

Maybank Kim Eng Securities (Thailand)  
Public Company Limited  
Report and interim financial statements  
30 June 2017

## **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 30 June 2017, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period 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 30 June 2017 its financial performance and cash flows for the six-month period 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 1,038 million and Baht 309 million, respectively, representing 61 percent and 18 percent of the Company's total revenues. 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 4.6 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 13,470 million as at 30 June 2017, representing 75 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.

## **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.

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

I have reviewed the accompanying statement of comprehensive income for the three-month period ended 30 June 2017 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 statement 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 statement of comprehensive income is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

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

Nonglak Pumnoi  
Certified Public Accountant (Thailand) No. 4172

EY Office Limited  
Bangkok: 31 July 2017

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

**Statement of Financial Position**

**As at 30 June 2017**

(Unit: Baht)

	Note	30 June 2017	31 December 2016
<b>Assets</b>			
Cash and cash equivalents	6	900,377,994	351,282,754
Receivables from Clearing House and brokers	7	1,333,250,636	740,845,901
Securities and derivatives business receivables	8	13,215,077,443	13,972,862,949
Investments	10	1,595,275,034	648,876,512
Loans	33.1	260,219,333	295,788,175
Equipment	11	158,565,140	191,386,219
Intangible assets	12	38,017,615	42,962,773
Deferred tax assets	31.1	28,879,745	31,436,090
Other assets	13	525,905,074	527,153,543
<b>Total assets</b>		<b>18,055,568,014</b>	<b>16,802,594,916</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 2017

(Unit: Baht)

	Note	30 June 2017	31 December 2016
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Borrowings from financial institutions	14	1,960,000,000	720,000,000
Payables to Clearing House and brokers	15	8,032,963	32,441,262
Securities and derivatives business payables	16	3,210,461,565	3,493,575,975
Derivatives liabilities	9	33,148,284	41,629,676
Income tax payable		85,127,744	127,673,040
Debt issued and other borrowings	17	7,573,177,157	6,857,028,773
Provisions	18	154,068,641	161,317,236
Other liabilities	20	268,156,898	454,577,775
<b>Total liabilities</b>		<b>13,292,173,252</b>	<b>11,888,243,737</b>
<b>Shareholders' equity</b>			
Issued and paid-up share capital			
Ordinary share	23	2,854,072,500	2,854,072,500
Share premium and premium on treasury shares		542,789,399	542,789,399
Retained earnings			
Appropriated - statutory reserve	24	286,125,000	286,125,000
Unappropriated		1,080,407,863	1,231,364,280
<b>Total shareholders' equity</b>		<b>4,763,394,762</b>	<b>4,914,351,179</b>
<b>Total liabilities and shareholders' equity</b>		<b>18,055,568,014</b>	<b>16,802,594,916</b>
		-	-

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 2017**

		(Unit: Baht)	
	Note	2017	2016
<b>Profit or loss:</b>			
<b>Income</b>			
Brokerage fee income	26	434,749,216	538,426,045
Fee and service income	27	43,114,996	19,286,942
Interest on margin loans		148,908,317	172,532,259
Gains and returns on financial instruments	28	91,683,040	75,295,821
Other income		17,028,753	11,367,266
<b>Total income</b>		<b>735,484,322</b>	<b>816,908,333</b>
<b>Expenses</b>			
Employee benefit expenses		306,679,549	320,671,410
Fee and service expenses		42,234,511	49,451,837
Financial costs		93,335,144	94,331,082
Bad debt and doubtful accounts (reversal)		477,347	(124)
Other expenses		142,045,399	127,386,564
<b>Total expenses</b>		<b>584,771,950</b>	<b>591,840,769</b>
<b>Profit before income tax</b>		<b>150,712,372</b>	<b>225,067,564</b>
Income tax	31.2	(31,674,464)	(44,931,413)
<b>Profit for the period</b>		<b>119,037,908</b>	<b>180,136,151</b>
<b>Other comprehensive income (loss):</b>			
Other comprehensive income not to be reclassified			
to profit or loss in subsequent periods:			
Actuarial gain		19,174,829	-
Income tax effect	31.2	(3,834,966)	-
Total other comprehensive income not to be reclassified		15,339,863	-
to profit or loss in subsequent periods		15,339,863	-
<b>Other comprehensive income for the period</b>		<b>15,339,863</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>134,377,771</b>	<b>180,136,151</b>
<b>Earnings per share</b>			
Basic earnings per share	32	0.21	0.32

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 2017**

		(Unit: Baht)	
	Note	2017	2016
<b>Profit or loss:</b>			
<b>Income</b>			
Brokerage fee income	26	1,038,534,826	1,144,503,844
Fee and service income	27	150,310,444	33,982,798
Interest on margin loans		309,274,007	353,575,500
Gains and returns on financial instruments	28	174,643,078	127,905,699
Other income		33,512,117	28,226,808
<b>Total income</b>		<b>1,706,274,472</b>	<b>1,688,194,649</b>
<b>Expenses</b>			
Employee benefit expenses		659,083,522	571,056,977
Fee and service expenses		100,449,943	107,063,203
Financial costs		185,413,898	195,944,679
Bad debt and doubtful accounts		6,514,851	7
Other expenses		285,033,549	263,613,881
<b>Total expenses</b>		<b>1,236,495,763</b>	<b>1,137,678,747</b>
<b>Profit before income tax</b>		<b>469,778,709</b>	<b>550,515,902</b>
Income tax	31.2	(93,801,214)	(110,736,191)
<b>Profit for the period</b>		<b>375,977,495</b>	<b>439,779,711</b>
<b>Other comprehensive income (loss):</b>			
Other comprehensive income not to be reclassified			
to profit or loss in subsequent periods:			
Actuarial gain	19	19,174,829	-
Income tax effect	31.2	(3,834,966)	-
Total other comprehensive income not to be reclassified			
to profit or loss in subsequent periods		15,339,863	-
<b>Other comprehensive income for the period</b>		<b>15,339,863</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>391,317,358</b>	<b>439,779,711</b>
<b>Earnings per share</b>			
Basic earnings per share	32	0.66	0.77

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 2017**

	(Unit: Baht)	
	2017	2016
<b>Cash flows from operating activities</b>		
Profit before income tax	469,778,709	550,515,902
Adjustments to reconcile profit before income tax to net cash provided by (paid for) operating activities:		
Depreciation and amortisation	48,992,455	51,952,400
Bad debt and doubtful accounts	6,514,851	7
Loss on revaluation of investments	81,583,974	7,867,270
Gains on sales and written-off equipment	(807,818)	(117,630)
Loss on impairment of equipment	1,734,721	-
Unrealised (gain) loss on revaluation of exchange rate	(4,833,709)	22,230,029
Unrealised gains on revaluation of derivatives assets and liabilities	(93,624,111)	(36,320,998)
Financial costs	185,413,898	195,944,679
Interest income	(424,931,652)	(462,302,404)
Amortisation of prepaid personnel expenses	58,670,490	53,206,590
Provisions for long-term employee benefits	11,144,633	12,957,224
Decommissioning cost	1,593,240	-
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>341,229,681</b>	<b>395,933,069</b>
(Increase) decrease in operating assets		
Receivables from Clearing House and brokers	(504,859,727)	(487,916,357)
Securities and derivatives business receivables	750,454,082	618,215,709
Investments	(1,028,348,851)	(50,057,790)
Loans	35,568,842	7,839,542
Other assets	(68,873,234)	(141,737,152)
Increase (decrease) in operating liabilities		
Payables to Clearing House and brokers	(24,408,299)	(153,897,418)
Securities and derivatives business payables	(282,748,114)	1,917,375,154
Derivatives liabilities	(2,954,521)	40,620,435
Provisions	(811,639)	-
Other liabilities	(187,983,815)	(171,554,407)
Cash (paid) received from operating activities	(973,735,595)	1,974,820,785
Cash received from interest	437,199,438	454,865,201
Cash paid for interest	(113,427,224)	(135,906,013)
Cash paid for income tax	(137,625,131)	(119,107,264)
<b>Net cash (used in) provided by operating activities</b>	<b>(787,588,512)</b>	<b>2,174,672,709</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 2017**

	(Unit: Baht)	
	2017	2016
<b>Cash flows from investing activities</b>		
Cash paid for purchases of equipment	(9,542,059)	(23,824,822)
Proceeds from disposals of equipment	1,308,610	161,361
Cash paid for purchases of intangible assets	(6,174,547)	(9,499,065)
<b>Net cash flows used in investing activities</b>	<b>(14,407,996)</b>	<b>(33,162,526)</b>
<b>Cash flows from financing activities</b>		
Cash received from borrowings from financial institutions	27,085,000,000	31,396,000,000
Cash paid for borrowings from financial institutions	(25,845,000,000)	(32,586,000,000)
Cash received from debt issued and other borrowings	17,726,290,745	7,484,836,064
Cash paid to debt issued and other borrowings	(17,070,000,000)	(7,830,000,000)
Cash paid for liabilities under finance lease agreements	(2,925,222)	(2,228,840)
Dividend paid	(542,273,775)	(450,943,455)
<b>Net cash provided by (used in) in financing activities</b>	<b>1,351,091,748</b>	<b>(1,988,336,231)</b>
<b>Net increase in cash and cash equivalents</b>	<b>549,095,240</b>	<b>153,173,952</b>
Cash and cash equivalents at the beginning of the period	351,282,754	384,170,909
<b>Cash and cash equivalents at the ending of the period</b>	<b>900,377,994</b>	<b>537,344,861</b>

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

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

**Statement of changes in shareholders' equity**

**For the six-month period ended 30 June 2017**

(Unit: Baht)

	Share capital	Share premium and premium on treasury share	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 1 January 2016</b>	2,854,072,500	542,789,399	286,125,000	1,135,928,870	4,818,915,769
Dividend paid (Note 25)	-	-	-	(450,943,455)	(450,943,455)
Profit for the period	-	-	-	439,779,711	439,779,711
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income	-	-	-	439,779,711	439,779,711
<b>Balance as at 30 June 2016</b>	<b>2,854,072,500</b>	<b>542,789,399</b>	<b>286,125,000</b>	<b>1,124,765,126</b>	<b>4,807,752,025</b>
<b>Balance as at 1 January 2017</b>	2,854,072,500	542,789,399	286,125,000	1,231,364,280	4,914,351,179
Dividend paid (Note 25)	-	-	-	(542,273,775)	(542,273,775)
Profit for the period	-	-	-	375,977,495	375,977,495
Other comprehensive income for the period	-	-	-	15,339,863	15,339,863
Total comprehensive income	-	-	-	391,317,358	391,317,358
<b>Balance as at 30 June 2017</b>	<b>2,854,072,500</b>	<b>542,789,399</b>	<b>286,125,000</b>	<b>1,080,407,863</b>	<b>4,763,394,762</b>

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 2017**

#### **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 30 June 2017, the Company has 57 branches in Bangkok and upcountry (31 December 2016: 60 branches).

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

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2016) “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 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 (version 2) No. SorThor 22/2559 dated 2 June 2016.

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 financial statements in Thai language.

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 financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance 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 adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

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

#### **4.1 Revenue recognition**

a) Brokerage fees income

Brokerage fees income 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) Interest on margin 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.

d) Gains and returns on financial instruments

*Gain (loss) on investments and derivatives*

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

*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.



## **4.2 Expense recognition**

Expenses are recognised 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 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.

## **4.5 Receivables from/payables to Clearing House and brokers**

Receivables from/payables to Clearing House and brokers 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.

## **4.6 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 specific 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.

#### **4.7 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 “Payables under securities borrowing and lending business” and securities lent to customers are recorded as “Receivables under securities borrowing and lending business” in the statement of financial position. At the end of the period, the balance of payables/receivables under securities and lending business are adjusted based on the latest offer price quoted on the Stock Exchange of Thailand of the last working day of the period. 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.

#### **4.8 Investments**

- a) Investments in securities held for trading are determined at fair value. Changes in the fair value of these securities are recorded in 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 deposits at financial institutions are fixed deposits and bills of exchange issued by financial institutions with an original maturity of longer than 3 months from the date of acquisition or with an original maturity within 3 months from the date of acquisition, but the company intends to roll-over them, or deposits subject to withdrawal restrictions.
- 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 period as quoted on the Stock Exchange of Thailand.

- 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 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.

#### **4.9 Loans**

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.

#### **4.10 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.

#### **4.11 Intangible assets and amortisation**

Expenditure on acquisitions of intangible assets is capitalised and amortised using the straight-line method over their economic useful lives, generally over 5 years, with the exception of software under installation and TFEX 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.

#### **4.12 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 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.

#### **4.14 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.

#### **4.15 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.

#### **4.16 Debt issued and other borrowings**

Debt issued and other borrowings are recognised initially at the fair value of the proceeds received. Debt issued and other borrowings are subsequently stated at amortised cost, using the effective interest 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 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 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.

#### **4.19 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.

#### **4.20 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals or enterprises 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.

#### **4.21 Treasury stocks**

The consideration paid in case where the Company buys 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.

#### **4.22 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.

#### **4.23 Derivatives**

##### **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 period.

##### **Futures**

The Company initially recognises future as off-balance transactions. Gains (losses) from changes in the fair value of future is included in profit or loss. The fair value of marketable future 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 period.

##### **Forward exchange contracts**

Forward exchange contracts are initially recognised as off-balance transactions. 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.

#### **4.24 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: Thousand Baht)	
	30 June 2017	31 December 2016
Cash, short-term fixed deposits and short-term certificates of deposit maturing within 3 months from date of acquisition	900,378	2,900,146
Less: Cash deposits held for customers	-	(2,548,863)
Cash and cash equivalents	<u>900,378</u>	<u>351,283</u>

## 7. Receivables from Clearing House and brokers

	(Unit: Thousand Baht)	
	30 June 2017	31 December 2016
Receivables from Clearing House	1,852,950	1,480,499
Receivables from foreign brokers	259,865	297,861
Less: Receivables from Clearing House held for customers	(532,587)	(750,475)
Less: Receivables from foreign brokers held for customers	(246,977)	(287,039)
Receivables from Clearing House and brokers	<u>1,333,251</u>	<u>740,846</u>

## 8. Securities and derivatives business receivables

	(Unit: Thousand Baht)	
	30 June 2017	31 December 2016
<u>Securities business receivables</u>		
Cash accounts	2,545,077	3,165,840
Credit balance accounts	10,421,607	10,579,464
Receivables under securities borrowing and lending business	136,308	167,623
Other receivables	300,419	246,486
Total securities business receivables	<u>13,403,411</u>	<u>14,159,413</u>
Add: Accrued interest receivables	60,169	60,986
Less: Allowance for doubtful accounts	(254,539)	(247,958)
Securities business receivables	<u>13,209,041</u>	<u>13,972,441</u>
<u>Derivatives business receivables</u>		
Derivatives business receivables	6,036	422
Other receivables	300	365
Less: Allowance for doubtful accounts	(300)	(365)
Derivatives business receivables	<u>6,036</u>	<u>422</u>
Securities and derivatives business receivables	<u><u>13,215,077</u></u>	<u><u>13,972,863</u></u>

**8.1** As at 30 June 2017, the Company had other receivables (included accrued interest receivables) with book values totalling Baht 315 million from which it has ceased recognising income (31 December 2016: Baht 260 million).

**8.2** As at 30 June 2017 and 31 December 2016, 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: Thousand Baht)

	30 June 2017			31 December 2016		
	Debt balance net	Allowance for doubtful Accounts	of allowance for doubtful accounts	Debt balance net	Allowance for doubtful Accounts	of allowance for doubtful accounts
Normal Debt	13,155,011	-	13,155,011	13,960,763	-	13,960,763
Sub-standard Debt	70,594	(10,528)	60,066	16,246	(4,146)	12,100
Doubtful Debt	244,311	(244,311)	-	244,177	(244,177)	-
Total	<u>13,469,916</u>	<u>(254,839)</u>	<u>13,215,077</u>	<u>14,221,186</u>	<u>(248,323)</u>	<u>13,972,863</u>

As at 30 June 2017, 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 2016: Baht 255 million).

### 8.3 Allowance for doubtful accounts

(Unit: Thousand Baht)

	For the six-month	
	period ended 30 June 2017	For the year ended 31 December 2016
Balance - beginning of the period/year	248,323	248,281
Add: Doubtful accounts	6,587	192
Less: Reversal of doubtful accounts	(71)	(150)
Balance - end of the period/year	<u>254,839</u>	<u>248,323</u>

## 9. Derivatives assets and derivatives liabilities

(Unit: Thousand Baht)

	30 June 2017		
	Fair value		Notional amount
	Assets	Liabilities	
<b><u>Trading derivatives</u></b>			
Derivatives warrants	-	19,759	644,565
Future <sup>(1)</sup>	-	-	1,260,562
Forward contract	-	13,389	1,002,440
Derivatives assets and derivatives liabilities	-	33,148	2,907,567

<sup>(1)</sup> The future 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 at the end of period included in "Receivables from Clearing House and brokers". As at 30 June 2017: fair value of derivative assets - future is Baht 128 million.

(Unit: Thousand Baht)

	31 December 2016		
	Fair value		Notional amount
	Assets	Liabilities	
<b><u>Trading derivatives</u></b>			
Derivatives warrants	-	32,146	216,206
Future <sup>(1)</sup>	-	-	540,518
Forward contract	-	9,484	1,002,440
Derivatives assets and derivatives liabilities	-	41,630	1,759,164

<sup>(1)</sup> The future 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 at the end of period included in "Receivables from Clearing House and brokers". As at 31 December 2016: fair value of derivative assets - future is Baht 39 million.

### 9.1 Gain on derivatives

(Unit: Thousand Baht)

	For the three-month periods ended		For the six-month periods ended	
	30 June		30 June	
	2017	2016	2017	2016
Realised gain on derivatives trading	75,490	13,031	112,374	13,063
Unrealised gain on revaluation of derivatives	114,457	18,098	97,530	9,890
Total	189,947	31,129	209,904	22,953

## 10. Investments

### 10.1 Cost value and fair value

(Unit: Thousand Baht)

	30 June 2017		31 December 2016	
	Cost / amortised cost	Fair value	Cost / amortised cost	Fair value
<b>Trading securities</b>				
Equity securities	1,383,313	1,289,261	648,362	636,260
Less: Allowance for revaluation	(94,052)		(12,102)	
Trading securities	<u>1,289,261</u>		<u>636,260</u>	
<b>Held-to-maturity securities</b>				
Government bonds	10,651,000	10,630,145	10,019,000	9,989,363
Fixed deposits	1,500,003	1,500,003	1,500,003	1,500,003
Certificates of deposit	2,210,000	2,210,000	1,900,000	1,900,000
Deposits with restriction	3,524	3,524	3,523	3,523
Less: Accumulated amortisation	(22,992)		(30,238)	
Less: Investments held for customers	(14,044,611)		(13,388,762)	
Held-to-maturity securities	<u>296,924</u>		<u>3,526</u>	
<b>Other investments</b>				
Other securities - ordinary shares	23,753		23,753	
Less: Allowance for impairment	(14,663)		(14,663)	
<b>Other investments</b>	<u>9,090</u>		<u>9,090</u>	
<b>Investments</b>	<u><u>1,595,275</u></u>		<u><u>648,876</u></u>	

## 10.2 Investments in deposits of financial institutions and investments in debt securities classified by remaining periods of contracts

(Unit: Thousand Baht)

	30 June 2017			
	Within 1 year	1 - 5 years	No maturity	Total
Government bonds	10,628,008	-	-	10,628,008
Fixed deposits	1,500,003	-	-	1,500,003
Certificates of deposit	2,210,000	-	-	2,210,000
Deposits subject to restriction	3,524	-	-	3,524
Less: Investments held for customers	(14,044,611)	-	-	(14,044,611)
<b>Total</b>	<b>296,924</b>	<b>-</b>	<b>-</b>	<b>296,924</b>

(Unit: Thousand Baht)

	31 December 2016			
	Within 1 year	1 - 5 years	No maturity	Total
Government bonds	9,988,762	-	-	9,988,762
Fixed deposits	1,500,003	-	-	1,500,003
Certificates of deposit	1,900,000	-	-	1,900,000
Deposits subject to restriction	3,523	-	-	3,523
Less: Investments held for customers	(13,388,762)	-	-	(13,388,762)
<b>Total</b>	<b>3,526</b>	<b>-</b>	<b>-</b>	<b>3,526</b>

## 10.3 Gain (loss) on investments

(Unit: Thousand Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2017	2016	2017	2016
Realised gain (loss) on securities trading	(64,408)	240	(80,056)	4,197
Unrealised loss on revaluation of securities trading	(99,564)	(9,294)	(81,584)	(7,867)
<b>Total</b>	<b>(163,972)</b>	<b>(9,054)</b>	<b>(161,640)</b>	<b>(3,670)</b>

## 11. Equipment

(Unit: Thousand Baht)

	Building improvement	Furniture Fixtures and equipment	Asset under financial lease - Vehicles	Construction in process	Total
<b>Cost</b>					
1 January 2016	229,318	574,852	36,412	4,399	844,981
Additions	632	14,915	5,156	8,022	28,725
Transfer in (out)	7,232	1,222	-	(8,454)	-
Disposals/written-off	(3,701)	(9,357)	(2,666)	-	(15,724)
31 December 2016	233,481	581,632	38,902	3,967	857,982
Additions	758	6,018	-	4,005	10,781
Transfer in (out)	3,611	394	-	(4,005)	-
Disposals/written-off	(1,060)	(5,294)	(4,661)	-	(11,015)
30 June 2017	236,790	582,750	34,241	3,967	857,748
<b>Accumulated depreciation</b>					
1 January 2016	181,180	394,015	18,768	-	593,963
Depreciation for the year	20,754	61,889	5,668	-	88,311
Disposals/written-off	(3,700)	(9,312)	(2,666)	-	(15,678)
31 December 2016	198,234	446,592	21,770	-	666,596
Depreciation for the period	8,673	29,587	3,107	-	41,367
Disposals/written-off	(1,060)	(5,211)	(4,244)	-	(10,515)
30 June 2017	205,847	470,968	20,633	-	697,448
<b>Allowance for impairment</b>					
1 January 2016	-	-	-	-	-
Increase during the year	-	-	-	-	-
31 December 2016	-	-	-	-	-
Increase during the period	1,735	-	-	-	1,735
30 June 2017	1,735	-	-	-	1,735
<b>Net book value</b>					
31 December 2016	35,247	135,040	17,132	3,967	191,386
30 June 2017	29,208	111,782	13,608	3,967	158,565
Depreciation charge for the six-month periods ended 30 June					
2016					44,665
2017					41,367

As at 30 June 2017 and 31 December 2016, certain equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment) of those assets amounted to approximately Baht 431 million and Baht 413 million, respectively.

## 12. Intangible assets

(Unit: Thousand Baht)

For the six-month period ended 30 June 2017											
	Useful lives	Cost				Accumulated amortisation				Net intangible assets	
		1 January 2017	Increase	Transfer in (transfer out)	Written-off	30 June 2017	1 January 2017	Increase	Written-off		30 June 2017
		Computer software	5 years	147,221	154	560	-	147,935	109,627		7,626
Software under installation	-	2,048	2,527	(560)	-	4,015	-	-	-	-	4,015
Deferred expenses of membership fee - Thailand											
Futures Exchanges	-	5,000	-	-	-	5,000	1,679	-	-	1,679	3,321
<b>Total</b>		<b>154,269</b>	<b>2,681</b>	<b>-</b>	<b>-</b>	<b>156,950</b>	<b>111,306</b>	<b>7,626</b>	<b>-</b>	<b>118,932</b>	<b>38,018</b>

(Unit: Thousand 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	5,623	4,211	(3)	147,221	94,967		14,661
Software under installation	-	1,917	4,342	(4,211)	-	2,048	-	-	-	-	2,048
Deferred expenses of membership fee - Thailand											
Futures Exchanges	-	5,000	-	-	-	5,000	1,679	-	-	1,679	3,321
<b>Total</b>		<b>144,307</b>	<b>9,965</b>	<b>-</b>	<b>(3)</b>	<b>154,269</b>	<b>96,646</b>	<b>14,661</b>	<b>(1)</b>	<b>111,306</b>	<b>42,963</b>

As at 30 June 2017 and 31 December 2016, 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 72 million and Baht 68 million, respectively.

## 13. Other assets

(Unit: Thousand Baht)

	30 June 2017	31 December 2016
Prepaid expenses	235,733	267,513
Clearing fund	133,089	126,394
Accrued income	40,693	53,218
Deposits	49,456	48,661
Property foreclosed	15,887	15,887
Others	51,047	15,481
<b>Total</b>	<b>525,905</b>	<b>527,154</b>



#### 14. Borrowings from financial institutions

As at 30 June 2017 and 31 December 2016, borrowings from financial institutions are domestic borrowings in Baht currency as follows:

(Unit: Thousand Baht)

	30 June 2017			
	Interest rate per annum (percent)	Remaining period to maturity		Total
		At call	Within 1 year	
<b>Financial institutions</b>				
Promissory notes	1.85 - 1.95	1,960,000	-	1,960,000
Total		1,960,000	-	1,960,000

(Unit: Thousand Baht)

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

#### 15. Payables to Clearing House and brokers

(Unit: Thousand Baht)

	30 June 2017	31 December 2016
Payables to Clearing House	-	23,649
Payables to foreign brokers	8,033	8,792
Payables to Clearing House and brokers	8,033	32,441

#### 16. Securities and derivatives business payables

(Unit: Thousand Baht)

	30 June 2017	31 December 2016
Cash accounts	3,000,125	3,310,844
Guaranteed deposit payables	9,138	2,898
Payables under securities borrowing and lending business	201,199	179,834
Securities and derivatives business payables	3,210,462	3,493,576

## 17. Debt issued and other borrowings

As at 30 June 2017 and 31 December 2016, debt issued and other borrowings are classified as follows:

(Unit: Thousand Baht)

	30 June 2017			
	Interest rate per annum (percent)	Remaining period to maturity		
		Within 1 year	1 - 5 years	Total
<b><u>Debt issued and other borrowings</u></b>				
Bills of exchange	1.53 - 1.75	6,586,523	-	6,586,523
Subordinated loan	1% above cost of funds	-	986,654	986,654
Debt issued and other borrowings		<u>6,586,523</u>	<u>986,654</u>	<u>7,573,177</u>

(Unit: Thousand Baht)

	31 December 2016			
	Interest rate per annum (percent)	Remaining period to maturity		
		Within 1 year	1 - 5 years	Total
<b><u>Debt issued and other borrowings</u></b>				
Bills of exchange	1.65 - 1.80	5,864,989	-	5,864,989
Subordinated loan	1% above cost of funds	-	992,040	992,040
Debt issued and other borrowings		<u>5,864,989</u>	<u>992,040</u>	<u>6,857,029</u>

## 18. Provisions

(Unit: Thousand Baht)

	Provisions for		Total
	long-term employee benefits	Decommissioning cost	
Balance as at 1 January 2016	146,051	4,389	150,440
Increase during the year	10,877	-	10,877
Balance as at 31 December 2016	156,928	4,389	161,317
Increase (decrease) during the period	(8,842)	1,594	(7,248)
Balance as at 30 June 2017	<u>148,086</u>	<u>5,983</u>	<u>154,069</u>

## 19. Provisions for long-term employee benefits

As at 30 June 2017 and 31 December 2016, provisions for long-term employee benefits are as follows:

	(Unit: Thousand Baht)	
	For the six-month period ended 30 June 2017	For the year ended 31 December 2016
<b>Provisions for long-term employee benefits at beginning of period/year</b>	156,928	146,051
Current service cost	7,532	19,473
Interest cost	3,613	6,441
Actuarial (gains) losses		
Demographic assumption changes	(13,233)	-
Financial assumptions changes	28,698	-
Experience adjustments	(34,640)	-
Benefits paid during the period/year	(812)	(15,037)
<b>Provisions for long-term employee benefits at end of period/year</b>	<b>148,086</b>	<b>156,928</b>

Long-term employee benefit expenses included in the profit or loss for the three-month and six-month periods ended 30 June 2017 and 2016 were as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2017	2016	2017	2016
Current service cost	2,663	4,869	7,532	9,736
Interest cost	2,003	1,610	3,613	3,221
Total	<b>4,666</b>	<b>6,479</b>	<b>11,145</b>	<b>12,957</b>

The Company recognised these expenses in operating expenses.

The Company expects to pay Baht 4 million in long-term employee benefits during the next year (31 December 2016: Baht 6 million). As at 30 June 2017, the weighted average duration of the liabilities for long-term employee benefit is about 15 years (31 December 2016: 18 years)

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

	30 June 2017	31 December 2016
	(% per annum)	(% per annum)
Discount rate	3.21	4.25
Average future salary increase	6.00	5.00
Average staff turnover rate	0.00 - 20.00	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 30 June 2017 and 31 December 2016 are summarised below:

(Unit: Million Baht)

	30 June 2017		31 December 2016	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(14)	16	(17)	19
Future salary increase rate	15	(13)	20	(17)
Average staff turnover rate	(9)	10	(18)	13

## 20. Other liabilities

(Unit: Thousand Baht)

	30 June 2017	31 December 2016
Accrued expenses	206,905	374,195
Liabilities under finance lease agreements	17,328	20,253
Others	43,924	60,130
Other liabilities	268,157	454,578

## 21. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	30 June 2017	31 December 2016
Liabilities under finance lease agreements	18,890	22,292
Less: Deferred interest expenses	(1,562)	(2,039)
Total	17,328	20,253
Less: Portion due within one year	(6,465)	(5,971)
Total liabilities under finance lease agreements - net of portion due within one year	10,863	14,282

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: Thousand Baht)		
	30 June 2017		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	7,197	11,693	18,890
Deferred interest expenses	(732)	(830)	(1,562)
Present value of future minimum lease payments	<u>6,465</u>	<u>10,863</u>	<u>17,328</u>

	(Unit: Thousand Baht)		
	31 December 2016		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	6,852	15,441	22,293
Deferred interest expenses	(881)	(1,159)	(2,040)
Present value of future minimum lease payments	<u>5,971</u>	<u>14,282</u>	<u>20,253</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. Share capital

	30 June 2017		31 December 2016	
	Number of share	Amount	Number of share	Amount
	(Thousand shares)	(Thousand Baht)	(Thousand shares)	(Thousand Baht)
Issued share capital				
(Par value at Baht 5 each)	572,250	2,861,250	572,250	2,861,250
Paid-up share capital				
(Par value at Baht 5 each)	570,815	2,854,073	570,815	2,854,073

## 24. Statutory reserve

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

## 25. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Dividends for the operating result as from 1 January 2016 to 31 December 2016	Annual General Meeting of the shareholders on 30 March 2017	542	0.95
Dividend paid for the six-month period ended 30 June 2017		542	0.95
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 six-month period ended 30 June 2016		451	0.79

## 26. Brokerage fee income

(Unit: Thousand Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2017	2016	2017	2016
	Brokerage fee from securities business	404,354	503,123	971,723
Brokerage fee from derivatives business	30,395	35,303	66,812	82,724
Total	434,749	538,426	1,038,535	1,144,503

## 27. Fees and service income

(Unit: Thousand Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2017	2016	2017	2016
	Underwriting fee	22,360	4,184	100,880
Financial advisory	17,415	5,450	41,965	14,200
Securities borrowing and lending	2,156	2,445	4,626	6,557
Others	1,184	7,208	2,839	9,042
Total	43,115	19,287	150,310	33,983

## 28. Gains and returns on financial instruments

(Unit: Thousand Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2017	2016	2017	2016
Loss on investments	(163,972)	(9,054)	(161,640)	(3,670)
Gains on derivatives	189,947	31,129	209,904	22,953
Interest and dividend income	65,708	53,221	126,379	108,622
Total	91,683	75,296	174,643	127,905

## 29. 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.

## 30. 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 six-month periods ended 30 June 2017 and 2016, Baht 20 million and Baht 20 million, respectively were contributed to the fund by the Company.

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

### 31.1 Deferred tax assets/liabilities

The component of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)	
	30 June 2017	31 December 2016
<b>Deferred tax assets</b>		
Allowance for doubtful accounts - others receivables	7,400	7,400
Provisions for long-term employee benefits	29,617	31,750
Others	2,839	2,860
<b>Total</b>	<b>39,856</b>	<b>42,010</b>
<b>Deferred tax liabilities</b>		
Unrealised gains on exchange rate	4,583	7,370
Others	6,393	3,204
<b>Total</b>	<b>10,976</b>	<b>10,574</b>
<b>Deferred tax assets - net</b>	<b>28,880</b>	<b>31,436</b>

### 31.2 Income tax expenses

Income tax for the three-month and the six-month periods ended 30 June 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended		For the six-month periods ended	
	30 June		30 June	
	2017	2016	2017	2016
<b>Current income tax:</b>				
Corporate income tax for the period	28,784	29,054	91,615	98,376
Adjustment of corporate income tax expenses of previous period	3,465	15,813	3,465	15,813
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(575)	64	(1,279)	(3,453)
<b>Income tax reported in profit or loss</b>	<b>31,674</b>	<b>44,931</b>	<b>93,801</b>	<b>110,736</b>



The amounts of income tax relating the each component of other comprehensive income for the three-month and six-month periods ended 30 June 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	For the three-month periods		For the six-month periods ended	
	ended 30 June		30 June	
	2017	2016	2017	2016
Deferred tax relating to actuarial gains	3,835	-	3,835	-

Reconciliation between income tax and the product of accounting profits and the applicable tax rate for the three-month and six-month periods ended 30 June 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	For the three-month periods		For the six-month periods ended	
	ended 30 June		30 June	
	2017	2016	2017	2016
Accounting profits before income tax	150,712	225,068	469,779	550,516
Applicable corporate income tax rate	20%	20%	20%	20%
Amounts of income taxes at the applicable tax rate	30,142	45,014	93,956	110,103
Adjustment of income tax expenses of previous year	3,465	15,813	3,465	15,813
Tax effect of non-deductible revenue or expenses	(1,933)	(15,896)	(3,620)	(15,180)
Income tax reported in profit or loss	31,674	44,931	93,801	110,736

### 32. Earnings per share

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

### 33. Related party transactions

During the periods, 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. <sup>(1)</sup>	Fellow subsidiary of the Group
Maybank Kim Eng Securities Pte. Ltd.	Fellow subsidiary
Kim Eng Securities (Hong Kong) Limited	Fellow subsidiary
Maybank Kim Eng Research Pte. Ltd.	Fellow subsidiary
Maybank Kim Eng Securities Limited	Fellow subsidiary
Maybank Investment Bank Berhad	Fellow subsidiary of the Group

<sup>(1)</sup>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 three-month		For the six-month		Pricing policies
	periods ended 30 June		periods ended 30 June		
	2017	2016	2017	2016	
<b><u>Transactions with related parties</u></b>					
<b><u>Brokerage fee income</u></b>					
					At normal rate charged to other
Maybank Kim Eng Securities Pte. Ltd.	29	14	55	25	clients, in accordance with
Kim Eng Securities (Hong Kong) Limited	2	1	4	3	SET's and SEC's notification
<b><u>Service income</u></b>					
					In accordance with service
Maybank Asset Management (Thailand)					agreements
Co., Ltd.	-	-	-	1	
<b><u>Research and advisory income</u></b>					
					In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	12	1	18	7	
<b><u>Fee and service expenses</u></b>					
					In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	1	-	2	-	
Maybank Investment Bank Berhad	-	-	3	-	
<b><u>Brokerage expenses</u></b>					
					In accordance with agreement
Maybank Kim Eng Securities Pte. Ltd.	-	1	1	1	
Maybank Kim Eng Securities Limited	-	-	1	-	

(Unit: Million Baht)

	For the three-month		For the six-month		Pricing policies
	periods ended 30 June		periods ended 30 June		
	2017	2016	2017	2016	
<b><u>Transactions with related parties (continued)</u></b>					
<u>Interest expenses on borrowings</u>					In accordance with agreement
Maybank Kim Eng Holdings Limited	8	8	16	16	
<u>Research and advisory expenses</u>					In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	2	2	6	6	
<u>Dividend paid</u>					As declared
Maybank Kim Eng Holdings Limited	-	375	451	375	
Maybank Kim Eng Securities Pte. Ltd.	-	1	1	1	

As at 30 June 2017 and 31 December 2016, the outstanding balances of the above transactions, as presented in the statements of financial position are as follows:

	(Unit: Million Baht)		Pricing Policies
	30 June 2017	31 December 2016	
<b><u>Related companies</u></b>			
<u>Securities business receivables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	-	21	
Kim Eng Securities (Hong Kong) Limited	-	-	
<u>Foreign securities company receivables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	8	7	
<u>Foreign deposits receivables</u>			As determined by Maybank
Maybank Kim Eng Securities Pte. Ltd.	252	290	Kim Eng Securities Pte. Ltd.
<u>Accrued research and advisory income</u>			In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	18	-	
<u>Subordinated loan</u>			In accordance with agreement
Maybank Kim Eng Holdings Limited	987	992	
<u>Securities business payables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	210	188	
Kim Eng Securities (Hong Kong) Limited	35	9	
<u>Foreign securities company payables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	8	9	
<u>Other payable</u>			No interest charged
Maybank Investment Bank Berhad	-	1	
<u>Accrued research and advisory expenses</u>			In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	6	-	
<u>Accrued Interest expenses</u>			In accordance with agreement
Maybank Kim Eng Holdings Limited	8	-	

As at 30 June 2017, Maybank Kim Eng Holdings Ltd. guaranteed the overdraft facilities amounting to Baht 30 million (31 December 2016: Baht 30 million). There is no overdraft outstanding balance as at 30 June 2017 and 31 December 2016.

### 33.1 Loans to employees

As at 30 June 2017, the Company had loans to employees under welfare program amounting to Baht 260 million. The loans charged interest at rate of 1.40 and 2.00 percent per annum (31 December 2016: Baht 296 million, interest at rate of 1.40 and 2.10 percent per annum).

### 33.2 Loans from related parties

As at 30 June 2017 and 31 December 2016, the balance of loans 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 2017	Increase during the period	Decrease during the period	Gain on exchange rate	Balance as at 30 June 2017
Maybank Kim Eng Holdings Limited	Parent company	992	-	-	(5)	987
<b>Total</b>		<b>992</b>	<b>-</b>	<b>-</b>	<b>(5)</b>	<b>987</b>

		(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
<b>Total</b>		<b>1,021</b>	<b>1,000</b>	<b>(1,014)</b>	<b>(15)</b>	<b>992</b>

### 33.3 Management's remuneration

During the three-month and six-month periods ended 30 June 2017 and 2016, benefits paid to management of the Company, which presented as part of "Employee benefit expenses", are as follows:

	(Unit: Million Baht)			
	For the three-month periods ended		For the six-month periods ended	
	30 June		30 June	
	2017	2016	2017	2016
Management's remuneration				
Short-term employee benefits	26	40	59	88
Post-employment benefits	2	3	4	5
	<b>28</b>	<b>43</b>	<b>63</b>	<b>93</b>

### 34. 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, 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 six-month periods ended 30 June 2017 and 2016, respectively.

(Unit: Million Baht)

For the six-month period ended 30 June 2017	Securities business segment	Investment banking segment	Total segments
<b>Income</b>			
Revenue from external customers			
Brokerage fee income	1,039	-	1,039
Fee and service income	7	143	150
Interest on margin loans	309	-	309
Gains and returns on financial instruments	175	-	175
Other income	33	-	33
<b>Total income</b>	<b>1,563</b>	<b>143</b>	<b>1,706</b>
<b>Expenses</b>			
Employee benefit expenses			659
Fee and service expenses			100
Financial cost			185
Bad debt and doubtful accounts			7
Other expenses			285
<b>Total expenses</b>			<b>1,236</b>
<b>Profit before income tax</b>			<b>470</b>
Income tax			(94)
<b>Profit for the period</b>			<b>376</b>

(Unit: Million Baht)

<b>For the six-month period ended 30 June 2016</b>	Securities business segment	Investment banking segment	Total segments
<b>Income</b>			
External customers			
Brokerage fee income	1,145	-	1,145
Fee and service income	7	27	34
Interest on margin loans	354	-	354
Gains and returns on financial instruments	128	-	128
Other income	28	-	28
<b>Total income</b>	<b>1,662</b>	<b>27</b>	<b>1,689</b>
<b>Expenses</b>			
Employee benefit expenses			571
Fee and service expenses			107
Financial cost			196
Other expenses			264
<b>Total expenses</b>			<b>1,138</b>
<b>Profit before income tax</b>			<b>551</b>
Income tax			(111)
<b>Profit for the period</b>			<b>440</b>

The following table presents segment assets of the Company's operating segments as at 30 June 2017 and 31 December 2016:

(Unit: Million Baht)

<b>Segment assets</b>	Securities business segment	Investment banking segment	Total Segments	Unallocated assets	Total
As at 30 June 2017	13,305	3	13,308	4,748	18,056
As at 31 December 2016	14,837	4	14,841	1,962	16,803

#### 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 six-month periods ended 30 June 2017 and 2016, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

### 35. Commitments and contingent liabilities

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

	(Unit: Million Baht)	
	30 June 2017	31 December 2016
Payable:		
In up to 1 year	96	104
In over 1 and up to 5 years	94	130

### 36. 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, receivables from and payables to Clearing House and brokers, securities and derivatives business receivables and payables, derivative assets and liabilities, investments, loans, borrowings from financial institutions, debt issued and other borrowings and liabilities under financial lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

#### 36.1 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.

## 36.2 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 30 June 2017 and 31 December 2016, 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 2017						Interest rate (% p.a.)	
	Floating interest rate	Fixed interest rates		Without interest	Non-performing debts	Total	Floating interest rate	Fixed interest rate
		Remaining period to the contractual repricing date or maturity date						
		Within 1 year	1 - 5 years					
<b>Financial assets</b>								
Cash and cash equivalents	600	-	-	300	-	900	0.10 - 0.75	-
Receivables from Clearing House and brokers	-	-	-	1,333	-	1,333	-	-
Securities and derivatives business receivables	10,468	-	-	2,687	315	13,470	5.06 - 5.15	-
Investments	-	297	-	1,298	-	1,595	-	1.40 - 150
Loans	260	-	-	-	-	260	1.40 - 2.00	-
<b>Financial liabilities</b>								
Borrowings from financial institutions	-	1,960	-	-	-	1,960	-	1.85 - 1.95
Payables to Clearing House and brokers	-	-	-	8	-	8	-	-
Securities and derivatives business payables	-	-	-	3,210	-	3,210	-	-
Derivative liabilities	-	-	-	33	-	33	-	-
Debt issued and other borrowings	-	6,586	987	-	-	7,573	-	1.53 - 3.27
Liabilities under financial lease agreements <sup>(1)</sup>	-	6	11	-	-	17	-	4.84 - 6.00

<sup>(1)</sup> Included in "other liabilities" in statement of financial position



(Unit: Million Baht)

## Outstanding balance of financial instruments as at 31 December 2016

	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					
<b>Financial assets</b>								
Cash and cash equivalents	121	-	-	230	-	351	0.10 - 1.00	-
Receivables from Clearing House and brokers	-	-	-	741	-	741	-	-
Securities and derivatives business								
receivables	10,640	-	-	3,335	246	14,221	5.19 - 5.20	-
Investments	-	4	-	645	-	649	-	0.80 - 1.00
Loans	296	-	-	-	-	296	1.40 - 2.10	-
<b>Financial liabilities</b>								
Borrowings from financial institutions	-	720	-	-	-	720	-	1.85
Payables to Clearing House and brokers	-	-	-	32	-	32	-	-
Securities and derivatives business								
payables	-	-	-	3,494	-	3,494	-	-
Derivative liabilities	-	-	-	42	-	42	-	-
Debt issued and other borrowings	-	5,865	992	-	-	6,857	-	1.65 - 3.27
Liabilities under financial lease agreements <sup>(1)</sup>	-	6	14	-	-	20	-	4.84 - 6.00

<sup>(1)</sup> Included in "other liabilities" in statement of financial position

## b) Foreign exchange risk

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

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

Foreign currency	Financial assets		Financial liabilities		Exchange rate		Exchange rate	
	as at		as at		as at 30 June 2017		as at 31 December 2016	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016	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	43	51	40	51	4.3167	4.3921	4.5796	4.6637
Singapore dollar	37	23	36	23	24.3918	24.9409	24.5265	25.0755
US dollar	171	201	168	201	33.8145	34.1483	35.6588	36.0025
Malaysian ringgit	10	32	10	31	7.8143	8.0222	7.8867	8.0925
Euro	9	8	9	7	38.4919	39.2127	37.3791	38.1362
Pound sterling	29	4	27	2	43.8015	44.7060	43.5937	44.4775
Australian dollar	-	1	-	-	25.7830	26.5325	25.5462	26.3262
Japanese Yen	3	1	3	1	0.3002	0.3071	0.3046	0.3113
Vietnamese dong	105	107	101	104	0.0015	0.0015	0.0016	0.0016
Chinese Yuan	1	1	1	1	4.9641	5.0736	5.0831	5.2165

In addition to the above, as of 30 June 2017, the Company also has outstanding foreign currency loan of Baht 987 million (SGD 40 million) (31 December 2016: Baht 992 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.

### 36.3 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 30 June 2017 and 31 December 2016, counting from the financial position date, are as follows.

(Unit: Million Baht)

	30 June 2017						Total
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Non-performing debts	
<b>Financial assets</b>							
Cash and cash equivalents	900	-	-	-	-	-	900
Receivables from Clearing House and brokers	-	1,333	-	-	-	-	1,333
Securities and derivatives business receivables	136	2,551	-	-	10,468	315	13,470
Investments	-	297	-	-	1,298	-	1,595
Loans	-	35	116	109	-	-	260
<b>Financial liabilities</b>							
Borrowings from financial institutions	1,960	-	-	-	-	-	1,960
Payables to Clearing House and brokers	-	8	-	-	-	-	8
Securities and derivatives business payables	201	3,009	-	-	-	-	3,210
Derivatives liabilities	-	33	-	-	-	-	33
Debt issued and other borrowings	-	6,586	987	-	-	-	7,573
Liabilities under financial lease agreements <sup>(1)</sup>	-	6	11	-	-	-	17

<sup>(1)</sup> Included in "other liabilities" in statement of financial position

(Unit: Million Baht)

31 December 2016

	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	351	-	-	-	-	-	351
Receivables from Clearing House and brokers	-	741	-	-	-	-	741
Securities and derivatives business receivables	168	3,167	-	-	10,640	246	14,221
Investments	-	4	-	-	645	-	649
Loans	-	39	129	128	-	-	296
<u>Financial liabilities</u>							
Borrowings from financial institutions	720	-	-	-	-	-	720
Payables to Clearing House and brokers	-	32	-	-	-	-	32
Securities and derivatives business payables	180	3,314	-	-	-	-	3,494
Derivatives liabilities	-	42	-	-	-	-	42
Debt issued and other borrowings	-	5,865	992	-	-	-	6,857
Liabilities under financial lease agreements <sup>(1)</sup>	-	6	14	-	-	-	20

<sup>(1)</sup> Included in "other liabilities" in statement of financial position

### 36.4 Derivatives

As at 30 June 2017 and 31 December 2016, the Company has outstanding derivatives assets (liabilities) as stated in Note 9 as follow:

(Unit: Million Baht)

	30 June 2017		31 December 2016	
	Fair value	Notional amount	Fair value	Notional amount
Derivatives warrants	(20)	645	(32)	216
Future <sup>(1)</sup>	-	1,261	-	541
Forward contract	(13)	1,002	(10)	1,002

<sup>(1)</sup> The future 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 at the end of periods included in "Receivables from Clearing House and brokers". As at 30 June 2017, fair value of derivative assets - future is Baht 128 million (31 December 2016: fair value of derivative assets - future is Baht 39 million).

### 37. Fair value of financial instruments

37.1 As at 30 June 2017 and 31 December 2016, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	30 June 2017			
	Fair value			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Investments in trading securities				
Equity instruments	1,289	-	-	1,289
Derivatives assets <sup>(1)</sup>	-	-	-	-
<b>Financial liabilities measured at fair value</b>				
Derivatives liabilities	20	13	-	33

<sup>(1)</sup> Fair value of derivatives assets - futures as at 30 June 2017 amounting to Baht 128 million, included in "Receivables from Clearing House and brokers", were measured at fair value by using Level 1 of input.

(Unit: Million Baht)

	31 December 2016			
	Fair value			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Investments in trading securities				
Equity instruments	636	-	-	636
Derivatives assets <sup>(1)</sup>	-	-	-	-
<b>Financial liabilities measured at fair value</b>				
Derivatives liabilities	32	10	-	42

<sup>(1)</sup> Fair value of derivatives assets - futures as at 31 December 2016 amounting to Baht 39 million, included in "Receivables from Clearing House and brokers", were measured at fair value by using Level 1 of input.

**37.2** As at 30 June 2017 and 31 December 2016, 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)

	30 June 2017				Book value
	Fair value			Total	
	Level 1	Level 2	Level 3		
<b>Financial assets for which fair value are disclosed</b>					
Cash and cash equivalents	900	-	-	900	900
Receivables from Clearing House and brokers	-	1,333	-	1,333	1,333
Securities and derivatives business receivables	-	13,215	-	13,215	13,215
Held-to-maturity securities and other investments	297	-	9	306	306
Loans	-	-	260	260	260
<b>Financial liabilities for which fair value are disclosed</b>					
Borrowings at financial institutions	-	1,960	-	1,960	1,960
Payables to Clearing House and brokers	-	8	-	8	8
Securities and derivatives business payables	-	3,210	-	3,210	3,210
Debt issued and other borrowings	-	7,573	-	7,573	7,573
Liabilities under financial lease agreements <sup>(1)</sup>	-	17	-	17	17

<sup>(1)</sup> Included in "other liabilities" in statement of financial position

(Unit: Million Baht)

31 December 2016

	Fair value				Book value
	Level 1	Level 2	Level 3	Total	
<b>Financial assets for which fair value are disclosed</b>					
Cash and cash equivalents	351	-	-	351	351
Receivables from Clearing House and brokers	-	741	-	741	741
Securities and derivatives business receivables	-	13,973	-	13,973	13,973
Held-to-maturity securities and other investments	4	-	10	14	14
Loans	-	-	296	296	296
<b>Financial liabilities for which fair value are disclosed</b>					
Borrowings at financial institutions	-	720	-	720	720
Payables to Clearing House and brokers	-	32	-	32	32
Securities and derivatives business payables	-	3,494	-	3,494	3,494
Debt issued and other borrowings	-	6,857	-	6,857	6,857
Liabilities under financial lease agreements <sup>(1)</sup>	-	20	-	20	20

<sup>(1)</sup> Included in "other liabilities" in statement of financial position

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, accounts receivable, accounts payable, held-to-maturity securities 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, 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 is no transfers within the fair value hierarchy.

### **38. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 31 July 2017.