

Maybank Kim Eng Securities (Thailand)
Public Company Limited
Report and financial statements
31 December 2016

Independent Auditor's Report

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

Opinion

I have audited the accompanying financial statements of Maybank Kim Eng Securities (Thailand) Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2016, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maybank Kim Eng Securities (Thailand) Public Company Limited as at 31 December 2016, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

Key audit matters and how audit procedures respond for each matter are described below.

Recognition of brokerage fees and interest on margin loans

The Company's income mainly consisted of brokerage fees and interest on margin loans, amounting to Baht 2,590 million and Baht 660 million, respectively, representing 71 percent and 18 percent of the Company's total revenue. The Company charges brokerage fees at percentages of trading volume, which are freely negotiated, and based on a sliding scale fee structure, whereas interest on credit balance loans is charged at fixed rates that are adjusted periodically based on market conditions and the competitive environment. Because of the size and volume of transactions, the large number of customers, the fees charged to customers being dependent on various factors, and the recognition of revenue from brokerage fees and interest on margin loans relying primarily on data processed by information systems, I addressed the measurement and occurrence of brokerage fees and interest on margin loans as a key audit matter.

The audit procedures I performed were to assess and test, on a sampling basis, the Company's internal controls relevant to recognition of brokerage fees and interest on margin loans, including computer-based controls relevant to the calculation of brokerage fees and interest on margin loans. I also tested, on a sampling basis, the brokerage rates, interest rates, calculation and account recording. In addition, I performed analytical procedures on brokerage fees and interest on credit balance loans and examined, on a sampling basis, material manual adjustments made via journal vouchers.

Allowance for doubtful accounts for securities and derivatives business receivables

As discussed in Note 4.7 to the financial statements, the Company's allowance for doubtful accounts for securities and derivatives business receivables is determined through consideration of specific reviews, collection risk and the value of the collateral. For securities trading and credit balance transactions, the Company has policies regarding the collateral to be placed, with the value of collateral required dependent on the type of transaction, type of securities and credit limit, among other factors. The estimation of allowance for doubtful accounts for securities and derivatives business receivables is significant because of the number of customers and the significance of the amount of the receivables to the Company's financial statements, with securities and derivatives business receivables amounting to Baht 14,220 million as at 31 December 2016, representing 85 percent of the Company's total assets. Therefore, I addressed the adequacy of allowance for doubtful accounts for such receivables as a key audit matter.

I have performed audit procedures on the allowance for doubtful accounts as follows:

- I assessed, and tested on a sampling basis, the Company's internal controls relevant to the status of account receivables, calculation of collateral value, calculation of allowance for doubtful debts and the recording of allowance for doubtful accounts. I also assessed the methods applied by the Company to the determination and calculation of the allowance, and compared the Company's policy with regulatory requirements. Moreover, I tested certain controls over the computer-based controls relevant to the calculation of the collateral value and the revaluation adjustments made to the fair values of collateral.
- I examined the allowance for doubtful accounts as at the period-end date by testing the completeness of the data used in the calculation of allowance for doubtful accounts, testing on a sampling basis the status of outstanding debts, the valuation of collateral items, collections of debt after the period-end date, the correctness of debt classification and the calculation of the allowance.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ratana Jala.

Ratana Jala
Certified Public Accountant (Thailand) No. 3734

EY Office Limited
Bangkok: 10 February 2017

Maybank Kim Eng Securities (Thailand) Public Company Limited

Statement of Financial Position

As at 31 December 2016

		(Unit: Baht)	
	Note	31 December 2016	31 December 2015
Assets			
Cash and cash equivalents	6	351,282,754	384,170,909
Deposits at financial institutions	7	3,526,306	3,524,227
Receivables from Clearing House	8	740,845,901	693,604,022
Securities and derivatives business receivables	9	13,972,862,949	15,788,016,456
Derivatives assets	11	-	4,069,837
Investments	12	645,350,206	195,158,012
Loans to employees under welfare program	31	295,788,175	313,850,249
Equipment	13	191,386,219	251,017,621
Intangible assets	14	42,962,773	47,660,926
Property foreclosed		15,886,500	15,886,500
Deposits		48,661,105	47,473,207
Deferred tax assets	29.1	31,436,090	34,587,330
Other assets	15	462,605,938	210,138,290
Total assets		16,802,594,916	17,989,157,586

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 2016

(Unit: Baht)

	Note	31 December 2016	31 December 2015
Liabilities and shareholders' equity			
Liabilities			
Borrowings from financial institutions	16	720,000,000	1,470,000,000
Payables to Clearing House		32,441,262	154,824,464
Securities and derivatives business payables	17	3,493,575,975	2,227,444,466
Derivatives liabilities	11	41,629,676	8,856,328
Debt issued and borrowings	18	6,857,028,773	8,544,734,305
Provisions	19	161,317,236	150,439,789
Income tax payable		127,673,040	100,538,558
Accrued expenses		374,195,314	434,380,605
Liabilities under financial lease agreements	21	20,253,453	20,202,466
Dividend payable		916,404	916,404
Other liabilities		59,212,604	57,904,432
Total liabilities		11,888,243,737	13,170,241,817
Shareholders' equity			
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		1,231,364,280	1,135,928,870
Total shareholders' equity		4,914,351,179	4,818,915,769
Total liabilities and shareholders' equity		16,802,594,916	17,989,157,586
		-	-

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

Directors

Maybank Kim Eng Securities (Thailand) Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2016

		(Unit: Baht)	
	Note	2016	2015
Profit or loss:			
Income			
Brokerage fee	25	2,590,625,748	2,631,451,203
Fee and service income	26	75,225,682	162,313,508
Gain (loss) on investments	12.2	30,594,144	(194,624,375)
Gains on derivatives	11.1	40,193,213	271,267,443
Interest and dividends		220,951,758	332,057,264
Interest on margin loans		659,908,217	710,759,099
Other income		53,899,584	55,960,316
Total income		3,671,398,346	3,969,184,458
Expenses			
Financial costs		383,400,135	484,825,275
Fee and service expenses		242,390,154	229,262,983
Operating expenses			
Personnel expenses	31	1,271,955,072	1,413,334,297
Premises and equipment expenses		366,070,508	358,510,527
Taxes and duties		28,296,770	34,923,553
Directors' remuneration	27	7,670,989	8,659,677
Other expenses		148,138,013	170,071,745
Total operating expenses		1,822,131,352	1,985,499,799
Bad debt and doubtful accounts (reversal)		43,017	(11,818,314)
Total expenses		2,447,964,658	2,687,769,743
Profit before income tax expense		1,223,433,688	1,281,414,715
Income tax expense	29.2	(248,943,948)	(262,183,800)
Profit for the year		974,489,740	1,019,230,915
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		974,489,740	1,019,230,915
Earnings per share			
Basic earnings per share	30	1.71	1.79

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 2016

(Unit: Baht)

	Share capital	Share premium	Premium on treasury shares	Retained earnings		Total
				Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2015	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)
Balance as at 31 December 2015	<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>
Balance as at 1 January 2016	2,854,072,500	523,570,729	19,218,670	286,125,000	1,135,928,870	4,818,915,769
Profit for the year	-	-	-	-	974,489,740	974,489,740
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	974,489,740	974,489,740
Dividend paid (Note 24)	-	-	-	-	(879,054,330)	(879,054,330)
Balance as at 31 December 2016	<u>2,854,072,500</u>	<u>523,570,729</u>	<u>19,218,670</u>	<u>286,125,000</u>	<u>1,231,364,280</u>	<u>4,914,351,179</u>

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 2016

	(Unit: Baht)	
	2016	2015
Cash flows from operating activities		
Profit before income tax expenses	1,223,433,688	1,281,414,715
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid for) operating activities:		
Depreciation and amortisation	102,970,746	102,168,794
Amortisation of prepaid personnel expenses	100,985,503	106,853,529
Bad debt and doubtful accounts (reversal)	43,017	(11,818,314)
Unrealised (gain) loss on revaluation of investments	19,479,325	(24,580,441)
Unrealised gains on revaluation of derivatives assets and liabilities	(26,201,028)	(38,117,792)
Unrealised (gain) loss on revaluation of exchange rate	(14,683,216)	5,322,800
Reversal of provision for contingent liabilities	-	(19,778,753)
Gains on sales and written-off of premises and equipment	(1,084,430)	(642,732)
Retirement benefit	25,914,447	34,745,834
Financial cost	383,400,135	484,825,275
Doubtful accounts - other receivables	-	23,629,863
Interest income	(880,775,363)	(1,044,574,242)
Cash paid for interest	(283,885,304)	(389,398,121)
Cash paid for income tax	(218,658,227)	(392,356,649)
Profit from operating activities before changes in operating assets and liabilities	430,939,293	117,693,766
(Increase) decrease in operating assets		
Deposits at financial institutions	(2,079)	(2,359)
Receivables from Clearing House	(6,774,665)	2,491,690,116
Securities and derivatives business receivables	1,798,517,270	(26,672,272)
Investments	(470,043,664)	236,251,556
Loans to employees under welfare program	18,062,074	(1,823,087)
Property foreclosed	-	(6,000,000)
Deposits	(1,187,898)	(1,002,549)
Other assets	(324,899,507)	3,597,573
Increase (decrease) in operating liabilities		
Payables to Clearing House	(122,383,202)	152,601,768
Securities and derivatives business payables	1,266,503,654	(2,762,691,545)
Derivatives liabilities	22,522,216	(7,972,401)
Accrued expenses	(100,781,121)	(152,535,115)
Other liabilities	22,100,320	(42,837,407)
Net cash flows from operating activities	2,532,572,691	298,044

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 2016

	(Unit: Baht)	
	2016	2015
Cash flows from investing activities		
Cash received from interest	900,074,439	1,023,733,077
Proceeds from disposals of equipment	1,133,218	877,828
Cash paid for purchases of equipment	(39,933,575)	(36,938,603)
Cash paid for purchases of intangible assets	(14,392,213)	(1,261,048)
Net cash flows from investing activities	846,881,869	986,411,254
Cash flows from financing activities		
Cash received from borrowings from financial institutions	60,286,000,000	90,386,000,000
Cash paid for borrowings from financial institutions	(61,036,000,000)	(92,250,000,000)
Cash received from foreign borrowing	1,000,000,000	1,014,800,000
Cash paid for borrowings from foreign borrowing	(1,014,000,000)	(1,000,000,000)
Cash received from other borrowings	18,915,816,967	13,538,069,626
Cash paid to other borrowings	(20,680,000,000)	(11,450,000,000)
Cash paid for liabilities under finance lease agreements	(5,105,352)	(6,033,975)
Dividend paid	(879,054,330)	(1,084,547,550)
Net cash flows used in financing activities	(3,412,342,715)	(851,711,899)
Net increase (decrease) in cash and cash equivalents	(32,888,155)	134,997,399
Cash and cash equivalents as at 1 January	384,170,909	249,173,510
Cash and cash equivalents as at 31 December	351,282,754	384,170,909

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 2016

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 2016, the Company has 60 branches in Bangkok and upcountry (31 December 2015: 58 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

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

During the year, the Company has adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become 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, 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.

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. 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 management of the Company believes that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are 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) Gain (loss) on investments and derivatives

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

d) Interest and dividend

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

e) Interest on credit balance loans

Interest is recognised over the term of the loans based on the amount of outstanding principal. No accrual has been made for certain loans which, under Notification No. KorThor. 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 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 from the date of acquisition or with an original maturity of 3 months from the date of acquisition or less, but the Company intends to roll-over them, or deposits subject to withdrawal restrictions.

4.5 Recognition and derecognition 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 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 amount 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.

4.7 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 customer 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 repayment capability, 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. KorThor. 5/2544 dated 15 February 2001 of the Office of the Securities and Exchange Commission (SEC), and consideration of other relevant factors.

4.8 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.

4.9 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 held-to-maturity debt securities are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- c) 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).
- d) 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.
- e) 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.
- f) Impairment loss of investments (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.

4.10 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.

4.11 Equipment and Depreciation

Equipment are stated at cost less accumulated depreciation and allowance for impairment loss (if any). Depreciation of 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

Depreciation is included in determining income.

No depreciation is provided on assets under installation.

An item of 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.

4.12 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 software under installation and TFX member fees, 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.

4.13 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.

4.14 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 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.

4.15 Impairment of assets

At the end of each reporting period, the Company assesses 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.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount and impairment loss recognised in prior periods is reversed.

4.16 Borrowings and debt issued

Borrowings and debt issued are recognised initially at the fair value of the proceeds received. Borrowings and debt issued 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.

4.17 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 and obligations to return assets held by the Company as collateral for securities lending.

4.18 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.

4.19 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.

4.20 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.

4.21 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.

4.22 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 shareholders' equity as treasury shares until the treasury shares are cancelled. If such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

4.23 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 period.

Gains and losses on exchange are included in determining income.

4.24 Derivatives

Forward exchange contracts

Forward exchange contracts are initially recognised as off-balance transactions on the date on which derivative contracts are entered into. Subsequently gains (losses) from changes in the fair value of derivatives is included in profit or loss. The fair value of forward foreign currency contracts is determined based on an average rate of buying or selling for the remaining period of each contract.

Futures contracts

The Company initially recognises future contracts as off-balance transactions on the date on which future contracts are entered into. Subsequently gains (losses) from changes in the fair value of future contracts is included in profit or loss. 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 working day of the year.

Derivative warrants

The Company initially recognises the fair value of derivative warrants as financial liabilities. Unrealised gains or losses resulting from changes in the fair values of derivative warrants are included in the statement of comprehensive income. 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 working day of the year.

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 judgements 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 judgement to establish reserves for estimated losses for each outstanding receivable when there is any doubt about the receivable's capability to repay the debt. The 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 exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the financial statements and disclosures of fair value hierarchy.

5.3 Allowance for impairment of investments

The Company treats 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 Equipment and Depreciation

In determining depreciation of equipment, the management is required to make estimates of the useful lives and salvage values of the Company's equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review 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 Deferred tax asset

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is highly probable that taxable profit will be available against which these differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

5.6 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.

5.7 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.

5.8 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, mortality rate and staff turnover rate.

6. Cash and cash equivalents

	(Unit: Baht)	
	31 December 2016	31 December 2015
Cash on hand	640,299	618,299
Current accounts and savings accounts	1,919,505,379	1,456,740,651
Certificates of deposit	980,000,000	-
Total cash and cash equivalents	2,900,145,678	1,457,358,950
Less: Cash deposits held for customers	(2,548,862,924)	(1,073,188,041)
Total cash and cash equivalents -net	351,282,754	384,170,909

7. Deposits at financial institutions

	(Unit: Baht)	
	31 December 2016	31 December 2015
	Over 3 months - 1 year	
Fixed deposits	1,500,003,357	8,700,003,333
Certificates of deposit	1,900,000,000	3,210,000,000
Deposits with restriction	3,522,949	3,520,894
Total deposits at financial institutions	3,403,526,306	11,913,524,227
Less: Cash deposits held for customers	(3,400,000,000)	(11,910,000,000)
Total deposits at financial institutions - net	<u>3,526,306</u>	<u>3,524,227</u>

As at 31 December 2016, fixed deposits of Baht 4 million (31 December 2015: Baht 4 million) are pledged as collateral to local banks for letter of guarantees.

8. Receivables from Clearing House

	(Unit: Baht)	
	31 December 2016	31 December 2015
Receivables from Clearing House	1,480,498,859	997,227,797
Receivables from foreign securities company	297,861,396	244,239,238
Less: Receivables from Clearing House held for customers	(1,037,514,354)	(547,863,013)
Total receivables from Clearing House - net	<u>740,845,901</u>	<u>693,604,022</u>

9. Securities and derivatives business receivables

	(Unit: Baht)	
	31 December 2016	31 December 2015
<u>Securities business receivables</u>		
Cash accounts	3,165,839,542	1,742,747,346
Credit balance accounts	10,579,464,383	13,777,484,351
Receivables under securities borrowing and lending business		
- Securities borrowing receivables	167,623,400	192,177,713
Other receivables		
- Overdue customers' accounts	246,485,888	245,872,625
Total securities business receivables	14,159,413,213	15,958,282,035
Add: Accrued interest receivables	60,986,011	77,579,231
Less: Allowance for doubtful accounts	(247,958,355)	(248,021,130)
Securities business receivables and accrued interest receivables - net	<u>13,972,440,869</u>	<u>15,787,840,136</u>
<u>Derivatives business receivables</u>		
Derivatives business receivables	787,458	435,906
Less: Allowance for doubtful accounts	(365,378)	(259,586)
Derivatives business receivables - net	<u>422,080</u>	<u>176,320</u>
Securities and derivatives business receivables - net	<u>13,972,862,949</u>	<u>15,788,016,456</u>

9.1 As at 31 December 2016, the Company had other receivables with book values totalling Baht 260 million from which it has ceased recognising income (31 December 2015: Baht 260 million).

9.2 As at 31 December 2016 and 2015, 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 2016		
	Debt balance	Allowance for doubtful Accounts	Debt balance net of allowance for doubtful accounts
Normal Debt	13,960,763,473	-	13,960,763,473
Sub-standard Debt	16,245,691	(4,146,215)	12,099,476
Doubtful Debt	244,177,518	(244,177,518)	-
Total	14,221,186,682	(248,323,733)	13,972,862,949

(Unit: Baht)

	31 December 2015		
	Debt balance	Allowance for doubtful Accounts	Debt balance net of allowance for doubtful accounts
Normal Debt	15,775,979,739	-	15,775,979,739
Sub-standard Debt	16,050,142	(4,013,425)	12,036,717
Doubtful Debt	244,267,291	(244,267,291)	-
Total	16,036,297,172	(248,280,716)	15,788,016,456

As at 31 December 2016, receivables classified as sub-standard debt and doubtful debt approximately Baht 255 million was the Company's receivables before Kim Eng Holdings Limited (currently, Maybank Kim Eng Holdings Limited) became a shareholder and management of the Company in 1998 (31 December 2015: Baht 255 million).

10. Allowance for doubtful accounts

(Unit: Baht)

	31 December 2016	31 December 2015
Balance - beginning of the year	248,280,716	260,099,030
Add: Doubtful accounts	192,810	347,084
Less: Reversal of doubtful accounts	(149,793)	(12,165,398)
Balance - end of the year	248,323,733	248,280,716

11. Derivatives assets and derivatives liabilities

(Unit: Baht)

	31 December 2016		
	Fair value		Notional amount
	Assets	Liabilities	
Trading derivatives			
Forward contract	-	9,483,424	1,002,440,000
Future contracts ⁽¹⁾	-	-	540,517,764
Derivatives warrants	-	32,146,252	216,206,567
Total derivatives assets and derivatives liabilities	-	41,629,676	1,759,164,331

⁽¹⁾ 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 2016, fair value of derivative assets - future contracts is Baht 39 million.

(Unit: Baht)

	31 December 2015		
	Fair value		Notional amount
	Assets	Liabilities	
Trading derivatives			
Forward contract	4,069,837	-	1,014,000,000
Future contracts ⁽¹⁾	-	-	185,050,440
Derivatives warrants	-	8,856,328	328,977,760
Total derivatives assets and derivatives liabilities	4,069,837	8,856,328	1,528,028,200

⁽¹⁾ 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.

11.1 Gain on derivatives

(Unit: Baht)

	For the years ended 31 December	
	2016	2015
Realised gain on trading in derivatives	438,923	305,315,398
Unrealised gain (loss) on revaluation of derivatives	39,754,290	(34,047,955)
Total gain on derivatives	40,193,213	271,267,443

12. Investments

(Unit: Baht)

	31 December 2016		31 December 2015	
	Cost / amortised cost	Fair value	Cost / amortised cost	Fair value
Trading securities				
Equity securities - Listed securities	648,362,041	636,260,206	177,901,717	185,651,352
Add (less): Allowance for revaluation	(12,101,835)		7,749,635	
Net trading securities	636,260,206		185,651,352	
Held-to-maturity debt securities				
Government bonds	10,019,000,000	9,989,363,249	-	-
Less: Accumulated amortisation	(30,237,562)		-	
Total held-to-maturity debt securities	9,988,762,438		-	
Less: Investments for customers' account	(9,988,762,438)		-	
Net held-to-maturity debt securities	-		-	
General investments				
Other securities - ordinary shares	23,752,500		24,169,160	
Less: Allowance for impairment	(14,662,500)		(14,662,500)	
Net general investments	9,090,000		9,506,660	
Total investments - net	645,350,206		195,158,012	

12.1 Debt securities classified by remaining periods to maturity

As at 31 December 2016, the Company classified investments in held-to-maturity debt securities by remaining periods to maturity as follows:

(Unit: Baht)

	31 December 2016			
	Due within			
	Within 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity debt securities				
Government bonds	9,988,762,438	-	-	9,988,762,438
Less: Investments for customer's accounts	(9,988,762,438)	-	-	(9,988,762,438)
Total investments in held-to-maturity debt securities	-	-	-	-

12.2 Gain (loss) on investments

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Realised gain (loss) on trading securities	50,215,919	(219,204,816)
Unrealised gain (loss) on revaluation of trading securities	(19,621,775)	24,580,441
Total gain (loss) on investments	30,594,144	(194,624,375)

13. Equipment

	(Unit: Baht)				
	Building improvement	Furniture Fixtures and equipment	Asset under financial lease	Construction in process	Total
Cost					
1 January 2015	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
Additions	632,040	14,914,744	5,156,339	8,021,570	28,724,693
Transfer in (out)	7,232,443	1,221,639	-	(8,454,082)	-
Disposals/written-off	(3,700,999)	(9,356,385)	(2,666,039)	-	(15,723,423)
31 December 2016	233,481,798	581,631,503	38,901,701	3,966,845	857,981,847
Accumulated depreciation					
1 January 2015	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
Depreciation for the year	20,753,735	61,889,347	5,667,453	-	88,310,535
Disposals/written-off	(3,699,939)	(9,311,884)	(2,666,040)	-	(15,677,863)
31 December 2016	198,234,372	446,592,322	21,768,934	-	666,595,628
Net book value					
31 December 2015	48,137,738	180,836,646	17,643,880	4,399,357	251,017,621
31 December 2016	35,247,426	135,039,181	17,132,767	3,966,845	191,386,219
Depreciation charge for the years ended 31 December					
2015					87,270,044
2016					88,310,535

As at 31 December 2016 and 2015, 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 413 million and Baht 336 million, respectively.

14. Intangible assets

(Unit: Baht)

For the year ended 31 December 2016											
Useful lives	Cost					Accumulated amortisation				Net intangible assets	
	1 January 2016	Increase	Transfer in (transfer out)	Written-off	31 December 2016	1 January 2016	Increase	Written-off	31 December 2016		
	Computer software	5 years	137,390,057	5,623,360	4,211,215	(3,991)	147,220,641	94,966,941	14,660,211		(764)
Software under installation	-	1,917,262	4,341,925	(4,211,215)	-	2,047,972	-	-	-	-	2,047,972
Deferred expenses of membership fee - Thailand											
Futures Exchanges	-	5,000,000	-	-	-	5,000,000	1,679,452	-	-	1,679,452	3,320,548
Total		144,307,319	9,965,285	-	(3,991)	154,268,613	96,646,393	14,660,211	(764)	111,305,840	42,962,773

(Unit: Baht)

For the year ended 31 December 2015											
Useful lives	Cost					Accumulated amortisation				Net intangible assets	
	1 January 2015	Increase	Transfer in (transfer out)	Written-off	31 December 2015	1 January 2015	Increase	Written-off	31 December 2015		
	Computer software	5 years	126,933,053	7,278,802	3,178,202	-	137,390,057	80,068,191	14,898,750		-
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	3,320,548
Total		135,125,407	9,181,912	-	-	144,307,319	81,747,643	14,898,750	-	96,646,393	47,660,926

As at 31 December 2016 and 2015, 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 68 million and Baht 61 million, respectively.

15. Other assets

(Unit: Baht)

	31 December 2016	31 December 2015
Clearing fund	126,393,575	112,105,636
Accrued income	53,217,531	52,707,857
Prepaid expenses	267,513,416	24,738,352
Others	15,481,416	20,586,445
Total	462,605,938	210,138,290

16. Borrowings from financial institutions

As at 31 December 2016 and 2015, borrowings from financial institutions comprising of domestic borrowings in Baht currency as follows:

(Unit: Baht)

	31 December 2016			
	Interest rate per annum (percent)	Remaining period to maturity		Total
		At call	Within 1 year	
Financial institutions				
Promissory notes	1.85	720,000,000	-	720,000,000
Total borrowings from financial institutions		<u>720,000,000</u>	<u>-</u>	<u>720,000,000</u>

(Unit: Baht)

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

17. Securities and derivatives business payables

(Unit: Baht)

	31 December 2016	31 December 2015
Cash accounts	3,310,844,455	2,001,098,333
Payables under securities borrowing and lending business	179,833,520	216,215,093
Guaranteed deposit payables	2,898,000	10,131,040
Securities and derivatives business payables	<u>3,493,575,975</u>	<u>2,227,444,466</u>

18. Debt issued and borrowings

As at 31 December 2016 and 2015, debt issued and borrowings are classified as follows:

(Unit: Baht)

31 December 2016					
Interest rate per annum (percent)	Remaining period to maturity			Total	
	At call	Within	More than		
		1 year	1 year		
Other borrowings and debt issued					
Bills of exchange	1.65 - 1.80	-	5,864,988,773	-	5,864,988,773
Subordinated loan	1% above cost				
	of funds	-	-	992,040,000	992,040,000
Total other borrowings and debt issued		-	5,864,988,773	992,040,000	6,857,028,773

(Unit: Baht)

31 December 2015					
Interest rate per annum (percent)	Remaining period to maturity			Total	
	At call	Within	More than		
		1 year	1 year		
Other borrowings and debt issued					
Bills of exchange	1.70 - 1.85	-	6,123,956,305	-	6,123,956,305
Bonds	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
Total other borrowings and debt issued		-	7,523,956,305	1,020,778,000	8,544,734,305

19. Provisions

(Unit: Baht)

	Obligation	Long-term	Decommissioning	Total
		employee benefits	cost	
Balance as at 1 January 2015	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
Increase during the year	-	10,877,447	-	10,877,447
Balance as at 31 December 2016	-	156,928,209	4,389,027	161,317,236

20. Provisions for long-term employee benefits

Provisions for long-term employee benefits as at 31 December 2016 and 2015, are as follows:

	(Unit: Baht)	
	31 December 2016	31 December 2015
Provisions for long-term employee benefits at beginning of year	146,050,762	124,197,612
Current service cost	19,473,023	17,984,492
Interest cost	6,441,424	5,491,278
Benefits paid during the year	(15,037,000)	(1,622,620)
Provisions for long-term employee benefits at end of year	156,928,209	146,050,762

Long-term employee benefit expenses included in the profit or loss for the years ended 31 December 2016 and 2015 were as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Current service cost	19,473,023	17,984,492
Interest cost	6,441,424	5,491,278
Transitional liability recognised during the year	-	11,270,064
Total	25,914,447	34,745,834

The Company recognised these expenses in operating expenses.

The Company expects to pay Baht 6 million in long-term employee benefits during the next year (31 December 2015: Baht 7 million). As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is about 18 years (31 December 2015: 19 years)

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

	31 December 2016	31 December 2015
	(% per annum)	(% per annum)
Discount rate	4.25	4.25
Average future salary increase	5.00	5.00
Average staff 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 2016 and 2015 are summarised below:

(Unit: Million Baht)

	31 December 2016		31 December 2015	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(17)	19	(15)	18
Future salary increase rate	20	(17)	18	(16)
Average staff turnover rate	(18)	13	(16)	12

21. Liabilities under finance lease agreements

(Unit: Baht)

	31 December 2016	31 December 2015
Liabilities under finance lease agreements	22,292,791	22,485,340
Less: Deferred interest expenses	(2,039,338)	(2,282,874)
Total	20,253,453	20,202,466
Less: Portion due within one year	(5,971,137)	(4,989,571)
Total liabilities under finance lease agreements - net of current portion	14,282,316	15,212,895

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 2016		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	6,851,647	15,441,144	22,292,791
Deferred interest expenses	(880,510)	(1,158,828)	(2,039,338)
Present value of future minimum lease payments	5,971,137	14,282,316	20,253,453

(Unit: Baht)

	31 December 2015		
	Less than		
	1 year	1 - 5 years	Total
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	4,989,571	15,212,895	20,202,466

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 2016 and 2015, payment of dividend are as follows:

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Interim dividends for the operating result as from 1 January 2016 to 30 June 2016	Board of Directors' Meeting on 9 August 2016	428	0.75
Dividends for the operating result as from 1 January 2015 to 31 December 2015	Annual General Meeting of the shareholders on 4 April 2016	451	0.79
Dividend paid for the year ended 31 December 2016		<u>879</u>	<u>1.54</u>
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
Dividend paid for the year ended 31 December 2015		<u>1,085</u>	<u>1.90</u>

25. Brokerage fee

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Brokerage fee from securities business	2,411,274,747	2,452,773,647
Brokerage fee from derivatives business	173,681,042	172,194,576
Other brokerage fees	5,669,959	6,482,980
Total brokerage fee	<u>2,590,625,748</u>	<u>2,631,451,203</u>

26. Fees and service income

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Underwriting fee	20,962,000	112,510,400
Financial advisory	32,000,000	36,525,000
Securities borrowing and lending	15,121,573	10,164,805
Others	7,142,109	3,113,303
Total fees and service income	<u>75,225,682</u>	<u>162,313,508</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 - 15 percent of basic salary and the Company contributed to the fund monthly at the rate of 3 - 10 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 2016 and 2015, Baht 40 million and Baht 40 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 2016	31 December 2015
Deferred tax assets		
Allowance for doubtful accounts - others receivables	7,400,600	7,400,600
Provisions for long-term employee benefits	31,749,642	29,574,152
Others	2,860,289	2,657,152
Total	<u>42,010,531</u>	<u>39,631,904</u>
Deferred tax liabilities		
Unrealised gain on exchange rate	7,370,381	3,598,553
Others	3,204,060	1,446,021
Total	<u>10,574,441</u>	<u>5,044,574</u>
Deferred tax assets - net	<u><u>31,436,090</u></u>	<u><u>34,587,330</u></u>

29.2 Income tax expenses

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Current income tax:		
Corporate income tax for the year	229,979,386	258,129,396
Adjustment of corporate income tax expenses of previous year	15,813,323	8,767,397
Deferred tax:		
Relating to origination and reversal of temporary differences	3,151,239	(4,712,993)
Income tax expense reported in profit or loss	<u><u>248,943,948</u></u>	<u><u>262,183,800</u></u>

Reconciliation between income tax expenses and the product of accounting profits and the applicable tax rate for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Accounting profits before income tax expenses	1,223,433,688	1,281,414,715
Applicable corporate income tax rate	20%	20%
Amounts of income taxes at the applicable tax rate	244,686,738	256,282,943
Adjustment of income tax expenses of previous year	15,813,323	8,767,397
Tax effect of non-deductible expenses	(11,556,113)	(2,866,540)
Income tax expenses reported in profit or loss	248,943,948	262,183,800

30. Earnings per share

Basic earnings per share are 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 2016 and 2015, 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 ⁽¹⁾
Maybank Kim Eng Securities Pte. Ltd.	Fellow subsidiary
Kim Eng Securities (Hong Kong) Limited	Fellow subsidiary
Maybank Kim Eng Research Pte. Ltd.	Fellow subsidiary
Maybank Kim Eng Securities Limited	Fellow subsidiary
Maybank Investment Bank Berhad	Fellow subsidiary of the Group

⁽¹⁾The Group disposed investment in Maybank Asset Management (Thailand) Co., Ltd. on August 2016, therefore, it is related party until August 2016. Later, it changed the name to Capital Link Fund Management Limited.

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		Pricing policies
	31 December		
	2016	2015	
<u>Transactions with related parties</u>			
<u>Service income</u>			In accordance with service agreements
Maybank Asset Management (Thailand) Co., Ltd.	1	2	
Maybank Kim Eng Securities Pte. Ltd.	-	2	
<u>Brokerage fee income</u>			At normal rate charged to other clients,
Maybank Kim Eng Securities Pte. Ltd.	63	38	in accordance with SET's and SEC's
Kim Eng Securities (Hong Kong) Limited	7	4	notification
<u>Research and advisory income</u>			In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	20	25	
<u>Fee and service expenses</u>			In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	3	4	
Maybank Investment Bank Berhad	1	-	
<u>Brokerage expenses</u>			In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	2	2	
Maybank Kim Eng Securities Limited	1	-	
<u>Interest expenses on borrowings</u>			In accordance with agreement
Maybank Kim Eng Holdings Limited	32	38	
<u>Research and advisory expenses</u>			In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	13	15	
<u>Dividend paid</u>			As declared
Maybank Kim Eng Holdings Limited	732	903	
Maybank Kim Eng Securities Pte. Ltd.	2	3	

As at 31 December 2016 and 2015, the outstanding balances of the above transactions, as presented in the statements of financial position are as follows:

(Unit: Million Baht)

	31 December 2016	31 December 2015	Pricing Policies
<u>Related companies</u>			
<u>Securities business receivables</u>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	21	87	
Kim Eng Securities (Hong Kong) Limited	-	4	
<u>Foreign securities company receivables</u>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	7	4	
<u>Foreign deposits receivables</u>			
			As determined by Maybank
Maybank Kim Eng Securities Pte. Ltd.	290	240	Kim Eng Securities Pte. Ltd.
<u>Subordinated loan</u>			
			In accordance with agreement
Maybank Kim Eng Holdings Limited	992	1,021	
<u>Securities business payables</u>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	188	36	
Kim Eng Securities (Hong Kong) Limited	9	-	
<u>Foreign securities company payables</u>			
			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	9	1	
<u>Other payable</u>			
			No interest charged
Maybank Investment Bank Berhad	1	-	

As at 31 December 2016, Maybank Kim Eng Holdings Ltd. guaranteed the overdraft facilities amounting to Baht 30 million (31 December 2015: Baht 30 million). There is no overdraft outstanding balance as at 31 December 2016 and 2015.

As at 31 December 2016, the Company had loans to employees under welfare program amounting to Baht 296 million. The loans charged interest at rate of 1.40 and 2.10 percent per annum (31 December 2015: Baht 314 million, interest at rate of 1.40 and 2.10 percent per annum).

Loans from related parties

As at 31 December 2016 and 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 2016	Increase during the year	Decrease during the year	Gain on exchange rate	Balance as at 31 December 2016
Maybank Kim Eng Holdings Limited	Parent company	1,021	1,000	(1,014)	(15)	992
Total		1,021	1,000	(1,014)	(15)	992

		(Unit: Million Baht)				
Loan from related parties	Relationship	Balance as at 1 January 2015	Increase during the year	Decrease during the year	Loss on exchange rate	Balance as at 31 December 2015
Maybank Kim Eng Holdings Limited	Parent company	1,000	1,015	(1,000)	6	1,021
Total		1,000	1,015	(1,000)	6	1,021

Management's remuneration

During the years ended 31 December 2016 and 2015, benefits paid to management of the Company, which presented as part of "Personnel expenses", are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Management's remuneration		
Short-term employee benefits	186,128,098	196,945,179
Post-employment benefits	10,557,922	9,738,842
	196,686,020	206,684,021

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, the Company's securities trading and securities borrowing and lending.
- Investment banking segment, which provides service according to underwriting, investment advisory 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 2016 and 2015, respectively.

	(Unit: Million Baht)		
	Securities business segment	Investment banking segment	Total segments
For the year ended 31 December 2016			
Income			
Revenue from external customers			
Brokerage fee	2,590	1	2,591
Fee and service income	69	6	75
Interest on deposit and credit balance accounts	881	-	881
Other income	124	-	124
Total income	3,664	7	3,671
Expenses			
Financial cost			384
Fee and service expenses			242
Personnel expenses			1,272
Other expenses			550
Total expenses			2,448
Profit before income tax expenses			1,223
Income tax expenses			249
Profit for the year			974

(Unit: Million Baht)

For the year ended 31 December 2015	Securities business segment	Investment banking segment	Total segments
Income			
Revenue from 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
Total income	3,814	155	3,969
Expenses			
Financial cost			485
Fee and service expenses			229
Personnel expenses			1,413
Other expenses			561
Total expenses			2,688
Profit before income tax expenses			1,281
Income tax expenses			(262)
Profit for the year			1,019

The following table presents segment assets of the Company's operating segments as at 31 December 2016 and 2015:

(Unit: Million Baht)

Segment assets	Securities business segment	Investment banking segment	Total Segments	Unallocated assets	Total
As at 31 December 2016	14,837	4	14,841	1,962	16,803
As at 31 December 2015	16,639	6	16,645	1,344	17,989

Geographic information

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

Major customers

For the years 2016 and 2015, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

33. Commitments

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

	(Unit: Million Baht)	
	<u>31 December 2016</u>	<u>31 December 2015</u>
Payable:		
In up to 1 year	104	99
In over 1 and up to 5 years	130	54

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 and liabilities, investments, loans to employee under welfare program, borrowings from financial institutions, debt issued and borrowings and liabilities under financial lease agreements. 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 and 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 2016 and 2015, 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 2016									
	Fixed interest rates						Interest rate		
	Floating interest rate	Remaining period to the contractual repricing date or maturity date			Without interest	Non-performing debts	Total	(% p.a.)	
		Within 1 year	1 - 5 years	Over 5 years				Floating interest rate	Fixed interest rate
Financial assets									
Cash and cash equivalents	121	-	-	-	230	-	351	0.10 - 1.00	-
Deposits at financial institutions	-	4	-	-	-	-	4	-	0.80 - 1.00
Receivables from Clearing House	-	-	-	-	741	-	741	-	-
Securities and derivatives business receivables	10,640	-	-	-	3,335	246	14,221	5.19 - 5.20	-
Investments	-	-	-	-	645	-	645	-	-
Loans to employees under welfare program	296	-	-	-	-	-	296	1.40 - 2.10	-
Financial liabilities									
Borrowings from financial institutions	-	720	-	-	-	-	720	-	1.85
Payables to Clearing House	-	-	-	-	32	-	32	-	-
Securities and derivatives business payables	3	-	-	-	3,491	-	3,494	1.20	-
Derivative liabilities	-	-	-	-	42	-	42	-	-
Debt issued and borrowings	-	5,865	992	-	-	-	6,857	-	1.65 - 3.27
Liabilities under financial lease agreements	-	6	14	-	-	-	20	-	4.60 - 6.00

(Unit: Million Baht)

Outstanding balance of financial instruments as at 31 December 2015

	Fixed interest rates						Interest rate		
	Floating interest rate	Remaining period to the contractual repricing date or maturity date			Without interest	Non-performing debts	Total	(% p.a.)	
		Within 1 year	1 - 5 years	Over 5 years				Floating interest rate	Fixed interest rate
Financial assets									
Cash and cash equivalents	221	-	-	-	163	-	384	0.80 - 1.15	-
Deposits at financial institutions	-	4	-	-	-	-	4	-	1.50 - 2.65
Receivables from Clearing House	-	-	-	-	694	-	694	-	-
Securities and derivatives business									
receivables	13,855	-	-	-	1,935	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	-
Financial liabilities									
Borrowings from financial institutions	-	1,470	-	-	-	-	1,470	-	1.80 - 1.85
Payables to Clearing House	-	-	-	-	155	-	155	-	-
Securities and derivatives business									
payables	10	-	-	-	2,217	-	2,227	1.50	-
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

b) Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues or the values of financial assets and liabilities.

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

Foreign currency	Financial assets		Financial liabilities		Exchange rate		Exchange rate	
	as at		as at		as at 31 December 2016		as at 31 December 2015	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	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	51	52	51	52	4.5796	4.6637	4.6140	4.7018
Singapore dollar	23	44	23	43	24.5265	25.0755	25.2484	25.7905
US dollar	201	192	201	192	35.6588	36.0025	35.9233	36.2538
Malaysian ringgit	32	2	31	1	7.8867	8.0925	8.2898	8.5661
Euro	8	5	7	5	37.3791	38.1362	39.0780	39.7995
Pound sterling	4	2	2	2	43.5937	44.4775	53.0726	53.9343
Australian dollar	1	1	-	1	25.5462	26.3262	25.8990	26.6681
Japanese Yen	1	1	1	-	0.3046	0.3113	0.2965	0.3028
Vietnamese dong	107	32	104	31	0.0016	0.0016	0.0016	0.0016
Chinese Yuan	1	2	1	2	5.0831	5.2165	5.4677	5.6239

In addition to the above, as of 31 December 2016, the Company also has outstanding foreign currency loan of Baht 992 million (SGD 40 million) (31 December 2015: Baht 1,021 million (SGD 40 million)) which will mature in 2018 and forward contract notional amount of SGD 40 million with exchange rate at 25.061 Baht per Singapore dollar which will mature in 2017 (31 December 2015: SGD 40 million with exchange rate at 25.35 Baht per Singapore dollar which matured 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 2016 and 2015, counting from the financial position date, are as follows.

(Unit: Million Baht)

As at 31 December 2016

	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	351	-	-	-	-	-	351
Deposits at financial institutions	-	4	-	-	-	-	4
Receivables from Clearing House	-	741	-	-	-	-	741
Securities and derivatives business receivables	168	3,167	-	-	10,640	246	14,221
Investments	-	-	-	-	645	-	645
Loans to employees under welfare program	-	39	129	128	-	-	296
<u>Financial liabilities</u>							
Borrowings from financial institutions	720	-	-	-	-	-	720
Payables to Clearing House	-	32	-	-	-	-	32
Securities and derivatives business payables	180	3,314	-	-	-	-	3,494
Derivatives liabilities	-	42	-	-	-	-	42
Debt issued and borrowings	-	5,865	992	-	-	-	6,857
Liabilities under financial lease agreements	-	6	14	-	-	-	20

(Unit: Million Baht)

As at 31 December 2015

	At call	Within 1		Over 5	No	Non-	Total
		year	1 - 5 years	years	maturity	performing debts	
<u>Financial assets</u>							
Cash and cash equivalents	384	-	-	-	-	-	384
Deposits at financial institutions	-	4	-	-	-	-	4
Receivables 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
Payables 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

34.4 Derivatives

As at 31 December 2016 and 2015, the Company has outstanding derivatives assets (liabilities) as stated in Note 11 as follow:

(Unit: Million Baht)

	31 December 2016		31 December 2015	
	Fair value	Notional amount	Fair value	Notional amount
Forward contract	(10)	1,002	4	1,014
Future contracts ⁽¹⁾	-	541	-	185
Derivatives warrants	(32)	216	(9)	329

⁽¹⁾ 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 2016, fair value of derivative assets - future contracts is Baht 39 million (31 December 2015: fair value of derivative liabilities - future contracts is Baht 1 million).

35. Fair value of financial instruments

35.1 As of 31 December 2016 and 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 2016			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Held for trade investments				
Equity instruments	636	-	-	636
Financial liabilities measured at fair value				
Derivatives liabilities	32	10	-	42

(Unit: Million Baht)

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

35.2 As at 31 December 2016 and 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 2016				Book value
	Fair value			Total	
	Level 1	Level 2	Level 3		
Financial assets for which fair value are disclosed					
Cash and cash equivalents	351	-	-	351	351
Deposits at financial institutions	4	-	-	4	4
Receivables from Clearing House	-	741	-	741	741
Securities and derivatives business receivables	-	13,973	-	13,973	13,973
Other investments	-	-	10	10	10
Loans to employees under welfare program	-	-	296	296	296
Financial liabilities for which fair value are disclosed					
Borrowings at financial institutions	-	720	-	720	720
Payables to Clearing House	-	32	-	32	32
Securities and derivatives business payables	-	3,494	-	3,494	3,494
Debt issued and borrowings	-	6,857	-	6,857	6,857
Liabilities under financial lease agreements	-	20	-	20	20

(Unit: Million Baht)

	31 December 2015				Book value
	Fair value				
	Level 1	Level 2	Level 3	Total	
Financial assets for which fair value are disclosed					
Cash and cash equivalents	384	-	-	384	384
Deposits at financial institutions	4	-	-	4	4
Receivables from Clearing House	-	693	-	693	693
Securities and derivatives business receivables	-	15,788	-	15,788	15,788
Other investments	-	-	10	10	10
Loans to employees under welfare program	-	-	314	314	314
Financial liabilities for which fair value are disclosed					
Borrowings at financial institutions	-	1,470	-	1,470	1,470
Payables 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

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, deposits at financial institutions, accounts receivable, 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 is 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 10 February 2017.