

Maybank Kim Eng Securities (Thailand) Public  
Company Limited  
Report and interim financial statements  
30 June 2014

## **Independent Auditor's Report**

To the Shareholders of Maybank Kim Eng Securities (Thailand) Public Company Limited

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

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

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

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

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

### **Scope of review**

I conducted my review in accordance with Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

**Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim statements of comprehensive income are 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: .....

**Maybank Kim Eng Securities (Thailand) Public Company Limited**

**Statement of Financial Position**

**As at 30 June 2014**

|   |      | (Unit: Baht)          |                       |
|---|------|-----------------------|-----------------------|
|   | Note | 30 June 2014          | 31 December 2013      |
| <b>Assets</b>                                   |      |                       |                       |
| Cash and cash equivalents                       | 7    | 227,508,186           | 872,971,184           |
| Deposits at financial institutions              | 8    | 3,520,533             | 3,518,611             |
| Receivables from Clearing House                 | 9    | 600,054,203           | 318,690,445           |
| Securities and derivatives business receivables | 10   | 13,979,149,805        | 12,643,349,967        |
| Investment                                      | 13   | 67,226,020            | 34,776,681            |
| Loans to employees under welfare program        | 32   | 285,013,693           | 296,775,742           |
| Equipment                                       | 14   | 262,231,595           | 221,453,351           |
| Intangible assets                               | 15   | 43,925,615            | 42,150,316            |
| Property foreclosed                             |      | 9,886,500             | 9,886,500             |
| Deposits  |      | 44,244,742            | 44,089,918            |
| Deferred tax assets                             | 30.1 | 33,108,365            | 27,222,737            |
| Other assets                                    | 16   | 359,814,214           | 170,087,021           |
| <b>Total assets</b>                             |      | <b>15,915,683,471</b> | <b>14,684,972,473</b> |

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

**Maybank Kim Eng Securities (Thailand) Public Company Limited**

**Statement of Financial Position (continued)**

**As at 30 June 2014**

(Unit: Baht)

|   | Note | 30 June 2014          | 31 December 2013      |
|---|------|-----------------------|-----------------------|
| <b>Liabilities and shareholders' equity</b>       |      |                       |                       |
| <b>Liabilities</b>                                |      |                       |                       |
| Borrowings from financial institutions            | 17   | 3,479,000,000         | 2,575,000,000         |
| Payables to Clearing House                        |      | 54,961,668            | 161,250,191           |
| Securities and derivatives business payables      | 18   | 3,653,403,990         | 2,919,518,482         |
| Derivatives liabilities                           | 12   | 14,696,562            | 7,715,904             |
| Debt issued and borrowings                        | 19   | 3,556,184,431         | 2,946,827,927         |
| Provisions  | 20   | 133,567,366           | 106,493,465           |
| Income tax payable                                |      | 83,714,888            | 133,795,428           |
| Accrued expenses                                  |      | 492,605,957           | 518,110,342           |
| Liabilities under financial lease agreements      | 22   | 15,911,751            | 18,317,488            |
| Dividend payable                                  |      | 916,404               | 916,404               |
| Other liabilities                                 |      | 38,804,167            | 21,343,080            |
| <b>Total liabilities</b>                          |      | <b>11,523,767,184</b> | <b>9,409,288,711</b>  |
| <b>Shareholders' equity</b>                       |      |                       |                       |
| Share capital                                     |      |                       |                       |
| Registered  |      |                       |                       |
| 572,250,000 ordinary shares of Baht 5 each        |      | 2,861,250,000         | 2,861,250,000         |
| Issued and fully paid-up                          |      |                       |                       |
| 570,814,500 ordinary shares of Baht 5 each        |      | 2,854,072,500         | 2,854,072,500         |
| Share premium                                     |      | 523,570,729           | 523,570,729           |
| Premium on treasury shares                        |      | 19,218,670            | 19,218,670            |
| Retained earnings                                 |      |                       |                       |
| Appropriated - statutory reserve                  | 24   | 286,125,000           | 286,125,000           |
| Unappropriated                                    |      | 708,929,388           | 1,592,696,863         |
| <b>Total shareholders' equity</b>                 |      | <b>4,391,916,287</b>  | <b>5,275,683,762</b>  |
| <b>Total liabilities and shareholders' equity</b> |      | <b>15,915,683,471</b> | <b>14,684,972,473</b> |
|   |      | -                     | -                     |

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

(Unaudited but reviewed)

**Maybank Kim Eng Securities (Thailand) Public Company Limited****Statement of comprehensive income****For the three-month period ended 30 June 2014**

|   | Note | 2014               | 2013                 |
|---|------|--------------------|----------------------|
| (Unit: Baht)  |      |                    |                      |
| <b>Profit or loss:</b>  |      |                    |                      |
| <b>Income</b>   |      |                    |                      |
| Brokerage fee   | 26   | 654,319,650        | 1,001,843,985        |
| Fee and service income  | 27   | 69,178,706         | 34,075,574           |
| Gains (losses) on investments   | 13.2 | 1,058,334          | (66,364,919)         |
| Gains (losses) on derivatives   | 12.1 | (95,502)           | 67,631,623           |
| Interest and dividends  |      | 77,323,949         | 84,269,018           |
| Interest on credit balance accounts                                       |      | 132,594,648        | 175,353,201          |
| Other income  |      | 8,452,632          | 12,447,303           |
| <b>Total income</b>   |      | <b>942,832,417</b> | <b>1,309,255,785</b> |
| <b>Expenses</b>   |      |                    |                      |
| Financial costs   |      | 92,347,814         | 134,291,764          |
| Fee and service expenses  |      | 53,068,365         | 76,297,974           |
| Operating expenses  |      |                    |                      |
| Personnel expenses  | 32   | 393,959,673        | 494,883,752          |
| Premises and equipment expenses   |      | 85,912,395         | 85,884,523           |
| Taxes and duties  |      | 6,984,070          | 8,330,282            |
| Directors' remuneration   | 28   | 3,000,000          | 2,500,000            |
| Information and technology  |      | 7,930,307          | 7,195,432            |
| Other expenses  |      | 28,319,935         | 42,481,497           |
| Total operating expenses  |      | 526,106,380        | 641,275,486          |
| Bad debt and doubtful accounts (reversal)                                 |      | (329)              | 302,800              |
| <b>Total expenses</b>   |      | <b>671,522,230</b> | <b>852,168,024</b>   |
| <b>Profit before income tax expenses</b>                                  |      | <b>271,310,187</b> | <b>457,087,761</b>   |
| Income tax expenses   | 30.2 | (55,378,252)       | (106,279,895)        |
| <b>Profit for the periods</b>   |      | <b>215,931,935</b> | <b>350,807,866</b>   |
| <b>Other comprehensive income (loss):</b>                                 |      |                    |                      |
| Actuarial losses on defined benefit plans                                 | 21   | (14,662,499)       | -                    |
| Income tax relating to components of<br>other comprehensive income (loss) |      | 2,932,500          | -                    |
| <b>Total comprehensive income for the periods</b>                         |      | <b>204,201,936</b> | <b>350,807,866</b>   |
| <b>Earnings per share</b>   | 31   |                    |                      |
| Basic earnings per share  |      | 0.38               | 0.61                 |

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

**Maybank Kim Eng Securities (Thailand) Public Company Limited**

**Statement of comprehensive income**

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

|   |      | (Unit: Baht)         |                      |
|---|------|----------------------|----------------------|
|   | Note | 2014                 | 2013                 |
| <b>Profit or loss:</b>  |      |                      |                      |
| <b>Income</b>   |      |                      |                      |
| Brokerage fee   | 26   | 1,130,500,577        | 2,325,851,769        |
| Fee and service income  | 27   | 77,713,104           | 47,635,452           |
| Gains (losses) on investments   | 13.2 | 2,107,696            | (61,289,178)         |
| Gains on derivatives  | 12.1 | 405,813              | 63,606,435           |
| Interest and dividends  |      | 160,240,568          | 153,785,905          |
| Interest on margin loans  |      | 263,604,490          | 340,948,279          |
| Gains on sale investment in subsidiary                                    |      | -                    | 10                   |
| Other income  |      | 15,157,062           | 60,107,254           |
| <b>Total income</b>   |      | <b>1,649,729,310</b> | <b>2,930,645,926</b> |
| <b>Expenses</b>   |      |                      |                      |
| Financial costs   |      | 181,900,373          | 240,112,753          |
| Fee and service expenses  |      | 94,244,094           | 169,185,075          |
| Operating expenses  |      |                      |                      |
| Personnel expenses  | 32   | 663,489,899          | 1,123,339,980        |
| Premises and equipment expenses   |      | 166,247,286          | 167,122,773          |
| Taxes and duties  |      | 14,329,336           | 16,364,109           |
| Directors' remuneration   | 28   | 6,000,000            | (200,000)            |
| Information and technology  |      | 16,003,972           | 13,794,673           |
| Other expenses  |      | 75,902,944           | 83,395,777           |
| Total operating expenses  |      | 941,973,437          | 1,403,817,312        |
| Bad debt and doubtful accounts (reversal)                                 | 11   | (102,662)            | 104,934              |
| <b>Total expenses</b>   |      | <b>1,218,015,242</b> | <b>1,813,220,074</b> |
| <b>Profit before income tax expenses</b>                                  |      | <b>431,714,068</b>   | <b>1,117,425,852</b> |
| Income tax expenses   | 30.2 | (87,916,658)         | (227,619,890)        |
| <b>Profit for the periods</b>   |      | <b>343,797,410</b>   | <b>889,805,962</b>   |
| <b>Other comprehensive income (loss):</b>                                 |      |                      |                      |
| Actuarial losses on defined benefit plans                                 | 21   | (14,662,499)         | -                    |
| Income tax relating to components of<br>other comprehensive income (loss) |      | 2,932,500            | -                    |
| <b>Total comprehensive income for the periods</b>                         |      | <b>332,067,411</b>   | <b>889,805,962</b>   |
| <b>Earnings per share</b>   |      |                      |                      |
| Basic earnings per share  | 31   | 0.60                 | 1.56                 |

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



**Maybank Kim Eng Securities (Thailand) Public Company Limited**

**Cash flow statements**

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

|   | (Unit: Baht)           |                     |
|---|------------------------|---------------------|
|   | 2014                   | 2013                |
| <b>Cash flows from operating activities</b>   |                        |                     |
| Profit before income tax expenses   | 431,714,068            | 1,117,425,852       |
| Adjustments to reconcile profit before income tax expenses to net cash provided by (paid for) operating activities: |                        |                     |
| Depreciation and amortisation   | 39,678,618             | 40,928,053          |
| Amortisation of prepaid personal expenses   | 53,840,789             | -                   |
| Bad debt and doubtful accounts (reversal)   | (102,662)              | 104,934             |
| Unrealised gains on revaluation of investments  | (997,388)              | (2,201,189)         |
| Unrealised losses on revaluation of derivatives liabilities   | 903,937                | 2,869,090           |
| Unrealised (gains) losses on revaluation of foreign receivables and payables  | (653,152)              | 605,593             |
| Gains on sale investment in subsidiary  | -                      | (10)                |
| Gains on sales and written-off of premises and equipment  | (157,313)              | (1,662,190)         |
| Retirement benefit  | 13,246,402             | 11,733,965          |
| Financial cost  | 181,407,949            | 239,588,238         |
| Amortised interest expense of financial lease   | 492,424                | 524,515             |
| Reversal of doubtful accounts - other receivables   | (30,000)               | (59,960)            |
| Interest income   | (425,691,850)          | (494,285,089)       |
| Cash paid for interest  | (144,468,692)          | (208,595,191)       |
| Cash paid for income tax  | (140,950,326)          | (136,821,200)       |
| <b>Profit from operating activities before changes in operating assets and liabilities</b>                          | <b>8,232,804</b>       | <b>570,155,411</b>  |
| Decrease (increase) in operating assets   |                        |                     |
| Deposits at financial institutions  | (1,922)                | (65,976)            |
| Receivables from Clearing House   | (280,710,606)          | 1,045,381,609       |
| Securities and derivatives business receivables   | (1,340,053,742)        | (3,503,527,827)     |
| Investments   | (31,451,951)           | (33,792,136)        |
| Loans to employees under welfare program  | 11,762,049             | (5,703,248)         |
| Deposits  | (154,824)              | (1,010,104)         |
| Other assets  | (140,556,985)          | (47,780,598)        |
| Increase (decrease) in operating liabilities  |                        |                     |
| Payables to Clearing House  | (106,288,523)          | (397,160,984)       |
| Securities and derivatives business payables  | 733,885,508            | 2,025,947,668       |
| Derivative liabilities  | 6,076,721              | (14,505,149)        |
| Provisions  | (835,000)              | -                   |
| Accrued expenses  | (97,630,737)           | 279,219,862         |
| Other liabilities   | 17,461,087             | 12,103,270          |
| <b>Net cash flows used in operating activities</b>  | <b>(1,220,266,121)</b> | <b>(70,738,202)</b> |

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

**Maybank Kim Eng Securities (Thailand) Public Company Limited**

**Cash flow statement (continued)**

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

|   | (Unit: Baht)         |                      |
|---|----------------------|----------------------|
|   | 2014                 | 2013                 |
| <b>Cash flows from investing activities</b>                 |                      |                      |
| Cash received from interest                                 | 428,084,206          | 494,449,600          |
| Cash received from sale investment in subsidiary            | -                    | 50,693,147           |
| Proceeds from disposals of equipment                        | 248,597              | 2,187,095            |
| Cash paid for purchases of equipment                        | (96,339,391)         | (54,500,154)         |
| Proceeds from disposals of intangible assets                | 1,926                | -                    |
| Cash paid for purchases of intangible assets                | (14,044,683)         | (11,249,206)         |
| <b>Net cash flows from investing activities</b>             | <b>317,950,655</b>   | <b>481,580,482</b>   |
| <b>Cash flows from financing activities</b>                 |                      |                      |
| Cash received from borrowings                               | 35,481,000,000       | 49,677,000,000       |
| Cash paid for borrowings                                    | (34,577,000,000)     | (50,447,000,000)     |
| Cash received from other borrowings                         | 8,119,093,091        | 7,986,384,095        |
| Cash paid to other borrowings                               | (7,548,000,000)      | (6,006,974,859)      |
| Cash paid on principal of long-term lease                   | (2,405,737)          | (3,189,737)          |
| Dividend paid   | (1,215,834,886)      | (680,047,027)        |
| <b>Net cash flows from financing activities</b>             | <b>256,852,468</b>   | <b>526,172,472</b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b> | <b>(645,462,998)</b> | <b>937,014,752</b>   |
| Cash and cash equivalents as at 1 January                   | 872,971,184          | 271,776,475          |
| <b>Cash and cash equivalents as at 30 June</b>              | <b>227,508,186</b>   | <b>1,208,791,227</b> |

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

**Maybank Kim Eng Securities (Thailand) Public Company Limited**

**Statement of changes in shareholders' equity**

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

(Unit: Baht)

|   | Share capital        | Share premium      | Premium on<br>treasury shares | Retained earnings                   |                      | Total                |
|---|----------------------|--------------------|-------------------------------|-------------------------------------|----------------------|----------------------|
|   |                      |                    |                               | Appropriated -<br>statutory reserve | Unappropriated       |                      |
| <b>Balance as at 1 January 2013</b>       | 2,854,072,500        | 523,570,729        | 19,218,670                    | 286,125,000                         | 885,678,593          | 4,568,665,492        |
| Total comprehensive income for the period | -                    | -                  | -                             | -                                   | 889,805,962          | 889,805,962          |
| Dividend paid (Note 25)                   | -                    | -                  | -                             | -                                   | (513,733,050)        | (513,733,050)        |
| <b>Balance as at 30 June 2013</b>         | <u>2,854,072,500</u> | <u>523,570,729</u> | <u>19,218,670</u>             | <u>286,125,000</u>                  | <u>1,261,751,505</u> | <u>4,944,738,404</u> |
| <b>Balance as at 1 January 2014</b>       | 2,854,072,500        | 523,570,729        | 19,218,670                    | 286,125,000                         | 1,592,696,863        | 5,275,683,762        |
| Total comprehensive income for the period | -                    | -                  | -                             | -                                   | 332,067,410          | 332,067,410          |
| Dividend paid (Note 25)                   | -                    | -                  | -                             | -                                   | (1,215,834,885)      | (1,215,834,885)      |
| <b>Balance as at 30 June 2014</b>         | <u>2,854,072,500</u> | <u>523,570,729</u> | <u>19,218,670</u>             | <u>286,125,000</u>                  | <u>708,929,388</u>   | <u>4,391,916,287</u> |
|   | -                    | -                  | -                             | -                                   | -                    | -                    |

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

## **Maybank Kim Eng Securities (Thailand) Public Company Limited**

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

**30 June 2014**

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

Maybank Kim Eng Securities (Thailand) Public Company Limited (“the Company”) is a public limited company incorporated and domiciled in Thailand. Its parent company is Maybank Kim Eng Holdings Limited, which is incorporated in Singapore. The parent company of the Group is Mayban IB Holdings Sdn Bhd, which is incorporated in Malaysia. The Company has licenses for securities business, which are brokering, trading, underwriting, investment advisory, corporate finance advisory, securities registrant, TFEX and securities borrowing and lending.

The Company's registered office is located on 999/9 the Offices at Central World, 20th - 21st and 25th Floor, Rama 1 Road, Pathumwan, Bangkok. As at 30 June 2014, the Company has 54 branches in Bangkok and upcountry (31 December 2013: 54 branches).

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

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2012) "Interim Financial Reporting". The Company chooses to present in full format of interim financial statements as presented in the annual financial statements.

The interim financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the requirement of the Notification of the Office of the Securities and Exchange Commission relating to the format of the financial statements of securities companies No. SorThor/Kor/Nor. 53/2553 dated 15 December 2010.

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

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

### 3. New accounting standards

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

#### 3.1 Accounting standards that became effective in the current accounting period

##### Accounting Standards:

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

##### Financial Reporting Standards:

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

##### Accounting Standard Interpretations:

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

Financial Reporting Standard Interpretations:

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

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

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

|                               |                     | <u>Effective date</u> |
|-------------------------------|---------------------|-----------------------|
| Financial Reporting Standard: |                     |                       |
| TFRS 4                        | Insurance Contracts | 1 January 2016        |

The Company's management has assessed the effects of the above financial reporting standards and believes that it is not relevant to the business of the Company.

#### 4. Change in accounting estimation

In the year 2014, the Company changed the estimated useful lives of computer systems and computer related equipment from 3 years to 5 years, in order to accord with the Group's estimated useful lives policy and the Company's estimated useful lives of these assets. The Company has applied the changes in estimated useful lives of assets prospectively.

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

|   | Profit after tax increase<br>(decrease) | Earnings per share<br>increase (decrease) |
|---|---|---|
|   | (Thousand Baht)                         | (Baht per share)                          |
| For the three-month period ended 30 June 2014 | 5,173                                   | 0.01                                      |
| For the six-month period ended 30 June 2014   | 11,009                                  | 0.02                                      |
| Year 2014                                     | 18,797                                  | 0.03                                      |
| Year 2015                                     | 7,659                                   | 0.01                                      |
| Year 2016                                     | (4,702)                                 | (0.01)                                    |
| Year 2017                                     | (14,352)                                | (0.03)                                    |
| Year 2018                                     | (7,402)                                 | (0.01)                                    |

#### 5. Significant accounting policies

##### 5.1 Revenue recognition

a) Brokerage fees

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

b) Fees and service income

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

c) Gain (loss) on investments and derivatives

Gain (loss) on investments and derivatives are recognised as income/expense on the transaction date.

d) Interest and dividend

Interest is recognised on an accrual basis based on an effective rate. Dividend is recognised when the right to receive the dividend is established.

(e) Interest on credit balance loans

Interest is recognised over the term of the loans based on the amount of principal outstanding. No accrual has been made for certain loans which, under Notification No. Kor. Thor. 5/2544 dated 15 February 2001 of the Office of the Securities and Exchange Commission, are not qualified for recognition of interest on an accrual basis and consideration of other relevant factors.

## **5.2 Expense recognition**

a) Interest on borrowings

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

b) Fees and service expenses

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

## **5.3 Cash and cash equivalents**

Cash and cash equivalents include cash on hand and all bank deposit accounts maturing within 3 months or less from the date of acquisition, and including certificate of deposit maturing within 3 months or less from the date of acquisition and not subject to withdrawal restrictions.

## **5.4 Deposits at financial institutions**

Deposits at financial institutions include fixed deposits, bills of exchange and promissory notes issued by financial institutions with an original maturity of longer than 3 months or with an original maturity of 3 months or less, but the Company and its subsidiaries intend to roll-over them, or deposits subject to withdrawal restrictions.

## **5.5 Recognition and amortisation of customers' assets**

Assets which customers have placed with the Company for securities trading, in term of cash accounts and credit balance accounts, including amounts which customers have placed as security for derivative trading, are recorded as assets and liabilities of the Company for internal control purpose. At the financial position date, the Company writes off those amounts which there are no guarantee obligations from both assets and liabilities and presents only those assets which belong to the Company.



## **5.6 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.

The Company records its obligations to return borrowed securities which it has lent as “Securities borrowing payables” and securities lent to customers are recorded as “Securities borrowing receivables” in the statement of financial position. At the end of the year, the balance of securities borrowing payables and securities borrowing receivables are adjusted based on the latest offer price quoted on the Stock Exchange of Thailand of the last working day of the year. Gains or losses arising from such adjustment are included in part of profit or loss in the statement of comprehensive income. 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 payable”. Fees from borrowing and lending are recognised on an accrual basis over the term of the lending.

## **5.7 Investments**

- a) Investments in securities held for trading are determined at fair value. Changes in the fair value of these securities are recorded as profit or loss in the statement of comprehensive income.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recognised as gain (loss) on changes in value of investments as part of other comprehensive income in the statement of comprehensive income, and will be recognised as part of profit or loss when the securities are sold.
- c) Held to maturity debt securities are initially recognised at purchase price plus transaction costs and subsequently accounted for at amortised cost using effective interest method less allowance for impairment loss (if any).
- d) Investments in non-marketable equity securities which the Company classified as other investments, are stated at cost net of allowance for impairment loss (if any).
- e) Investments in subsidiary are accounted for in the separate financial statements using the cost net of allowance for impairment loss (if any).
- f) The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of debt instruments is determined based on required rate of return or the yield rates quoted by the Thai Bond Market Association.

- g) The weighted average method is used for computation of the cost of investments. On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised as part of profit or loss in the statement of comprehensive income.
- h) Impairment loss (if any) is included in part of profit or loss in the statement of comprehensive income when there is a factor indicating that such investments might be impaired.

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

Receivables from/payables to Clearing House comprise the net balance of receivables from/payables to Thailand Clearing House in respect of settlements for securities trades and derivative instruments. They include amounts pledged with Thailand Clearing House as security for derivatives trading and the net balance of amounts receivable from/payable to foreign securities companies in respect of securities trades settled overseas through foreign securities companies.

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

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

In addition, securities business receivables comprise the net receivable balances of cash accounts, credit balance receivables 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 borrowers of securities) as well as other receivables such as overdue cash customers accounts and receivables which are subject to legal proceedings, are undergoing restructuring or are settling in installments.

The Company provides allowance for doubtful accounts based on a review of the debtor's ability to make payment, taking into consideration recovery risk and the value of the collateral. Such debt classifications and provisions are made in accordance with the guideline laid down in the Notification No. Kor. Thor. 5/2544 dated 15 February 2001 of the Office of the Securities and Exchange Commission (SEC), and consideration of other relevant factors.

## **5.10 Premises and Equipment/Depreciation**

Premises and equipment are stated at cost less accumulated depreciation and allowance for impairment loss (if any). Depreciation of premises and equipment is calculated by reference to their cost on a straight-line basis over the following estimated useful lives:

|                                   |         |
|-----------------------------------|---------|
| Building improvement              | 5 years |
| Furniture, fixtures and equipment | 5 years |
| Vehicles                          | 5 years |

No depreciation is provided on assets under installation.

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 is included in profit or loss when the asset is derecognised.

## **5.11 Intangible assets and amortisation**

Expenditure on acquisitions of intangible assets is capitalised and amortised using the straight-line method over their useful lives, generally over 5 years, with the exception of TFEX member fees and fund license, which are not amortised.

Such intangible assets are not revalued. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary.

## **5.12 Property foreclosed**

Property foreclosed consists of immovable properties, and is stated at the lower of cost or net realisable value. Loss on impairment is included in determining income. Gains or losses on disposals of such properties are recognised in the statement of comprehensive income at the date of disposal.

## **5.13 Loans to employees under welfare program**

Loans to employees under welfare program are recognised initially at the amount granted to the employees and are subsequently stated at amortised cost, based on the contractual interest rate. Returns are recognised in the statement of comprehensive income over the term of loan.

## **5.14 Borrowings and debt issued**

Borrowings and debt issued are recognised initially at the fair value of the proceeds received. Borrowings are subsequently stated at amortised cost, using the effective yield method; any difference between proceeds and the redemption value is recognised in the statements of comprehensive income over the period of the borrowings.

### **5.15 Long-term lease**

Leases of equipment which transfer substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as liabilities, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

### **5.16 Securities and derivatives business payables**

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

### **5.17 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

### **5.18 Treasury stocks**

The consideration paid in case where the Company purchases back ordinary share of the Company, including any attributable incremental external costs net of income taxes, is deducted from total owners' equity as treasury shares until the treasury shares are cancelled. If such shares are subsequently sold or reissued, any consideration received is included in owners' equity.

### **5.19 Related party transactions**

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 associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, management personnel, directors and officers with authority in the planning and direction of the operations of the Company.

## **5.20 Foreign currencies**

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 rate ruling at the end of reporting date.

Gains and losses on exchange are included in determining income.

## **5.21 Impairment of assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company realises loss on impairment when the asset's recoverable amount is less than the book value. An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Fair value less cost to sell 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 cost of disposal. In assessing 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.

Impairment losses are recognised in part of profit or loss in the statement of comprehensive income.

At the reporting date, an assessment is made whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount and impairment loss recognised in prior periods is reversed.

## **5.22 Employee benefits**

### **a) Short-term benefits**

Salaries, wages, bonuses, contribution to the social security fund and provident fund are recognised as expenses when the employees performed the service.

### **b) Post-employment benefits (Defined contribution plans)**

The Company and the employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiary. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

c) Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments they 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.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, as an expense on a straight-line basis over up to five years from the date of adoption.

## **5.23 Income tax**

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

### **Current tax**

Current income 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 and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward 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 shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## **5.24 Derivatives**

### **Forward exchange contracts**

Forward exchange contracts are recorded at fair value. Unrecognised gains or losses on revaluation are included in determining income.

### **Futures contracts**

The Company initially recognises future contracts at fair value. Obligations under derivatives business and cash collateral amounts pledged as security for derivatives trading are recorded as receivable at Thailand Clearing House. Subsequently, as at the date of the statements of financial position, the futures contracts are presented at their fair value, with the fair value of marketable future contracts being calculated with reference to the last bid/offer prices quoted on Thailand Futures Exchange Public Company Limited on the last business day of the year. Unrealised gains or losses resulting from changes in the fair value of futures contracts are included in the statements of comprehensive income.

### **Derivative warrants**

The Company initially recognises the fair value of derivative warrants as financial liabilities. Subsequently, on the statement of financial position date, derivative warrants are presented at fair value, with the fair value of marketable derivative warrants being calculated with reference to the last offer price quoted on the Stock Exchange of Thailand on the last business day of the year. Unrealised gains or losses resulting from changes in the fair values of derivative warrants are included in the statement of comprehensive income.

## **6. Significant accounting judgments and estimates**

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

### **6.1 Allowances for doubtful accounts for securities and derivatives 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 judgment to establish reserves for estimated losses for each outstanding receivable when there is any doubt about the receivable's capability to repay the debt. The allowances for doubtful accounts are determined through a combination of specific reviews, probability of default and the value of the securities used as collateral.

## **6.2 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 exercised judgment, using valuation techniques. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and long-term volatility of financial instruments.

## **6.3 Allowance for impairment of investments**

The Company treats other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

## **6.4 Building improvement and equipment/Depreciation**

In determining depreciation of building improvement and equipment, the management is required to make estimates of the useful lives and salvage values of the Company’s premises and equipment and to review estimate useful lives and salvage 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 in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

## **6.5 Recognition and derecognition of assets and liabilities**

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

## **6.6 Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

## **6.7 Employee benefit**

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.



## 6.8 Litigation

The Company has contingent liabilities as a result of litigation. The management has used judgment to assess of the results of the litigation cases and recorded provision for contingent liabilities as at the financial statement date. In case where they believe that there will be no loss, they will not provide contingent liabilities as of the end of reporting period.

## 7. Cash and cash equivalents

|  | (Unit: Baht)    |                  |
|--|-----------------|------------------|
|  | 30 June 2014    | 31 December 2013 |
| Cash on hand                             | 588,204         | 573,091          |
| Current accounts and savings accounts    | 2,166,350,952   | 1,991,679,823    |
| Fixed accounts - certificate of deposits | 306,000,000     | 3,761,000,000    |
| Total cash and cash equivalents          | 2,472,939,156   | 5,753,252,914    |
| Less: Cash deposits held for customers   | (2,245,430,970) | (4,880,281,730)  |
| Net cash and cash equivalents            | 227,508,186     | 872,971,184      |

## 8. Deposits at financial institutions

|  | (Unit: Baht)           |                  |
|--|------------------------|------------------|
|  | 30 June 2014           | 31 December 2013 |
|  | Over 3 months - 1 year |                  |
| Fixed deposits                                 | 9,255,003,282          | 6,300,017,520    |
| Deposits with restriction                      | 3,517,251              | 3,501,091        |
| Total deposits at financial institutions       | 9,258,520,533          | 6,303,518,611    |
| Less: Cash deposits held for customers         | (9,255,000,000)        | (6,300,000,000)  |
| Total deposits at financial institutions - net | 3,520,533              | 3,518,611        |

As at 30 June 2014, fixed deposits of Baht 4 million (31 December 2013: Baht 4 million) are pledged as collateral to local banks for letter of guarantees.

## 9. Receivables from Clearing House

|  | (Unit: Baht)  |                  |
|--|---------------|------------------|
|  | 30 June 2014  | 31 December 2013 |
| Receivables from Clearing House                          | 1,020,865,828 | 743,164,691      |
| Receivables from foreign securities company              | 222,919,069   | 96,932,297       |
| Less: Receivables from Clearing House held for customers | (643,730,694) | (521,406,543)    |
| Total receivables from Clearing House - net              | 600,054,203   | 318,690,445      |

## 10. Securities and derivatives business receivables

|  | (Unit: Baht)   |                  |
|--|----------------|------------------|
|  | 30 June 2014   | 31 December 2013 |
| <u>Securities business receivables</u>                                 |                |                  |
| Cash accounts  | 3,203,494,860  | 2,312,268,641    |
| Credit balance accounts  | 10,462,790,383 | 10,119,921,747   |
| Receivables under securities borrowing and lending business            |                |                  |
| - Guarantee deposit receivables  | 12,937,500     | -                |
| - Securities borrowing receivables                                     | 253,557,618    | 152,221,720      |
| Other receivables  |                |                  |
| - Overdue customers' accounts  | 245,785,643    | 245,802,472      |
| Total securities business receivables                                  | 14,178,566,004 | 12,830,214,580   |
| Add: Accrued interest receivables                                      | 59,114,086     | 63,470,652       |
| Less: Allowance for doubtful accounts                                  | (259,681,061)  | (259,702,297)    |
| Securities business receivables and accrued interest receivables - net | 13,977,999,029 | 12,633,982,935   |
| <u>Derivatives business receivables</u>                                |                |                  |
| Derivatives business receivables                                       | 1,167,761      | 9,465,443        |
| Less: Allowance for doubtful accounts                                  | (16,985)       | (98,411)         |
| Derivatives business receivables - net                                 | 1,150,776      | 9,367,032        |
| Total securities and derivatives business receivables - net            | 13,979,149,805 | 12,643,349,967   |

**10.1** As at 30 June 2014, the Company had other receivables with book values totaling Baht 260 million from which it has ceased recognising income (31 December 2013: Baht 260 million).

**10.2** As at 30 June 2014 and 31 December 2013, the Company has classified securities business receivables and derivatives business receivables, in accordance with the relevant notification issued by the Office of the Securities and Exchange Commission. The classification is as follows:

|                   | (Unit: Baht)   |                                 |   |
|-------------------|----------------|---------------------------------|---|
|                   | 30 June 2014   |                                 |   |
|                   | Debt balance   | Allowance for doubtful Accounts | Debt balance net of allowance for doubtful accounts |
| Normal Debt       | 13,978,860,017 | -                               | 13,978,860,017                                      |
| Sub-standard Debt | 9,128,781      | (8,838,993)                     | 289,788   |
| Doubtful Debt     | 250,859,053    | (250,859,053)                   | -   |
| Total             | 14,238,847,851 | (259,698,046)                   | 13,979,149,805                                      |

(Unit: Baht)

|                   | 31 December 2013      |                                 |   |
|-------------------|-----------------------|---------------------------------|---|
|                   | Debt balance          | Allowance for doubtful Accounts | Debt balance net of allowance for doubtful accounts |
| Normal Debt       | 12,643,064,587        | -                               | 12,643,064,587                                      |
| Sub-standard Debt | 9,124,373             | (8,838,993)                     | 285,380   |
| Doubtful Debt     | 250,961,715           | (250,961,715)                   | -   |
| <b>Total</b>      | <b>12,903,150,675</b> | <b>(259,800,708)</b>            | <b>12,643,349,967</b>                               |

**11. Allowance for doubtful accounts**

(Unit: Baht)

|   | For the six-month            |  |
|---|------------------------------|--|
|   | period ended<br>30 June 2014 | For the year ended<br>31 December 2013 |
| Balance - beginning of the period/year  | 259,800,708                  | 261,532,918                            |
| Add: Doubtful accounts                  | 503                          | 2,913,672                              |
| Less: Reversal of doubtful accounts     | (103,165)                    | (4,645,882)                            |
| <b>Balance - end of the period/year</b> | <b>259,698,046</b>           | <b>259,800,708</b>                     |

**12. Derivatives assets and derivatives liabilities**

(Unit: Baht)

|   | 30 June 2014 |                   |                 |                   |
|---|--------------|-------------------|-----------------|-------------------|
|   | Fair value   |                   | Notional amount |                   |
|   | Assets       | Liabilities       | Assets          | Liabilities       |
| <b><u>Trading derivatives</u></b>                           |              |                   |                 |                   |
| Derivatives warrants  | -            | 14,696,562        | -               | 55,583,926        |
| <b>Total derivatives assets and derivatives liabilities</b> | <b>-</b>     | <b>14,696,562</b> | <b>-</b>        | <b>55,583,926</b> |

(Unit: Baht)

|   | 31 December 2013 |                  |                 |                   |
|---|------------------|------------------|-----------------|-------------------|
|   | Fair value       |                  | Notional amount |                   |
|   | Assets           | Liabilities      | Assets          | Liabilities       |
| <b><u>Trading derivatives</u></b>                           |                  |                  |                 |                   |
| Derivatives warrants  | -                | 7,715,904        | -               | 27,721,861        |
| <b>Total derivatives assets and derivatives liabilities</b> | <b>-</b>         | <b>7,715,904</b> | <b>-</b>        | <b>27,721,861</b> |

## 12.1 Gains (losses) on derivatives

(Unit: Baht)

|  | For the three-month   |                   | For the six-month     |                   |
|--|-----------------------|-------------------|-----------------------|-------------------|
|  | periods ended 30 June |                   | periods ended 30 June |                   |
|  | 2014                  | 2013              | 2014                  | 2013              |
| <b>Realised gains (losses) on trading in derivatives</b>       |                       |                   |                       |                   |
| Derivative warrants  | (1,001,962)           | 72,205,530        | 1,309,750             | 66,475,525        |
| <b>Unrealised gains (losses) on revaluation of derivatives</b> |                       |                   |                       |                   |
| Derivative warrants  | 906,460               | (4,573,907)       | (903,937)             | (2,869,090)       |
| <b>Total gains (losses) on derivatives</b>                     | <b>(95,502)</b>       | <b>67,631,623</b> | <b>405,813</b>        | <b>63,606,435</b> |

## 13. Investments

(Unit: Baht)

|   | 30 June 2014                  |            | 31 December 2013              |            |
|---|-------------------------------|------------|-------------------------------|------------|
|   | Cost value/<br>amortised cost | Fair value | Cost value/<br>amortised cost | Fair value |
|   | <b>Trading securities</b>     |            |                               |            |
| Equity securities                           |                               |            |                               |            |
| Listed securities                           | 50,567,085                    | 50,097,360 | 19,115,135                    | 17,648,021 |
| Total trading securities                    | 50,567,085                    |            | 19,115,135                    |            |
| Less: Allowance for revaluation             | (469,725)                     |            | (1,467,114)                   |            |
| <b>Trading securities - net</b>             | <b>50,097,360</b>             |            | <b>17,648,021</b>             |            |
| <b>Held-to-maturity debt securities</b>     |                               |            |                               |            |
| Government and state enterprise securities  | -                             |            | 300,412,498                   |            |
| Less: Investment on behalf of customer      | -                             |            | (300,412,498)                 |            |
| <b>Net held-to maturity debt securities</b> | <b>-</b>                      |            | <b>-</b>                      |            |
| <b>Other investments</b>                    |                               |            |                               |            |
| Other securities - ordinary shares          | 31,791,160                    |            | 31,791,160                    |            |
| Less: Allowance for impairment              | (14,662,500)                  |            | (14,662,500)                  |            |
| <b>Net other investments</b>                | <b>17,128,660</b>             |            | <b>17,128,660</b>             |            |
| <b>Total investments - net</b>              | <b>67,226,020</b>             |            | <b>34,776,681</b>             |            |

### 13.1 Investments subject to restrictions

(Unit: Baht)

|   | 30 June 2014             |                   | 31 December 2013         |                   |
|---|--------------------------|-------------------|--------------------------|-------------------|
|   | Cost value/<br>amortised |                   | Cost value/<br>amortised |                   |
|   | cost                     | Fair value        | cost                     | Fair value        |
| Securities placed with court for stay execution | 7,622,000                | 15,657,038        | 7,622,000                | 13,568,950        |
| Total   | <u>7,622,000</u>         | <u>15,657,038</u> | <u>7,622,000</u>         | <u>13,568,950</u> |

### 13.2 Gains (losses) on investments

(Unit: Baht)

|  | For the three-month<br>periods ended 30 June  |                     | For the six-month<br>periods ended 30 June |                     |
|--|---|---------------------|--|---------------------|
|  | 2014  | 2013                | 2014                                       | 2013                |
|  | Realised gains (losses) on trading securities | 1,460,191           | (70,433,253)                               | 1,108,333           |
| Unrealised gains (losses) on revaluation of trading securities | <u>(401,857)</u>                              | <u>4,068,334</u>    | <u>999,363</u>                             | <u>2,201,679</u>    |
| Total gains (losses) on investments                            | <u>1,058,334</u>                              | <u>(66,364,919)</u> | <u>2,107,696</u>                           | <u>(61,289,178)</u> |

## 14. Equipment

(Unit: Baht)

|   | Building<br>improvement | Furniture<br>Fixtures and<br>equipment | Asset under<br>financial lease | Construction in<br>process | Total         |
|---|-------------------------|--|--------------------------------|----------------------------|---------------|
| <b>Cost</b>   |                         |  |                                |                            |               |
| 1 January 2013  | 188,913,101             | 470,627,365                            | 29,789,032                     | 239,279                    | 689,568,777   |
| Additions   | 20,293,554              | 98,501,317                             | 8,231,113                      | 22,126,451                 | 149,152,435   |
| Transfer in (out)   | 12,617,007              | 9,432,863                              | -                              | (22,049,870)               | -             |
| Disposals/written-off                                       | (8,020,126)             | (26,546,191)                           | (4,785,316)                    | -                          | (39,351,633)  |
| 31 December 2013  | 213,803,536             | 552,015,354                            | 33,234,829                     | 315,860                    | 799,369,579   |
| Additions   | 8,194,843               | 57,703,619                             | -                              | 8,198,534                  | 74,096,996    |
| Transfer in (out)   | 5,387,088               | 3,121,846                              | -                              | (8,508,934)                | -             |
| Disposals/written-off                                       | (9,881,781)             | (106,291,455)                          | -                              | -                          | (116,173,236) |
| 30 June 2014  | 217,503,686             | 506,549,364                            | 33,234,829                     | 5,460                      | 757,293,339   |
| <b>Accumulated depreciation</b>                             |                         |  |                                |                            |               |
| 1 January 2013  | 139,713,262             | 382,445,101                            | 17,006,088                     | -                          | 539,164,451   |
| Depreciation for the year                                   | 16,355,179              | 54,965,710                             | 5,858,792                      | -                          | 77,179,681    |
| Disposals/written-off                                       | (7,489,556)             | (26,153,032)                           | (4,785,316)                    | -                          | (38,427,904)  |
| 31 December 2013  | 148,578,885             | 411,257,779                            | 18,079,564                     | -                          | 577,916,228   |
| Depreciation for the period                                 | 9,608,877               | 20,524,858                             | 3,091,857                      | -                          | 33,225,592    |
| Disposals/written-off                                       | (9,821,842)             | (106,258,234)                          | -                              | -                          | (116,080,076) |
| 30 June 2014  | 148,365,920             | 325,524,403                            | 21,171,421                     | -                          | 495,061,744   |
| <b>Net book value</b>                                       |                         |  |                                |                            |               |
| 31 December 2013  | 65,224,651              | 140,757,575                            | 15,155,265                     | 315,860                    | 221,453,351   |
| 30 June 2014  | 69,137,766              | 181,024,961                            | 12,063,408                     | 5,460                      | 262,231,595   |
| Depreciation charge for the six-month periods ended 30 June |                         |  |                                |                            |               |
| 2013  |                         |  |                                |                            | 36,381,901    |
| 2014  |                         |  |                                |                            | 33,225,592    |

As at 30 June 2014 and 31 December 2013, certain equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 328 million and Baht 441 million, respectively.

## 15. Intangible assets

(Unit: Baht)

| For the six-month period ended 30 June 2014                      |              |                    |                  |                            |                    |                          |                   |                  |                    |                       |                   |
|--|--------------|--------------------|------------------|----------------------------|--------------------|--------------------------|-------------------|------------------|--------------------|-----------------------|-------------------|
|  | Useful lives | Cost               |                  |                            |                    | Accumulated amortisation |                   |                  |                    | Net intangible assets |                   |
|  |              | 1 January 2014     | Increase         | Transfer in (transfer out) | Written-off        | 30 June 2014             | 1 January 2014    | Increase         | Written-off        |                       | 30 June 2014      |
|  |              |                    |                  |                            |                    |                          |                   |                  |                    |                       |                   |
| Computer software  | 5 years      | 110,597,151        | 7,174,346        | 724,689                    | (6,216,863)        | 112,279,323              | 73,267,572        | 6,452,935        | (6,216,813)        | 73,503,694            | 38,775,629        |
| Software under installation                                      | -            | 1,500,189          | 1,053,938        | (724,689)                  | -                  | 1,829,438                | -                 | -                | -                  | -                     | 1,829,438         |
| Deferred expenses of membership fee - Thailand Futures Exchanges | -            | 5,000,000          | -                | -                          | -                  | 5,000,000                | 1,679,452         | -                | -                  | 1,679,452             | 3,320,548         |
| <b>Total</b>   |              | <b>117,097,340</b> | <b>8,228,284</b> | <b>-</b>                   | <b>(6,216,863)</b> | <b>119,108,761</b>       | <b>74,947,024</b> | <b>6,452,935</b> | <b>(6,216,813)</b> | <b>75,183,146</b>     | <b>43,925,615</b> |

(Unit: Baht)

| Separate financial statements                                    |              |                   |                   |                            |                |                          |                   |                  |                |                       |                   |
|--|--------------|-------------------|-------------------|----------------------------|----------------|--------------------------|-------------------|------------------|----------------|-----------------------|-------------------|
| For the year ended 31 December 2013                              |              |                   |                   |                            |                |                          |                   |                  |                |                       |                   |
|  | Useful lives | Cost              |                   |                            |                | Accumulated amortisation |                   |                  |                | Net intangible assets |                   |
|  |              | 1 January 2013    | Increase          | Transfer in (transfer out) | Written-off    | 31 December 2013         | 1 January 2013    | Increase         | Written-off    |                       | 31 December 2013  |
|  |              |                   |                   |                            |                |                          |                   |                  |                |                       |                   |
| Computer software  | 5 years      | 87,949,580        | 21,329,546        | 1,321,314                  | (3,289)        | 110,597,151              | 63,738,006        | 9,532,854        | (3,288)        | 73,267,572            | 37,329,579        |
| Software under installation                                      | -            | 974,229           | 1,847,274         | (1,321,314)                | -              | 1,500,189                | -                 | -                | -              | -                     | 1,500,189         |
| Deferred expenses of membership fee - Thailand Futures Exchanges | -            | 5,000,000         | -                 | -                          | -              | 5,000,000                | 1,679,452         | -                | -              | 1,679,452             | 3,320,548         |
| <b>Total</b>   |              | <b>93,923,809</b> | <b>23,176,820</b> | <b>-</b>                   | <b>(3,289)</b> | <b>117,097,340</b>       | <b>65,417,458</b> | <b>9,532,854</b> | <b>(3,288)</b> | <b>74,947,024</b>     | <b>42,150,316</b> |

As at 30 June 2014 and 31 December 2013, certain computer software items have been fully amortised but are still in use. The gross carrying amount (before deducting accumulated amortisation) of those intangible assets amounted to approximately Baht 50 million and Baht 50 million, respectively.

## 16. Other assets

(Unit: Baht)

|                  | 30 June 2014       | 31 December 2013   |
|------------------|--------------------|--------------------|
| Clearing fund    | 93,333,503         | 88,619,513         |
| Accrued income   | 71,201,496         | 49,785,793         |
| Prepaid expenses | 180,510,699        | 12,323,798         |
| Others           | 14,768,516         | 19,357,917         |
| <b>Total</b>     | <b>359,814,214</b> | <b>170,087,021</b> |

## 17. Borrowings from financial institutions

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

(Unit: Baht)

|   | 30 June 2014                         |                              |               |                      |
|---|--------------------------------------|------------------------------|---------------|----------------------|
|   | Interest rate per annum<br>(percent) | Remaining period to maturity |               |                      |
|   |                                      | At call                      | Within 1 year | Total                |
| <b>Financial institutions</b>                       |                                      |                              |               |                      |
| Promissory notes                                    | 2.30 - 2.75                          | 3,479,000,000                | -             | 3,479,000,000        |
| <b>Total borrowings from financial institutions</b> |                                      | <u>3,479,000,000</u>         | <u>-</u>      | <u>3,479,000,000</u> |

(Unit: Baht)

|   | 31 December 2013                     |                              |               |                      |
|---|--------------------------------------|------------------------------|---------------|----------------------|
|   | Interest rate per annum<br>(percent) | Remaining period to maturity |               |                      |
|   |                                      | At call                      | Within 1 year | Total                |
| <b>Financial institutions</b>                       |                                      |                              |               |                      |
| Promissory notes                                    | 2.40 - 2.95                          | 2,575,000,000                | -             | 2,575,000,000        |
| <b>Total borrowings from financial institutions</b> |                                      | <u>2,575,000,000</u>         | <u>-</u>      | <u>2,575,000,000</u> |

## 18. Securities and derivatives business payables

(Unit: Baht)

|   | 30 June 2014         | 31 December 2013     |
|---|----------------------|----------------------|
| Cash accounts   | 3,399,846,372        | 2,728,827,793        |
| Payables under securities borrowing and lending business  | 253,557,618          | 153,599,520          |
| Guarantee deposit payables                                | -                    | 37,091,169           |
| <b>Total securities and derivatives business payables</b> | <u>3,653,403,990</u> | <u>2,919,518,482</u> |



## 19. Debt issued and borrowings

As at 30 June 2014 and 31 December 2013, debt issued and borrowings are classified as follows:

(Unit: Baht)

|  | 30 June 2014                         |                              |               |               |
|--|--------------------------------------|------------------------------|---------------|---------------|
|  | Interest rate per annum<br>(percent) | Remaining period to maturity |               |               |
|  |                                      | At call                      | Within 1 year | Total         |
| <b><u>Other borrowings and debt issued</u></b> |                                      |                              |               |               |
| Debt issued - bill of exchange                 | 2.40 - 2.85                          | -                            | 3,556,184,431 | 3,556,184,431 |
| <b>Total other borrowings and debt issued</b>  |                                      | -                            | 3,556,184,431 | 3,556,184,431 |

(Unit: Baht)

|  | 31 December 2013                     |                              |               |               |
|--|--------------------------------------|------------------------------|---------------|---------------|
|  | Interest rate per annum<br>(percent) | Remaining period to maturity |               |               |
|  |                                      | At call                      | Within 1 year | Total         |
| <b><u>Other borrowings and debt issued</u></b> |                                      |                              |               |               |
| Debt issued - bill of exchange                 | 2.95 - 3.23                          | -                            | 2,946,827,927 | 2,946,827,927 |
| <b>Total other borrowings and debt issued</b>  |                                      | -                            | 2,946,827,927 | 2,946,827,927 |

## 20. Provisions

(Unit: Baht)

|                                | Obligations | Long-term         | Decommissio- | Total       |
|--------------------------------|-------------|-------------------|--------------|-------------|
|                                |             | employee benefits | ning         |             |
| Balance as at 1 January 2013   | 26,326,952  | 52,309,556        | 4,389,027    | 83,025,535  |
| Increase during the year       | -           | 23,467,930        | -            | 23,467,930  |
| Balance as at 31 December 2013 | 26,326,952  | 75,777,486        | 4,389,027    | 106,493,465 |
| Increase during the period     | -           | 27,073,901        | -            | 27,073,901  |
| Balance as at 30 June 2014     | 26,326,952  | 102,851,387       | 4,389,027    | 133,567,366 |

Obligations comprised the obligations of the Company to Nithipat Capital Public Co., Ltd., ("Nithipat"), the former parent company, of approximately Baht 11 million in case that Nithipat cannot collect their securities debts which have not been transferred as mentioned in the Asset Transfer Letter dated 14 August 1996. Additional provision is set up for the notification of approximately Baht 16 million from a customers' account of Yuanta Securities (Thailand) Limited demanding the Company to pay for damage claims from the event occurred before the customer was transferred to the Company.

## 21. Provisions for long-term employee benefits

Provision for long-term employee benefits as at 30 June 2014 and 31 December 2013, was as follows:

|   | (Unit: Baht)       |                   |
|---|--------------------|-------------------|
|   | 30 June 2014       | 31 December 2013  |
| <b>Defined benefit obligation at beginning of period/year</b>           | 98,317,614         | 86,119,748        |
| Current service cost  | 5,590,017          | 12,197,866        |
| Interest cost   | 2,021,353          | -                 |
| Benefits paid during the period/year                                    | (835,000)          | -                 |
| Actuarial losses  | 14,662,499         | -                 |
| <b>Defined benefit obligation at end of period/year</b>                 | 119,756,483        | 98,317,614        |
| Unrecognised transitional provisions                                    | (16,905,096)       | (22,540,128)      |
| <b>Provisions for long-term employee benefits at end of period/year</b> | <b>102,851,387</b> | <b>75,777,486</b> |

As at 30 June 2014, the Company recognised Baht 39 million of such long-term employee benefit liabilities and Baht 17 million remains unrecognised as a result of gradual recognition of liability in the transition period over the five-year period.

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

|   | (Unit: Baht)                |                  |                           |                   |
|---|-----------------------------|------------------|---------------------------|-------------------|
|   | For the three-month periods |                  | For the six-month periods |                   |
|   | ended 30 June               |                  | ended 30 June             |                   |
|   | 2014                        | 2013             | 2014                      | 2013              |
| Current service cost                                | 2,540,550                   | 3,049,467        | 5,590,017                 | 6,098,933         |
| Interest cost                                       | 2,021,353                   | -                | 2,021,353                 | -                 |
| Transitional liability recognised during the period | 2,817,516                   | 2,817,516        | 5,635,032                 | 5,635,032         |
| <b>Total</b>  | <b>7,379,419</b>            | <b>5,866,983</b> | <b>13,246,402</b>         | <b>11,733,965</b> |

The Company recognised these expenses in operating expenses.

The cumulative amount of actuarial losses recognised in other comprehensive income and taken as part of retained earnings of the Company as at 30 June 2014 amounted to Baht 15 million.

The principal actuarial assumptions used to calculate the defined benefit obligations as at actuarial date are summarised below.

|                                | 30 June 2014  | 31 December 2013 |
|--------------------------------|---------------|------------------|
|                                | (% per annum) | (% per annum)    |
| Discount rate                  | 4             | 4                |
| Average future salary increase | 5             | 4                |
| Average turnover rate          | 0 - 15        | 0 - 15           |

Amounts of defined benefit obligation and experience adjustments on the obligation for the current and previous four periods are as follows:

|                  | Defined benefit obligation | Experience adjustments on the obligation |
|------------------|----------------------------|--|
|                  |                            | (Unit: Thousand Baht)                    |
| 30 June 2014     | 119,756,483                | 6,105,418                                |
| 31 December 2013 | 98,317,614                 | -  |
| 31 December 2012 | 86,119,748                 | -  |
| 31 December 2011 | 71,793,225                 | -  |
| 31 December 2010 | 64,476,702                 | -  |

## 22. Liabilities under finance lease agreements

|   | 30 June 2014 | 31 December 2013 |
|---|--------------|------------------|
| Liabilities under finance lease agreements                          | 17,442,148   | 20,341,047       |
| Less : Deferred interest expenses                                   | (1,530,397)  | (2,023,559)      |
| Total   | 15,911,751   | 18,317,488       |
| Less : Portion due within one year                                  | (6,961,166)  | (6,657,810)      |
| Liabilities under finance lease agreements - net of current portion | 8,950,585    | 11,659,678       |

The Company has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Baht)

|  | 30 June 2014     |                  |          |                   |
|--|------------------|------------------|----------|-------------------|
|  | Less than 1      | Over 5           |          | Total             |
|  | year             | 1-5 years        | years    |                   |
| Future minimum lease payments                  | 6,961,166        | 10,480,982       | -        | 17,442,148        |
| Deferred interest expenses                     | (733,211)        | (797,186)        | -        | (1,530,397)       |
| Present value of future minimum lease payments | <u>6,227,955</u> | <u>9,683,796</u> | <u>-</u> | <u>15,911,751</u> |

(Unit: Baht)

|  | 31 December 2013 |                   |          |                   |
|--|------------------|-------------------|----------|-------------------|
|  | Less than 1      | Over 5            |          | Total             |
|  | year             | 1-5 years         | years    |                   |
| Future minimum lease payments                  | 7,576,066        | 12,764,981        | -        | 20,341,047        |
| Deferred interest expenses                     | (918,256)        | (1,105,303)       | -        | (2,023,559)       |
| Present value of future minimum lease payments | <u>6,657,810</u> | <u>11,659,678</u> | <u>-</u> | <u>18,317,488</u> |

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

### 24. Statutory reserve

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

## 25. Dividends

During the six-month periods ended 30 June 2014 and 2013, the Annual General Meeting of the Company's shareholders approved the payment of dividend as follows:

| Dividends  | Approved by   | Total dividends | Dividend per share |
|--|---|-----------------|--------------------|
|  |   | (Million Baht)  | (Baht)             |
| Dividends for the operating result as from 1 July 2013 to 31 December 2013 | Annual General Meeting of the shareholders on 2 April 2014  | 1,216           | 2.13               |
| Dividends for the operating result as from 1 July 2012 to 31 December 2012 | Annual General Meeting of the shareholders on 26 March 2013 | 514             | 0.90               |

## 26. Brokerage fee

(Unit: Baht)

|   | For the three-month periods ended 30 June |               | For the six-month periods ended 30 June |               |
|---|---|---------------|---|---------------|
|   | 2014                                      | 2013          | 2014                                    | 2013          |
|   | Brokerage fee from securities business    | 614,264,525   | 926,628,221                             | 1,040,238,398 |
| Brokerage fee from derivatives business | 40,055,125                                | 75,215,764    | 90,262,179                              | 150,163,978   |
| Total brokerage fee                     | 654,319,650                               | 1,001,843,985 | 1,130,500,577                           | 2,325,851,769 |

## 27. Fees and service income

(Unit: Baht)

|                                  | For the three-month periods ended 30 June |            | For the six-month periods ended 30 June |            |
|----------------------------------|---|------------|---|------------|
|                                  | 2014                                      | 2013       | 2014                                    | 2013       |
|                                  | Underwriting fee                          | 46,092,198 | 9,118,750                               | 46,092,198 |
| Financial advisory               | 17,400,000                                | 20,775,000 | 19,325,000                              | 24,135,132 |
| Securities borrowing and lending | 3,921,233                                 | 2,567,349  | 8,926,012                               | 7,172,171  |
| Others                           | 1,765,275                                 | 1,614,475  | 3,369,894                               | 3,314,799  |
| Total fees and service income    | 69,178,706                                | 34,075,574 | 77,713,104                              | 47,635,452 |

## 28. Directors' remuneration

Directors' remuneration represents the benefits (exclusive of salaries, bonus, and related benefits payable to executive directors) paid to directors of the Company in accordance with Section 90 of the Public Limited Companies Act.

## 29. Provident fund

The Company, and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly at the rate of 3 percent of basic salary and the Company contributed to the fund monthly at the rate of 2-8 percent. The funds of the Company are managed by TMB Asset Management Company Limited. The funds will be paid to employees upon termination in accordance with the rules of the fund. During the six-month periods ended 30 June 2014 and 2013, Baht 15 million and Baht 14 million, respectively were contributed to the fund by the Company.

## 30. Deferred tax assets/liabilities and income tax expenses

### 30.1 Deferred tax assets/liabilities

Deferred tax assets and deferred tax liabilities consisted of tax effects on each type of transactions as follows:

|   | (Unit: Baht)      |                   |
|---|-------------------|-------------------|
|   | 30 June 2014      | 31 December 2013  |
| <b>Deferred tax assets</b>                          |                   |                   |
| Allowance for doubtful accounts - others            | 2,674,627         | 2,680,627         |
| Allowance for impairment/revaluation on investments | 2,886,950         | 2,906,036         |
| Accrued expenses                                    | 1,202,810         | 13,500            |
| Provisions for obligations                          | 5,265,390         | 5,265,390         |
| Provisions for long-term employee benefits          | 20,570,278        | 15,155,497        |
| Others  | 508,310           | 1,201,687         |
| <b>Total deferred tax assets</b>                    | <u>33,108,365</u> | <u>27,222,737</u> |

## 30.2 Income tax expenses

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

|  | (Unit: Baht)                                 |                    |  |                    |
|--|--|--------------------|--|--------------------|
|  | For the three-month periods<br>ended 30 June |                    | For the six-month periods<br>ended 30 June |                    |
|  | 2014   | 2013               | 2014                                       | 2013               |
| <b>Current income tax:</b>                                       |  |                    |  |                    |
| Interim corporate income tax charges                             | 51,646,801                                   | 96,117,803         | 85,724,148                                 | 219,870,035        |
| Adjustment of income tax expenses of<br>previous year            | 5,145,638                                    | 2,505,815          | 5,145,638                                  | 32,782             |
| <b>Deferred tax:</b>   |  |                    |  |                    |
| Relating to origination and reversal of<br>temporary differences | (1,414,187)                                  | 7,656,277          | (2,953,128)                                | 7,717,073          |
| <b>Income tax expense reported in profit<br/>or loss</b>         | <u>55,378,252</u>                            | <u>106,279,895</u> | <u>87,916,658</u>                          | <u>227,619,890</u> |

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

|  | (Unit: Baht)                                 |                    |  |                      |
|--|--|--------------------|--|----------------------|
|  | For the three-month periods<br>ended 30 June |                    | For the six-month periods<br>ended 30 June |                      |
|  | 2014   | 2013               | 2014                                       | 2013                 |
| Accounting profits before income tax<br>expenses                         | <u>271,310,187</u>                           | <u>457,087,761</u> | <u>431,714,068</u>                         | <u>1,117,425,852</u> |
| Applicable corporate income tax rate                                     | 20%  | 20%                | 20%  | 20%                  |
| Amounts of income taxes at the applicable<br>tax rate                    | 54,262,037                                   | 91,417,552         | 86,342,813                                 | 223,485,170          |
| Adjustment of income tax expenses of<br>previous year                    | 5,145,638                                    | 2,505,815          | 5,145,638                                  | 32,782               |
| Tax effect of non-deductible expenses                                    | (4,029,423)                                  | 2,394,045          | (3,571,793)                                | 3,968,456            |
| Effect of net - temporary differences                                    | -  | 9,962,483          | -  | 133,482              |
| Income tax expenses reported in the<br>statement of comprehensive income | <u>55,378,252</u>                            | <u>106,279,895</u> | <u>87,916,658</u>                          | <u>227,619,890</u>   |

### 31. Earnings per share

Basic earnings per share is calculated by dividing the net earnings for the period by the weighted average number of ordinary shares held by outside shareholders in issue during the period.

### 32. Related party transactions

During the six-month periods ended 30 June 2014 and 2013, the Company had significant business transactions with the following related parties.

| Company's name and related person             | Relationship                   |
|---|--------------------------------|
| Maybank Kim Eng Holdings Limited              | Parent company                 |
| Mayban IB Holdings Sdn Bhd                    | Shareholder of parent company  |
| Maybank Asset Management (Thailand) Co., Ltd. | Fellow subsidiary of the Group |
| Maybank Kim Eng Securities Pte. Ltd.          | Fellow subsidiary              |
| Kim Eng Securities (Hong Kong) Limited        | Fellow subsidiary              |
| Maybank Kim Eng Investment Limited            | Fellow subsidiary              |
| Maybank Asset Management Group Berhad         | Fellow subsidiary              |
| Maybank Kim Eng Securities Limited            | Fellow subsidiary              |

Such related parties transactions have been concluded on commercial terms and bases agreed upon in the ordinary course of businesses between the Company and those related parties. Below is a summary of those transactions.

(Unit: Million Baht)

|   | For the three-month periods |      | For the six-month periods |      | Pricing policies   |
|---|-----------------------------|------|---------------------------|------|--|
|   | ended 30 June               |      | ended 30 June             |      |  |
|   | 2014                        | 2013 | 2014                      | 2013 |  |
| <b><u>Transactions with related parties</u></b> |                             |      |                           |      |  |
| <b><u>Rental and service income</u></b>         |                             |      |                           |      |  |
|   |                             |      |                           |      | In accordance with service agreements  |
| Maybank Asset Management (Thailand) Co., Ltd.   | 0.3                         | -    | 0.5                       | 0.2  |  |
| <b><u>Brokerage fee income</u></b>              |                             |      |                           |      |  |
|   |                             |      |                           |      | At normal rate charged to other clients, in accordance with SET's and SEC's notification |
| Maybank Kim Eng Securities Pte. Ltd.            | 13                          | 15   | 22                        | 31   |  |
| Kim Eng Securities (Hong Kong) Limited          | 0.96                        | 2    | 1                         | 3    |  |
| <b><u>Fee and service expenses</u></b>          |                             |      |                           |      |  |
|   |                             |      |                           |      | In accordance with agreement   |
| Maybank Kim Eng Securities Pte. Ltd.            | 0.90                        | -    | 1                         | -    |  |
| <b><u>Brokerage expenses</u></b>                |                             |      |                           |      |  |
|   |                             |      |                           |      | In accordance with agreement   |
| Maybank Kim Eng Securities Pte. Ltd.            | 0.60                        | 0.6  | 1                         | 1    |  |



(Unit: Million Baht)

|   | For the three-month periods |      | For the six-month periods |      | Pricing policies                        |
|---|-----------------------------|------|---------------------------|------|---|
|   | ended 30 June               |      | ended 30 June             |      |   |
|   | 2014                        | 2013 | 2014                      | 2013 |   |
| <b>Transactions with related parties</b>      |                             |      |                           |      |   |
| <b>(continued)</b>                            |                             |      |                           |      |   |
| <u>Rental expenses</u>                        |                             |      |                           |      |   |
|   |                             |      |                           |      | In accordance with agreement            |
| Maybank Asset Management (Thailand) Co., Ltd. | 0.3                         | -    | 0.5                       | -    |   |
| <u>Interest expenses on borrowings</u>        |                             |      |                           |      |   |
|   |                             |      |                           |      | In accordance with borrowings agreement |
| Maybank Kim Eng Holdings Limited              | -                           | 28   | -                         | 52   |   |
| <u>Consulting service fee</u>                 |                             |      |                           |      |   |
|   |                             |      |                           |      | In accordance with service agreements   |
| Maybank Kim Eng Securities Pte. Ltd.          | -                           | -    | 1                         | 1    |   |
| <u>Dividend paid</u>                          |                             |      |                           |      |   |
|   |                             |      |                           |      | As declared                             |
| Maybank Kim Eng Holdings Limited              | 1,012                       | -    | 1,012                     | 428  |   |
| Maybank Kim Eng Investment Limited            | 3                           | -    | 3                         | 1    |   |

As at 30 June 2014 and 31 December 2013, the outstanding balances of the above transactions, as presented in the statements of financial position are as follows:

(Unit: Million Baht)

|   | 30 June | 31 December | Pricing Policies                     |
|---|---------|-------------|--------------------------------------|
|   | 2014    | 2013        |                                      |
| <b>Related companies</b>                      |         |             |                                      |
| <u>Other receivables</u>                      |         |             |                                      |
|   |         |             | No interest charged                  |
| Maybank Asset Management (Thailand) Co., Ltd. | 0.2     | 0.30        |                                      |
| <u>Securities business receivables</u>        |         |             |                                      |
|   |         |             | No interest charged                  |
| Maybank Kim Eng Securities Pte. Ltd.          | 139     | 65          |                                      |
| Kim Eng Securities (Hong Kong) Limited        | -       | 3           |                                      |
| <u>Foreign securities company receivables</u> |         |             |                                      |
|   |         |             | No interest charged                  |
| Maybank Kim Eng Securities Pte. Ltd.          | 39      | 10          |                                      |
| <u>Foreign deposits receivables</u>           |         |             |                                      |
|   |         |             | No interest charged                  |
| Maybank Kim Eng Securities Pte. Ltd.          | 184     | 87          |                                      |
| <u>Prepaid consulting fee</u>                 |         |             |                                      |
|   |         |             | In accordance with service agreement |
| Maybank Kim Eng Securities Pte. Ltd.          | -       | 1           |                                      |
| <u>Securities business payables</u>           |         |             |                                      |
|   |         |             | No interest charged                  |
| Maybank Kim Eng Securities Pte. Ltd.          | 18      | 394         |                                      |
| Kim Eng Securities (Hong Kong) Limited        | 137     | 27          |                                      |
| <u>Foreign securities company payables</u>    |         |             |                                      |
|   |         |             | No interest charged                  |
| Maybank Kim Eng Securities Pte. Ltd.          | 2       | 12          |                                      |
| <u>Accrued consulting fee</u>                 |         |             |                                      |
|   |         |             | In accordance with service agreement |
| Kim Eng Securities (Hong Kong) Limited        | -       | 5           |                                      |

As at 30 June 2014, Maybank Kim Eng Holdings Ltd. guaranteed the overdraft facilities amounting to Baht 30 million (31 December 2013: Baht 30 million). There is no overdraft outstanding balance as at 30 June 2014.

As at 30 June 2014, the Company had loans to employees under welfare program amounting to Baht 285 million. The loans charged interest at rate of 1.72 and 2.55 percent per annum (31 December 2013: Baht 297 million, interest at rate of 2.52 and 2.90 percent per annum).

### Management's remuneration

During the three-month and six-month periods ended 30 June 2014 and 2013, benefits paid to management of the Company both monetary and non-monetary, which presented as part of "Personnel expenses", are as follows:

|                              | (Unit: Baht)                |                    |                           |                    |
|------------------------------|-----------------------------|--------------------|---------------------------|--------------------|
|                              | For the three-month periods |                    | For the six-month periods |                    |
|                              | ended 30 June               |                    | ended 30 June             |                    |
|                              | 2014                        | 2013               | 2014                      | 2013               |
| Management's remuneration    |                             |                    |                           |                    |
| Short-term employee benefits | 77,358,324                  | 105,910,796        | 118,545,863               | 247,647,789        |
| Post-employment benefits     | 1,788,374                   | 1,122,212          | 2,910,586                 | 2,244,424          |
|                              | <u>79,146,698</u>           | <u>107,033,008</u> | <u>121,456,449</u>        | <u>249,892,213</u> |

### **33. Segment information**

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 are organised into business units based on its products and services and have two reportable segments as follows:

- Securities business segment, which provide service according to brokering and derivative brokering and securities borrowing and lending.
- Investment banking segment, which provide service according to underwriting, investment advisory, securities borrowing and lending and corporate finance advisory.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements. However, the Company and its subsidiary income taxes is managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The following tables present revenue and profit information regarding the Company's operating segments for the six-month periods ended 30 June 2014 and 2013, respectively.

(Unit: Million Baht)

| <b>For the six-month period ended 30 June 2014</b> | Securities<br>business<br>segment | Investment<br>banking<br>segment | Total segments |
|--|-----------------------------------|----------------------------------|----------------|
| <b>Income</b>                                      |                                   |                                  |                |
| External customers                                 |                                   |                                  |                |
| Brokerage fee                                      | 1,130                             | -                                | 1,130          |
| Fee and service income                             | 12                                | 66                               | 78             |
| Interest on deposit and credit balance accounts    | 424                               | -                                | 424            |
| Other income                                       | 18                                | -                                | 18             |
| <b>Total income</b>                                | <u>1,584</u>                      | <u>66</u>                        | <u>1,650</u>   |
| <b>Expenses</b>                                    |                                   |                                  |                |
| Financial cost                                     |                                   |                                  | 182            |
| Fee and service expenses                           |                                   |                                  | 94             |
| Personnel expenses                                 |                                   |                                  | 662            |
| Other expenses                                     |                                   |                                  | 280            |
| <b>Total expenses</b>                              |                                   |                                  | <u>1,218</u>   |
| <b>Profit before income tax expenses</b>           |                                   |                                  | 432            |
| Income tax expenses                                |                                   |                                  | (88)           |
| <b>Profit for the year</b>                         |                                   |                                  | <u>344</u>     |

(Unit: Million Baht)

| <b>For the six-month period ended 30 June 2013</b> | Securities<br>business<br>segment | Investment<br>banking<br>segment | Total segments |
|--|-----------------------------------|----------------------------------|----------------|
| <b>Income</b>                                      |                                   |                                  |                |
| External customers                                 |                                   |                                  |                |
| Brokerage fee                                      | 2,322                             | 4                                | 2,326          |
| Fee and service income                             | 10                                | 37                               | 47             |
| Interest on deposit and credit balance accounts    | 495                               | -                                | 495            |
| Other income                                       | 61                                | 1                                | 62             |
| <b>Total income</b>                                | <b>2,888</b>                      | <b>42</b>                        | <b>2,930</b>   |
| <b>Expenses</b>                                    |                                   |                                  |                |
| Financial cost                                     |                                   |                                  | 240            |
| Fee and service expenses                           |                                   |                                  | 169            |
| Personnel expenses                                 |                                   |                                  | 1,123          |
| Other expenses                                     |                                   |                                  | 281            |
| <b>Total expenses</b>                              |                                   |                                  | <b>1,813</b>   |
| <b>Profit before income tax expenses</b>           |                                   |                                  | <b>1,117</b>   |
| Income tax expenses                                |                                   |                                  | (228)          |
| <b>Profit for the period</b>                       |                                   |                                  | <b>889</b>     |

The following table presents segment assets of the Company's operating segments as at 30 June 2014 and 31 December 2013:

(Unit: Million Baht)

| <b>Segment assets</b>  | Securities<br>business<br>segment | Investment<br>banking<br>segment | Total<br>Segments | Unallocated<br>assets | Consolidated |
|------------------------|-----------------------------------|----------------------------------|-------------------|-----------------------|--------------|
| As at 30 June 2014     | 14,758                            | 3                                | 14,761            | 1,154                 | 15,915       |
| As at 31 December 2013 | 13,114                            | 4                                | 13,118            | 1,567                 | 14,685       |

### 34. Commitments and contingent liabilities

#### 34.1 Significant contingent liabilities are as follows:

- 1) The Company have the significant outstanding commitments under office space, office equipment, and other service agreements are as follows:

(Unit: Million Baht)

|                             | <u>30 June 2014</u> | <u>31 December 2013</u> |
|-----------------------------|---------------------|-------------------------|
| Payable:                    |                     |                         |
| In up to 1 year             | 88                  | 91                      |
| In over 1 and up to 5 years | 95                  | 115                     |

- 2) As at 30 June 2014 and 31 December 2013, future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Million Baht)

|  | <u>30 June 2014</u> |           |           |
|--|---------------------|-----------|-----------|
|  | Less than           |           |           |
|  | 1 year              | 1-5 years | Total     |
| Future minimum lease payments                  | 7                   | 10        | 17        |
| Deferred interest expenses                     | (1)                 | (1)       | (2)       |
| Present value of future minimum lease payments | <u>6</u>            | <u>9</u>  | <u>15</u> |

(Unit: Million Baht)

|  | <u>31 December 2013</u> |           |           |
|--|-------------------------|-----------|-----------|
|  | Less than               |           |           |
|  | 1 year                  | 1-5 years | Total     |
| Future minimum lease payments                  | 7                       | 13        | 20        |
| Deferred interest expenses                     | (1)                     | (1)       | (2)       |
| Present value of future minimum lease payments | <u>6</u>                | <u>12</u> | <u>18</u> |

## **35. Financial instruments**

Financial instruments are any contract which gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity in the meantime.

### **35.1 Financial risk management**

Financial instruments of the Company principally comprise cash and cash equivalents, deposits at financial institutions, derivative assets, investments, receivables from and payables to Clearing House, borrowings from financial institutions, securities and derivatives business receivables and payables, derivative liabilities and debt issued and borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

### **35.2 Credit risk**

The Company is exposed to credit risk primarily with respect to securities and futures business receivables. The Company manages the risk by establishing trading credit approval limit for client, performing credit review and increasing credit limit at both of committee and individual level subject to credit level. In addition, the Company assigns Credit Committee to control and monitor the credit risk. Therefore, the Company 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 book value of securities and derivatives business receivables, derivative assets and receivables from foreign securities company as stated in the statement of financial position.

### **35.3 Market risk**

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the Company's position and investment status. As such, market risk consists of interest rate risk, foreign exchange risk and equity/commodities position risk.

#### **a) Interest rate risk**

Interest rate risk is the risk that the value of financial assets and liabilities will fluctuate due to changes in market interest rates. 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 2014 and 31 December 2013, significant financial assets and liabilities classified by type of interest rates are summarised in the table below.

(Unit: Million Baht)

| Outstanding balance of financial instruments as at 30 June 2014 |                        |   |             |              |                  |                      |               |                        |                     |
|---|------------------------|---|-------------|--------------|------------------|----------------------|---------------|------------------------|---------------------|
|   | Fixed interest rates   |   |             |              |                  |                      | Interest rate |                        |                     |
|   | Floating interest rate | Remaining period to the contractual repricing date or maturity date |             |              | Without interest | Non-performing debts | Total         | (% p.a.)               |                     |
|   |                        | Within 1 year   | 1 - 5 years | Over 5 years |                  |                      |               | Floating interest rate | Fixed interest rate |
| <b>Financial assets</b>   |                        |   |             |              |                  |                      |               |                        |                     |
| Cash and cash equivalents                                       | 51                     | -   | -           | -            | 176              | -                    | 227           | 0.13-1.80              | -                   |
| Deposits at financial institutions                              | -                      | 3   | -           | -            | -                | -                    | 3             | -                      | 1.05 - 1.08         |
| Receivable from Clearing House                                  | -                      | -   | -           | -            | 600              | -                    | 600           | -                      | -                   |
| Securities and derivatives business receivables                 | 10,463                 | 254   | -           | -            | 3,016            | 246                  | 13,979        | 5.41-6.50              | 5.50 - 8.50         |
| Loans to employees under welfare program                        | 285                    | -   | -           | -            | -                | -                    | 285           | 1.72-2.55              | -                   |
| <b>Financial liabilities</b>                                    |                        |   |             |              |                  |                      |               |                        |                     |
| Borrowings from financial institutions                          | 3,479                  | -   | -           | -            | -                | -                    | 3,479         | 2.30-2.75              | -                   |
| Payable to Clearing House                                       | 55                     | -   | -           | -            | -                | -                    | 55            | -                      | -                   |
| Securities and derivatives business payables                    | -                      | 254   | -           | -            | 3,399            | -                    | 3,653         | 1.90                   | 3.00 - 5.50         |
| Derivative liabilities  | -                      | -   | -           | -            | 15               | -                    | 15            | -                      | -                   |
| Debt issued and borrowings                                      | -                      | 3,556   | -           | -            | -                | -                    | 3,556         | -                      | 2.40 - 2.85         |
| Liabilities under financial lease agreements                    | -                      | 6   | 9           | -            | -                | -                    | 15            | -                      | 5.21 - 6.77         |

(Unit: Million Baht)

| Outstanding balance of financial instruments as at 31 December 2013 |                        |   |             |              |                  |                      |               |                        |                     |
|---|------------------------|---|-------------|--------------|------------------|----------------------|---------------|------------------------|---------------------|
|   | Fixed interest rates   |   |             |              |                  |                      | Interest rate |                        |                     |
|   | Floating interest rate | Remaining period to the contractual repricing date or maturity date |             |              | Without interest | Non-performing debts | Total         | (% p.a.)               |                     |
|   |                        | Within 1 year   | 1 - 5 years | Over 5 years |                  |                      |               | Floating interest rate | Fixed interest rate |
| <b>Financial assets</b>   |                        |   |             |              |                  |                      |               |                        |                     |
| Cash and cash equivalents   | 605                    | -   | -           | -            | 268              | -                    | 873           | 0.25 - 1.80            | -                   |
| Deposits at financial institutions                                  | -                      | 4   | -           | -            | -                | -                    | 4             | -                      | 1.45 - 2.00         |
| Receivable from Clearing House                                      | -                      | -   | -           | -            | 319              | -                    | 319           | -                      | -                   |
| Securities and derivatives business receivables                     | 10,120                 | 152   | -           | -            | 2,312            | 246                  | 12,830        | 5.39 - 6.50            | 5.50 - 8.50         |
| Loans to employees under welfare program                            | 297                    | -   | -           | -            | -                | -                    | 297           | 2.52, 2.90             | -                   |
| <b>Financial liabilities</b>  |                        |   |             |              |                  |                      |               |                        |                     |
| Borrowings from financial institutions                              | 2,575                  | -   | -           | -            | -                | -                    | 2,575         | 2.40 - 2.95            | -                   |
| Payable to Clearing House   | -                      | -   | -           | -            | 161              | -                    | 161           | -                      | -                   |
| Securities and derivatives business payables                        | 37                     | 154   | -           | -            | 2,729            | -                    | 2,920         | 1.90                   | 3.00 - 5.50         |
| Derivative liabilities  | -                      | -   | -           | -            | 8                | -                    | 8             | -                      | -                   |
| Debt issued and borrowings  | -                      | 2,947   | -           | -            | -                | -                    | 2,947         | -                      | 2.95 - 3.23         |
| Liabilities under financial lease agreements                        | -                      | 6   | 12          | -            | -                | -                    | 18            | -                      | 5.95 - 11.25        |

## b) 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.

The balance of financial assets and liabilities denominated in foreign currencies are summarised below.

| Foreign currency  | Financial assets |                | Financial liabilities |                | Exchange rate                      |         | Exchange rate                      |         |
|-------------------|------------------|----------------|-----------------------|----------------|------------------------------------|---------|------------------------------------|---------|
|                   | as at            |                | as at                 |                | as at 30 June 2014                 |         | as at 31 December 2013             |         |
|                   | 30 June          | 31 December    | 30 June               | 31 December    |                                    |         |                                    |         |
|                   | 2014             | 2013           | 2014                  | 2013           | Buying                             | Selling | Buying                             | Selling |
|                   | (Million Baht)   | (Million Baht) | (Million Baht)        | (Million Baht) | (Baht per 1 foreign currency unit) |         | (Baht per 1 foreign currency unit) |         |
| Hong Kong dollar  | 129              | 4              | 129                   | 4              | 4.1570                             | 4.2178  | 4.2044                             | 4.2587  |
| Singapore dollar  | 6                | 8              | 6                     | 8              | 25.7439                            | 26.2291 | 25.6485                            | 26.1167 |
| US dollar         | 67               | 85             | 57                    | 84             | 32.3114                            | 32.5986 | 32.6778                            | 32.9494 |
| Malaysian ringgit | 22               | -              | 22                    | -              | 9.9815                             | 10.2817 | 9.8205                             | 10.1137 |

## 35.4 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.

The maturity dates of financial instruments held as of 30 June 2014 and 31 December 2013, counting from the financial position date, are as follows.

(Unit: Million Baht)

|   | As at 30 June 2014 |               |             |              |             |                      |        |
|---|--------------------|---------------|-------------|--------------|-------------|----------------------|--------|
|   | At call            | Within 1 year | 1 - 5 years | Over 5 years | No maturity | Non-performing debts | Total  |
| <u>Financial assets</u>                         |                    |               |             |              |             |                      |        |
| Cash and cash equivalents                       | 227                | -             | -           | -            | -           | -                    | 227    |
| Deposits at financial institutions              | -                  | 3             | -           | -            | -           | -                    | 3      |
| Receivable from Clearing House                  | -                  | 600           | -           | -            | -           | -                    | 600    |
| Securities and derivatives business receivables | 254                | 3,016         | -           | -            | 10,463      | 246                  | 13,979 |
| Loans to employees under welfare program        | -                  | 41            | 124         | 120          | -           | -                    | 285    |
| <u>Financial liabilities</u>                    |                    |               |             |              |             |                      |        |
| Borrowings from financial institutions          | 3,479              | -             | -           | -            | -           | -                    | 3,479  |
| Payable to Clearing House                       | -                  | 55            | -           | -            | -           | -                    | 55     |
| Securities and Derivatives business payables    | 254                | 3,399         | -           | -            | -           | -                    | 3,653  |
| Derivative liabilities                          | -                  | 15            | -           | -            | -           | -                    | 15     |
| Debt issued and borrowings                      | -                  | 3,556         | -           | -            | -           | -                    | 3,556  |
| Liabilities under financial lease agreements    | -                  | 6             | 9           | -            | -           | -                    | 15     |



As at 31 December 2013

|   | At call | Within 1<br>year | 1 - 5 years | Over 5<br>years | No<br>maturity | Non-<br>performing<br>debts | Total  |
|---|---------|------------------|-------------|-----------------|----------------|-----------------------------|--------|
| <u>Financial assets</u>                         |         |                  |             |                 |                |                             |        |
| Cash and cash equivalents                       | 873     | -                | -           | -               | -              | -                           | 873    |
| Deposits at financial institutions              | -       | 4                | -           | -               | -              | -                           | 4      |
| Receivable from Clearing House                  | -       | 319              | -           | -               | -              | -                           | 319    |
| Securities and derivatives business receivables | 152     | 2,312            | -           | -               | 10,120         | 246                         | 12,830 |
| Loans to employees under welfare program        | -       | 43               | 123         | 131             | -              | -                           | 297    |
| <u>Financial liabilities</u>                    |         |                  |             |                 |                |                             |        |
| Borrowings from financial institutions          | 2,295   | 280              | -           | -               | -              | -                           | 2,575  |
| Payable to Clearing House                       | -       | 161              | -           | -               | -              | -                           | 161    |
| Securities and Derivatives business payables    | 191     | 2,729            | -           | -               | -              | -                           | 2,920  |
| Derivative liabilities                          | -       | 8                | -           | -               | -              | -                           | 8      |
| Debt issued and borrowings                      | -       | 2,947            | -           | -               | -              | -                           | 2,947  |
| Liabilities under financial lease agreements    | -       | 6                | 12          | -               | -              | -                           | 18     |

### 35.5 Fair value of financial instruments

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

#### a) Financial assets

The method used for determining the fair value is dependent upon the characteristics of the financial instruments. The fair values of financial assets including cash and cash equivalents, receivables from Clearing House and securities and derivatives business receivable are considered to approximate their respective carrying values since the financial instruments are predominantly subject to market interest rates or will be due in a short period. The fair values of financial instruments that have standard terms and conditions and are traded on an active and liquid market, such as investments, are determined based on the quoted market price.

b) Financial liabilities

Borrowings from financial institutions, payables to Clearing House and securities and derivatives business payables are presented at their book value since they mature in the short-term.

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

**36. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 August 2014.