

Maybank Kim Eng Securities (Thailand)  
Public Company Limited  
Report and financial statements  
31 December 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 31 December 2014, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### **Auditor's Responsibility**

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

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

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

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maybank Kim Eng Securities (Thailand) Public Company Limited as at 31 December 2014 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Ratana Jala  
Certified Public Accountant (Thailand) No. 3734

EY Office Limited  
Bangkok: 11 February 2015

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

**Statement of Financial Position**

**As at 31 December 2014**

		(Unit: Baht)	
	Note	31 December 2014	31 December 2013
<b>Assets</b>			
Cash and cash equivalents	7	249,173,510	872,971,184
Deposits at financial institutions	8	3,521,868	3,518,611
Receivables from Clearing House	9	3,155,813,132	318,690,445
Securities and derivatives business receivables	10	15,746,287,355	12,643,349,967
Investment	13	405,767,882	34,776,681
Loans to employees under welfare program	32	312,027,162	296,775,742
Equipment	14	274,035,433	221,453,351
Intangible assets	15	53,377,764	42,150,316
Property foreclosed		9,886,500	9,886,500
Deposits		46,470,658	44,089,918
Deferred tax assets	30.1	29,874,337	27,222,737
Other assets	16	326,616,605	170,087,021
<b>Total assets</b>		<b>20,612,852,206</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 31 December 2014**

		(Unit: Baht)	
	Note	31 December 2014	31 December 2013
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Borrowings from financial institutions	17	3,334,000,000	2,575,000,000
Payables to Clearing House		2,222,696	161,250,191
Securities and derivatives business payables	18	4,989,074,765	2,919,518,482
Derivatives liabilities	12	22,050,878	7,715,904
Debt issued and borrowings	19	6,334,717,743	2,946,827,927
Provisions	20	143,643,527	106,493,465
Income tax payable		225,998,414	133,795,428
Accrued expenses		584,486,684	518,110,342
Liabilities under financial lease agreements	22	15,052,936	18,317,488
Dividend payable		916,404	916,404
Other liabilities		76,455,755	21,343,080
<b>Total liabilities</b>		<b>15,728,619,802</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		1,201,245,505	1,592,696,863
<b>Total shareholders' equity</b>		<b>4,884,232,404</b>	<b>5,275,683,762</b>
<b>Total liabilities and shareholders' equity</b>		<b>20,612,852,206</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 comprehensive income**

**For the year ended 31 December 2014**

		(Unit: Baht)	
	Note	2014	2013
<b>Profit or loss:</b>			
<b>Income</b>			
Brokerage fee	26	3,155,311,024	3,618,575,673
Fee and service income	27	252,994,638	72,214,042
Losses on investments	13.2	(68,715,609)	(159,230,193)
Gains on derivatives	12.1	102,712,185	179,062,338
Interest and dividends		317,635,874	329,494,243
Interest on credit balance accounts		607,864,033	636,224,634
Gains on sale of investment in subsidiary		-	10
Other income		66,850,583	80,062,285
<b>Total income</b>		<b>4,434,652,728</b>	<b>4,756,403,032</b>
<b>Expenses</b>			
Financial costs		430,666,313	459,493,497
Fee and service expenses		245,110,206	273,938,405
Operating expenses			
Personnel expenses	32	1,587,112,748	1,682,886,758
Premises and equipment expenses		352,487,869	337,632,392
Taxes and duties		31,047,405	31,148,371
Directors' remuneration	28	12,000,000	4,325,000
Information and technology		32,839,833	29,131,071
Other expenses		153,346,608	153,409,862
Total operating expenses		2,168,834,463	2,238,533,454
Bad debt and doubtful accounts (reversal)		298,322	(1,732,210)
<b>Total expenses</b>		<b>2,844,909,304</b>	<b>2,970,233,146</b>
<b>Profit before income tax expenses</b>		<b>1,589,743,424</b>	<b>1,786,169,886</b>
Income tax expenses	30.2	(325,519,023)	(365,633,492)
<b>Profit for the year</b>		<b>1,264,224,401</b>	<b>1,420,536,394</b>
<b>Other comprehensive income</b>			
Actuarial losses on defined benefit plans	21	(14,662,499)	-
Income tax relating to components of other comprehensive income		2,932,500	-
<b>Other comprehensive income for the year</b>		<b>(11,729,999)</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>1,252,494,402</b>	<b>1,420,536,394</b>
<b>Earnings per share</b>			
Basic earnings per share	31	2.21	2.49

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

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

**Cash flow statements**

**For the year ended 31 December 2014**

	(Unit: Baht)	
	2014	2013
<b>Cash flows from operating activities</b>		
Profit before income tax expenses	1,589,743,424	1,786,169,886
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid for) operating activities:		
Depreciation and amortisation	87,795,090	86,712,535
Amortisation of prepaid personnel expenses	107,507,165	-
Bad debt and doubtful accounts (reversal)	298,322	(1,732,210)
Unrealised losses on revaluation of investments	16,424,937	2,490,137
Unrealised gains on revaluation of derivatives liabilities	(32,516,289)	(2,623,943)
Unrealised (gains) losses on revaluation of foreign receivables and payables	(506,964)	1,044,724
Gains on sale of investment in subsidiary	-	(10)
Gains on sales and written-off of premises and equipment	(2,800,355)	(2,454,762)
Retirement benefit	26,492,803	23,467,930
Financial cost	429,697,268	458,387,030
Amortised interest expense of financial lease	969,045	1,106,467
Reversal of doubtful accounts - other receivables	(30,000)	(59,960)
Interest income	(930,332,927)	(972,677,480)
Cash paid for interest	(311,192,280)	(409,399,812)
Cash paid for income tax	(233,035,137)	(354,228,224)
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>748,514,102</b>	<b>616,202,308</b>
(Increase) decrease in operating assets		
Deposits at financial institutions	(3,257)	(67,852)
Receivables from Clearing House	(2,836,615,723)	925,390,721
Securities and derivatives business receivables	(3,092,365,645)	(955,303,859)
Investments	(387,416,138)	37,491,004
Loans to employees under welfare program	(15,251,420)	(7,658,889)
Deposits	(2,380,740)	(2,875,179)
Other assets	(271,284,446)	(26,444,149)
Increase (decrease) in operating liabilities		
Payables to Clearing House	(159,027,495)	(290,634,391)
Securities and derivatives business payables	2,069,556,283	(1,036,642,829)
Derivatives liabilities	46,851,263	(13,947,307)
Accrued expenses	87,991,681	75,153,905
Other liabilities	55,112,675	(15,107,370)
<b>Net cash flows used in operating activities</b>	<b>(3,756,318,860)</b>	<b>(694,443,887)</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 year ended 31 December 2014**

	(Unit: Baht)	
	2014	2013
<b>Cash flows from investing activities</b>		
Cash received from interest	928,425,733	961,330,316
Cash received from sale of investment in subsidiary	-	50,693,147
Proceeds from disposals of equipment	3,225,145	3,378,491
Cash paid for purchases of equipment	(155,496,871)	(114,115,098)
Cash paid for purchases of intangible assets	(30,225,024)	(20,134,529)
<b>Net cash flows from investing activities</b>	<b>745,928,983</b>	<b>881,152,327</b>
<b>Cash flows from financing activities</b>		
Cash received from borrowings	79,302,000,000	104,796,000,000
Cash paid for borrowings	(78,543,000,000)	(104,391,000,000)
Cash received from foreign borrowings	1,000,000,000	4,500,000,000
Cash paid for foreign borrowings	-	(6,507,423,532)
Cash received from other borrowings	18,911,326,785	13,402,727,642
Cash paid to other borrowings	(16,633,000,000)	(10,500,000,000)
Cash paid on principal of long-term lease	(6,788,822)	(5,985,739)
Dividend paid	(1,643,945,760)	(879,832,102)
<b>Net cash flows from financing activities</b>	<b>2,386,592,203</b>	<b>414,486,269</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(623,797,674)</b>	<b>601,194,709</b>
Cash and cash equivalents as at 1 January	872,971,184	271,776,475
<b>Cash and cash equivalents as at 31 December</b>	<b>249,173,510</b>	<b>872,971,184</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 year ended 31 December 2014**

(Unit: Baht)

	Share capital	Share premium	Premium on treasury shares	Retained earnings		Total
				Appropriated - 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 year	-	-	-	-	1,420,536,394	1,420,536,394
Dividend paid (Note 25)	-	-	-	-	(713,518,124)	(713,518,124)
<b>Balance as at 31 December 2013</b>	<u>2,854,072,500</u>	<u>523,570,729</u>	<u>19,218,670</u>	<u>286,125,000</u>	<u>1,592,696,863</u>	<u>5,275,683,762</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 year	-	-	-	-	1,252,494,402	1,252,494,402
Dividend paid (Note 25)	-	-	-	-	(1,643,945,760)	(1,643,945,760)
<b>Balance as at 31 December 2014</b>	<u>2,854,072,500</u>	<u>523,570,729</u>	<u>19,218,670</u>	<u>286,125,000</u>	<u>1,201,245,505</u>	<u>4,884,232,404</u>
	-	-	-	-	-	-

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

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

## **Notes to financial statements**

**For the year ended 31 December 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 Maybank 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 at 999/9 the Offices at Central World, 20th - 21st and 25th Floor, Rama 1 Road, Pathumwan, Bangkok. As at 31 December 2014, the Company has 57 branches in Bangkok and upcountry (31 December 2013: 54 branches).

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

The 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 financial statements in English language have been translated from the Thai language financial statements.

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

### 3. New financial reporting standards

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

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

Conceptual Framework for Financial Reporting (revised 2014)

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 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 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 <i>Financial Reporting in Hyperinflationary Economies</i>
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

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of them were made to amend wording and terminology, or to provide interpretations and accounting guidance to users of the financial reporting standards. These financial reporting standards do not have any significant impact on the financial statements.

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

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

### **TAS 19 (revised 2014) Employee Benefits**

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

This revised standard does not have any impact on the financial statements as the Company already recognised actuarial gains and losses immediately in other comprehensive income.

### **TFRS 13 Fair Value Measurement**

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

Based on the preliminary analysis, the management of the Company believes that this standard will not have any significant impact on the Company's financial statements.

#### **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 (decrease)	Earnings per share increase (decrease)
	(Thousand Baht)	(Baht per share)
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) Fee and service income

Fee and service income are recognised when services have been rendered, taken into account 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) Fee and service expenses

Fee 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 judgements 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 judgements and estimates are as follows:

### **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 judgement 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 judgements 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 judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

## 6.6 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement 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 judgement 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)	
	31 December 2014	31 December 2013
Cash on hand	608,258	573,091
Current accounts and savings accounts	6,272,080,457	1,991,679,823
Fixed accounts - certificate of deposits	-	3,761,000,000
Total cash and cash equivalents	6,272,688,715	5,753,252,914
Less: Cash deposits held for customers	(6,023,515,205)	(4,880,281,730)
Net cash and cash equivalents	249,173,510	872,971,184

## 8. Deposits at financial institutions

	(Unit: Baht)	
	31 December 2014	31 December 2013
	Over 3 months - 1 year	
Fixed deposits	9,226,003,302	6,300,017,520
Deposits with restriction	3,518,566	3,501,091
Total deposits at financial institutions	9,229,521,868	6,303,518,611
Less: Cash deposits held for customers	(9,226,000,000)	(6,300,000,000)
Total deposits at financial institutions - net	<u>3,521,868</u>	<u>3,518,611</u>

As at 31 December 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)	
	31 December 2014	31 December 2013
Receivables from Clearing House	3,496,189,052	743,164,691
Receivables from foreign securities company	497,960,795	96,932,297
Less: Receivables from Clearing House held for customers	(838,336,715)	(521,406,543)
Total receivables from Clearing House - net	<u>3,155,813,132</u>	<u>318,690,445</u>

## 10. Securities and derivatives business receivables

	(Unit: Baht)	
	31 December 2014	31 December 2013
<u>Securities business receivables</u>		
Cash accounts	2,551,023,157	2,312,268,641
Credit balance accounts	12,946,270,978	10,119,921,747
Receivables under securities borrowing and lending business		
- Guarantee deposit receivables	15,755,000	-
- Securities borrowing receivables	168,412,983	152,221,720
Other receivables		
- Overdue customers' accounts	245,785,140	245,802,472
Total securities business receivables	15,927,247,258	12,830,214,580
Add: Accrued interest receivables	74,340,716	63,470,652
Less: Allowance for doubtful accounts	(259,640,241)	(259,702,297)
Securities business receivables and accrued interest receivables - net	<u>15,741,947,733</u>	<u>12,633,982,935</u>
<u>Derivatives business receivables</u>		
Derivatives business receivables	4,798,411	9,465,443
Less: Allowance for doubtful accounts	(458,789)	(98,411)
Derivatives business receivables - net	<u>4,339,622</u>	<u>9,367,032</u>
Total securities and derivatives business receivables - net	<u>15,746,287,355</u>	<u>12,643,349,967</u>



**10.1** As at 31 December 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 31 December 2014 and 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)

	31 December 2014		
	Debt balance	Allowance for doubtful Accounts	Debt balance net of allowance for doubtful accounts
Normal Debt	15,745,957,251	-	15,745,957,251
Sub-standard Debt	9,169,097	(8,838,993)	330,104
Doubtful Debt	251,260,037	(251,260,037)	-
Total	16,006,386,385	(260,099,030)	15,746,287,355

(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)	-
Total	12,903,150,675	(259,800,708)	12,643,349,967

## 11. Allowance for doubtful accounts

(Unit: Baht)

	For the years ended 31 December	
	2014	2013
Balance - beginning of the years	259,800,708	261,532,918
Add: Doubtful accounts	441,804	2,913,672
Less: Reversal of doubtful accounts	(143,482)	(4,645,882)
Balance - end of the years	260,099,030	259,800,708

## 12. Derivatives assets and derivatives liabilities

(Unit: Baht)

	31 December 2014		
	Fair value		Notional amount
	Assets	Liabilities	
<b><u>Trading derivatives</u></b>			
Future contracts	-	-	344,267,400
Derivatives warrants	-	22,050,878	383,310,175
<b>Total derivatives assets and derivatives liabilities</b>	<b>-</b>	<b>22,050,878</b>	<b>727,577,575</b>

(Unit: Baht)

	31 December 2013		
	Fair value		Notional amount
	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>27,721,861</b>

### 12.1 Gains on derivatives

(Unit: Baht)

	For the years ended 31 December	
	2014	2013
	Realised gains on trading in derivatives	70,195,896
Unrealised gains on revaluation of derivatives	32,516,289	2,623,943
<b>Total gains on derivatives</b>	<b>102,712,185</b>	<b>179,062,338</b>

### 13. Investments

(Unit: Baht)

	31 December 2014		31 December 2013	
	Cost value/ amortised cost		Cost value/ amortised cost	
		Fair value		Fair value
<b>Trading securities</b>				
Equity securities				
Listed securities	406,531,273	388,639,222	19,115,135	17,648,021
Total trading securities	406,531,273		19,115,135	
Less: Allowance for revaluation	(17,892,051)		(1,467,114)	
<b>Net trading securities</b>	<u>388,639,222</u>		<u>17,648,021</u>	
<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>	<u>-</u>		<u>-</u>	
<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>	<u>17,128,660</u>		<u>17,128,660</u>	
<b>Total investments - net</b>	<u>405,767,882</u>		<u>34,776,681</u>	

#### 13.1 Investments subject to restrictions

(Unit: Baht)

	31 December 2014		31 December 2013	
	Cost value/ amortised		Cost value/ amortised	
	cost	Fair value	cost	Fair value
Securities pledged with court	7,622,000	16,009,038	7,622,000	13,568,950
Total	<u>7,622,000</u>	<u>16,009,038</u>	<u>7,622,000</u>	<u>13,568,950</u>

#### 13.2 Losses on investments

(Unit: Baht)

	For the years ended 31 December	
	2014	2013
Realised losses on trading securities	(52,981,747)	(156,738,572)
Unrealised losses on revaluation of trading securities	(15,733,862)	(2,491,621)
Total losses on investments	<u>(68,715,609)</u>	<u>(159,230,193)</u>

## 14. Equipment

(Unit: Baht)

	Building improvement	Furniture Fixtures and equipment	Asset under financial lease	Construction in 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	15,596,200	89,075,955	3,524,269	19,554,767	127,751,191
Transfer in (out)	5,973,503	3,471,419	-	(9,444,922)	-
Disposals/written-off	(11,087,596)	(115,255,235)	(8,624,666)	-	(134,967,497)
31 December 2014	224,285,643	529,307,493	28,134,432	10,425,705	792,153,273
<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 year	21,366,316	47,130,063	6,247,998	-	74,744,377
Disposals/written-off	(10,717,907)	(115,200,191)	(8,624,667)	-	(134,542,765)
31 December 2014	159,227,294	343,187,651	15,702,895	-	518,117,840
<b>Net book value</b>					
31 December 2013	65,224,651	140,757,575	15,155,265	315,860	221,453,351
31 December 2014	65,058,349	186,119,842	12,431,537	10,425,705	274,035,433
Depreciation charge for the years ended 31 December					
2013					77,179,681
2014					74,744,377

As at 31 December 2014 and 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 331 million and Baht 441 million, respectively.

## 15. Intangible assets

(Unit: Baht)

For the year ended 31 December 2014											
	Useful lives	Cost					Accumulated amortisation				Net intangible assets
		1 January 2014	Increase	Transfer in (transfer out)	Disposals/ written-off	31 December 2014	1 January 2014	Increase	Disposals/ written-off	31 December 2014	
		Computer software	5 years	110,597,151	14,804,684	7,781,369	(6,250,151)	126,933,053	73,267,572	13,050,713	
Software under installation	-	1,500,189	9,473,534	(7,781,369)	-	3,192,354	-	-	-	-	3,192,354
Deferred expenses of membership fee - Thailand	-	5,000,000	-	-	-	5,000,000	1,679,452	-	-	1,679,452	3,320,548
Futures											
Exchanges											
<b>Total</b>		<b>117,097,340</b>	<b>24,278,218</b>	<b>-</b>	<b>(6,250,151)</b>	<b>135,125,407</b>	<b>74,947,024</b>	<b>13,050,713</b>	<b>(6,250,094)</b>	<b>81,747,643</b>	<b>53,377,764</b>

(Unit: Baht)

For the year ended 31 December 2013											
	Useful lives	Cost					Accumulated amortisation				Net intangible assets
		1 January 2013	Increase	Transfer in (transfer out)	Disposals/ written-off	31 December 2013	1 January 2013	Increase	Disposals/ 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	
Software under installation	-	974,229	1,847,274	(1,321,314)	-	1,500,189	-	-	-	-	1,500,189
Deferred expenses of membership fee - Thailand	-	5,000,000	-	-	-	5,000,000	1,679,452	-	-	1,679,452	3,320,548
Futures											
Exchanges											
<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 31 December 2014 and 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)

	31 December 2014	31 December 2013
Clearing fund	99,717,310	88,619,513
Accrued income	37,771,323	50,772,335
Prepaid expenses	123,757,402	12,323,798
Others	65,370,570	18,371,375
<b>Total</b>	<b>326,616,605</b>	<b>170,087,021</b>

## 17. Borrowings from financial institutions

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

(Unit: Baht)

	31 December 2014			
	Interest rate per annum (percent)	Remaining period to maturity		
		At call	Within 1 year	Total
<b>Financial institutions</b>				
Promissory notes	2.30 - 2.70	3,334,000,000	-	3,334,000,000
<b>Total borrowings from financial institutions</b>		<u>3,334,000,000</u>	<u>-</u>	<u>3,334,000,000</u>

(Unit: Baht)

	31 December 2013			
	Interest rate per annum (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)

	31 December 2014	31 December 2013
Cash accounts	4,782,033,853	2,728,827,793
Payables under securities borrowing and lending business	194,248,933	153,599,520
Guarantee deposit payables	12,791,979	37,091,169
<b>Total securities and derivatives business payables</b>	<u>4,989,074,765</u>	<u>2,919,518,482</u>

## 19. Debt issued and borrowings

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

(Unit: Baht)

	31 December 2014				Total
	Interest rate per annum (percent)	Remaining period to maturity			
		At call	Within 1 year	More than 1 year	
<b><u>Other borrowings and debt issued</u></b>					
Bill of exchange	2.45 - 2.92	-	3,934,717,743	-	3,934,717,743
Bond	3.14	-	-	1,400,000,000	1,400,000,000
Subordinated loan	1% above cost of funds	-	-	1,000,000,000	1,000,000,000
<b>Total other borrowings and debt issued</b>		<b>-</b>	<b>3,934,717,743</b>	<b>2,400,000,000</b>	<b>6,334,717,743</b>

(Unit: Baht)

	31 December 2013				Total
	Interest rate per annum (percent)	Remaining period to maturity			
		At call	Within 1 year	More than 1 year	
<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>		<b>-</b>	<b>2,946,827,927</b>	<b>-</b>	<b>2,946,827,927</b>

## 20. Provisions

(Unit: Baht)

	Obligations	Long-term	Decommissioning	Total
		employee benefits		
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 year	-	37,150,062	-	37,150,062
Balance as at 31 December 2014	26,326,952	112,927,548	4,389,027	143,643,527

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 31 December 2014 and 2013, was as follows:

	(Unit: Baht)	
	31 December 2014	31 December 2013
<b>Defined benefit obligation at beginning of year</b>	98,317,614	86,119,748
Current service cost	11,180,034	12,197,866
Interest cost	4,042,705	-
Benefits paid during the year	(4,005,240)	-
Actuarial losses	14,662,499	-
<b>Defined benefit obligation at end of year</b>	124,197,612	98,317,614
Unrecognised transitional provisions	(11,270,064)	(22,540,128)
<b>Provisions for long-term employee benefits at end of year</b>	<b>112,927,548</b>	<b>75,777,486</b>

As at 31 December 2014, the Company recognised Baht 45 million of such long-term employee benefit liabilities and Baht 11 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 years ended 31 December 2014 and 2013 was as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2014	2013
Current service cost	11,180,034	12,197,866
Interest cost	4,042,705	-
Transitional liability recognised during the period	11,270,064	11,270,064
Total	<b>26,492,803</b>	<b>23,467,930</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 31 December 2014 amounted to Baht 15 million.



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

	31 December 2014	31 December 2013
	(% per annum)	(% per annum)
Discount rate	4.25	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 years are as follows:

	Defined benefit obligation	Experience adjustments on the obligation
		(Unit: Thousand Baht)
31 December 2014	124,197,612	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

	31 December 2014	31 December 2013
		(Unit: Baht)
Liabilities under finance lease agreements	16,657,311	20,341,047
Less : Deferred interest expenses	(1,604,375)	(2,023,559)
Total	15,052,936	18,317,488
Less : Portion due within one year	(4,750,033)	(6,657,810)
Liabilities under finance lease agreements - net of current portion	10,302,903	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)

	31 December 2014			
	Less than 1	Over 5		Total
	year	1-5 years	years	
Future minimum lease payments	5,458,123	11,199,188	-	16,657,311
Deferred interest expenses	(708,090)	(896,285)	-	(1,604,375)
Present value of future minimum lease payments	<u>4,750,033</u>	<u>10,302,903</u>	<u>-</u>	<u>15,052,936</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 years ended 31 December 2014 and 2013, the payment of dividend is as follows:

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Interim dividends for the operating result as from 1 January 2014 to 30 June 2014	Board of Directors' Meeting on 13 August 2014	428	0.75
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
Dividend paid for the year ended 31 December 2014		1,644	2.88
Interim dividends for the operating result as from 1 January 2013 to 30 June 2013	Board of Directors' Meeting on 14 August 2013	200	0.35
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
Dividend paid for the year ended 31 December 2013		714	1.25

## 26. Brokerage fee

(Unit: Baht)

	For the years ended 31 December	
	2014	2013
Brokerage fee from securities business	2,980,580,358	3,349,584,375
Brokerage fee from derivatives business	174,730,666	268,991,298
Total brokerage fee	3,155,311,024	3,618,575,673

## 27. Fees and service income

(Unit: Baht)

	For the years ended 31 December	
	2014	2013
Underwriting fee	172,552,964	16,513,350
Financial advisory	57,117,994	32,696,532
Securities borrowing and lending	15,435,523	14,901,535
Others	7,888,157	8,102,625
Total fees and service income	252,994,638	72,214,042

## 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 years ended 31 December 2014 and 2013, Baht 33 million and Baht 29 million, respectively were contributed to the fund by the Company.

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

### 30.1 Deferred tax assets

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

	(Unit: Baht)	
	31 December 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	(450,450)	2,906,036
Accrued expenses	-	13,500
Provisions for obligations	5,265,390	5,265,390
Provisions for long-term employee benefits	22,949,510	15,155,497
Others	(564,740)	1,201,687
<b>Total deferred tax assets</b>	<b>29,874,337</b>	<b>27,222,737</b>

## 30.2 Income tax expenses

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2014	2013
<b>Current income tax:</b>		
Corporate income tax charges	320,092,485	354,124,192
Adjustment of income tax expenses of previous year	5,145,638	2,505,815
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	280,900	9,003,485
<b>Income tax expense reported in profit or loss</b>	<u>325,519,023</u>	<u>365,633,492</u>

Reconciliation between income tax expenses and the product of accounting profits and the applicable tax rates for the years ended 31 December 2014 and 2013 are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2014	2013
Accounting profits before income tax expenses	<u>1,589,743,424</u>	<u>1,786,169,886</u>
Applicable corporate income tax rate	20%	20%
Amounts of income taxes at the applicable tax rate	317,948,685	357,233,977
Adjustment of income tax expenses of previous year	5,145,638	2,505,815
Tax effect of non-deductible expenses	2,424,700	5,893,700
Income tax expenses reported in the statement of comprehensive income	<u>325,519,023</u>	<u>365,633,492</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 years ended 31 December 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
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
Maybank Kim Eng Research Pte. Ltd.	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 years ended 31 December		Pricing policies
	2014	2013	
<b><u>Transactions with related parties</u></b>			
<b><u>Service income</u></b>			In accordance with service agreements
Maybank Asset Management (Thailand) Co., Ltd.	1	1	
<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.	62	55	
Kim Eng Securities (Hong Kong) Limited	3	5	
<b><u>Research and advisory income</u></b>			In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	31	-	
<b><u>Fee and service expenses</u></b>			In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	3	2	
<b><u>Brokerage expenses</u></b>			In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	3	2	
Maybank Kim Eng Securities Limited	0.4	-	
<b><u>Rental expenses</u></b>			In accordance with agreement
Maybank Asset Management (Thailand) Co., Ltd.	1	1	
<b><u>Interest expenses on borrowings</u></b>			In accordance with borrowings agreement
Maybank Kim Eng Holdings Limited	12	54	
<b><u>Consulting service fee</u></b>			In accordance with service agreements
Maybank Kim Eng Securities Pte. Ltd.	1	3	
Kim Eng Securities (Hong Kong) Limited	-	5	
<b><u>Research and advisory expenses</u></b>			In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	10	-	
<b><u>Dividend paid</u></b>			As declared
Maybank Kim Eng Holdings Limited	1,369	594	
Maybank Kim Eng Investment Limited	4	2	

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

(Unit: Million Baht)

	31 December 2014	31 December 2013	Pricing Policies
<b><u>Related companies</u></b>			
<b><u>Other receivables</u></b>			
			No interest charged
Maybank Asset Management (Thailand) Co., Ltd.	0.6	0.3	
<b><u>Securities business receivables</u></b>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	44	65	
Kim Eng Securities (Hong Kong) Limited	-	3	
<b><u>Foreign securities company receivables</u></b>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	11	10	
<b><u>Foreign deposits receivables</u></b>			
			As determined by Maybank
Maybank Kim Eng Securities Pte. Ltd.	487	87	Kim Eng Securities Pte. Ltd.
<b><u>Prepaid consulting fee</u></b>			
			In accordance with service
Maybank Kim Eng Securities Pte. Ltd.	-	1	agreement
<b><u>Subordinated loan</u></b>			
			In accordance with agreement
Maybank Kim Eng Holdings Limited	1,000	-	
<b><u>Securities business payables</u></b>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	3	394	
Kim Eng Securities (Hong Kong) Limited	206	27	
<b><u>Foreign securities company payables</u></b>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	2	12	
<b><u>Accrued consulting fee</u></b>			
			In accordance with service
Kim Eng Securities (Hong Kong) Limited	-	5	agreement

As at 31 December 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 31 December 2014.

As at 31 December 2014, the Company had loans to employees under welfare program amounting to Baht 312 million. The loans charged interest at rate of 1.72 and 2.70 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 years ended 31 December 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 years ended 31 December	
	2014	2013
Management's remuneration		
Short-term employee benefits	231,398,848	272,741,596
Post-employment benefits	5,821,172	4,488,849
	<u>237,220,020</u>	<u>277,230,445</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 years ended 31 December 2014 and 2013, respectively.

	(Unit: Million Baht)		
	Securities business segment	Investment banking segment	Total segments
<b>For the year ended 31 December 2014</b>			
<b>Income</b>			
External customers			
Brokerage fee	3,110	45	3,155
Fee and service income	22	231	253
Interest on deposit and credit balance accounts	926	-	926
Other income	100	1	101
<b>Total income</b>	<b>4,158</b>	<b>277</b>	<b>4,435</b>
<b>Expenses</b>			
Financial cost			431
Fee and service expenses			245
Personnel expenses			1,587
Other expenses			582
<b>Total expenses</b>			<b>2,845</b>
<b>Profit before income tax expenses</b>			<b>1,590</b>
Income tax expenses			(326)
<b>Profit for the year</b>			<b>1,264</b>

(Unit: Million Baht)

<b>For the year ended 31 December 2013</b>	Securities business segment	Investment banking segment	Total segments
<b>Income</b>			
External customers			
Brokerage fee	3,615	4	3,619
Fee and service income	21	51	72
Interest on deposit and credit balance accounts	966	-	966
Other income	98	1	99
<b>Total income</b>	<b>4,700</b>	<b>56</b>	<b>4,756</b>
<b>Expenses</b>			
Financial cost			459
Fee and service expenses			274
Personnel expenses			1,683
Other expenses			554
<b>Total expenses</b>			<b>2,970</b>
<b>Profit before income tax expenses</b>			<b>1,786</b>
Income tax expenses			(366)
<b>Profit for the year</b>			<b>1,420</b>

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

(Unit: Million Baht)

<b>Segment assets</b>	Securities business segment	Investment banking segment	Total Segments	Unallocated assets	Total
As at 31 December 2014	19,083	2	19,085	1,528	20,613
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>31 December 2014</u>	<u>31 December 2013</u>
Payable:		
In up to 1 year	92	91
In over 1 and up to 5 years	84	115

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

	(Unit: Million Baht)		
	<u>31 December 2014</u>		
	Less than		
	<u>1 year</u>	<u>1-5 years</u>	<u>Total</u>
Future minimum lease payments	6	11	17
Deferred interest expenses	(1)	(1)	(2)
Present value of future minimum lease payments	<u>5</u>	<u>10</u>	<u>15</u>

	(Unit: Million Baht)		
	<u>31 December 2013</u>		
	Less than		
	<u>1 year</u>	<u>1-5 years</u>	<u>Total</u>
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 31 December 2014 and 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 31 December 2014									
	Floating interest rate	Fixed interest rates				Non-performing debts	Total	Interest rate (% p.a.)	
		Remaining period to the contractual repricing date or maturity date			Without interest			Floating interest rate	Fixed interest rate
		Within 1 year	1 - 5 years	Over 5 years					
<b>Financial assets</b>									
Cash and cash equivalents	70	-	-	-	179	-	249	0.13 - 1.60	-
Deposits at financial institutions	-	4	-	-	-	-	4	-	1.05 - 1.375
Receivable from Clearing House	-	-	-	-	3,156	-	3,156	-	-
Securities and derivatives business									
receivables	12,946	184	-	-	2,556	246	15,932	5.43 - 6.50	5.50 - 8.50
Loans to employees under welfare program	312	-	-	-	-	-	312	1.72, 2.70	-
<b>Financial liabilities</b>									
Borrowings from financial institutions	3,334	-	-	-	-	-	3,334	2.30 - 2.70	-
Payable to Clearing House	-	-	-	-	2	-	2	-	-
Securities and derivatives business payables	13	194	-	-	4,782	-	4,989	1.90	3.00 - 5.50
Derivative liabilities	-	22	-	-	-	-	22	-	-
Debt issued and borrowings	-	3,935	2,400	-	-	-	6,335	-	2.45 - 3.14
Liabilities under financial lease agreements	-	5	10	-	-	-	15	-	4.96 - 6.77

(Unit: Million Baht)

Outstanding balance of financial instruments as at 31 December 2013									
	Floating interest rate	Fixed interest rates				Non-performing debts	Total	Interest rate (% p.a.)	
		Remaining period to the contractual repricing date or maturity date			Without interest			Floating interest rate	Fixed interest rate
		Within 1 year	1 - 5 years	Over 5 years					
<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 as at 31 December		Financial liabilities as at 31 December		Exchange rate as at 31 December 2014		Exchange rate as at 31 December 2013	
	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	379	4	385	4	4.2197	4.2835	4.2044	4.2587
Singapore dollar	12	8	13	8	24.6644	25.1274	25.6485	26.1167
US dollar	87	85	88	84	32.8128	33.1132	32.6778	32.9494
Malaysian ringgit	3	-	3	-	9.2880	9.5621	9.8205	10.1137
Euro	1	-	1	-	39.7507	40.3552	-	-
Pound sterling	8	-	8	-	50.7959	51.5035	-	-
Australian dollar	5	-	5	-	26.5348	27.0788	-	-
Canadian dollar	1	-	1	-	28.0889	28.5242	-	-
Indonesian rupiah	1	-	1	-	0.0025	0.0028	-	-

### 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 31 December 2014 and 2013, counting from the financial position date, are as follows.

(Unit: Million Baht)

	As at 31 December 2014						Total
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Non- performing debts	
<b>Financial assets</b>							
Cash and cash equivalents	249	-	-	-	-	-	249
Deposits at financial institutions	-	4	-	-	-	-	4
Receivable from Clearing House	-	3,156	-	-	-	-	3,156
Securities and derivatives business receivables	184	2,556	-	-	12,946	246	15,932
Loans to employees under welfare program	-	40	130	142	-	-	312
<b>Financial liabilities</b>							
Borrowings from financial institutions	3,334	-	-	-	-	-	3,334
Payable to Clearing House	-	2	-	-	-	-	2
Securities and derivatives business payables	194	4,795	-	-	-	-	4,989
Derivatives liabilities	-	22	-	-	-	-	22
Debt issued and borrowings	-	3,935	2,400	-	-	-	6,335
Liabilities under financial lease agreements	-	5	10	-	-	-	15

(Unit: Million Baht)

As at 31 December 2013

	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	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
Derivatives liabilities	-	8	-	-	-	-	8
Debt issued and borrowings	-	2,947	-	-	-	-	2,947
Liabilities under financial lease agreements	-	6	12	-	-	-	18

### 35.5 Derivatives

As at 31 December 2014, the Company has outstanding derivatives as stated in Note 12 as follow:

	Fair value	National amount
Future contracts	28	344
Derivative warrants	22	383

### 35.6 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 31 December 2014 and 2013, there are no material differences between the book value of financial instruments and their fair value.

**36. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 11 February 2015.