393,561)	(29,820,039)
Operating liabilities increase (decrease)		
Borrowings from financial institutions	(800,000,000)	-
Payables to Clearing House and broker-dealers	(639,281,242)	33,271,676
Securities and derivatives business payables	306,739,965	249,913,118
Debt issued and other borrowings	299,517,276	-
Provision for long-term employee benefits	-	(419,228)
Other liabilities	(75,584,558)	(62,702,854)
Cash received from (paid for) operating activities	511,763,562	(126,828,519)

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 2018**

	(Unit: Baht)	
	2018	2017
Cash received from dividend	10,674,420	211,040
Cash paid for interest expenses (included other financial costs)	(50,955,277)	(43,225,364)
Cash received from interest	6,076,323	8,174,497
Cash received from interest on margin loans	207,261,202	178,967,401
Cash received from other interest	(342,014)	496,431
Cash paid for income tax	(60,814,216)	(75,988,615)
Net cash from (used in) operating activities	623,664,000	(58,193,129)
Cash flows from investing activities		
Cash paid for purchase of available-for-sale securities	-	(6,295,575)
Cash received from disposal of available-for-sale securities	1,582,615	105,756,797
Net cash received (paid) for held-to maturity debt securities	(62,316,844)	(32,831)
Cash paid for purchase other investment	(256,800)	-
Cash received from disposal of other investment	-	136,766,631
Cash paid for acquisition of equipment	(7,361,832)	(1,724,766)
Cash received from sales of equipment	183,010	1,215
Cash paid for acquisition of intangible assets	(4,249,524)	(2,157,615)
Cash received from interest	17,815,302	21,283,544
Cash received from dividend	209,775	592,331
Net cash from (used in) investing activities	(54,394,298)	254,189,731
Cash flows from financing activities		
Dividends paid	(451,598,490)	(387,084,420)
Net cash used in financing activities	(451,598,490)	(387,084,420)
Net decrease in cash and cash equivalents	117,671,212	(191,087,818)
Cash and cash equivalents at the beginning of the period	280,286,527	437,956,441
Cash and cash equivalents at the end of the period	397,957,739	246,868,623

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

Capital Nomura Securities Public Company Limited

Notes to financial statements

For the six-month period ended 30 June 2018

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 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 June 2018, the Company has 17 branches including a headquarter, 16 branches in Bangkok and up country.

2. Basis of the preparation of the financial statements

These financial statements for the six-month period ended 30 June 2018 have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and they are presented in compliance with 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 statements of comprehensive income and notes to the financial statements for the three-month period ended 30 June 2018 are prepared in accordance with Thai Accounting Standard No. 34 (revised 2017) “Interim Financial Reporting”, whereby the Company chooses to present the statements of comprehensive income and notes to the financial statements in the same full format as that used for the annual financial statements.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language interim financial statements.

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

3. New financial reporting standards

(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 standard 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. Key principles of this standard 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.

At present, the management of the Company is evaluating the impact of this standard to the financial statements in the year when it is adopted.

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 and return on financial instruments

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.

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.

d) 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 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 base on the close price quoted on the Stock Exchange of Thailand of the last working day of the period.

The Company adjust the balance of securities borrowing payables for which the borrowed securities have been sold short based on the latest offer price quoted on the Stock Exchange of Thailand on the last working day of the period. The change in value are recorded 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 or the first in - first out (FIFO) 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 and broker-dealers

Receivables from/payables to Clearing House and broker-dealers 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 plus any additional specific loans which may not be fully recovered. 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 legislation.

Deferred tax

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

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

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

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

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 Borrowings from financial institution

Borrowings from financial institution is recognised initially at the fair value of the proceeds received. borrowings from financial institution is subsequently stated at amortised cost, using the effective interest method. Any difference between proceeds and the redemption value is recognised in the statements of comprehensive income over the period of the borrowings.

4.15 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.

4.16 Debt issued

Debt issued is recognised initially at the fair value of the proceeds received. Debt issued is subsequently stated at amortised cost, using the effective interest method. Any difference between proceeds and the redemption value is recognised in the statements of comprehensive income over the period of the borrowings.

4.17 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.

4.18 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.

4.19 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.

4.20 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.

4.21 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.

4.22 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.

4.23 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 categories within the fair value hierarchy into three levels based on categories 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 2018	31 December 2017
Cash	68,350	71,050
Current deposits and saving deposits	923,929,883	948,631,231
Promissory notes at call	405,000,000	170,000,000
Total cash and cash equivalents	1,328,998,233	1,118,702,281
Less: Deposits for customers' account	(931,040,494)	(838,415,754)
Cash and cash equivalents	<u>397,957,739</u>	<u>280,286,527</u>

	(Unit: Baht)	
	For the six-month period ended 30 June	
	2018	2017

Supplemental cash flows information

Non-cash transactions

Accounts payable for purchase of fixed assets
and intangible assets

673,897

518,574

7. Receivables from Clearing House and broker-dealers

	(Unit: Baht)	
	30 June 2018	31 December 2017
Receivables from Clearing House		
Equity and debt securities	807,493,612	743,722,273
Derivatives	153,898,191	99,899,467
Receivables from foreign companies	9,024,472	-
Total receivables from Clearing House and broker-dealers	970,416,275	843,621,740
Less: Receivables from Clearing House for customers' accounts	(63,312,563)	(64,692,196)
Receivables from Clearing House and broker-dealers	<u>907,103,712</u>	<u>778,929,544</u>

8. Securities and derivatives business receivables

	(Unit: Baht)	
	30 June 2018	31 December 2017
<u>Securities business receivables</u>		
Cash accounts	746,554,033	1,750,002,229
Credit balances receivables	6,953,840,532	8,190,550,970
Guaranteed deposit receivables	870,123,891	388,315,119
Receivables under securities borrowing and lending business	682,276,281	335,069,442
Other receivables	151,558,121	9,282,668
Total securities business receivables	9,404,352,858	10,673,220,428
Add: Accrued interest receivables	31,392,724	35,325,931
Less: Allowance for doubtful accounts	(113,192,517)	(6,970,741)
Net securities business receivables	<u>9,322,553,065</u>	<u>10,701,575,618</u>
<u>Derivatives business receivables</u>		
Derivatives business receivables	1,008,186	327,332
Total derivatives business receivables	<u>1,008,186</u>	<u>327,332</u>
Net securities and derivatives business receivables	<u>9,323,561,251</u>	<u>10,701,902,950</u>

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

8.2 As at 30 June 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. The classification is as follows:

(Unit: Thousand Baht)

	30 June 2018		
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal	9,284,481	-	9,284,481
Substandard	145,302	(106,222)	39,080
Doubtful	6,971	(6,971)	-
Total	9,436,754	(113,193)	9,323,561

(Unit: Thousand Baht)

	31 December 2017		
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal	10,699,565	-	10,699,565
Substandard	2,338	-	2,338
Doubtful	6,971	(6,971)	-
Total	10,708,874	(6,971)	10,701,903

8.3 On 23 January 2018, the Company received a letter from a government agency to hold all collateral of a credit balance receivable. On 3 May 2018, the Company received a letter from that government agency to unfreeze the partial of collateral. As of 30 June 2018, the credit balance receivable outstanding was Baht 143 million and interest receivable was Baht 1 million, totally Baht 144 million with the frozen collateral value of Baht 230 million. The Company is on the process of requesting to unfreeze more collateral in accordance with the principles and conditions of the Securities and Exchange Act B.E. 2535. Regarding events after the reporting period, this credit balance receivable outstanding and interest receivable was totally Baht 106 million. 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.

8.4 As at 30 June 2018, guaranteed deposit receivables of approximately Baht 870 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 682 million (31 December 2017: Baht 388 million and Baht 335 million, respectively).

8.5 Allowance for doubtful accounts

(Unit: Thousand Baht)

	For the six-month	
	period ended	For the year ended
	30 June 2018	31 December 2017
Balance - beginning of the period	6,971	6,335
Change during the period	106,222	636
Balance - end of the period	113,193	6,971

9. Derivative assets/liabilities

The Company have futures contracts, derivatives held for trading, which are cash settlement. Real exposure is a 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/year included in "Receivables from Clearing House and broker-dealers". As at 30 June 2018, the fair values of derivative assets and liabilities - futures contracts are Baht 21 million and Baht 32 million, respectively. (31 December 2017, the fair values of derivative assets and liabilities - futures contracts are Baht 7 million and Baht 14 million, respectively.) Notional amount of futures contracts are Baht 367 million. (31 December 2017: Baht 606 million).

10. Investments

10.1 Classify by type of investments

(Unit: Baht)

	30 June 2018		31 December 2017	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
<u>Trading securities</u>				
Listed equity securities	226,347,460	281,410,000	594,081,460	609,604,340
Debt securities	99,356,902	99,375,277	-	-
Total	325,704,362	380,785,277	594,081,460	609,604,340
Add : Allowance for revaluation	55,080,915		15,522,880	
Net trading securities	380,785,277		609,604,340	
<u>Available-for-sale securities</u>				
Unit trusts	-	-	1,531,880	1,566,023
Total	-	-	1,531,880	1,566,023
Less: Allowance for revaluation	-		34,143	
Net available-for-sale securities	-		1,566,023	

(Unit: Baht)

	30 June 2018		31 December 2017	
	Cost/		Cost/	
	Amortised cost	Fair value	Amortised cost	Fair value
<u>Held-to-maturity debt securities</u>				
Deposits subject to restriction	63,938,904		1,622,060	
Treasury bill	2,940,074,017		2,572,906,919	
Total	3,004,012,921		2,574,528,979	
Less: Investments for customer's accounts	(2,933,380,211)		(2,566,417,121)	
Net held-to-maturity debt securities	70,632,710		8,111,858	
<u>Other investments</u>				
Non-marketable equity securities	14,452,260		14,195,460	
Less: Allowance for impairment	(9,223,592)		(9,223,592)	
Net other investments	5,228,668		4,971,868	
Net investments	456,646,655		624,254,089	

10.2 Debt securities classified by remaining periods to maturity

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

(Unit: Baht)

	30 June 2018			
	Due within			
	Within 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity debt securities				
Deposits subject to restriction	63,938,904	-	-	63,938,904
Treasury bill	2,940,074,017	-	-	2,940,074,017
Less: Investments for customer's accounts	(2,933,380,211)	-	-	(2,933,380,211)
Total investments in held-to-maturity debt securities	70,632,710	-	-	70,632,710

(Unit: 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	1,622,060	-	-	1,622,060
Treasury bill	2,572,906,919	-	-	2,572,906,919
Less: Investments for customer's accounts	(2,566,417,121)	-	-	(2,566,417,121)
Total investments in held-to-maturity debt securities	8,111,858	-	-	8,111,858

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

(Unit: Baht)

	For the six-month period ended 30 June 2018	For the year ended 31 December 2017
Balance - beginning of the period	27,314	(1,491,817)
Changes during the period from		
Revaluation	16,600	1,919,927
Disposal	(50,743)	(21,013)
Deferred income tax	6,829	(379,783)
Balance - end of the period	-	27,314

11. Premises and equipment

(Unit: Baht)

	For the six-month period ended 30 June 2018					Total
	Condominium units	Office equipment	Furniture and fixtures	Motor vehicles	Work in progress	
Cost						
1 January 2018	22,704,701	304,160,567	164,323,178	23,911,946	-	515,100,392
Additions	-	1,589,289	725,646	3,917,000	1,590,411	7,822,346
Transfer in / out	-	-	71,404	-	(71,404)	-
Disposals/write-off	-	(6,750,287)	(470,546)	-	-	(7,220,833)
30 June 2018	22,704,701	298,999,569	164,649,682	27,828,946	1,519,007	515,701,905
Accumulated depreciation						
1 January 2018	18,441,571	240,047,222	135,333,135	5,888,051	-	399,709,979
Depreciation for the period	-	17,183,954	4,561,201	1,484,296	-	23,229,451
Depreciation on disposal /write-off	-	(6,743,211)	(305,466)	-	-	(7,048,677)
30 June 2018	18,441,571	250,487,965	139,588,870	7,372,347	-	415,890,753
Net book value						
30 June 2018	4,263,130	48,511,604	25,060,812	20,456,599	1,519,007	99,811,152
Depreciation for the six-month periods ended 30 June						
2017						20,350,554
2018						23,229,451

(Unit: Baht)

	For the year ended 31 December 2017					Total
	Condominium units	Office equipment	Furniture and fixtures	Motor Vehicles	Work in progress	
Cost						
1 January 2017	22,704,701	276,718,908	165,247,487	23,911,946	-	488,583,042
Additions	-	27,694,091	68,555	-	-	27,762,646
Disposals/write-off	-	(252,432)	(992,864)	-	-	(1,245,296)
31 December 2017	22,704,701	304,160,567	164,323,178	23,911,946	-	515,100,392
Accumulated depreciation						
1 January 2017	18,441,571	211,621,585	125,058,410	2,985,663	-	358,107,229
Depreciation for the year	-	28,658,306	10,866,191	2,902,388	-	42,426,885
Depreciation on disposal /write-off	-	(232,669)	(591,466)	-	-	(824,135)
31 December 2017	18,441,571	240,047,222	135,333,135	5,888,051	-	399,709,979
Net book value						
31 December 2017	4,263,130	64,113,345	28,990,043	18,023,895	-	115,390,413

As at 30 June 2018, 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 318 million (31 December 2017: Baht 314 million).

12. Intangible assets

(Unit: Baht)

	Remaining amortisation period	For the six-month period ended 30 June 2018				Balance end of the period
		Balance beginning of the period	Increase/ transfer in	Amortised	Disposals/ transfer out	
Computer software	0 – 5 years	23,441,165	4,207,817	-	-	27,648,982
Software in progress		5,592,658	4,419,357	-	(4,157,183)	5,854,832
Total intangible assets		29,033,823	8,627,174	-	(4,157,183)	33,503,814
Less: Accumulated amortisation		(16,106,395)	-	(1,809,763)	-	(17,916,158)
Net intangible assets		12,927,428	8,627,174	(1,809,763)	(4,157,183)	15,587,656

Amortisation expenses for the six-month periods ended 30 June

2017	1,927,633
2018	1,809,763

(Unit: Baht)

	Remaining amortisation period	For the year ended 31 December 2017				Balance end of the year
		Balance	Increase/ transfer in	Amortised	Disposals/ transfer out	
		beginning of the year				
Computer software	0 - 4.84 years	22,582,992	858,173	-	-	23,441,165
Software in progress		2,557,097	3,111,496	-	(75,935)	5,592,658
Total intangible assets		25,140,089	3,969,669	-	(75,935)	29,033,823
Less: Accumulated amortisation		(12,441,979)	-	(3,664,416)	-	(16,106,395)
Net intangible assets		12,698,110	3,969,669	(3,664,416)	(75,935)	12,927,428

13. Deferred tax assets/liabilities and income tax

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

(Unit: Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
	Current income tax:			
Interim corporate income tax	13,281,688	46,891,176	10,078,433	58,570,860
Adjustment in respect of income tax of prior period	38,520	20,401	38,520	20,401
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,166,414)	(3,444,491)	11,601,669	11,130,812
Income tax expense reported in the statement of comprehensive income	10,153,794	43,467,086	21,718,622	69,722,073

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

(Unit: Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
	Deferred tax relating to gain (loss) on re-measuring available-for-sale investments	9,310	(320,938)	6,829
	9,310	(320,938)	6,829	(364,747)

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 2018 and 2017 are as follows:

	(Unit: Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
Accounting profit before tax	49,875,987	216,889,277	125,110,678	362,505,564
Applicable tax rate	20 percent	20 percent	20 percent	20 percent
Accounting profit before tax multiplied by applicable tax rate	9,975,197	43,377,855	25,022,136	72,501,113
Adjustment in respect of income tax of prior period	38,520	20,401	38,520	20,401
Effects of:				
Non-deductible expense	183,982	169,774	328,324	341,979
Non-taxable income	(38,956)	(118,466)	(82,761)	(118,466)
Additional expense deductions allowed	(4,949)	17,522	(3,587,597)	(3,022,954)
Total	140,077	68,830	(3,342,034)	(2,799,441)
Income tax expenses reported in the statement of comprehensive income	10,153,794	43,467,086	21,718,622	69,722,073

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

	(Unit: Baht)	
	30 June 2018	31 December 2017
Deferred tax assets		
Allowance for impairment of investments	1,844,719	1,844,719
Allowance for impairment of property foreclosed	5,570,240	5,570,240
Allowance for doubtful accounts/allowance for other receivables	22,653,383	1,409,028
Provisions for long-term employee benefits	20,899,710	20,008,656
Accrued employee expenses	15,345,876	34,381,365
Others	5,926,324	11,095,267
Total deferred tax assets	72,240,252	74,309,275
Deferred tax liabilities		
Others	(11,073,654)	(1,547,837)
Total deferred tax liabilities	(11,073,654)	(1,547,837)
Net deferred tax assets	61,166,598	72,761,438

14. Other assets

	(Unit: Baht)	
	30 June 2018	31 December 2017
Loans to employees	63,614,594	66,492,734
Contribution for Securities Clearing Fund	77,252,074	70,707,767
Prepaid expenses	41,958,613	41,097,827
Deposits	18,580,709	17,802,281
Property foreclosed (net of allowance for impairment of Baht 28 million)	15,000,000	15,000,000
Accrued interest receivables	1,583,703	1,339,892
Deposit for derivative business	5,000,000	5,000,000
Fees and service income receivables	60,699,159	50,460,936
Others	14,150,522	11,806,987
Total other assets	297,839,374	279,708,424

15. Borrowings from financial institutions

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

	(Unit: Thousand Baht)				
	30 June 2018				
	Interest rate per annum (percent)	Remaining period to maturity			Total
		At call	Less than 1 year	1 - 5 years	
Promissory notes	1.675 - 2.27	-	2,200,000	-	2,200,000
Borrowings					
Borrowings (THB)	1.644 - 2.68	-	500,000	300,000	800,000
Total borrowings from financial institutions		-	2,700,000	300,000	3,000,000

	(Unit: Thousand Baht)				
	31 December 2017				
	Interest rate per annum (percent)	Remaining period to maturity			Total
		At call	Less than 1 year	1 - 5 years	
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 June 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 2-3 years counting from contract date. The interest is carried at fixed rates per annum, payable as specified in the loan agreements. The loan agreements contain conditions whereby the Company is obliged to pay unwinding fees 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 and broker-dealers

	(Unit: Baht)	
	30 June 2018	31 December 2017
Payables to Clearing House		
Equity and debt securities	-	641,073,800
Derivatives	3,504,921	1,830,928
Payables from foreign companies	197,472	78,906
Total payables to Clearing House and broker-dealers	<u>3,702,393</u>	<u>642,983,634</u>

17. Securities and derivatives business payables

	(Unit: Baht)	
	30 June 2018	31 December 2017
<u>Securities business payables</u>		
Cash accounts	1,163,431,840	1,673,626,103
Guarantee deposit payables	706,993,310	350,302,854
Payable under securities borrowing and lending business	801,719,131	347,719,442
Total securities business payables	<u>2,672,144,281</u>	<u>2,371,648,399</u>
Accrued interest payables	3,125,846	2,688,082
Total securities business payables	<u>2,675,270,127</u>	<u>2,374,336,481</u>
<u>Derivatives business payables</u>		
Derivatives business payables	4,620,842	2,356,419
Total derivatives business payables	<u>4,620,842</u>	<u>2,356,419</u>
Net securities and derivatives business payables	<u>2,679,890,969</u>	<u>2,376,692,900</u>

18. Debt issued and other borrowings

As at 30 June 2018 debt issued and other borrowings of Baht 299.52 million are unsecured borrowing from bill of exchange and payable at the maturity date 6 month, carrying interest at 1.6 percent fixed rate per annum.

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 2018	For the year ended 31 December 2017
Provisions for long-term employee benefits at beginning of period	100,043,281	92,068,141
Included in profit or loss:		
Current service cost	3,346,570	6,548,127
Interest cost	1,108,698	2,021,748
Benefits paid during the period	-	(594,735)
Provisions for long-term employee benefits at end of period	104,498,549	100,043,281

Long-term employee benefit expenses included in the profit or loss are as follows:

	(Unit: Baht)	
	For the six-month periods ended 30 June	
	2018	2017
Current service cost	3,346,570	3,274,064
Interest cost	1,108,698	1,010,874
Total expense recognised in profit or loss	4,455,268	4,284,938

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 2.7 million.

As at 30 June 2018, the weighted average duration of the liabilities for long-term employee benefit was 17 years.

Significant actuarial assumptions are summarised below:

	30 June 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

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 30 June 2018 and 31 December 2017 are summarised below:

(Unit: Million Baht)

	30 June 2018		31 December 2017	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(4.6)	5.0	(4.7)	5.0
Salary increase rate	5.5	(5.2)	5.1	(4.8)

(Unit: Million Baht)

	30 June 2018		31 December 2017	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Average turnover rate	(4.2)	4.6	(3.8)	4.1

20. Other liabilities

(Unit: Baht)

	30 June 2018	31 December 2017
Accrued employee expenses	90,653,644	186,202,993
Accrued interest expenses	11,832,986	12,367,363
Accrued expenses	34,065,638	72,918,175
Others	106,087,815	46,596,589
Total other liabilities	<u>242,640,083</u>	<u>318,085,120</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 2017, the Company allotted profit of Baht 23.8 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	
	2018	2017	2018	2017
Brokerage fee from securities business	162,409,426	170,095,618	379,325,130	404,680,307
Brokerage fee from derivatives business	18,531,192	8,200,508	41,648,966	19,098,584
Total brokerage fees income	<u>180,940,618</u>	<u>178,296,126</u>	<u>420,974,096</u>	<u>423,778,891</u>

24. Fees and service income

(Unit: Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2018	2017	2018	2017
Underwriting fee	20,055	8,847,275	20,055	15,127,025
Financial advisory	600,000	2,800,000	1,300,000	8,510,000
Selling agent	38,376,950	59,219,395	138,988,087	137,192,874
Securities borrowing and lending	9,192,738	4,941,454	19,550,805	10,264,655
Business support	20,349,529	6,927,659	46,533,469	14,413,223
Others	166,161	1,030,871	736,754	1,282,016
Total fees and service income	<u>68,705,433</u>	<u>83,766,654</u>	<u>207,129,170</u>	<u>186,789,793</u>

25. Gain and return on financial instruments

(Unit: Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2018	2017	2018	2017
Gain (loss) on securities	(16,337,572)	138,852,874	12,209,303	136,435,244
Gain on derivatives	27,906,497	5,064,605	4,022,044	16,535,817
Interest and dividend	23,219,176	15,433,202	34,959,420	29,759,321
Total gain and return on financial instruments	<u>34,788,101</u>	<u>159,350,681</u>	<u>51,190,767</u>	<u>182,730,382</u>

26. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B. E 2530. The employees contribute to the fund monthly at the rate of 5 - 15 percent of basic salary 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 2018, the Company contributed Baht 13.3 million to the fund (2017: Baht 13.6 million).

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

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 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)

29. Related party transactions

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

Related parties	Relationship
Nomura Holding., 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.

(Unit: Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June		Pricing policies
	2018	2017	2018	2017	(for the period 2018)
	<u>Transactions occurred during the periods</u>				
Brokerage fees income					
- Nomura Singapore Limited	-	-	-	218	At normal rate charged to other clients
- Nomura International Plc.	17,647	10,095	64,615	38,179	At normal rate charged to other clients
- Instinet Pacific Limited	14,710,700	20,557,373	31,697,071	48,993,679	At normal rate charged to other clients
- Director	-	-	114,634	-	At normal rate charged to other clients
Fees income from business support services					
- Nomura Singapore Limited	3,870,000	4,020,000	7,740,000	8,040,000	At actual costs plus a margin of 10 percent
Fees income from international investment banking services					
- Nomura Singapore Limited	10,766,436	6,496,000	15,557,391	9,961,564	At actual costs plus a margin of 10 percent

(Unit: Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June		Pricing policies (for the period 2018)
	2018	2017	2018	2017	
	<u>Transactions occurred during the period (continued)</u>				
Fees income from introducing broker					
- Nomura Singapore Limited	74,875	809,177	245,119	1,008,135	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.	36,010	6,260	58,421	18,214	At normal rate charged to other clients
- Instinet Pacific Limited	266,937	25,163	311,377	61,335	At normal rate charged to other clients
Fees income from other services					
- Nomura Securities Co., Ltd.	1,619,405	6,092,400	10,409,854	6,092,400	At the contract rate determined by extend and amount of work assigned
- Nomura International (Hong Kong) Limited	-	175,642	-	175,642	At the contract rate determined by extend and amount of work assigned
- Nomura Singapore Limited	-	-	1,455,159	-	At the contract rate determined by extend and amount of work assigned
Fee income from sales and trading services and research					
- Nomura Singapore Limited	4,093,688	(9,680,741) ¹	11,371,066	(9,680,741) ¹	At actual costs plus a margin of 10 percent net with the brokerage commission received
Fee income from late delivery					
- Instinet Pacific Limited	404,594	1,028,204	410,099	1,038,839	At normal rate charged to other clients
Fee expenses from Hi-speed circuit service					
- United Information Highway Co., Ltd.	475,217	545,784	993,648	1,093,358	At the same rate charged to other clients without dependent interest

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

(Unit: Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June		Pricing policies (for the period 2018)
	2018	2017	2018	2017	
<u>Transactions occurred during the period (continued)</u>					
Brokerage fees expense from foreign securities trading					
- Nomura Singapore Limited	8,706	8,604	8,498	17,078	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	-	-	-	1,012	At normal rate charged to other clients
Interest received from loans to employees					
- Director	95	1,237	479	2,745	At the same rate charged to other Company's staffs

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

	(Unit: Baht)	
	30 June 2018	31 December 2017
Securities business receivables		
- Instinet Pacific Limited	178,658,005	192,013,129
Other assets - accrued income receivables		
- Nomura Singapore Limited	46,342,825	18,263,310
Other assets - loan to employees		
- Director	-	129,134
Other assets - Securities borrowing and Lending receivables		
- Nomura International Plc.	2,777	-
- Instinet Pacific Limited	175,276	11,048
Other assets - others		
- Nomura Singapore Limited	113,392	108,782
- Nomura Securities Co., Ltd.	-	579,750
- Nomura Holding Inc.	-	48,344
Securities business payables		
- Instinet Pacific Limited	6,697,441	196,984,091
Other liabilities		
- Instinet Pacific Limited	-	15,030,871

Management's remuneration

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

(Unit: Baht)

	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2018	2017	2018	2017
Short-term employee benefits	22,530,131	29,898,051	44,517,922	49,837,339
Post-employment benefits	1,287,961	1,200,033	2,501,372	2,400,066
Total	<u>23,818,092</u>	<u>31,098,084</u>	<u>47,019,294</u>	<u>52,237,405</u>

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 2018 and 31 December 2017, and for the three-month and six-month periods ended 30 June 2018 and 2017 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					
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Total revenue	231	231	13	25	3	7	6	7	253	270
Segment operating income	51	55	(7)	18	(3)	-	2	3	43	76
Unallocated income (expenses)										
Interest on margin loans									100	85
Gain and return on financial instruments									32	152
Other income									5	2
Financial costs									(25)	(19)
Personnel expenses and other expenses									(64)	(79)
Bad debt and doubtful accounts									(41)	-
Income tax									(10)	(44)
Profit for the period									40	173

(Unit: Million Baht)

For the six-month periods ended 30 June

	Securities business		Investments		Fixed income		Other segments		Total	
	segment		banking segment		segment					
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Total revenue	588	559	29	40	9	17	12	12	638	628
Segment operating income	165	178	(2)	20	(5)	3	5	5	173	206
Unallocated income (expenses)										
Interest on margin loans									203	176
Gain and return on financial instruments									42	166
Other income									8	3
Financial costs									(51)	(40)
Personnel expenses and other expenses									(144)	(148)
Bad debt and doubtful accounts									(106)	-
Income tax									(22)	(70)
Profit for the period									103	293

(Unit: Million Baht)

As at

	Securities and		Investments banking		Fixed income		Other segments		Total	
	derivatives brokerage		segment		segment					
	segment									
	30	31	30	31	30	31	30	31	30	31
June	December	June	December	June	December	June	December	June	December	
2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	
Premises and equipment - net									100	115
Unallocated assets									11,460	12,751
Total assets									11,560	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 six-month periods ended 30 June 2018 and 2017, 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 2018 and 31 December 2017, 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)	
	<u>30 June 2018</u>	<u>31 December 2017</u>
Within 1 year	55	35
In 1 - 2 years	48	17
Over 2 years	35	11

- 31.2** 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.
- 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 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.

31.5 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.

31.6 As at 30 June 2018, there has been a criminal lawsuit brought by an individual against the Company accusing the Company for fraud, without any claim for civil compensation. However on March 16, 2018, the Court of First Instance issued a verdict on the Company to pay a fine of Baht 120,000. The Company disagrees with the findings and verdict of the Court, and will appeal the verdict of the Court of First Instance to the Court of Appeal. The Court dismissed the charges in respect of violation of the Securities and Exchange Act B.E. 2535 (1992). Therefore, the Company has not yet set aside any provision for potential loss in the accounts.

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.

32.1 Risk management policy

The Company's financial instruments principally comprise cash and cash equivalents, receivables/payables from clearing house and broker-dealers, securities and derivatives business receivables/payables, investments, loans to employees, borrowings from financial institutions and debt issued 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 2018 and 31 December 2017 classified by type of interest rates are summarised in the table below.

(Unit: Million Baht)

30 June 2018							
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
						% p.a.	% p.a.
Financial assets							
Cash and cash equivalents	398	-	-	-	398	0.05 - 1.00	-
Receivable from Clearing House and broker-dealers	-	-	-	907	907	-	-
Securities and derivatives business receivables	7,097	682	1	1,625	9,405	5.06 - 6.06	3.50 - 5.06
Investments	-	170	-	287	457	-	0.38 - 2.25
Loans to employees	64	-	-	-	64	1.50	-
Financial liabilities							
Borrowings from financial institutions	-	2,700	300	-	3,000	-	1.64 - 2.68
Payables to Clearing House and broker-dealers	-	-	-	4	4	-	-
Securities and derivatives business payables	-	802	-	1,875	2,677	-	2.50
Debt issued and other borrowings	-	300	-	-	300	-	1.60
(Unit: Million Baht)							
31 December 2017							
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
						% p.a.	% p.a.
Financial assets							
Cash and cash equivalents	280	-	-	-	280	0.05 - 1.00	-
Receivable from Clearing House and broker-dealers	-	-	-	779	779	-	-
Securities and derivatives business receivables	8,191	335	2	2,146	10,674	5.06 - 6.06	3.50 - 5.06
Investments	-	8	-	616	624	-	1.14 - 1.45
Loans to employees	66	-	-	-	66	1.50	-
Financial liabilities							
Borrowings from financial institutions	550	2,950	300	-	3,800	1.70	1.64 - 3.08
Payables to Clearing House and broker-dealers	-	-	-	643	643	-	-

Securities and derivatives							
business payables	-	348	-	2,026	2,374	-	2.50

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 2018 and 31 December 2017, the periods to the maturity dates of financial instruments are as follows.

(Unit: Million Baht)

	30 June 2018					
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<u>Financial assets</u>						
Cash and cash equivalents	398	-	-	-	-	398
Receivable from Clearing House and broker-dealers	-	907	-	-	-	907
Securities and derivatives business receivables	1,552	779	1	-	6,992	9,324
Investments	282	170	-	-	5	457
Loans to employees	-	1	7	56	-	64
<u>Financial liabilities</u>						
Borrowings from financial institutions	-	2,700	300	-	-	3,000
Payables to Clearing House and broker-dealers	-	4	-	-	-	4
Securities and derivatives business payables	1,509	1,171	-	-	-	2,680
Debt issued and other borrowings	-	300	-	-	-	300

(Unit: Million Baht)

31 December 2017

	Outstanding balances of financial instruments					Total
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	
Financial assets						
Cash and cash equivalents	280	-	-	-	-	280
Receivable from Clearing House and broker-dealers	-	779	-	-	-	779
Securities and derivatives business receivables	723	1,786	2	-	8,191	10,702
Investments	611	8	-	-	5	624
Loans to employees	-	1	9	56	-	66
Financial liabilities						
Borrowings from financial institutions	550	2,950	300	-	-	3,800
Payables to Clearing House and broker-dealers	-	643	-	-	-	643
Securities and derivatives business payables	698	1,679	-	-	-	2,377

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.

As at 30 June 2018 and 31 December 2017, the Company has no material assets and liabilities in foreign currency.

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 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 June 2018			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Held for trade investments				
Equity instruments	281,410	-	-	281,410
Debt instruments	-	99,375	-	99,375

(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

As at 30 June 2018 and 31 December 2017, 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 2018				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value					
Cash and cash equivalents	398	398	398	-	-
Receivable from Clearing House and broker-dealers	907	907	-	907	-
Securities and derivatives business receivables	9,324	9,324	-	9,324	-
Investments	76	76	64	7	5
Loans to employees	64	50	-	-	50
Financial liabilities for which fair value are disclosed					
Borrowings from financial institutions	3,000	3,000	-	3,000	-
Payables to Clearing House and broker-dealers	4	4	-	4	-
Securities and derivatives business payables - net	2,680	2,680	-	2,680	-
Debt issued and other borrowings	300	300	-	300	-

(Unit: Million Baht)

	31 December 2017				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value					
Cash and cash equivalents	280	280	280	-	-
Receivable from Clearing House and broker-dealers	779	779	-	779	-
Securities and derivatives business receivables	10,702	10,702	-	10,702	-
Investments	13	13	2	6	5
Loans to employees	66	52	-	-	52
Financial liabilities for which fair value are disclosed					
Borrowings from financial institutions	3,800	3,800	-	3,800	-
Payables to Clearing House and broker-dealers	643	643	-	643	-
Securities and derivatives business payables	2,377	2,377	-	2,377	-

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 and broker-dealers, Securities and derivatives business receivables, Payables to Clearing House and broker-dealers and Securities and derivatives business payables, 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 Debt issued and other 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 financial statements

These financial statements were authorised for issue by the Company's board of directors on 27 August 2018.