

Maybank Kim Eng Securities (Thailand)  
Public Company Limited  
Report and interim financial statements  
30 June 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 30 June 2015, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period 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 30 June 2015 and its financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards.

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

I have reviewed the accompanying statement of comprehensive income for the three-month period ended 30 June 2015 of Maybank Kim Eng Securities (Thailand) Public Company Limited. Management is responsible for the preparation and presentation of these interim statements of comprehensive income in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on these interim statements of comprehensive income based on my review.

### **Scope of review**

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

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim statements of comprehensive income are not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 13 August 2015

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

**Statement of Financial Position**

**As at 30 June 2015**

		(Unit: Baht)	
	Note	30 June 2015	31 December 2014
<b>Assets</b>			
Cash and cash equivalents	6	1,057,951,027	249,173,510
Deposits at financial institutions	7	3,523,184	3,521,868
Receivables from Clearing House	8	558,674,355	3,155,813,132
Securities and derivatives business receivables	9	16,491,788,371	15,746,287,355
Investment	12	80,851,064	405,767,882
Loans to employees under welfare program	31	314,960,736	312,027,162
Equipment	13	267,406,447	274,035,433
Intangible assets	14	51,791,585	53,377,764
Property foreclosed		15,886,500	9,886,500
Deposits		49,035,093	46,470,658
Deferred tax assets	29.1	40,796,779	29,874,337
Other assets	15	331,314,131	326,616,605
<b>Total assets</b>		<b>19,263,979,272</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 30 June 2015**

(Unit: Baht)

	Note	30 June 2015	31 December 2014
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Borrowings from financial institutions	16	2,360,000,000	3,334,000,000
Payables to Clearing House		744,235,894	2,222,696
Securities and derivatives business payables	17	4,034,668,707	4,989,074,765
Derivatives liabilities	11	4,400,892	22,050,878
Debt issued and borrowings	18	6,394,028,790	6,334,717,743
Provisions	19	159,393,824	143,643,527
Income tax payable		148,861,291	225,998,414
Accrued expenses		387,063,524	584,486,684
Liabilities under financial lease agreements	21	20,974,214	15,052,936
Dividend payable		916,404	916,404
Other liabilities		42,545,356	76,455,755
<b>Total liabilities</b>		<b>14,297,088,896</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		1,283,903,477	1,201,245,505
<b>Total shareholders' equity</b>		<b>4,966,890,376</b>	<b>4,884,232,404</b>
<b>Total liabilities and shareholders' equity</b>		<b>19,263,979,272</b>	<b>20,612,852,206</b>
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The accompanying notes are an integral part of the financial statements.

Directors

(Unaudited but reviewed)

**Maybank Kim Eng Securities (Thailand) Public Company Limited****Statement of comprehensive income****For the three-month period ended 30 June 2015**

	Note	2015	2014
(Unit: Baht)			
<b>Profit or loss:</b>			
<b>Income</b>			
Brokerage fee	25	553,366,441	655,942,556
Fee and service income	26	34,883,025	67,555,800
Gains (losses) on investments	12.2	(17,768,191)	1,058,334
Gains (losses) on derivatives	11.1	27,943,908	(95,502)
Interest and dividends		89,790,771	77,323,949
Interest on credit balance accounts		170,402,778	132,594,648
Other income		23,639,296	8,452,632
<b>Total income</b>		<b>882,258,028</b>	<b>942,832,417</b>
<b>Expenses</b>			
Financial costs		129,856,444	92,347,814
Fee and service expenses		50,815,793	53,068,365
Operating expenses			
Personnel expenses	31	276,324,177	393,959,673
Premises and equipment expenses		87,918,766	85,912,395
Taxes and duties		8,616,914	6,984,070
Directors' remuneration	27	2,550,000	3,000,000
Other expenses		36,056,414	36,250,242
Total operating expenses		411,466,271	526,106,380
Reversal of bad debt and doubtful accounts		(162,282)	(329)
<b>Total expenses</b>		<b>591,976,226</b>	<b>671,522,230</b>
<b>Profit before income tax expenses</b>		<b>290,281,802</b>	<b>271,310,187</b>
Income tax expenses	29.2	(58,477,268)	(55,378,252)
<b>Profit for the periods</b>		<b>231,804,534</b>	<b>215,931,935</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
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	(11,729,999)
<b>Other comprehensive loss for the period</b>		-	<b>(11,729,999)</b>
<b>Total comprehensive income for the periods</b>		<b>231,804,534</b>	<b>204,201,936</b>
<b>Earnings per share</b>	30		
Basic earnings per share		0.41	0.38

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

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

**Statement of comprehensive income**

**For the six-month period ended 30 June 2015**

		(Unit: Baht)	
	Note	2015	2014
<b>Profit or loss:</b>			
<b>Income</b>			
Brokerage fee	25	1,457,324,132	1,133,583,286
Fee and service income	26	128,018,817	74,630,395
Gains on investments	12.2	13,749,231	2,107,696
Gains (losses) on derivatives	11.1	(2,495,781)	405,813
Interest and dividends		181,876,891	160,240,568
Interest on margin loans		356,973,899	263,604,490
Other income		37,690,304	15,157,062
<b>Total income</b>		<b>2,173,137,493</b>	<b>1,649,729,310</b>
<b>Expenses</b>			
Financial costs		264,771,979	181,900,373
Fee and service expenses		116,875,946	94,244,094
Operating expenses			
Personnel expenses	31	739,656,701	663,489,899
Premises and equipment expenses		179,386,431	166,247,286
Taxes and duties		18,105,107	14,329,336
Directors' remuneration	27	3,759,677	6,000,000
Other expenses		103,496,717	91,906,916
Total operating expenses		1,044,404,633	941,973,437
Reversal of bad debt and doubtful accounts		(531,473)	(102,662)
<b>Total expenses</b>		<b>1,425,521,085</b>	<b>1,218,015,242</b>
<b>Profit before income tax expenses</b>		<b>747,616,408</b>	<b>431,714,068</b>
Income tax expenses	29.2	(151,225,386)	(87,916,658)
<b>Profit for the periods</b>		<b>596,391,022</b>	<b>343,797,410</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
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	(11,729,999)
<b>Other comprehensive loss for the period</b>		<b>-</b>	<b>(11,729,999)</b>
<b>Total comprehensive income for the periods</b>		<b>596,391,022</b>	<b>332,067,411</b>
<b>Earnings per share</b>			
Basic earnings per share	30	1.04	0.60

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

**Maybank Kim Eng Securities (Thailand) Public Company Limited****Cash flow statements****For the six-month period ended 30 June 2015**

	(Unit: Baht)	
	2015	2014
<b>Cash flows from operating activities</b>		
Profit before income tax expenses	747,616,408	431,714,068
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid for) operating activities:		
Depreciation and amortisation	50,200,931	39,678,618
Amortisation of prepaid personnel expenses	53,569,437	53,840,789
Reversal of bad debt and doubtful accounts	(531,474)	(102,662)
Unrealised gains on revaluation of investments	(16,677,829)	(997,388)
Unrealised (gains) losses on revaluation of derivatives liabilities	(29,793,480)	903,937
Unrealised gains on revaluation of foreign receivables and payables	(675,812)	(653,152)
Gains on sales and written-off of premises and equipment	(32,592)	(157,313)
Retirement benefit	17,372,917	13,246,402
Financial cost	264,177,737	181,407,949
Amortised interest expense of financial lease	594,241	492,424
Doubtful accounts - other receivables (reversal)	23,629,863	(30,000)
Interest income	(537,631,673)	(425,691,850)
Cash paid for interest	(198,512,749)	(144,468,692)
Cash paid for income tax	(239,284,952)	(140,950,326)
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>134,020,973</b>	<b>8,232,804</b>
(Increase) decrease in operating assets		
Deposits at financial institutions	(1,316)	(1,922)
Receivables from Clearing House	2,597,814,589	(280,710,606)
Securities and derivatives business receivables	(749,585,912)	(1,340,053,742)
Investments	341,594,647	(31,451,951)
Property foreclosed	(2,933,574)	11,762,049
Loans to employees under welfare program	(6,000,000)	-
Deposits	(2,564,435)	(154,824)
Other assets	(55,353,811)	(140,556,985)
Increase (decrease) in operating liabilities		
Payables to Clearing House	742,013,198	(106,288,523)
Securities and derivatives business payables	(954,406,058)	733,885,508
Derivatives liabilities	12,143,494	6,076,721
Provision	(1,622,620)	(835,000)
Accrued expenses	(214,418,139)	(97,630,737)
Other liabilities	(33,910,399)	17,461,087
<b>Net cash flows from (used in) operating activities</b>	<b>1,806,790,637</b>	<b>(1,220,266,121)</b>

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



**Maybank Kim Eng Securities (Thailand) Public Company Limited****Cash flow statement (continued)**

For the six-month period ended 30 June 2015

	(Unit: Baht)	
	2015	2014
<b>Cash flows from investing activities</b>		
Cash received from interest	515,705,028	428,084,206
Proceeds from disposals of equipment	81,379	248,597
Cash paid for purchases of equipment	(22,749,905)	(96,339,391)
Proceeds from disposals of intangible assets	-	1,926
Cash paid for purchases of intangible assets	(4,707,027)	(14,044,683)
<b>Net cash flows from investing activities</b>	<b>488,329,475</b>	<b>317,950,655</b>
<b>Cash flows from financing activities</b>		
Cash received from borrowings	38,474,000,000	35,481,000,000
Cash paid for borrowings	(39,448,000,000)	(34,577,000,000)
Cash received from other borrowings	6,853,928,180	8,119,093,091
Cash paid to other borrowings	(6,850,000,000)	(7,548,000,000)
Cash paid on principal of long-term lease	(2,537,726)	(2,405,737)
Dividend paid	(513,733,049)	(1,215,834,886)
<b>Net cash flows from (used in) financing activities</b>	<b>(1,486,342,595)</b>	<b>256,852,468</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>808,777,517</b>	<b>(645,462,998)</b>
Cash and cash equivalents as at 1 January	249,173,510	872,971,184
<b>Cash and cash equivalents as at 30 June</b>	<b>1,057,951,027</b>	<b>227,508,186</b>
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The accompanying notes are an integral part of the financial statements.

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

**Statement of changes in shareholders' equity**

**For the six-month period ended 30 June 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 period	-	-	-	-	343,797,410	343,797,410
Other comprehensive loss for the period	-	-	-	-	(11,729,999)	(11,729,999)
Total comprehensive income for the period	-	-	-	-	332,067,411	332,067,411
Dividend paid (Note 24)	-	-	-	-	(1,215,834,885)	(1,215,834,885)
<b>Balance as at 30 June 2014</b>	<u>2,854,072,500</u>	<u>523,570,729</u>	<u>19,218,670</u>	<u>286,125,000</u>	<u>708,929,389</u>	<u>4,391,916,288</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 period	-	-	-	-	596,391,022	596,391,022
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	596,391,022	596,391,022
Dividend paid (Note 24)	-	-	-	-	(513,733,050)	(513,733,050)
<b>Balance as at 30 June 2015</b>	<u>2,854,072,500</u>	<u>523,570,729</u>	<u>19,218,670</u>	<u>286,125,000</u>	<u>1,283,903,477</u>	<u>4,966,890,376</u>
	-	-	-	-	-	-

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

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

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

**For the six-month period ended 30 June 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 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 Floor, Rama 1 Road, Pathumwan, Bangkok. As at 30 June 2015, the Company has 58 branches in Bangkok and upcountry (31 December 2014: 57 branches).

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

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2014) "Interim Financial Reporting". The Company chooses to present in full format of interim financial statements as presented in the annual financial statements.

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

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

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

### **3. New financial reporting standards**

During the period, 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.

### **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 and its subsidiaries intend 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 available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recognised as gains (losses) 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) 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.

- f) 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.
- g) 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 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.

#### **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 contractual 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**

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 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.

#### **4.22 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. 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.

#### **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 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.

## **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 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:

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

### **5.2 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)	
	30 June 2015	31 December 2014
Cash on hand	618,278	608,258
Current accounts and savings accounts	4,113,034,872	6,272,080,457
Total cash and cash equivalents	4,113,653,150	6,272,688,715
Less: Cash deposits held for customers	(3,055,702,123)	(6,023,515,205)
Net cash and cash equivalents	<u>1,057,951,027</u>	<u>249,173,510</u>

## 7. Deposits at financial institutions

	(Unit: Baht)	
	30 June 2015	31 December 2014
	<u>Over 3 months - 1 year</u>	
Fixed deposits	11,415,003,317	9,226,003,302
Deposits with restriction	3,519,867	3,518,566
Total deposits at financial institutions	11,418,523,184	9,229,521,868
Less: Cash deposits held for customers	(11,415,000,000)	(9,226,000,000)
Total deposits at financial institutions - net	<u>3,523,184</u>	<u>3,521,868</u>

As at 30 June 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)	
	30 June 2015	31 December 2014
Receivables from Clearing House	1,028,182,880	3,496,189,052
Receivables from foreign securities company	183,066,331	497,960,795
Less: Receivables from Clearing House held for customers	(652,574,856)	(838,336,715)
Total receivables from Clearing House - net	<u>558,674,355</u>	<u>3,155,813,132</u>

## 9. Securities and derivatives business receivables

	(Unit: Baht)	
	30 June 2015	31 December 2014
<u>Securities business receivables</u>		
Cash accounts	3,439,340,610	2,551,023,157
Credit balance accounts	12,899,950,611	12,946,270,978
Receivables under securities borrowing and lending business		
- Guaranteed deposit receivables	1,765,250	15,755,000
- Securities borrowing receivables	87,950,334	168,412,983
Other receivables		
- Overdue customers' accounts	245,798,929	245,785,140
Total securities business receivables	16,674,805,734	15,927,247,258
Add: Accrued interest receivables	69,724,347	74,340,716
Less: Allowance for doubtful accounts	(259,513,087)	(259,640,241)
Securities business receivables and accrued interest receivables - net	16,485,016,994	15,741,947,733
<u>Derivatives business receivables</u>		
Derivatives business receivables	6,825,846	4,798,411
Less: Allowance for doubtful accounts	(54,469)	(458,789)
Derivatives business receivables - net	6,771,377	4,339,622
Total securities and derivatives business receivables - net	16,491,788,371	15,746,287,355

**9.1** As at 30 June 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 30 June 2015 and 31 December 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)		
	30 June 2015		
	Debt balance	Allowance for doubtful Accounts	Debt balance net of allowance for doubtful accounts
Normal Debt	16,491,317,323	-	16,491,317,323
Sub-standard Debt	9,284,472	(8,813,424)	471,048
Doubtful Debt	250,754,132	(250,754,132)	-
Total	16,751,355,927	(259,567,556)	16,491,788,371



(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

**10. Allowance for doubtful accounts**

(Unit: Baht)

	For the six-month period ended 30 June 2015	For the year ended 31 December 2014
Balance - beginning of the period/year	260,099,030	259,800,708
Add: Doubtful accounts	35,899	441,804
Less: Reversal of doubtful accounts	(567,373)	(143,482)
Balance - end of the period/year	259,567,556	260,099,030

**11. Derivatives assets and derivatives liabilities**

(Unit: Baht)

	30 June 2015		
	Fair value		Notional amount
	Assets	Liabilities	
<b>Trading derivatives</b>			
Future contracts	-	-	56,918,200
Derivatives warrants	-	4,400,892	54,447,578
<b>Total derivatives assets and derivatives liabilities</b>	-	4,400,892	111,365,778

(Unit: Baht)

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

## 11.1 Gains (losses) on derivatives

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2015	2014	2015	2014
Realised gains (losses) on trading in derivatives	29,686,041	(1,001,962)	27,297,699	1,309,750
Unrealised gains (losses) on revaluation of derivatives	(1,742,133)	906,460	(29,793,480)	(903,937)
<b>Total gains (losses) on derivatives</b>	<b>27,943,908</b>	<b>(95,502)</b>	<b>(2,495,781)</b>	<b>405,813</b>

## 12. Investments

	(Unit: Baht)			
	30 June 2015		31 December 2014	
	Cost value/ amortised cost	Fair value	Cost value/ amortised cost	Fair value
<b>Trading securities</b>				
Equity securities				
Listed securities	64,936,626	63,722,404	406,531,273	388,639,222
Total trading securities	64,936,626		406,531,273	
Less: Allowance for revaluation	(1,214,222)		(17,892,051)	
<b>Net trading securities</b>	<b>63,722,404</b>		<b>388,639,222</b>	
<b>Other investments</b>				
Other securities - ordinary shares	31,791,160		31,791,160	
Less: Allowance for impairment	(14,662,500)		(14,662,500)	
<b>Net other investments</b>	<b>17,128,660</b>		<b>17,128,660</b>	
<b>Total investments - net</b>	<b>80,851,064</b>		<b>405,767,882</b>	

### 12.1 Investments subject to restrictions

	(Unit: Baht)			
	30 June 2015		31 December 2014	
	Cost value/ amortised cost	Fair value	Cost value/ amortised cost	Fair value
Securities pledged with court	7,622,000	14,387,343	7,622,000	16,009,038
<b>Total</b>	<b>7,622,000</b>	<b>14,387,343</b>	<b>7,622,000</b>	<b>16,009,038</b>

## 12.2 (Gains) losses on investments

(Unit: Baht)

	For the three-month period		For the six-month period	
	ended 30 June		ended 30 June	
	2015	2014	2015	2014
Realised gains (losses) on trading securities	(20,145,896)	1,460,191	(2,348,898)	1,108,333
Unrealised gains (losses) on revaluation of trading securities	2,377,705	(401,857)	16,098,129	999,363
Total gains (losses) on investments	<u>(17,768,191)</u>	<u>1,058,334</u>	<u>13,749,231</u>	<u>2,107,696</u>

## 13. Equipment

(Unit: Baht)

	Furniture				Total
	Building improvement	Fixtures and equipment	Asset under financial lease	Construction in process	
<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	3,793,167	19,824,540	8,459,005	4,088,901	36,165,613
Transfer in (out)	761,338	10,578,700	-	(11,340,038)	-
Disposals/written-off	-	(7,068,451)	-	-	(7,068,451)
30 June 2015	<u>228,840,148</u>	<u>552,642,282</u>	<u>36,593,437</u>	<u>3,174,568</u>	<u>821,250,435</u>
<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 period	11,043,237	28,484,383	3,218,192	-	42,745,812
Disposals/written-off	-	(7,019,664)	-	-	(7,019,664)
30 June 2015	<u>170,270,531</u>	<u>364,652,370</u>	<u>18,921,087</u>	<u>-</u>	<u>553,843,988</u>
<b>Net book value</b>					
31 December 2014	<u>65,058,349</u>	<u>186,119,842</u>	<u>12,431,537</u>	<u>10,425,705</u>	<u>274,035,433</u>
30 June 2015	<u>58,569,617</u>	<u>187,989,912</u>	<u>17,672,350</u>	<u>3,174,568</u>	<u>267,406,447</u>
Depreciation charge for the six-month periods ended 30 June					
2014					<u>33,225,592</u>
2015					<u>42,745,812</u>

As at 30 June 2015 and 31 December 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 335 million and Baht 331 million, respectively.

#### 14. Intangible assets

(Unit: Baht)

For the six-month period ended 30 June 2015											
	Useful lives	Cost				Accumulated amortisation				Net intangible assets	
		1 January 2015	Increase	Transfer in (transfer out)	Disposals/ written-off	30 June 2015	1 January 2015	Increase	Disposals/ written-off		30 June 2015
		Computer software	5 years	126,933,053	3,586,113	2,336,015	-	132,855,181	80,068,191		7,455,119
Software under installation	-	3,192,354	2,282,827	(2,336,015)	-	3,139,166	-	-	-	-	3,139,166
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>135,125,407</b>	<b>5,868,940</b>	<b>-</b>	<b>-</b>	<b>140,994,347</b>	<b>81,747,643</b>	<b>7,455,119</b>	<b>-</b>	<b>89,202,762</b>	<b>51,791,585</b>

(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 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 30 June 2015 and 31 December 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 60 million and Baht 50 million, respectively.

## 15. Other assets

	(Unit: Baht)	
	30 June 2015	31 December 2014
Clearing fund	106,420,969	99,717,310
Accrued income	63,824,624	37,771,323
Prepaid expenses	77,951,225	123,757,402
Others	83,117,313	65,370,570
<b>Total</b>	<b>331,314,131</b>	<b>326,616,605</b>

## 16. Borrowings from financial institutions

As at 30 June 2015 and 31 December 2014, borrowings from financial institutions comprising of domestic borrowings in Baht currency as follows:

	(Unit: Baht)			
	30 June 2015			
	Interest rate per annum (percent)	Remaining period to maturity		Total
		At call	Within 1 year	
<b>Financial institutions</b>				
Promissory notes	1.80 - 2.03	2,360,000,000	-	2,360,000,000
<b>Total borrowings from financial institutions</b>		<b>2,360,000,000</b>	<b>-</b>	<b>2,360,000,000</b>

	(Unit: Baht)			
	31 December 2014			
	Interest rate per annum (percent)	Remaining period to maturity		Total
		At call	Within 1 year	
<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>		<b>3,334,000,000</b>	<b>-</b>	<b>3,334,000,000</b>

## 17. Securities and derivatives business payables

	(Unit: Baht)	
	30 June 2015	31 December 2014
Cash accounts	3,913,724,061	4,782,033,853
Payables under securities borrowing and lending business	91,199,234	194,248,933
Guaranteed deposit payables	29,745,412	12,791,979
<b>Total securities and derivatives business payables</b>	<b>4,034,668,707</b>	<b>4,989,074,765</b>

## 18. Debt issued and borrowings

As at 30 June 2015 and 31 December 2014, debt issued and borrowings are classified as follows:

(Unit: Baht)

	30 June 2015				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	1.70 - 2.60	-	3,994,028,790	-	3,994,028,790
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>		<u>-</u>	<u>3,994,028,790</u>	<u>2,400,000,000</u>	<u>6,394,028,790</u>

(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>		<u>-</u>	<u>3,934,717,743</u>	<u>2,400,000,000</u>	<u>6,334,717,743</u>

## 19. Provisions

(Unit: Baht)

	Obligations	Long-term	Decommissioning	Total
		employee benefits		
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 during the period	-	15,750,297	-	15,750,297
Balance as at 30 June 2015	<u>26,326,952</u>	<u>128,677,845</u>	<u>4,389,027</u>	<u>159,393,824</u>

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.

## 20. Provisions for long-term employee benefits

Provision for long-term employee benefits as at 30 June 2015 and 31 December 2014, was as follows:

	(Unit: Baht)	
	30 June 2015	31 December 2014
<b>Defined benefit obligation at beginning of period/year</b>	124,197,612	98,317,614
Current service cost	8,992,247	11,180,034
Interest cost	2,745,638	4,042,705
Benefits paid during the period/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 period/year</b>	134,312,877	124,197,612
Unrecognised transitional provisions	(5,635,032)	(11,270,064)
<b>Provisions for long-term employee benefits at end of period/year</b>	<b>128,677,845</b>	<b>112,927,548</b>

As at 30 June 2015, the Company recognised Baht 50 million of such long-term employee benefit liabilities and Baht 6 million remains unrecognised as a result of gradual recognition of liability in the transition period over the five-year period.

Long-term employee benefit expenses included in the profit or loss for the three-month and six-month periods ended 30 June 2015 and 2014 was as follows:

(Unit: Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2015	2014	2015	2014
Current service cost	4,496,124	2,540,550	8,992,247	5,590,017
Interest cost	1,372,819	2,021,353	2,745,638	2,021,353
Transitional liability recognised during the period	2,817,516	2,817,516	5,635,032	5,635,032
Total	8,686,459	7,379,419	17,372,917	13,246,402

The Company recognised these expenses in operating expenses.

The cumulative amount of actuarial losses recognised in other comprehensive income and taken as part of retained earnings of the Company as at 30 June 2015 amounted to Baht 15 million.

The Company expect to pay Baht 2 million in long-term employee benefits during the next year. As at 30 June 2015, the weighted average duration of the liabilities for long-term employee benefit is about 9 years (31 December 2014: 9 years)

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

	30 June 2015	31 December 2014
	(% per annum)	(% per annum)
Discount rate	4.25	4.25
Average future salary increase	5	5
Average turnover rate	0 - 15	0 - 15

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 30 June 2015 are summarised below:

(Unit: Million Baht)

	30 June 2015		
	Movement	Increase	Decrease
Discount rate	1 %	14	17
Salary increase rate	1 %	17	15
Average turnover rate	1 %	15	12



## 21. Liabilities under finance lease agreements

	(Unit: Baht)	
	30 June 2015	31 December 2014
Liabilities under finance lease agreements	23,258,838	16,657,311
Less : Deferred interest expenses	(2,284,624)	(1,604,375)
Total	20,974,214	15,052,936
Less : Portion due within one year	(5,486,433)	(4,750,033)
Liabilities under finance lease agreements - net of current portion	<u>15,487,781</u>	<u>10,302,903</u>

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

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

	(Unit: Baht)			
	30 June 2015			
	Less than 1 year	1-5 years	Over 5 years	Total
Future minimum lease payments	6,417,384	16,841,454	-	23,258,838
Deferred interest expenses	(930,951)	(1,353,673)	-	(2,284,624)
Present value of future minimum lease payments	<u>5,486,433</u>	<u>15,487,781</u>	<u>-</u>	<u>20,974,214</u>

	(Unit: Baht)			
	31 December 2014			
	Less than 1 year	1-5 years	Over 5 years	Total
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 six-month periods ended 30 June 2015 and 2014, the payment of dividend is as follows:

Dividends	Approved by	Total dividends	Dividend per share
		(Million Baht)	(Baht)
Dividends for the operating result as from 1 January 2014 to 31 December 2014	Annual General Meeting of the shareholders on 2 April 2015	514	0.90
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

## 25. Brokerage fee

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2015	2014	2015	2014
Brokerage fee from securities business	514,555,111	614,264,525	1,371,132,358	1,040,238,398
Brokerage fee from derivatives business	37,149,264	40,055,125	82,562,767	90,262,179
Other brokerage fees	1,662,066	1,622,906	3,629,007	3,082,709
Total brokerage fee	<u>553,366,441</u>	<u>655,942,556</u>	<u>1,457,324,132</u>	<u>1,133,583,286</u>

## 26. Fees and service income

(Unit: Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2015	2014	2015	2014
Underwriting fee	26,280,000	46,092,198	104,690,400	46,092,198
Financial advisory	6,475,000	17,400,000	19,175,000	19,325,000
Securities borrowing and lending	2,032,748	3,921,233	3,941,658	8,926,012
Others	95,277	142,369	211,759	287,185
Total fees and service income	<u>34,883,025</u>	<u>67,555,800</u>	<u>128,018,817</u>	<u>74,630,395</u>

## 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 six-month periods ended 30 June 2015 and 2014, Baht 20 million and Baht 15 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)

	30 June 2015	31 December 2014
<b>Deferred tax assets</b>		
Allowance for doubtful accounts - others	7,400,599	2,674,627
Allowance for impairment/revaluation on investments	2,299,001	(450,450)
Provisions for obligations	5,265,390	5,265,390
Provisions for long-term employee benefits	26,099,569	22,949,510
Others	(267,780)	(564,740)
<b>Total deferred tax assets</b>	<u>40,796,779</u>	<u>29,874,337</u>

## 29.2 Income tax expenses

Income tax expenses for the three-month and six-month periods ended 30 June 2015 and 2014 are made up as follows:

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2015	2014	2015	2014
<b>Current income tax:</b>				
Interim corporate income tax	50,916,905	51,646,801	153,380,431	85,724,148
Adjustment of income tax expenses of previous year	8,767,397	5,145,638	8,767,397	5,145,638
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(1,207,034)	(1,414,187)	(10,922,442)	(2,953,128)
<b>Income tax expense reported in profit or loss</b>	<b>58,477,268</b>	<b>55,378,252</b>	<b>151,225,386</b>	<b>87,916,658</b>

Reconciliation between income tax expenses and the product of accounting profits and the applicable tax rates for the three-month and six-month periods ended 30 June 2015 and 2014 are as follows:

	(Unit: Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2015	2014	2015	2014
Accounting profits before income tax expenses	290,281,802	271,310,187	747,616,408	431,714,068
Applicable corporate income tax rate	20%	20%	20%	20%
Amounts of income taxes at the applicable tax rate	58,056,360	54,262,037	149,523,282	86,342,813
Adjustment of income tax expenses of previous year	8,767,397	5,145,638	8,767,396	5,145,638
Tax effect of non-deductible expenses	(8,346,489)	(4,029,423)	(7,065,292)	(3,571,793)
Income tax expenses reported in profit or loss	<b>58,477,268</b>	<b>55,378,252</b>	<b>151,225,386</b>	<b>87,916,658</b>

### 30. 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.

### 31. Related party transactions

During the six-month periods ended 30 June 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 Investment Limited	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 three-month		For the six-month		Pricing policies
	periods ended 30 June		periods ended 30 June		
	2015	2014	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.	0.7	0.3	1.0	0.5	
<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.	11	13	24	22	
Kim Eng Securities (Hong Kong) Limited	1	1	2	1	
<b><u>Research and advisory income</u></b>					
	In accordance with agreement				
Maybank Kim Eng Research Pte. Ltd.	15	-	19	-	
<b><u>Fee and service expenses</u></b>					
	In accordance with agreement				
Maybank Kim Eng Securities Pte. Ltd.	1.3	0.9	2.2	1.0	
Maybank Asset Management (Thailand) Co., Ltd.	0.1	-	0.1	-	
<b><u>Brokerage expenses</u></b>					
	In accordance with agreement				
Maybank Kim Eng Securities Pte. Ltd.	0.4	0.6	1.3	1.0	
Maybank Kim Eng Securities Limited	0.1	0.1	0.1	0.1	

(Unit: Million Baht)

	For the three-month		For the six-month		Pricing policies
	periods ended 30 June		periods ended 30 June		
	2015	2014	2015	2014	
<b>Transactions with related parties</b>					
<b>(continued)</b>					
<u>Rental expenses</u>					
					In accordance with agreement
Maybank Asset Management (Thailand) Co., Ltd.	0.2	0.3	0.5	0.5	
<u>Interest expenses on borrowings</u>					
					In accordance with borrowings agreement
Maybank Kim Eng Holdings Limited	11	-	23	-	
<u>Consulting service fee</u>					
					In accordance with service agreements
Maybank Kim Eng Securities Pte. Ltd.	-	-	-	1	
<u>Research and advisory expenses</u>					
					In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	6	-	9	-	
<u>Dividend paid</u>					
					As declared
Maybank Kim Eng Holdings Limited	428	1,012	428	1,012	
Maybank Kim Eng Investment Limited	-	3	-	3	
Maybank Kim Eng Holdings Limited	1	-	1	-	

As at 30 June 2015 and 31 December 2014, the outstanding balances of the above transactions, as presented in the statements of financial position are as follows:

(Unit: Million Baht)

	30 June	31 December	Pricing Policies
	2015	2014	
<b>Related companies</b>			
<u>Other receivables</u>			
			No interest charged
Maybank Asset Management (Thailand) Co., Ltd.	0.4	0.6	
Maybank Kim Eng Research Pte. Ltd.	17	-	
<u>Securities business receivables</u>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	31	44	
Kim Eng Securities (Hong Kong) Limited	8	-	
<u>Foreign securities company receivables</u>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	14	11	
<u>Foreign deposits receivables</u>			
			As determined by Maybank Kim Eng Securities Pte. Ltd.
Maybank Kim Eng Securities Pte. Ltd.	169	487	
<u>Subordinated loan</u>			
			In accordance with agreement
Maybank Kim Eng Holdings Limited	1,000	1,000	
<u>Securities business payables</u>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	401	3	
Kim Eng Securities (Hong Kong) Limited	-	206	
<u>Foreign securities company payables</u>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	9	2	
<u>Accrued interest</u>			
			In accordance with agreement
Maybank Kim Eng Holdings Limited	12	-	
<u>Accrued expenses</u>			
			No interest charged
Maybank Kim Eng Research Pte. Ltd.	9	-	
Maybank Kim Eng Securities Pte. Ltd.	0.3	-	

As at 30 June 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 30 June 2015.

As at 30 June 2015, the Company had loans to employees under welfare program amounting to Baht 315 million. The loans charged interest at rate of 1.50 and 2.50 percent per annum (31 December 2014: Baht 312 million, interest at rate of 1.72 and 2.70 percent per annum).

#### Management's remuneration

During the three-month and six-month periods ended 30 June 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 three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2015	2014	2015	2014
Management's remuneration				
Short-term employee benefits	46,874,172	77,358,324	107,021,994	118,545,863
Post-employment benefits	1,373,877	1,788,374	2,747,754	2,910,586
	<u>48,248,049</u>	<u>79,146,698</u>	<u>109,769,748</u>	<u>121,456,449</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. However, the Company's income taxes is managed on a Group basis and are not allocated to operating segments.

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

The following tables present revenue and profit information regarding the Company's operating segments for the six-month periods ended 30 June 2015 and 2014, respectively.

	(Unit: Million Baht)		
	Securities business segment	Investment banking segment	Total segments
<b>For the six-month period ended 30 June 2015</b>			
<b>Income</b>			
External customers			
Brokerage fee	1,455	2	1,457
Fee and service income	4	124	128
Interest on deposit and credit balance accounts	539	-	539
Other income	49	-	49
<b>Total income</b>	<b>2,047</b>	<b>126</b>	<b>2,173</b>
<b>Expenses</b>			
Financial cost			265
Fee and service expenses			117
Personnel expenses			740
Other expenses			304
<b>Total expenses</b>			<b>1,426</b>
<b>Profit before income tax expenses</b>			<b>747</b>
Income tax expenses			(151)
<b>Profit for the period</b>			<b>596</b>



(Unit: Million Baht)

<b>For the six-month period ended 30 June 2014</b>	Securities business segment	Investment banking segment	Total segments
<b>Income</b>			
External customers			
Brokerage fee	1,134	-	1,134
Fee and service income	9	66	75
Interest on deposit and credit balance accounts	424	-	424
Other income	17	-	17
<b>Total income</b>	<b>1,584</b>	<b>66</b>	<b>1,650</b>
<b>Expenses</b>			
Financial cost			182
Fee and service expenses			94
Personnel expenses			663
Other expenses			279
<b>Total expenses</b>			<b>1,218</b>
<b>Profit before income tax expenses</b>			<b>432</b>
Income tax expenses			(88)
<b>Profit for the period</b>			<b>344</b>

The following table presents segment assets of the Company's operating segments as at 30 June 2015 and 31 December 2014:

(Unit: Million Baht)

<b>Segment assets</b>	Securities business segment	Investment banking segment	Total Segments	Unallocated assets	Total
As at 30 June 2015	17,222	6	17,228	2,036	19,264
As at 31 December 2014	19,083	2	19,085	1,528	20,613

### 33. Commitments and contingent liabilities

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

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

	(Unit: Million Baht)	
	30 June 2015	31 December 2014
Payable:		
In up to 1 year	103	92
In over 1 and up to 5 years	90	84

- 2) As at 30 June 2015 and 31 December 2014, future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Million Baht)		
	30 June 2015		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	6	17	23
Deferred interest expenses	(1)	(1)	(2)
Present value of future minimum lease payments	5	16	21

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

### 34. 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.

#### 34.1 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.

## 34.2 Credit risk

The Company is exposed to credit risk primarily with respect to securities and derivatives business receivables. The Company manages the risk by 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.

## 34.3 Market risk

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

### a) Interest rate risk

Interest rate risk is the risk that the value of financial assets and liabilities will fluctuate due to changes in market interest rates. However, since most of the Company's financial assets and liabilities will mature in 1 year or has floating interest rate, the Company's interest rate risk is expected to be low.

As at 30 June 2015 and 31 December 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 30 June 2015								
	Floating interest rate	Fixed interest rates			Without interest	Non-performing debts	Total	Interest rate (% p.a.)	
		Remaining period to the contractual repricing date or maturity date						Floating interest rate	Fixed interest rate
		Within 1 year	1 – 5 years	Over 5 years					
<b>Financial assets</b>									
Cash and cash equivalents	890	-	-	-	167	-	1,057	0.10 - 1.05	-
Deposits at financial institutions	-	4	-	-	-	-	4	-	0.80 - 1.38
Receivable from Clearing House	-	-	-	-	559	-	559	-	-
Securities and derivatives business receivables	12,970	90	-	-	3,447	245	16,752	5.38 - 6.40	3.00 - 8.50
Investments - net	-	-	-	-	81	-	81	-	-
Loans to employees under welfare program	315	-	-	-	-	-	315	1.50, 2.50	-
<b>Financial liabilities</b>									
Borrowings from financial institutions	-	2,360	-	-	-	-	2,360	-	1.80 - 2.03
Payable to Clearing House	-	-	-	-	744	-	744	-	-
Securities and derivatives business payables	30	91	-	-	3,914	-	4,035	1.75	3.00 - 5.50
Derivative liabilities	-	4	-	-	-	-	4	-	-
Debt issued and borrowings	-	3,994	2,400	-	-	-	6,394	-	1.70 - 4.70
Liabilities under financial lease agreements	-	5	16	-	-	-	21	-	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			Over 5 years		Without interest	Non-performing debts	Total	Interest rate (% p.a.)	
	1 - 5 years	Over 5 years	Without interest	Non-performing debts	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	5.50 - 8.50	
Investments - net	-	-	-	-	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 30 June 2015		Exchange rate as at 31 December 2014	
	30 June 2015	31 December 2014	30 June 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	72	379	70	385	4.3018	4.3952	4.2197	4.2835
Singapore dollar	18	12	17	13	24.7354	25.3266	24.6644	25.1274
US dollar	65	87	66	88	33.5330	33.9266	32.8128	33.1132
Malaysian ringgit	15	3	14	3	8.7745	9.1086	9.2880	9.5621
Euro	1	1	2	1	37.3552	38.1199	39.7507	40.3552
Pound sterling	-	8	-	8	52.5434	53.5199	50.7959	51.5035
Australian dollar	3	5	4	5	25.4491	26.2787	26.5348	27.0788
Canadian dollar	-	1	-	1	26.8417	27.4566	28.0889	28.5242
Indonesian rupiah	-	1	-	1	0.0023	0.0026	0.0025	0.0028
Korean won	5	-	-	-	0.0300	0.0303	0.0298	0.0301
Vietnamese dong	20	-	18	-	0.0015	0.0016	0.0015	0.0016

## 34.4 Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate financial assets and/or procure sufficient funds to discharge obligations in a timely manner, resulting in a financial loss.

The maturity dates of financial instruments held as of 30 June 2015 and 31 December 2014, counting from the financial position date, are as follows.

(Unit: Million Baht)

	As at 30 June 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	1,057	-	-	-	-	-	1,057
Deposits at financial institutions	-	4	-	-	-	-	4
Receivable from Clearing House	-	559	-	-	-	-	559
Securities and derivatives business receivables	90	3,447	-	-	12,970	245	16,752
Investments - net	-	-	-	-	81	-	81
Loans to employees under welfare program	-	42	135	138	-	-	315
<u>Financial liabilities</u>							
Borrowings from financial institutions	2,360	-	-	-	-	-	2,360
Payable to Clearing House	-	744	-	-	-	-	744
Securities and derivatives business payables	30	4,005	-	-	-	-	4,035
Derivatives liabilities	-	4	-	-	-	-	4
Debt issued and borrowings	-	3,994	2,400	-	-	-	6,394
Liabilities under financial lease agreements	-	5	16	-	-	-	21

(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 - net	-	-	-	-	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

### 34.5 Derivatives

As at 30 June 2015, the Company has outstanding derivatives as stated in Note 11 as follow:

	(Unit: Million Baht)	
	Fair value	Notional amount
Future contracts	4	57
Derivative warrants	4	54

### 35. Fair value of financial instruments

The Company uses the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

#### Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company endeavors to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels 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

35.1 As of 30 June 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)			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Held for trade investments				
Equity instruments	64	-	-	64
<b>Financial liabilities measured at fair value</b>				
Derivatives	8	-	-	8

35.2 As at 30 June 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)

	Level 1	Level 2	Level 3	Total	Cost
<b>Financial assets for which fair value are disclosed</b>					
Cash and cash equivalents	1,058	-	-	1,058	1,058
Deposit at financial institutions	4	-	-	4	4
Receivable from Clearing House	-	559	-	559	559
Securities and derivatives					
business receivables	-	16,492	-	16,492	16,492
Other investments - net	14	-	12	26	17
Loans to employees under					
welfare program	-	-	315	315	315
<b>Financial liabilities for which fair value are disclosed</b>					
Borrowings at financial					
institutions	-	2,360	-	2,360	2,360
Payable to Clearing House	-	744	-	744	744
Securities and derivatives					
business payables	-	4,035	-	4,035	4,035
Debt issued and borrowings	-	6,394	-	6,394	6,394
Liabilities under financial lease					
agreements	-	21	-	21	21

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 period, 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 13 August 2015.