

Maybank Kim Eng Securities (Thailand)  
Public Company Limited  
Report and financial statements  
31 December 2015

## **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 2015, 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 2015 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 2016

**Maybank Kim Eng Securities (Thailand) Public Company Limited****Statement of Financial Position****As at 31 December 2015**

		(Unit: Baht)	
	Note	31 December 2015	31 December 2014
<b>Assets</b>			
Cash and cash equivalents	6	384,170,909	249,173,510
Deposits at financial institutions	7	3,524,227	3,521,868
Receivables from Clearing House	8	693,604,022	3,155,813,132
Securities and derivatives business receivables	9	15,788,016,456	15,746,287,355
Derivatives assets	11	4,069,837	-
Investments	12	195,158,012	405,767,882
Loans to employees under welfare program	31	313,850,249	312,027,162
Equipment	13	251,017,621	274,035,433
Intangible assets	14	47,660,926	53,377,764
Property foreclosed		15,886,500	9,886,500
Deposits		47,473,207	46,470,658
Deferred tax assets	29.1	34,587,330	29,874,337
Other assets	15	210,138,290	326,616,605
<b>Total assets</b>		<b>17,989,157,586</b>	<b>20,612,852,206</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 2015**

(Unit: Baht)

	Note	31 December 2015	31 December 2014
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Borrowings from financial institutions	16	1,470,000,000	3,334,000,000
Payables to Clearing House		154,824,464	2,222,696
Securities and derivatives business payables	17	2,227,444,466	4,989,074,765
Derivatives liabilities	11	8,856,328	22,050,878
Debt issued and borrowings	18	8,544,734,305	6,334,717,743
Provisions	19	150,439,789	143,643,527
Income tax payable		100,538,558	225,998,414
Accrued expenses		434,380,605	584,486,684
Liabilities under financial lease agreements	21	20,202,466	15,052,936
Dividend payable		916,404	916,404
Other liabilities		57,904,432	76,455,755
<b>Total liabilities</b>		<b>13,170,241,817</b>	<b>15,728,619,802</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	23	286,125,000	286,125,000
Unappropriated		1,135,928,870	1,201,245,505
<b>Total shareholders' equity</b>		<b>4,818,915,769</b>	<b>4,884,232,404</b>
<b>Total liabilities and shareholders' equity</b>		<b>17,989,157,586</b>	<b>20,612,852,206</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 2015**

		(Unit: Baht)	
	Note	2015	2014
<b>Profit or loss:</b>			
<b>Income</b>			
Brokerage fee	25	2,631,451,203	3,161,904,908
Fee and service income	26	162,313,508	246,400,754
Losses on investments	12.2	(194,624,375)	(68,715,609)
Gains on derivatives	11.1	271,267,443	102,712,185
Interest and dividends		332,057,264	317,635,874
Interest on margin loans		710,759,099	607,864,033
Other income		55,960,316	66,850,583
<b>Total income</b>		<b>3,969,184,458</b>	<b>4,434,652,728</b>
<b>Expenses</b>			
Financial costs		484,825,275	430,666,313
Fee and service expenses		229,262,983	245,110,206
Operating expenses			
Personnel expenses	31	1,413,334,297	1,587,112,748
Premises and equipment expenses		358,510,527	352,487,869
Taxes and duties		34,923,553	31,047,405
Directors' remuneration	27	8,659,677	12,000,000
Other expenses		170,071,745	186,186,441
Total operating expenses		1,985,499,799	2,168,834,463
Bad debt and doubtful accounts (Reversal)		(11,818,314)	298,322
<b>Total expenses</b>		<b>2,687,769,743</b>	<b>2,844,909,304</b>
<b>Profit before income tax expenses</b>		<b>1,281,414,715</b>	<b>1,589,743,424</b>
Income tax expenses	29.2	(262,183,800)	(325,519,023)
<b>Profit for the years</b>		<b>1,019,230,915</b>	<b>1,264,224,401</b>
<b>Other comprehensive income (loss):</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial loss	20	-	(14,662,499)
Less: Income tax effect		-	2,932,500
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(11,729,999)
<b>Other comprehensive loss for the year</b>		<b>-</b>	<b>(11,729,999)</b>
<b>Total comprehensive income for the years</b>		<b>1,019,230,915</b>	<b>1,252,494,402</b>
<b>Earnings per share</b>			
Basic earnings per share	30	1.79	2.21

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 2015**

	(Unit: Baht)	
	2015	2014
<b>Cash flows from operating activities</b>		
Profit before income tax expenses	1,281,414,715	1,589,743,424
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid for) operating activities:		
Depreciation and amortisation	102,168,794	87,795,090
Amortisation of prepaid personnel expenses	106,853,529	107,507,165
Bad debt and doubtful accounts (reversal)	(11,818,314)	298,322
Unrealised (gains) losses on revaluation of investments	(24,580,441)	16,424,937
Unrealised gains on revaluation of derivatives liabilities	(38,117,792)	(32,516,289)
Unrealised (gains) losses on revaluation of exchange rate	5,322,800	(506,964)
Reversal of provision for contingent liabilities	(19,778,753)	-
Gains on sales and written-off of premises and equipment	(642,732)	(2,800,355)
Retirement benefit	34,745,834	26,492,803
Financial cost	483,716,305	429,697,268
Amortised interest expense of financial leases	1,108,970	969,045
Doubtful accounts - other receivables (reversal)	23,629,863	(30,000)
Interest income	(1,044,574,242)	(930,332,927)
Cash paid for interest	(389,398,121)	(311,192,280)
Cash paid for income tax	(392,356,649)	(233,035,137)
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>117,693,766</b>	<b>748,514,102</b>
(Increase) decrease in operating assets		
Deposits at financial institutions	(2,359)	(3,257)
Receivables from Clearing House	2,491,690,116	(2,836,615,723)
Securities and derivatives business receivables	(26,672,272)	(3,092,365,645)
Investments	236,251,556	(387,416,138)
Loans to employees under welfare program	(1,823,087)	(15,251,420)
Property foreclosed	(6,000,000)	-
Deposits	(1,002,549)	(2,380,740)
Other assets	3,597,573	(271,284,446)
Increase (decrease) in operating liabilities		
Payables to Clearing House	152,601,768	(159,027,495)
Securities and derivatives business payables	(2,762,691,545)	2,069,556,283
Derivatives liabilities	(7,972,401)	46,851,263
Accrued expenses	(152,535,115)	87,991,681
Other liabilities	(42,837,407)	55,112,675
<b>Net cash flows from (used in) operating activities</b>	<b>298,044</b>	<b>(3,756,318,860)</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 2015

	(Unit: Baht)	
	2015	2014
<b>Cash flows from investing activities</b>		
Cash received from interest	1,023,733,077	928,425,733
Proceeds from disposals of equipment	877,828	3,225,145
Cash paid for purchases of equipment	(36,938,603)	(155,496,871)
Cash paid for purchases of intangible assets	(1,261,048)	(30,225,024)
<b>Net cash flows from investing activities</b>	<b>986,411,254</b>	<b>745,928,983</b>
<b>Cash flows from financing activities</b>		
Cash received from borrowings from financial institutions	90,386,000,000	79,302,000,000
Cash paid for borrowings from financial institutions	(92,250,000,000)	(78,543,000,000)
Cash received from foreign borrowing	1,014,800,000	1,000,000,000
Cash paid for borrowings from foreign borrowing	(1,000,000,000)	-
Cash received from other borrowings	13,538,069,626	18,911,326,785
Cash paid to other borrowings	(11,450,000,000)	(16,633,000,000)
Cash paid on principal of long-term lease	(6,033,975)	(6,788,822)
Dividend paid	(1,084,547,550)	(1,643,945,760)
<b>Net cash flows from (used in) financing activities</b>	<b>(851,711,899)</b>	<b>2,386,592,203</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>134,997,399</b>	<b>(623,797,674)</b>
Cash and cash equivalents as at 1 January	249,173,510	872,971,184
<b>Cash and cash equivalents as at 31 December</b>	<b>384,170,909</b>	<b>249,173,510</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 2015**

(Unit: Baht)

	Share capital	Share premium	Premium on treasury shares	Retained earnings		Total
				Appropriated - statutory reserve	Unappropriated	
<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
Profit for the year	-	-	-	-	1,264,224,401	1,264,224,401
Other comprehensive loss for the year	-	-	-	-	(11,729,999)	(11,729,999)
Total comprehensive income for the year	-	-	-	-	1,252,494,402	1,252,494,402
Dividend paid (Note 24)	-	-	-	-	(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>
<b>Balance as at 1 January 2015</b>	2,854,072,500	523,570,729	19,218,670	286,125,000	1,201,245,505	4,884,232,404
Profit for the year	-	-	-	-	1,019,230,915	1,019,230,915
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	1,019,230,915	1,019,230,915
Dividend paid (Note 24)	-	-	-	-	(1,084,547,550)	(1,084,547,550)
<b>Balance as at 31 December 2015</b>	<u>2,854,072,500</u>	<u>523,570,729</u>	<u>19,218,670</u>	<u>286,125,000</u>	<u>1,135,928,870</u>	<u>4,818,915,769</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 2015**

### **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 ultimate parent company of the Group is Malayan Banking Berhad, which is incorporated in Malaysia. The Company has licenses for securities business, which are securities brokerage, securities trading, underwriting, investment advisory, corporate finance advisory, securities registrar, derivatives brokerage and securities borrowing and lending.

The Company's registered office is at 999/9 the Offices at Central World, 20th - 21st Floor, Rama 1 Road, Pathumwan, Bangkok. As at 31 December 2015, the Company has 58 branches in Bangkok and upcountry (31 December 2014: 57 branches).

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

The financial statements have been prepared in accordance with Thai Financial Reporting 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 year**

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which 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 standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

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

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either 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 measurement. 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 effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards.

The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

a) Brokerage fees

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

b) Fees and service income

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

c) Gains (losses) on investments and derivatives

Gains (losses) 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.

##### **4.2 Expense recognition**

a) Interest on borrowings

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

b) Fees and service expenses

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

### **4.3 Cash and cash equivalents**

Cash and cash equivalents include cash on hand 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.

### **4.4 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 intends to roll-over them, or deposits subject to withdrawal restrictions.

### **4.5 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 securities 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 of which there are no guarantee obligations from both assets and liabilities and presents only those assets which belong to the Company.

### **4.6 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 "Guaranteed deposit payable". Fees from borrowing and lending are recognised on an accrual basis over the term of the lending.

### **4.7 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 non-marketable equity securities which the Company classified as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) 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.
- d) 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.
- e) 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.

#### **4.8 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 securities 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.

#### **4.9 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 guaranteed 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.

**4.10 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.

**4.11 Intangible assets and amortisation**

Expenditure on acquisitions of intangible assets is capitalised and amortised using the straight-line method over their economic 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 wherever there is an indication that the intangible assets may be impaired.

**4.12 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.

**4.13 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 effective interest rate. Returns are recognised in the statement of comprehensive income over the term of loan.

#### **4.14 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.

#### **4.15 Long-term lease**

Leases of vehicles 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 are 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.

#### **4.16 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.

#### **4.17 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.

#### **4.18 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.



#### **4.19 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.

#### **4.20 Foreign currencies**

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting date.

Gains and losses on exchange are included in determining income.

#### **4.21 Impairment of assets**

The Company assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any indication exists that an asset may be impaired, or when annual impairment reviewing 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.

An impairment loss is 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.

#### **4.22 Employee benefits**

a) Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

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. 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 it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

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.

#### **4.23 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.

## **4.24 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 securities 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 statement 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.

#### **4.25 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

#### **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at time requires management to make subjective judgements 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:

##### **5.1 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 allowance for doubtful accounts is determined through a combination of specific reviews, probability of default and the value of the securities used as collateral.

## **5.2 Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position and disclosed in the note to financial statement that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (both the Company and counterparty), liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the financial statements and disclosures of fair value hierarchy.

## **5.3 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.

## **5.4 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.

## **5.5 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.

## **5.6 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.

## 5.7 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.

## 5.8 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.

## 6. Cash and cash equivalents

	(Unit: Baht)	
	31 December 2015	31 December 2014
Cash on hand	618,299	608,258
Current accounts and savings accounts	1,456,740,651	6,272,080,457
Total cash and cash equivalents	1,457,358,950	6,272,688,715
Less: Cash deposits held for customers	(1,073,188,041)	(6,023,515,205)
Total cash and cash equivalents -net	<u>384,170,909</u>	<u>249,173,510</u>

## 7. Deposits at financial institutions

	(Unit: Baht)	
	31 December 2015	31 December 2014
	<u>Over 3 months - 1 year</u>	
Fixed deposits	11,910,003,333	9,226,003,302
Deposits with restriction	3,520,894	3,518,566
Total deposits at financial institutions	11,913,524,227	9,229,521,868
Less: Cash deposits held for customers	(11,910,000,000)	(9,226,000,000)
Total deposits at financial institutions - net	<u>3,524,227</u>	<u>3,521,868</u>

As at 31 December 2015, fixed deposits of Baht 4 million (31 December 2014: Baht 4 million) are pledged as collateral to local banks for letter of guarantees.

## 8. Receivables from Clearing House

	(Unit: Baht)	
	31 December 2015	31 December 2014
Receivables from Clearing House	997,227,797	3,496,189,052
Receivables from foreign securities company	244,239,238	497,960,795
Less: Receivables from Clearing House held for customers	(547,863,013)	(838,336,715)
Total receivables from Clearing House - net	<u>693,604,022</u>	<u>3,155,813,132</u>

## 9. Securities and derivatives business receivables

	(Unit: Baht)	
	31 December 2015	31 December 2014
<u>Securities business receivables</u>		
Cash accounts	1,742,747,346	2,551,023,157
Credit balance accounts	13,777,484,351	12,946,270,978
Receivables under securities borrowing and lending business		
- Guaranteed deposit receivables	-	15,755,000
- Securities borrowing receivables	192,177,713	168,412,983
Other receivables		
- Overdue customers' accounts	245,872,625	245,785,140
Total securities business receivables	<u>15,958,282,035</u>	<u>15,927,247,258</u>
Add: Accrued interest receivables	77,579,231	74,340,716
Less: Allowance for doubtful accounts	(248,021,130)	(259,640,241)
Securities business receivables and accrued interest receivables - net	<u>15,787,840,136</u>	<u>15,741,947,733</u>
<u>Derivatives business receivables</u>		
Derivatives business receivables	435,906	4,798,411
Less: Allowance for doubtful accounts	(259,586)	(458,789)
Derivatives business receivables - net	<u>176,320</u>	<u>4,339,622</u>
Total securities and derivatives business receivables - net	<u>15,788,016,456</u>	<u>15,746,287,355</u>

9.1 As at 31 December 2015, the Company had other receivables with book values totalling Baht 260 million from which it has ceased recognising income (31 December 2014: Baht 260 million).

**9.2** As at 31 December 2015 and 2014, 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 2015		
	Debt balance	Allowance for doubtful Accounts	Debt balance net of allowance for doubtful accounts
Normal Debt	15,788,006,063	-	15,788,006,063
Sub-standard Debt	4,023,818	(4,013,425)	10,393
Doubtful Debt	244,267,291	(244,267,291)	-
<b>Total</b>	<b>16,036,297,172</b>	<b>(248,280,716)</b>	<b>15,788,016,456</b>

(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)	-
<b>Total</b>	<b>16,006,386,385</b>	<b>(260,099,030)</b>	<b>15,746,287,355</b>

## **10. Allowance for doubtful accounts**

(Unit: Baht)

	31 December 2015	31 December 2014
Balance - beginning of the year	260,099,030	259,800,708
Add: Doubtful accounts	347,084	441,804
Less: Reversal of doubtful accounts	(12,165,398)	(143,482)
<b>Balance - end of the year</b>	<b>248,280,716</b>	<b>260,099,030</b>



## 11. Derivatives assets and derivatives liabilities

(Unit: Baht)

	31 December 2015		
	Fair value		Notional amount
	Assets	Liabilities	
<b>Trading derivatives</b>			
Forward contract	4,069,837	-	1,014,000,000
Future contracts <sup>(1)</sup>	-	-	185,050,440
Derivatives warrants	-	8,856,328	328,977,760
<b>Total derivatives assets and derivatives liabilities</b>	<b>4,069,837</b>	<b>8,856,328</b>	<b>1,527,937,400</b>

(Unit: Baht)

	31 December 2014		
	Fair value		Notional amount
	Assets	Liabilities	
<b>Trading derivatives</b>			
Future contracts <sup>(1)</sup>	-	-	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>

<sup>(1)</sup> The future contracts are cash settlement. Real exposure is a difference between cost of such contracts and underlying assets level on settlement date, fair value of outstanding future contracts at the end of year included in "Receivables from Clearing House". As at 31 December 2015, fair value of derivative liabilities - future contracts is Baht 1 million (31 December 2014: fair value of derivative assets - future contracts is Baht 27 million).

### 11.1 Gains on derivatives

(Unit: Baht)

	For the years ended 31 December	
	2015	2014
Realised gains on trading in derivatives	305,315,398	70,195,896
Unrealised gains (losses) on revaluation of derivatives	(34,047,955)	32,516,289
<b>Total gains on derivatives</b>	<b>271,267,443</b>	<b>102,712,185</b>

## 12. Investments

(Unit: Baht)

	31 December 2015		31 December 2014	
	Cost value/ amortised		Cost value/ amortised	
	cost	Fair value	cost	Fair value
<b>Trading securities</b>				
Equity securities				
Listed securities	177,901,717	185,651,352	406,531,273	388,639,222
Total trading securities	177,901,717		406,531,273	
Add (less): Allowance for revaluation	7,749,635		(17,892,051)	
<b>Net trading securities</b>	<b>185,651,352</b>		<b>388,639,222</b>	
<b>General investments</b>				
Other securities - ordinary shares	24,169,160		31,791,160	
Less: Allowance for impairment	(14,662,500)		(14,662,500)	
<b>Net general investments</b>	<b>9,506,660</b>		<b>17,128,660</b>	
<b>Total investments - net</b>	<b>195,158,012</b>		<b>405,767,882</b>	

### 12.1 Investments subject to restrictions

(Unit: Baht)

	31 December 2015		31 December 2014	
	Cost value/ amortised		Cost value/ amortised	
	cost	Fair value	cost	Fair value
Securities pledged with court	-	-	7,622,000	16,009,038
Total	-	-	7,622,000	16,009,038

### 12.2 Losses on investments

(Unit: Baht)

	For the years ended 31 December	
	2015	2014
Realised losses on trading securities	(219,204,816)	(52,981,747)
Unrealised gains (losses) on revaluation of trading securities	24,580,441	(15,733,862)
Total losses on investments	<b>(194,624,375)</b>	<b>(68,715,609)</b>

### 13. Equipment

(Unit: Baht)

	Building improvement	Furniture Fixtures and equipment	Asset under financial lease	Construction in process	Total
<b>Cost</b>					
1 January 2014	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
Additions	5,575,822	43,334,105	11,183,505	4,393,896	64,487,328
Transfer in (out)	-	10,420,244	-	(10,420,244)	-
Disposals/written-off	(543,151)	(8,210,337)	(2,906,536)	-	(11,660,024)
31 December 2015	229,318,314	574,851,505	36,411,401	4,399,357	844,980,577
<b>Accumulated depreciation</b>					
1 January 2014	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
Depreciation for the year	22,330,728	58,968,155	5,971,161	-	87,270,044
Disposals/written-off	(377,446)	(8,140,947)	(2,906,535)	-	(11,424,928)
31 December 2015	181,180,576	394,014,859	18,767,521	-	593,962,956
<b>Net book value</b>					
31 December 2014	65,058,349	186,119,842	12,431,537	10,425,705	274,035,433
31 December 2015	48,137,738	180,836,646	17,643,880	4,399,357	251,017,621
Depreciation charge for the years ended 31 December					
2014					74,744,377
2015					87,270,044

As at 31 December 2015 and 2014, 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 336 million and Baht 331 million, respectively.

## 14. Intangible assets

(Unit: Baht)

For the year ended 31 December 2015											
	Useful lives	Cost				Accumulated amortisation				Net intangible assets	
		1	Increase	Transfer in	31	1	Increase	Disposals/	31		
		January 2015		(transfer out)	December 2015	January 2015		written-off	December 2015		
Computer software	5 years	126,933,053	7,278,802	3,178,202	-	137,390,057	80,068,191	14,898,750	-	94,966,941	42,423,116
Software under installation	-	3,192,354	1,903,110	(3,178,202)	-	1,917,262	-	-	-	-	1,917,262
Deferred expenses of membership fee - Thailand Futures Exchanges	-	5,000,000	-	-	-	5,000,000	1,679,452	-	-	1,679,452	3,320,543
<b>Total</b>		<b>135,125,407</b>	<b>9,181,912</b>	<b>-</b>	<b>-</b>	<b>144,307,319</b>	<b>81,747,643</b>	<b>14,898,750</b>	<b>-</b>	<b>96,646,393</b>	<b>47,660,926</b>

(Unit: Baht)

For the year ended 31 December 2014											
	Useful lives	Cost				Accumulated amortisation				Net intangible assets	
		1	Increase	Transfer in	31	1	Increase	Disposals/	31		
		January 2014		(transfer out)	December 2014	January 2014		written-off	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	(6,250,094)	80,068,191	46,864,862
Software under installation	-	1,500,189	9,473,534	(7,781,369)	-	3,192,354	-	-	-	-	3,192,354
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>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>

As at 31 December 2015 and 2014, 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 61 million and Baht 50 million, respectively.

## 15. Other assets

(Unit: Baht)

	31 December 2015	31 December 2014
Clearing fund	112,105,636	99,717,310
Accrued income	52,707,857	37,771,323
Prepaid expenses	24,738,352	123,757,402
Others	20,586,445	65,370,570
<b>Total</b>	<b>210,138,290</b>	<b>326,616,605</b>

## 16. Borrowings from financial institutions

As at 31 December 2015 and 2014, borrowings from financial institutions comprising of domestic borrowings in Baht currency as follows:

(Unit: Baht)

	31 December 2015			
	Interest rate per annum (percent)	Remaining period to maturity		
		At call	Within 1 year	Total
<b>Financial institutions</b>				
Promissory notes	1.80 - 1.85	1,470,000,000	-	1,470,000,000
<b>Total borrowings from financial institutions</b>		<u>1,470,000,000</u>	<u>-</u>	<u>1,470,000,000</u>

(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>

## 17. Securities and derivatives business payables

(Unit: Baht)

	31 December 2015	31 December 2014
Cash accounts	2,001,098,333	4,782,033,853
Payables under securities borrowing and lending business	216,215,093	194,248,933
Guaranteed deposit payables	10,131,040	12,791,979
<b>Total securities and derivatives business payables</b>	<u>2,227,444,466</u>	<u>4,989,074,765</u>

## 18. Debt issued and borrowings

As at 31 December 2015 and 2014, debt issued and borrowings are classified as follows:

(Unit: Baht)

	31 December 2015				
	Interest rate per annum (percent)	Remaining period to maturity			Total
		At call	Within	More than	
			1 year	1 year	
<b><u>Other borrowings and debt issued</u></b>					
Bill of exchange	1.70 - 1.85	-	6,123,956,305	-	6,123,956,305
Bond	3.14	-	1,400,000,000	-	1,400,000,000
Subordinated loan	1% above cost				
	of funds	-	-	1,020,778,000	1,020,778,000
<b>Total other borrowings and debt issued</b>		<b>-</b>	<b>7,523,956,305</b>	<b>1,020,778,000</b>	<b>8,544,734,305</b>

(Unit: Baht)

	31 December 2014				
	Interest rate per annum (percent)	Remaining period to maturity			Total
		At call	Within	More than	
			1 year	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>

## 19. Provisions

(Unit: Baht)

	Obligations	Long-term employee		Total
		benefits	Decommissioning	
Balance as at 1 January 2014	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
Increase (decrease) during the year	(26,326,952)	33,123,214	-	6,796,262
Balance as at 31 December 2015	-	146,050,762	4,389,027	150,439,789

## 20. Provisions for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2015 and 2014, was as follows:

	(Unit: Baht)	
	31 December 2015	31 December 2014
<b>Defined benefit obligation at beginning of year</b>	124,197,612	98,317,614
Current service cost	17,984,492	11,180,034
Interest cost	5,491,278	4,042,705
Benefits paid during the year	(1,622,620)	(4,005,240)
Actuarial (gains) losses arising from		
Demographic assumptions changes	-	11,905,657
Financial assumptions changes	-	(3,348,576)
Experience adjustments	-	6,105,418
<b>Defined benefit obligation at end of year</b>	146,050,762	124,197,612
Unrecognised transitional provisions	-	(11,270,064)
<b>Provisions for long-term employee benefits at end of year</b>	<u>146,050,762</u>	<u>112,927,548</u>

Long-term employee benefit expenses included in the profit or loss for the years ended 31 December 2015 and 2014 was as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2015	2014
Current service cost	17,984,492	11,180,034
Interest cost	5,491,278	4,042,705
Transitional liability recognised during the year	11,270,064	11,270,064
Total	<u>34,745,834</u>	<u>26,492,803</u>

The Company recognised these expenses in operating expenses.

The Company expects to pay Baht 7 million in long-term employee benefits during the next year. As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is about 19 years (31 December 2014: 20 years)

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

	31 December 2015	31 December 2014
	(% per annum)	(% per annum)
Discount rate	4.25	4.25
Average future salary increase	5.00	5.00
Average turnover rate	0.00 - 15.00	0.00 - 15.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

	31 December 2015	
	Increase 1%	Decrease 1%
Discount rate	(15)	18
Future salary increase rate	18	(16)
Average turnover rate	(16)	12

## 21. Liabilities under finance lease agreements

	(Unit: Baht)	
	31 December 2015	31 December 2014
Liabilities under finance lease agreements	22,485,340	16,657,311
Less: Deferred interest expenses	(2,282,874)	(1,604,375)
Total	20,202,466	15,052,936
Less: Portion due within one year	(4,989,571)	(4,750,033)
Total liabilities under finance lease agreements - net of current portion	15,212,895	10,302,903



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 2015			
	Less than	Over		Total
	1 year	1-5 years	5 years	
Future minimum lease payments	5,944,338	16,541,002	-	22,485,340
Deferred interest expenses	(954,767)	(1,328,107)	-	(2,282,874)
Present value of future minimum lease payments	<u>4,989,571</u>	<u>15,212,895</u>	<u>-</u>	<u>20,202,466</u>

(Unit: Baht)

	31 December 2014			
	Less than	Over		Total
	1 year	1-5 years	5 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>

## 22. Capital management

The primary objectives of the Company's capital management are to maintain the Company's ability to continue as a going concern and to maintain net capital in accordance with the rules laid down by the Office of the Securities and Exchange Commission.

## 23. 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.

## 24. Dividends

During the years ended 31 December 2015 and 2014, 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 2015 to 30 June 2015	Board of Directors' Meeting on 13 August 2015	571	1.00
Dividends for the operating result as from 1 July 2014 to 31 December 2014	Annual General Meeting of the shareholders on 2 April 2015	514	0.90
Dividends paid for the year ended 31 December 2015		1,085	1.90
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
Dividends paid for the year ended 31 December 2014		1,644	2.88

## 25. Brokerage fee

(Unit: Baht)

	For the years ended 31 December	
	2015	2014
Brokerage fee from securities business	2,452,773,647	2,980,580,358
Brokerage fee from derivatives business	172,194,576	174,730,666
Other brokerage fees	6,482,980	6,593,884
Total brokerage fee	2,631,451,203	3,161,904,908

## 26. Fees and service income

(Unit: Baht)

	For the years ended 31 December	
	2015	2014
Underwriting fee	112,510,400	172,552,964
Financial advisory	36,525,000	57,117,994
Securities borrowing and lending	10,164,805	15,435,523
Others	3,113,303	1,294,273
Total fees and service income	162,313,508	246,400,754

## 27. 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.

## 28. 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 2015 and 2014, Baht 40 million and Baht 33 million, respectively were contributed to the fund by the Company.

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

### 29.1 Deferred tax assets/liabilities

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

	(Unit: Baht)	
	31 December 2015	31 December 2014
<b>Deferred tax assets</b>		
Allowance for doubtful accounts - others	7,400,600	2,674,627
Provisions for obligations	-	5,265,390
Provisions for long-term employee benefits	29,574,152	22,949,510
Others	2,657,152	1,492,465
<b>Total</b>	<b>39,631,904</b>	<b>32,381,992</b>
<b>Deferred tax liabilities</b>		
Unrealised gain on exchange rate	3,598,553	1,525,151
Others	1,446,021	982,504
<b>Total</b>	<b>5,044,574</b>	<b>2,507,655</b>
<b>Net deferred tax assets</b>	<b>34,587,330</b>	<b>29,874,337</b>

## 29.2 Income tax expenses

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2015	2014
<b>Current income tax:</b>		
Corporate income tax for the year	258,129,396	320,092,485
Adjustment of corporate income tax expenses of previous year	8,767,397	5,145,638
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(4,712,993)	280,900
<b>Income tax expense reported in profit or loss</b>	<b>262,183,800</b>	<b>325,519,023</b>

The amounts of income tax relating to each component of other comprehensive income for the years end 31 December 2015 and 2014 are as follow:

	(Unit: Baht)	
	For the years ended 31 December	
	2015	2014
Deferred tax on actuarial losses	-	2,932,500
<b>Total</b>	<b>-</b>	<b>2,932,500</b>

Reconciliation between income tax expenses and the product of accounting profits and the applicable tax rates for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2015	2014
Accounting profits before income tax expenses	1,281,414,715	1,589,743,424
Applicable corporate income tax rate	20%	20%
Amounts of income taxes at the applicable tax rate	256,282,943	317,948,685
Adjustment of income tax expenses of previous year	8,767,397	5,145,638
Tax effect of non-deductible expenses	(2,866,540)	2,424,700
Income tax expenses reported in profit or loss	262,183,800	325,519,023

## 30. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

### 31. Related party transactions

During the years ended 31 December 2015 and 2014, 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 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
	2015	2014	
<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.	2	1	
Maybank Kim Eng Securities Pte. Ltd.	2	-	
<b><u>Brokerage fee income</u></b>			
			At normal rate charged to other clients
Maybank Kim Eng Securities Pte. Ltd.	38	62	
Kim Eng Securities (Hong Kong) Limited	4	3	
<b><u>Research and advisory income</u></b>			
Maybank Kim Eng Research Pte. Ltd.	25	31	In accordance with agreement
<b><u>Fee and service expenses</u></b>			
Maybank Kim Eng Securities Pte. Ltd.	4	3	In accordance with agreement
<b><u>Brokerage expenses</u></b>			
Maybank Kim Eng Securities Pte. Ltd.	2	3	In accordance with agreement
<b><u>Rental expenses</u></b>			
Maybank Asset Management (Thailand) Co., Ltd.	-	1	In accordance with agreement
<b><u>Interest expenses on borrowings</u></b>			
Maybank Kim Eng Holdings Limited	38	12	In accordance with borrowings agreement
<b><u>Consulting service fee</u></b>			
Maybank Kim Eng Securities Pte. Ltd.	-	1	In accordance with service agreements
<b><u>Research and advisory expenses</u></b>			
Maybank Kim Eng Research Pte. Ltd.	15	10	In accordance with agreement
<b><u>Dividend paid</u></b>			
			As declared
Maybank Kim Eng Holdings Limited	903	1,369	
Maybank Kim Eng Securities Pte. Ltd.	3	4	

As at 31 December 2015 and 2014, the outstanding balances of the above transactions, as presented in the statements of financial position are as follows:

(Unit: Million Baht)

	31 December 2015	31 December 2014	Pricing Policies
<b><u>Related companies</u></b>			
<u>Securities business receivables</u>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	87	44	
Kim Eng Securities (Hong Kong) Limited	4	-	
<u>Foreign securities company receivables</u>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	4	11	
<u>Foreign deposits receivables</u>			
			As determined by Maybank
Maybank Kim Eng Securities Pte. Ltd.	240	487	Kim Eng Securities Pte. Ltd.
<u>Subordinated loan</u>			
			In accordance with agreement
Maybank Kim Eng Holdings Limited	1,021	1,000	
<u>Securities business payables</u>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	36	3	
Kim Eng Securities (Hong Kong) Limited	-	206	
<u>Foreign securities company payables</u>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	1	2	

As at 31 December 2015, Maybank Kim Eng Holdings Ltd. guaranteed the overdraft facilities amounting to Baht 30 million (31 December 2014: Baht 30 million). There is no overdraft outstanding balance as at 31 December 2015 and 2014.

As at 31 December 2015, the Company had loans to employees under welfare program amounting to Baht 314 million. The loans charged interest at rate of 1.40 and 2.10 percent per annum (31 December 2014: Baht 312 million, interest at rate of 1.72 and 2.70 percent per annum).

#### Loans from related parties

As at 31 December 2015, the loans from related parties between the Company and the related company and the movement of loans are as follows:

(Unit: Million Baht)

Loan from related parties	Relationship	Balance as at 1 January 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2015
Maybank Kim Eng Holdings Limited	Parent company	1,000	1,021	(1,000)	1,021
<b>Total</b>		<b>1,000</b>	<b>1,021</b>	<b>(1,000)</b>	<b>1,021</b>

### Management's remuneration

During the years ended 31 December 2015 and 2014, 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	
	2015	2014
Management's remuneration		
Short-term employee benefits	179,041,928	231,398,848
Post-employment benefits	5,495,507	5,821,172
	<u>184,537,435</u>	<u>237,220,020</u>

### **32. 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 is organised into business units based on its products and services and has two reportable segments as follows:

- Securities business segment, which provides service according to brokering and derivative brokering and securities borrowing and lending.
- Investment banking segment, which provides 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.

The following tables present revenue and profit information regarding the Company's operating segments for the years ended 31 December 2015 and 2014, respectively.

	(Unit: Million Baht)		
	Securities business segment	Investment banking segment	Total segments
<b>For the year ended 31 December 2015</b>			
<b>Income</b>			
External customers			
Brokerage fee	2,622	3	2,625
Fee and service income	17	152	169
Interest on deposit and credit balance accounts	1,043	-	1,043
Other income	132	-	132
<b>Total income</b>	<b>3,814</b>	<b>155</b>	<b>3,969</b>
<b>Expenses</b>			
Financial cost			485
Fee and service expenses			229
Personnel expenses			1,413
Other expenses			561
<b>Total expenses</b>			<b>2,688</b>
<b>Profit before income tax expenses</b>			<b>1,281</b>
Income tax expenses			(262)
<b>Profit for the year</b>			<b>1,019</b>



(Unit: Million Baht)

<b>For the year ended 31 December 2014</b>	Securities business segment	Investment banking segment	Total segments
<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>

The following table presents segment assets of the Company's operating segments as at 31 December 2015 and 2014:

(Unit: Million Baht)

<b>Segment assets</b>	Securities business segment	Investment banking segment	Total Segments	Unallocated assets	Total
As at 31 December 2015	16,639	6	16,645	1,344	17,989
As at 31 December 2014	19,083	2	19,085	1,528	20,613

#### Geographic information

The Company operates only in Thailand. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

#### Major customers

For the years 2015 and 2014, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

### 33. Commitments and contingent liabilities

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

The Company has the significant outstanding commitments under office space, office equipment, and other service agreements are as follows:

	(Unit: Million Baht)	
	<u>31 December 2015</u>	<u>31 December 2014</u>
Payable:		
In up to 1 year	99	92
In over 1 and up to 5 years	54	84

### 34. Financial instruments

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, deposits at financial institutions, receivables from and payables to Clearing House, securities and derivatives business receivables and payables, derivative assets, investments, loans to employee under welfare program, borrowings from financial institutions, derivative liabilities and debt issued and borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

#### 34.1 Credit risk

The Company is exposed to credit risk primarily with respect to securities and derivatives 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 as stated in the statement of financial position.

## 34.2 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 2015 and 2014, 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 2015									
	Floating interest rate	Fixed interest rates					Non-performing debts	Interest rate (% p.a.)		
		Remaining period to the contractual repricing date or maturity date						Total	Floating interest rate	Fixed interest rate
		Within 1 year	1 - 5 years	Over 5 years	Without interest					
<b>Financial assets</b>										
Cash and cash equivalents	221	-	-	-	163	-	384	0.80 - 1.15	-	
Deposits at financial institutions	-	4	-	-	-	-	4	-	1.50 - 2.65	
Receivable from Clearing House	-	-	-	-	694	-	694	-	-	
Securities and derivatives business receivables	13,855	192	-	-	1,743	246	16,036	5.38 - 5.40	-	
Derivatives assets	-	4	-	-	-	-	4	-	-	
Investments	-	-	-	-	195	-	195	-	-	
Loans to employees under welfare program	314	-	-	-	-	-	314	1.40 - 2.10	-	
<b>Financial liabilities</b>										
Borrowings from financial institutions	-	1,470	-	-	-	-	1,470	-	1.80 - 1.85	
Payable to Clearing House	-	-	-	-	155	-	155	-	-	
Securities and derivatives business payables	10	216	-	-	2,001	-	2,227	1.50	3.00 - 5.50	
Derivative liabilities	-	-	-	-	9	-	9	-	-	
Debt issued and borrowings	-	7,524	1,021	-	-	-	8,545	-	1.70 - 3.14	
Liabilities under financial lease agreements	-	5	15	-	-	-	20	-	4.84 - 6.77	

(Unit: Million Baht)

Outstanding balance of financial instruments as at 31 December 2014									
Fixed interest rates									
Remaining period to the contractual repricing date or maturity date									
Floating interest rate	Within 1 year			Without interest	Non-performing debts	Total	Interest rate (% p.a.)		
	1 - 5 years	Over 5 years					Floating interest rate	Fixed interest rate	
<b>Financial assets</b>									
Cash and cash equivalents	70	-	-	-	179	-	249	0.13 - 1.60	-
Deposits at financial institutions	-	4	-	-	-	-	4	-	1.05 - 1.38
Receivable from Clearing House	-	-	-	-	3,156	-	3,156	-	-
Securities and derivatives business									
receivables	13,020	184	-	-	2,556	246	16,006	5.43 - 6.50	-
Investments	-	-	-	-	406	-	406	-	-
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 - 4.70
Liabilities under financial lease agreements	-	5	10	-	-	-	15	-	4.96 - 6.77

## 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		Financial liabilities as at		Exchange rate as at 31 December 2015		Exchange rate as at 31 December 2014	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	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	52	379	52	385	4.6140	4.7018	4.2197	4.2835
Singapore dollar	44	12	43	13	25.2484	25.7905	24.6644	25.1274
US dollar	192	87	192	88	35.9233	36.2538	32.8128	33.1132
Malaysian ringgit	2	3	1	3	8.2898	8.5661	9.2880	9.5621
Euro	5	1	5	1	39.0780	39.7995	39.7507	40.3552
Pound sterling	2	8	2	8	53.0726	53.9343	50.7959	51.5035
Australian dollar	1	5	1	5	25.8990	26.6681	26.5348	27.0788
Canadian dollar	-	1	-	1	25.8164	26.2973	28.0889	28.5242
Indonesian rupiah	-	1	-	1	2.4883	2.7614	0.0025	0.0028
Vietnamese dong	32	-	31	-	0.0016	0.0016	0.0015	0.0016

In addition to the above, as of 31 December 2015, the Company also has outstanding foreign currency loan of Baht 1,021 million (Singapore dollar 40 million) which will mature in 2017 and forward contract notional amount of SGD 40 million with exchange rate at 25.35 Baht per Singapore dollar which will mature in 2016.

### 34.3 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 2015 and 2014, counting from the financial position date, are as follows.

(Unit: Million Baht)

As at 31 December 2015							
	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	384	-	-	-	-	-	384
Deposits at financial institutions	-	4	-	-	-	-	4
Receivable from Clearing House	-	694	-	-	-	-	694
Securities and derivatives business receivables	192	-	1,743	-	13,855	246	16,036
Derivatives assets	-	4	-	-	-	-	4
Investments	-	-	-	-	195	-	195
Loans to employees under welfare program	-	41	134	139	-	-	314
<u>Financial liabilities</u>							
Borrowings from financial institutions	1,470	-	-	-	-	-	1,470
Payable to Clearing House	-	155	-	-	-	-	155
Securities and derivatives business payables	216	2,011	-	-	-	-	2,227
Derivatives liabilities	-	9	-	-	-	-	9
Debt issued and borrowings	-	7,524	1,021	-	-	-	8,545
Liabilities under financial lease agreements	-	5	15	-	-	-	20

(Unit: Million Baht)

As at 31 December 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	249	-	-	-	-	-	249
Deposits at financial institutions	-	4	-	-	-	-	4
Receivable from Clearing House	-	3,156	-	-	-	-	3,156
Securities and derivatives business receivables	184	2,556	-	-	13,020	246	16,006
Investments	-	-	-	-	406	-	406
Loans to employees under welfare program	-	40	130	142	-	-	312
<u>Financial liabilities</u>							
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

#### 34.4 Derivatives

As at 31 December 2015 and 2014, the Company has outstanding derivatives as stated in Note 11 as follow:

(Unit: Million Baht)

	31 December 2015		31 December 2014	
	Fair value	Notional amount	Fair value	Notional amount
Forward contract	4	1,014	-	-
Future contracts	-	185	28	344
Derivative warrants	9	329	22	383

#### 35. Fair value of financial instruments

35.1 As of 31 December 2015, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	31 December 2015			
	Fair value			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Held for trade investments				
Equity instruments	186	-	-	186
Derivatives assets	-	4	-	4
<b>Financial liabilities measured at fair value</b>				
Derivatives liabilities	9	-	-	9

**35.2** As at 31 December 2015, the Company had the financial assets and financial liabilities that were measured at cost for which fair value are disclosed using different levels of inputs as follows:

(Unit: Million Baht)

	31 December 2015				Book value
	Fair value			Total	
	Level 1	Level 2	Level 3		
<b>Financial assets for which fair value are disclosed</b>					
Cash and cash equivalents	384	-	-	384	384
Deposit at financial institutions	4	-	-	4	4
Receivable from Clearing House	-	693	-	693	693
Securities and derivatives business					
receivables	-	15,788	-	15,788	15,788
Other investments - net	-	-	10	10	10
Loans to employees under welfare program					
	-	-	314	314	314
<b>Financial liabilities for which fair value are disclosed</b>					
Borrowings at financial institutions	-	1,470	-	1,470	1,470
Payable to Clearing House	-	155	-	155	155
Securities and derivatives business					
payables	-	2,227	-	2,227	2,227
Debt issued and borrowings	-	8,545	-	8,545	8,545
Liabilities under financial lease agreements					
	-	20	-	20	20

As of 31 December 2014, there are no material differences between the book value of financial assets and liabilities and their fair value.

The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, deposit at financial institutions, accounts receivable and short-term loans, accounts payable and short-term loans, their carrying amounts in the statement of financial position approximate their fair value.
- b) For equity securities, their fair value is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.

- c) For loans to employees under welfare program, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- d) For long-term loans and liabilities under financial lease agreements carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

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

### **36. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 11 February 2016.