

Maybank Kim Eng Securities (Thailand)
Public Company Limited
Report and financial statements
30 June 2018

Independent Auditor's Report

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

Report of Audit of Financial Statements

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 2018, 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 2018, 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 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 1,000 million and Baht 317 million, respectively, representing 64 percent and 20 percent of the Company's total revenues. The Company charges brokerage fees at percentages of trading volume or contract type, 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 collateral value. For securities trading and credit balance transactions, the Company has policies regarding the collateral to be placed, with the collateral value required dependent on the type of transaction, type of securities and credit limit, among other factors. The estimation of allowance for doubtful accounts for securities and derivatives business receivables is significant because of the number of customers and the significance of the amount of the receivables to the Company's financial statements, with securities and derivatives business receivables amounting to Baht 14,676 million as at 30 June 2018, 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 adequacy of 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 the collateral value, calculation of allowance for doubtful accounts 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 adequacy of allowance for doubtful accounts as at the end of reporting period by testing on a sampling basis, the data used in the calculation of allowance for doubtful accounts, the status of outstanding receivable, the collateral value, the collections after the end of reporting period, the classification of receivables and the calculation of allowance for doubtful accounts.

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.

I am responsible for the audit resulting in this independent auditor's report.

Review Report of Interim Financial Information

I have reviewed the accompanying statements of comprehensive income and notes to the financial statements for the three-month period ended 30 June 2018 (“Interim financial information”) of Maybank Kim Eng Securities (Thailand) Public Company Limited. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai 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 Thai Standards on Auditing 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 financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Nonglak Pumnoi
Certified Public Accountant (Thailand) No. 4172

EY Office Limited
Bangkok: 1 August 2018

Maybank Kim Eng Securities (Thailand) Public Company Limited

Statement of Financial Position

As at 30 June 2018

(Unit: Baht)

	Note	30 June 2018	31 December 2017
Assets			
Cash and cash equivalents	6	368,520,055	392,929,294
Receivables from Clearing House and brokers	7	1,678,291,565	534,234,260
Securities and derivatives business receivables	8	14,676,016,501	14,961,660,945
Investments	10	2,046,805,401	2,053,895,484
Loans	33.1	252,753,066	240,429,785
Equipment	11	109,965,017	132,768,322
Intangible assets	12	27,657,144	31,965,436
Deferred tax assets	13.1	33,103,829	23,353,177
Other assets	14	499,295,583	552,906,889
Total assets		19,692,408,161	18,924,143,592

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 2018

(Unit: Baht)

	Note	30 June 2018	31 December 2017
Liabilities and shareholders' equity			
Liabilities			
Borrowings from financial institutions	15	2,100,000,000	3,995,000,000
Payables to Clearing House and brokers	16	49,047,569	372,484,701
Securities and derivatives business payables	17	2,455,993,115	3,424,683,195
Derivatives liabilities	9	88,130	31,935,689
Income tax payable		70,222,915	57,326,897
Debt issued and other borrowings	18	9,929,187,706	5,911,615,134
Provisions	19	176,165,427	162,998,331
Other liabilities	21	251,676,100	313,082,430
Total liabilities		15,032,380,962	14,269,126,377
Shareholders' equity			
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		977,040,300	972,030,316
Total shareholders' equity		4,660,027,199	4,655,017,215
Total liabilities and shareholders' equity		19,692,408,161	18,924,143,592
		-	-

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

Directors

Maybank Kim Eng Securities (Thailand) Public Company Limited

Statement of comprehensive income

For the three-month period ended 30 June 2018

		(Unit: Baht)	
	Note	2018	2017
Profit or loss:			
Income			
Brokerage fees income	26	447,194,678	434,749,216
Fees and service income	27	21,450,564	43,114,996
Interest on margin loans		158,576,553	148,908,317
Gains and returns on financial instruments	28	80,007,672	91,683,040
Other income		14,333,415	17,028,753
Total income		721,562,882	735,484,322
Expenses			
Employee benefit expenses		315,654,264	306,679,549
Fee and service expenses		42,945,187	42,234,511
Financial costs		89,376,575	93,335,144
Bad debt and doubtful accounts		6,855,056	477,347
Other expenses	31	123,141,217	142,045,399
Total expenses		577,972,299	584,771,950
Profit before income tax		143,590,583	150,712,372
Income tax	13.2	(30,552,721)	(31,674,464)
Profit for the period		113,037,862	119,037,908
Other comprehensive income:			
Other comprehensive income not to be reclassified			
to profit or loss in subsequent periods:			
Actuarial gain	20	-	19,174,829
Income tax effect	13.2	-	(3,834,966)
Total other comprehensive income not to be reclassified			
to profit or loss in subsequent periods		-	15,339,863
Other comprehensive income for the period		-	15,339,863
Total comprehensive income for the period		113,037,862	134,377,771
Earnings per share			
Basic earnings per share	32	0.20	0.21

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 2018

		(Unit: Baht)	
	Note	2018	2017
Profit or loss:			
Income			
Brokerage fees income	26	999,574,995	1,038,534,826
Fees and service income	27	27,776,486	150,310,444
Interest on margin loans		316,714,954	309,274,007
Gains and returns on financial instruments	28	180,311,831	174,643,078
Other income		32,689,083	33,512,117
Total income		1,557,067,349	1,706,274,472
Expenses			
Employee benefit expenses		697,647,474	659,083,522
Fee and service expenses		94,599,931	100,449,943
Financial costs		175,119,613	185,413,898
Bad debt and doubtful accounts		11,038,284	6,514,851
Other expenses	31	252,045,353	285,033,549
Total expenses		1,230,450,655	1,236,495,763
Profit before income tax		326,616,694	469,778,709
Income tax	13.2	(64,740,185)	(93,801,214)
Profit for the period		261,876,509	375,977,495
Other comprehensive income:			
Other comprehensive income not to be reclassified			
to profit or loss in subsequent periods:			
Actuarial gain	20	-	19,174,829
Income tax effect	13.2	-	(3,834,966)
Total other comprehensive income not to be reclassified			
to profit or loss in subsequent periods		-	15,339,863
Other comprehensive income for the period		-	15,339,863
Total comprehensive income for the period		261,876,509	391,317,358
Earnings per share			
Basic earnings per share	32	0.46	0.66

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 2018**

	(Unit: Baht)	
	2018	2017
Cash flows from operating activities		
Profit before income tax expenses	326,616,694	469,778,709
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid for) operating activities:		
Depreciation and amortisation	41,821,968	48,992,455
Bad debt and doubtful accounts	11,038,284	6,514,851
Unrealised (gain) loss on revaluation of investments	(78,870,064)	81,583,974
(Gain) loss on sales and written-off of equipment	179,277	(807,818)
Loss on impairment of equipment	-	1,734,721
Unrealised (gain) loss on revaluation of derivatives assets and liabilities	119,320,344	(93,624,111)
Unrealised gain on revaluation of exchange rate	(611,150)	(4,833,709)
Financial cost	175,119,613	185,413,898
Interest income	(404,409,638)	(424,931,652)
Amortisation of prepaid personnel expenses	67,997,262	58,670,490
Provision for long-term employee benefits	15,264,014	11,144,633
Decommissioning cost	-	1,593,240
Profit from operating activities before changes in operating assets and liabilities	273,466,604	341,229,681
(Increase) decrease in operating assets		
Receivables from Clearing House and brokers	(1,252,439,970)	(504,859,727)
Securities and derivatives business receivables	278,163,197	750,454,082
Investments	85,625,282	(1,028,348,851)
Loans	(12,323,281)	35,568,842
Other assets	(12,033,437)	(68,873,234)
Decrease in operating liabilities		
Payables to Clearing House and brokers	(323,437,132)	(24,408,299)
Securities and derivatives business payables	(968,355,417)	(282,748,114)
Derivatives liabilities	(42,706,739)	(2,954,521)
Provisions	(2,096,918)	(811,639)
Other liabilities	(70,455,885)	(187,983,815)
Cash used in operating activities	(2,046,593,696)	(973,735,595)
Cash paid for interest	(105,111,202)	(113,427,224)
Cash received from interest	399,248,605	437,199,438
Cash paid for income tax	(61,594,819)	(137,625,131)
Net cash flows used in operating activities	(1,814,051,112)	(787,588,512)

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 2018

	(Unit: Baht)	
	2018	2017
Cash flows from investing activities		
Cash received (paid) from investing activities		
Cash paid for purchases of equipment	(12,729,736)	(9,542,059)
Proceeds from disposals of equipment	24,825	1,308,610
Cash paid for purchases of intangible assets	(2,166,944)	(6,174,547)
Net cash flows used in investing activities	(14,871,855)	(14,407,996)
Cash flows from financing activities		
Cash received (paid) from financing activities		
Cash received for borrowings from financial institutions	24,912,000,000	27,085,000,000
Cash paid for borrowings from financial institutions	(26,807,000,000)	(25,845,000,000)
Cash received from debt issued and other borrowings	13,025,478,282	17,726,290,745
Cash paid for debt issued and other borrowings	(9,065,678,969)	(17,070,000,000)
Cash paid for liabilities under finance lease agreements	(3,419,060)	(2,925,222)
Dividend paid	(256,866,525)	(542,273,775)
Net cash flows provided by financing activities	1,804,513,728	1,351,091,748
Net increase (decrease) in cash and cash equivalents	(24,409,239)	549,095,240
Cash and cash equivalents at the beginning of the period	392,929,294	351,282,754
Cash and cash equivalents at the ending of the period	368,520,055	900,377,994

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 2018

(Unit: Baht)

	Issued and paid-up capital	Share premium and premium on treasury shares	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2017	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
Balance as at 30 June 2017	<u>2,854,072,500</u>	<u>542,789,399</u>	<u>286,125,000</u>	<u>1,080,407,863</u>	<u>4,763,394,762</u>
Balance as at 1 January 2018	2,854,072,500	542,789,399	286,125,000	972,030,316	4,655,017,215
Dividend paid (Note 25)	-	-	-	(256,866,525)	(256,866,525)
Profit for the period	-	-	-	261,876,509	261,876,509
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income	-	-	-	261,876,509	261,876,509
Balance as at 30 June 2018	<u>2,854,072,500</u>	<u>542,789,399</u>	<u>286,125,000</u>	<u>977,040,300</u>	<u>4,660,027,199</u>

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

Maybank Kim Eng Securities (Thailand) Public Company Limited

Notes to financial statements

For the six-month period ended 30 June 2018

1. General information

Maybank Kim Eng Securities (Thailand) Public Company Limited (“the Company”) is a public 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 2018, the Company has 45 branches in Bangkok and upcountry (31 December 2017: 47 branches).

2. Basis for the preparation of financial statements

The financial statements for the six-month period ended 30 June 2018 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 statements of comprehensive income and notes to the financial statements for the three-month period ended 30 June 2018 are prepared in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting”, whereby the Company chooses to present the statements of comprehensive income and notes to the financial statements in the same full format as that used for the annual financial statements.

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

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

3. New financial reporting standards

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

During the period, the Company has adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

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

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarized below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company is evaluating the impact of this standard to the financial statements in the year when it is adopted.

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

Cash 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 collateral 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 cash pledged with Thailand Clearing House as collateral 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 and derivatives business receivables, and including related accrued interest receivables after deducting allowance for doubtful accounts.

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 collateral value. 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 an agent and the Company is the intermediary between 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 reporting 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. 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.
- 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 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).

The fair value of marketable securities is based on the latest bid price of the last working day of the period. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.9 Loans

Loans to employees under welfare program are initially recognised 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

Intangible assets acquired are initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

Computer software	5 years
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No amortisation is provided on TFEX membership fees and software under installation.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

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 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 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 performs impairment reviews in respect such assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

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 initially recognised 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 independent expert, 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 long-term payables, 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.

Leases of office space and equipment which do not transfer substantially all the risks and reward of ownership are classified as operating leases. 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 which is directly related with buying 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 recognised in profit or loss. The fair value of marketable derivative warrants are 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 or losses from changes in the fair value of future is included in profit or loss. The fair value of marketable futures are 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.

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 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.

5.2 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.

5.3 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.

5.4 Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position 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.

5.5 Allowance for impairment of investments in securities

The Company treats general 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.

5.6 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.

5.7 Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

5.8 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.

5.9 Post-employment benefits under defined benefit plans

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 2018	31 December 2017
Cash, short-term fixed deposits and short-term certificates		
of deposit maturing within 3 months from date of acquisition	1,214,726	5,027,153
Less: Cash deposits held for customers	(846,206)	(4,634,224)
Cash and cash equivalents	<u>368,520</u>	<u>392,929</u>

Supplemental cash flows information

	(Unit: Thousand Baht)	
	30 June 2018	31 December 2017
Non-cash items:		
Purchase of equipment and intangible asset on credit	213	195

7. Receivables from Clearing House and brokers

	(Unit: Thousand Baht)	
	30 June 2018	31 December 2017
Receivables from Clearing House	2,087,725	1,049,366
Receivables from foreign brokers	977,467	450,224
Less: Receivables from Clearing House held for customers	(474,659)	(529,833)
Less: Receivables from foreign brokers held for customers	(912,241)	(435,523)
Receivables from Clearing House and brokers	<u>1,678,292</u>	<u>534,234</u>

8. Securities and derivatives business receivables

(Unit: Thousand Baht)

	30 June 2018	31 December 2017
Securities business receivables		
Cash accounts	1,614,072	3,096,000
Credit balance accounts	12,890,656	11,586,009
Receivables under securities borrowing and lending business	75,399	171,312
Other receivables	300,333	301,163
Total securities business receivables	14,880,460	15,154,484
Add: Accrued interest receivables	67,085	63,529
Less: Allowance for doubtful accounts	(272,387)	(261,566)
Securities business receivables	14,675,158	14,956,447
Derivatives business receivables		
Derivatives business receivables	859	5,214
Other receivables	287	350
Less: Allowance for doubtful accounts	(287)	(350)
Derivatives business receivables	859	5,214
Securities and derivatives business receivables	14,676,017	14,961,661

8.1 Non-accrued securities receivables

As at 30 June 2018, 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 2017: Baht 316 million).

8.2 Classification of securities and derivatives business receivables

As at 30 June 2018 and 31 December 2017, the Company has classified securities 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)

Classification	30 June 2018			31 December 2017		
	Debt balance	Allowance for doubtful Accounts	Debt balance net of allowance for doubtful accounts	Debt balance	Allowance for doubtful Accounts	Debt balance net of allowance for doubtful accounts
Normal Debt	14,633,886	-	14,633,886	14,907,899	-	14,907,899
Sub-standard Debt	42,131	-	42,131	53,762	-	53,762
Doubtful Debt	272,674	(272,674)	-	261,916	(261,916)	-
Total	14,948,691	(272,674)	14,676,017	15,223,577	(261,916)	14,961,661

As at 30 June 2018, receivables (included accrued interest 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 2017: Baht 255 million).

8.3 Allowance for doubtful accounts

(Unit: Thousand Baht)

	For the six-month	
	period ended 30 June 2018	For the year ended 31 December 2017
Balance - beginning of the period/year	261,916	248,323
Add: Doubtful accounts	11,615	13,698
Less: Reversal of doubtful accounts	(577)	(105)
Less: Write-off bad debts	(280)	-
Balance - end of the period/year	<u>272,674</u>	<u>261,916</u>

9. Derivatives assets and derivatives liabilities

(Unit: Thousand Baht)

	30 June 2018		
	Fair value		Notional amount
	Assets	Liabilities	
Trading derivatives			
Derivatives warrants	-	88	676
Future ⁽¹⁾	-	-	2,028,691
Derivatives assets and derivatives liabilities	<u>-</u>	<u>88</u>	<u>2,029,367</u>

⁽¹⁾ The future are cash settlement. Real exposure is a difference between cost of such contracts and underlying assets level. Fair value of outstanding future at the end of period included in "Receivables from Clearing House and brokers". As at 30 June 2018: fair value of derivative liabilities - future is Baht 102 million.

(Unit: Thousand Baht)

	31 December 2017		
	Fair value		Notional amount
	Assets	Liabilities	
Trading derivatives			
Derivatives warrants	-	31,936	182,298
Future ⁽¹⁾	-	-	1,944,169
Derivatives assets and derivatives liabilities	<u>-</u>	<u>31,936</u>	<u>2,126,467</u>

⁽¹⁾ The future are cash settlement. Real exposure is a difference between cost of such contracts and underlying assets level. Fair value of outstanding future at the end of year included in "Receivables from Clearing House and brokers". As at 31 December 2017: fair value of derivative assets - future is Baht 7 million.

9.1 Gain (loss) on derivatives

(Unit: Thousand Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2018	2017	2018	2017
Realised gain on derivatives trading	133,491	75,490	114,780	112,374
Unrealised gain (loss) on revaluation of derivatives	(86,050)	114,457	(119,320)	97,530
Total	47,441	189,947	(4,540)	209,904

10. Investments

10.1 Cost and fair value

(Unit: Thousand Baht)

	30 June 2018		31 December 2017	
	Cost /	Fair value	Cost /	Fair value
	amortised cost		amortised cost	
Trading securities				
Equity securities	1,885,806	2,033,929	1,971,689	2,041,277
Add: Allowance for revaluation	148,123		69,588	
Trading securities	<u>2,033,929</u>		<u>2,041,277</u>	
Held-to-maturity investment				
Government bonds	5,200,000	5,160,074	2,500,000	2,490,711
Fixed deposits	6,200,003	6,200,003	2,500,003	2,500,003
Certificates of deposit	-	-	2,210,000	2,210,000
Deposits with restriction	3,526	3,526	3,525	3,525
Less: Accumulated amortisation	(38,923)		(10,129)	
Less: Investments held for customers	<u>(11,361,077)</u>		<u>(7,199,871)</u>	
Held-to-maturity investment	<u>3,529</u>		<u>3,528</u>	
General investments				
Other securities - ordinary shares	24,010		23,753	
Less: Allowance for impairment	<u>(14,663)</u>		<u>(14,663)</u>	
General investments	<u>9,347</u>		<u>9,090</u>	
Investments	<u>2,046,805</u>		<u>2,053,895</u>	

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

(Unit: Thousand Baht)

	30 June 2018			
	Within 1 year	1 - 5 years	No maturity	Total
Government bonds	5,161,077	-	-	5,161,077
Fixed deposits	6,200,003	-	-	6,200,003
Deposits subject to restriction	3,526	-	-	3,526
Less: Investments held for customers	(11,361,077)	-	-	(11,361,077)
Total	3,529	-	-	3,529

(Unit: Thousand Baht)

	31 December 2017			
	Within 1 year	1 - 5 years	No maturity	Total
Government bonds	2,489,871	-	-	2,489,871
Fixed deposits	2,500,003	-	-	2,500,003
Certificates of deposit	2,210,000	-	-	2,210,000
Deposits subject to restriction	3,525	-	-	3,525
Less: Investments held for customers	(7,199,871)	-	-	(7,199,871)
Total	3,528	-	-	3,528

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	
	2018	2017	2018	2017
Realised loss on securities trading	(97,195)	(64,408)	(19,093)	(80,056)
Realised gain (loss) on revaluation of securities trading	58,924	(99,564)	78,870	(81,584)
Total	(38,271)	(163,972)	59,777	(161,640)

11. Equipment

(Unit: Thousand Baht)

	Building improvement	Furniture Fixtures and equipment	Asset under financial lease - Vehicles	Assets under installation	Total
Cost					
1 January 2017	233,481	581,632	38,902	3,967	857,982
Additions	1,576	9,872	-	16,439	27,887
Transfer in (out)	5,025	6,648	-	(11,673)	-
Disposals/written-off	(16,803)	(10,837)	(4,661)	-	(32,301)
31 December 2017	223,279	587,315	34,241	8,733	853,568
Additions	1,766	7,607	-	3,375	12,748
Transfer in (out)	4,463	138	-	(4,601)	-
Disposals/written-off	(2,071)	(731)	-	-	(2,802)
30 June 2018	227,437	594,329	34,241	7,507	863,514
Accumulated depreciation					
1 January 2017	198,234	446,592	21,770	-	666,596
Depreciation for the year	16,107	58,583	5,947	-	80,637
Disposals/written-off	(12,507)	(9,682)	(4,244)	-	(26,433)
31 December 2017	201,834	495,493	23,473	-	720,800
Depreciation for the period	6,310	26,589	2,448	-	35,347
Disposals/written-off	(1,991)	(607)	-	-	(2,598)
30 June 2018	206,153	521,475	25,921	-	753,549
Net book value					
31 December 2017	21,445	91,822	10,768	8,733	132,768
30 June 2018	21,284	72,854	8,320	7,507	109,965
Depreciation charge for the six-month periods ended 30 June					
2017					41,367
2018					35,347

As at 30 June 2018 and 31 December 2017, the Company had vehicles which were acquired under finance lease agreements with net book value of Baht 8 million and Baht 11 million, respectively.

As at 30 June 2018 and 31 December 2017, 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 518 million and Baht 471 million, respectively.

12. Intangible assets

(Unit: Thousand Baht)

For the six-month period ended 30 June 2018

	Useful lives	Cost				Accumulated amortisation				Net intangible assets	
		1 January 2018	Increase	Transfer in (transfer out)	Written-off	30 June 2018	1 January 2018	Increase	Written-off		30 June 2018
Computer software	5 years	149,394	1,747	1,031	-	152,172	124,800	6,475	-	131,275	20,897
Software under installation	-	4,050	420	(1,031)	-	3,439	-	-	-	-	3,439
Membership fee - Thailand											
Futures Exchanges	-	5,000	-	-	-	5,000	1,679	-	-	1,679	3,321
Total		158,444	2,167	-	-	160,611	126,479	6,475	-	132,954	27,657

(Unit: Thousand Baht)

For the year ended 31 December 2017

	Useful lives	Cost				Accumulated amortisation				Net intangible assets	
		1 January 2017	Increase	Transfer in (transfer out)	Written-off	31 December 2017	1 January 2017	Increase	Written-off		31 December 2017
Computer software	5 years	147,221	513	1,660	-	149,394	109,627	15,173	-	124,800	24,594
Software under installation	-	2,048	3,662	(1,660)	-	4,050	-	-	-	-	4,050
Membership fee - Thailand											
Futures Exchanges	-	5,000	-	-	-	5,000	1,679	-	-	1,679	3,321
Total		154,269	4,175	-	-	158,444	111,306	15,173	-	126,479	31,965

As at 30 June 2018 and 31 December 2017, 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 90 million and Baht 82 million, respectively.

13. Deferred tax assets/liabilities and income tax

13.1 Deferred tax assets/liabilities

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

	(Unit: Thousand Baht)	
	30 June 2018	31 December 2017
Deferred tax assets		
Allowance for doubtful accounts - others receivables	7,400	7,400
Provisions for long-term employee benefits	34,355	31,722
Others	3,112	3,278
Total	<u>44,867</u>	<u>42,400</u>
Deferred tax liabilities		
Unrealised gains on exchange rate	4,802	3,996
Others	6,961	15,051
Total	<u>11,763</u>	<u>19,047</u>
Deferred tax assets - net	<u>33,104</u>	<u>23,353</u>

13.2 Income tax

Income tax for the three-month and six-month periods ended 30 June 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2018	2017	2018	2017
Current income tax:				
Corporate income tax for the period	36,716	28,784	74,246	91,615
Adjustment of corporate income tax expenses of previous year	245	3,465	245	3,465
Deferred tax:				
Relating to origination and reversal of temporary differences	(6,408)	(575)	(9,751)	(1,279)
Income tax reported in profit or loss	<u>30,553</u>	<u>31,674</u>	<u>64,740</u>	<u>93,801</u>

The amounts of income tax relating the each component of other comprehensive income for the three-month and six-month periods ended 30 June 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2018	2017	2018	2017
Deferred tax relating to actuarial gains	-	3,835	-	3,835

The reconciliation between accounting profit and income tax is shown below.

(Unit: Thousand Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2018	2017	2018	2017
Accounting profits before tax	143,591	150,712	326,617	469,779
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	28,718	30,142	65,323	93,956
Adjustment of income tax of previous year	245	3,465	245	3,465
Tax effect of non-deductible tax revenue or expenses	1,590	(1,933)	(828)	(3,620)
Income tax reported in profit or loss	30,553	31,674	64,740	93,801

14. Other assets

(Unit: Thousand Baht)

	30 June 2018	31 December 2017
Prepaid expenses	200,517	205,951
Clearing fund	152,123	141,434
Accrued income	37,759	36,454
Deposits	45,513	48,255
Property foreclosed	15,887	15,887
Others	47,497	104,926
Other assets	499,296	552,907

15. Borrowings from financial institutions

As at 30 June 2018 and 31 December 2017, borrowings from financial institutions are domestic borrowings in Baht currency as follows:

(Unit: Thousand Baht)

	30 June 2018			
	Interest rate per annum (percent)	Remaining period to maturity		Total
		At call	Within 1 year	
Promissory notes	1.85 - 1.95	2,100,000	-	2,100,000
Borrowings from financial institutions		2,100,000	-	2,100,000

(Unit: Thousand Baht)

	31 December 2017			
	Interest rate per annum (percent)	Remaining period to maturity		Total
		At call	Within 1 year	
Promissory notes	1.85 - 2.20	3,995,000	-	3,995,000
Borrowings from financial institutions		3,995,000	-	3,995,000

16. Payables to Clearing House and brokers

(Unit: Thousand Baht)

	30 June 2018	31 December 2017
Payables to Clearing House	-	354,335
Payables to foreign brokers	49,048	18,150
Payables to Clearing House and brokers	49,048	372,485

17. Securities and derivatives business payables

(Unit: Thousand Baht)

	30 June 2018	31 December 2017
Cash accounts	2,365,688	3,245,348
Payables under securities borrowing and lending business	90,305	179,335
Securities and derivatives business payables	2,455,993	3,424,683

18. Debt issued and other borrowings

As at 30 June 2018 and 31 December 2017, debt issued and other borrowings are classified as follows:

(Unit: Thousand Baht)

	30 June 2018			
	Interest rate per annum (percent)	Remaining period to maturity		
		Within 1 year	1 - 5 years	Total
Bills of exchange	1.65 - 1.75	6,899,188	-	6,899,188
Debenture	1.65 - 1.90	3,030,000	-	3,030,000
Debt issued and other borrowings		<u>9,929,188</u>	<u>-</u>	<u>9,929,188</u>

(Unit: Thousand Baht)

	31 December 2017			
	Interest rate per annum (percent)	Remaining period to maturity		
		Within 1 year	1 - 5 years	Total
Bills of exchange	1.50 - 1.65	5,911,615	-	5,911,615
Debt issued and other borrowings		<u>5,911,615</u>	<u>-</u>	<u>5,911,615</u>

19. Provisions

(Unit: Thousand Baht)

	Provisions for		Total
	long-term employee benefits	Decommissioning cost	
Balance as at 1 January 2017	156,928	4,389	161,317
Increase during the year	<u>1,681</u>	<u>-</u>	<u>1,681</u>
Balance as at 31 December 2017	158,609	4,389	162,998
Increase during the period	<u>13,167</u>	<u>-</u>	<u>13,167</u>
Balance as at 30 June 2018	<u>171,776</u>	<u>4,389</u>	<u>176,165</u>

20. Provisions for long-term employee benefits

As at 30 June 2018 and 31 December 2017, provisions for long-term employee benefits was as follows:

	(Unit: Thousand Baht)	
	For the six-month period ended 30 June 2018	For the year ended 31 December 2017
Defined benefit obligation at beginning of period/year	158,609	156,928
Current service cost	12,701	15,063
Interest cost	2,563	7,226
Actuarial (gains) losses		
Demographic assumption changes	-	(13,233)
Financial assumptions changes	-	28,698
Experience adjustments	-	(34,640)
Benefits paid during the period/year	(2,097)	(1,433)
Defined benefit obligation at end of period/year	171,776	158,609

Long-term employee benefit expenses included in the profit or loss consist of the following:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
Current service cost	6,351	2,663	12,701	7,532
Interest cost	1,281	2,003	2,563	3,613
Total	7,632	4,666	15,264	11,145

The Company recognised these expenses in operating expenses.

The Company expects to pay Baht 7 million in long-term employee benefits during the next year (31 December 2017: Baht 4 million). As at 30 June 2018, the weighted average duration of the liabilities for long-term employee benefit is about 14 years (31 December 2017: 14 years)

Significant actuarial assumptions are summarised below:

	30 June 2018	31 December 2017
	(% per annum)	(% per annum)
Discount rate	3.21	3.21
Salary increase rate	6.00	6.00
Turnover rate	0.00 - 20.00	0.00 - 20.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 30 June 2018 and 31 December 2017 are summarised below:

(Unit: Million Baht)

	30 June 2018		31 December 2017	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(15)	17	(14)	16
Salary increase rate	17	(15)	17	(15)
Turnover rate	(10)	11	(10)	11

21. Other liabilities

(Unit: Thousand Baht)

	30 June 2018	31 December 2017
Accrued expenses	202,328	244,649
Liabilities under finance lease agreements	10,863	14,282
Others	38,485	54,151
Other liabilities	251,676	313,082

22. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	30 June 2018	31 December 2017
Liabilities under finance lease agreements	11,693	15,441
Less: Deferred interest expenses	(830)	(1,159)
Total	10,863	14,282
Less: Portion due within one year	(3,341)	(5,068)
Total liabilities under finance lease agreements - net of portion due within one year	7,522	9,214

The Company has entered into the finance lease agreements with leasing companies for rental of 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 2018		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	3,809	7,884	11,693
Deferred interest expenses	(468)	(362)	(830)
Present value of future minimum lease payments	<u>3,341</u>	<u>7,522</u>	<u>10,863</u>

	(Unit: Thousand Baht)		
	31 December 2017		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	5,652	9,789	15,441
Deferred interest expenses	(584)	(575)	(1,159)
Present value of future minimum lease payments	<u>5,068</u>	<u>9,214</u>	<u>14,282</u>

23. Share capital

	30 June 2018		31 December 2017	
	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	Dividend paid (Million Baht)	Dividend per share (Baht)
Dividends for the operating result as from 1 January 2017 to 31 December 2017	Annual General Meeting of the shareholders on 2 April 2018	257	0.45
Dividend paid for the six-month period ended 30 June 2018		257	0.45
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

26. Brokerage fees income

(Unit: Thousand Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
	Brokerage fees from securities business	388,393	404,354	893,309
Brokerage fees from derivatives business	40,403	30,395	87,867	66,812
Other brokerage fees	18,399	-	18,399	-
Brokerage fees income	447,195	434,749	999,575	1,038,535

27. Fees and service income

(Unit: Thousand Baht)

	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
	Underwriting fee	-	22,360	968
Financial advisory	17,500	17,415	19,150	41,965
Securities borrowing and lending	1,207	2,156	3,473	4,626
Others	2,743	1,184	4,185	2,839
Fees and service income	21,450	43,115	27,776	150,310

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	
	2018	2017	2018	2017
Gains (loss) on investments	(38,271)	(163,972)	59,777	(161,640)
Gains (loss) on derivatives	47,441	189,947	(4,540)	209,904
Interest and dividend income	70,838	65,708	125,075	126,379
Gains and returns on financial instruments	80,008	91,683	180,312	174,643

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 its 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 fund rules. During the six-month periods ended 30 June 2018 and 2017 amounting to approximately Baht 19 million and Baht 20 million, respectively, were recognised as expenses.

31. Other expense

(Unit: Thousand Baht)

	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	2018	2017	2018	2017
Rental	26,155	27,613	52,617	55,288
Utilities expense	4,016	4,517	7,993	8,883
Maintenance expenses	12,843	16,211	25,719	32,701
Depreciation and amortisation	20,527	24,300	41,822	48,992
Taxes and duties	7,478	6,639	14,907	14,208
Travelling expenses	7,278	7,888	15,363	15,903
Telephone and Information service expenses	15,018	15,829	28,892	31,832
Others	29,826	39,048	64,732	77,226
Other expenses	123,141	142,045	252,045	285,033

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 period, the Company had significant business transactions with the following related parties.

Related companies and persons	Relationship
Maybank Kim Eng Holdings Limited	Parent company
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

Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the three-month periods ended		For the six-month periods ended		Pricing policies
	30 June		30 June		
	2018	2017	2018	2017	
Transactions with related parties					
<u>Brokerage fees income</u>					
Maybank Kim Eng Securities Pte. Ltd.	32	29	57	55	At normal rate charged to other clients, in accordance with SET's and SEC's notification
Kim Eng Securities (Hong Kong) Limited	2	2	5	4	
<u>Fee and service income</u>					
Maybank Kim Eng Securities Pte. Ltd.	1	-	1	-	In accordance with agreement
<u>Research and advisory income</u>					
Maybank Kim Eng Research Pte. Ltd.	8	12	20	18	In accordance with agreement
<u>Fees and service expenses</u>					
Maybank Kim Eng Securities Pte. Ltd.	-	1	1	2	In accordance with agreement
Maybank Investment Bank Berhad	-	-	-	3	
<u>Brokerage expenses</u>					
Maybank Kim Eng Securities Pte. Ltd.	1	-	1	1	In accordance with agreement
Maybank Kim Eng Securities Limited	1	-	1	1	

(Unit: Million Baht)

	For the three-month periods ended		For the six-month periods ended		Pricing policies
	30 June		30 June		
	2018	2017	2018	2017	
Transactions with related parties					
(continued)					
<u>Interest expenses on foreign borrowings</u>					In accordance with agreement
Maybank Kim Eng Holdings Limited	-	8	-	16	
<u>Research and advisory expenses</u>					In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	3	2	5	6	
<u>Dividend paid</u>					As declared
Maybank Kim Eng Holdings Limited	214	-	214	451	
Maybank Kim Eng Securities Pte. Ltd.	1	-	1	1	

As at 30 June 2018 and 31 December 2017, 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 2018	31 December 2017	
<u>Securities business receivables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	-	131	
Kim Eng Securities (Hong Kong) Limited	1	37	
<u>Foreign securities company receivables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	54	3	
<u>Foreign deposits receivables</u>			As determined by Maybank
Maybank Kim Eng Securities Pte. Ltd.	923	447	Kim Eng Securities Pte. Ltd.
<u>Accrued research and advisory income</u>			In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	20	47	
<u>Other receivables</u>			In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	1	-	
<u>Securities business payables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	730	18	
<u>Foreign securities company payables</u>			No interest charged
Maybank Kim Eng Securities Pte. Ltd.	49	18	
<u>Foreign deposit payables</u>			No interest charged
Kim Eng Securities (Hong Kong) Limited	8	1	
<u>Accrued research and advisory expenses</u>			In accordance with agreement
Maybank Kim Eng Research Pte. Ltd.	5	9	

As at 30 June 2018, Maybank Kim Eng Holdings Ltd. guaranteed the overdraft facilities amounting to Baht 30 million (31 December 2017: Baht 30 million). There is no overdraft outstanding balance as at 30 June 2018 and 31 December 2017.

33.1 Loans to employees

As at 30 June 2018, the Company had loans to employees under welfare program amounting to Baht 253 million. The loans charged interest at rate of 1.40 and 2.00 percent per annum (31 December 2017: Baht 240 million, interest at rate of 1.43 and 2.00 percent per annum).

33.2 Loans from related parties

As at 31 December 2017, the balance of loans between the Company and the related company and the movement of loans are as follows: (No movement of loans in the current period).

(Unit: Million Baht)

Loan from related parties	Relationship	Balance as at 1 January 2017	Increase during the year	Decrease during the year	Gain on exchange rate	Balance as at 31 December 2017
Maybank Kim Eng Holdings Limited	Parent company	992	-	(992)	-	-
Total		992	-	(992)	-	-

33.3 Management's remuneration

During the three-month and six-month periods ended 30 June 2018 and 2017, 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 30 June		For the six-month periods ended 30 June	
	2018	2017	2018	2017
	Management's remuneration			
Short-term employee benefits	28	26	58	59
Post-employment benefits	3	2	6	4
	31	28	64	63

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 securities brokerage and derivative brokerage, 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 2018 and 2017, respectively.

(Unit: Million Baht)

	Securities business segment	Investment banking segment	Total segments
For the six-month period ended 30 June 2018			
Income			
Revenue from external customers			
Brokerage fees income	981	18	999
Fees and service income	8	20	28
Interest on margin loans	317	-	317
Gains and returns on financial instruments	180	-	180
Other income	33	-	33
Total income	1,519	38	1,557
Expenses			
Employee benefit expenses			698
Fee and service expenses			94
Financial cost			175
Bad debt and doubtful accounts			11
Other expenses			252
Total expenses			1,230
Profit before income tax			327
Income tax			(65)
Profit for the period			262

(Unit: Million Baht)

For the six-month period ended 30 June 2017	Securities business segment	Investment banking segment	Total segments
Income			
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
Total income	1,563	143	1,706
Expenses			
Employee benefit expenses			659
Fee and service expenses			100
Financial cost			185
Bad debt and doubtful accounts			7
Other expenses			285
Total expenses			1,236
Profit before income tax			470
Income tax			(94)
Profit for the period			376

The following table presents segment assets of the Company's operating segments as at 30 June 2018 and 31 December 2017.

(Unit: Million Baht)

Segment assets	Securities business segment	Investment banking segment	Total Segments	Unallocated assets	Total
As at 30 June 2018	16,420	2	16,422	3,270	19,692
As at 31 December 2017	15,038	3	15,041	3,883	18,924

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 2018 and 2017, 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 2018	31 December 2017
Payable:		
In up to 1 year	92	91
In over 1 and up to 5 years	56	77

36. Financial instruments

Financial risk management

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/payables to Clearing House and brokers, securities and derivatives business receivables/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.

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.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, securities and derivatives business receivables, investments, loans, borrowings from financial institutions, debt issued and other borrowings and liabilities under finance lease agreements. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 30 June 2018 and 31 December 2017, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Outstanding balance of financial instruments as at 30 June 2018						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						
Financial assets									
Cash and cash equivalents	369	-	-	-	-	369	0.10 - 0.75	-	
Receivables from Clearing House and brokers	-	-	-	1,678	-	1,678	-	-	
Securities and derivatives business receivables	12,944	-	-	1,690	315	14,949	5.06 - 6.00	-	
Investments	-	4	-	2,043	-	2,047	-	0.80 - 1.00	
Loans	253	-	-	-	-	253	1.40 - 2.00	-	
Financial liabilities									
Borrowings from financial institutions	-	2,100	-	-	-	2,100	-	1.85 - 1.95	
Payables to Clearing House and brokers	-	-	-	49	-	49	-	-	
Securities and derivatives business payables	-	-	-	2,456	-	2,456	-	-	
Derivative liabilities	-	-	-	-	-	-	-	-	
Debt issued and other borrowings	-	9,929	-	-	-	9,929	-	1.65 - 1.90	
Liabilities under financial lease agreements ⁽¹⁾	-	3	8	-	-	11	-	4.84 - 6.00	

⁽¹⁾ Included in "other liabilities" in statement of financial position

(Unit: Million Baht)

Outstanding balance of financial instruments as at 31 December 2017								
	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					
Financial assets								
Cash and cash equivalents	256	-	-	137	-	393	0.10 - 0.75	-
Receivables from Clearing House and brokers	-	-	-	534	-	534	-	-
Securities and derivatives business receivables	11,636	-	-	3,272	316	15,224	5.06 - 5.15	-
Investments	-	4	-	2,050	-	2,054	-	0.80 - 1.00
Loans	240	-	-	-	-	240	1.43 - 2.00	-
Financial liabilities								
Borrowings from financial institutions	-	3,995	-	-	-	3,995	-	1.85 - 2.20
Payables to Clearing House and brokers	-	-	-	372	-	372	-	-
Securities and derivatives business payables	-	-	-	3,425	-	3,425	-	-
Derivative liabilities	-	-	-	32	-	32	-	-
Debt issued and other borrowings	-	5,912	-	-	-	5,912	-	1.50 - 1.65
Liabilities under financial lease agreements ⁽¹⁾	-	5	9	-	-	14	-	4.84 - 6.00

⁽¹⁾ Included in "other liabilities" in statement of financial position

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 Company manages liquidity risk through monitoring and planning of their cash flows, including the arrangement of credit facilities with financial institutions, in order to ensure that they will have sufficient funds for their operations.

As at 30 June 2018 and 31 December 2017, remaining periods to maturity of financial instrument, counted from the end of the reporting period, are follows:

(Unit: Million Baht)

	30 June 2018						Total
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Non-performing debts	
Financial assets							
Cash and cash equivalents	369	-	-	-	-	-	369
Receivables from Clearing House and brokers	-	1,678	-	-	-	-	1,678
Securities and derivatives business receivables	75	1,615	-	-	12,944	315	14,949
Investments	-	4	-	-	2,043	-	2,047
Loans	-	34	114	105	-	-	253
Financial liabilities							
Borrowings from financial institutions	2,100	-	-	-	-	-	2,100
Payables to Clearing House and brokers	-	49	-	-	-	-	49
Securities and derivatives business payables	90	2,366	-	-	-	-	2,456
Derivatives liabilities	-	-	-	-	-	-	-
Debt issued and other borrowings	-	9,929	-	-	-	-	9,929
Liabilities under financial lease agreements ⁽¹⁾	-	3	8	-	-	-	11

⁽¹⁾ Included in "other liabilities" in statement of financial position

(Unit: Million Baht)

	31 December 2017						Total
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Non-performing debts	
Financial assets							
Cash and cash equivalents	393	-	-	-	-	-	393
Receivables from Clearing House and brokers	-	534	-	-	-	-	534
Securities and derivatives business receivables	171	3,101	-	-	11,636	316	15,224
Investments	-	4	-	-	2,050	-	2,054
Loans	-	33	110	97	-	-	240
Financial liabilities							
Borrowings from financial institutions	3,995	-	-	-	-	-	3,995
Payables to Clearing House and brokers	-	372	-	-	-	-	372
Securities and derivatives business payables	179	3,246	-	-	-	-	3,425
Derivatives liabilities	-	32	-	-	-	-	32
Debt issued and other borrowings	-	5,912	-	-	-	-	5,912
Liabilities under financial lease agreements ⁽¹⁾	-	5	9	-	-	-	14

⁽¹⁾ Included in "other liabilities" in statement of financial position

Foreign exchange risk

The Company's exposure to foreign currency risk arises mainly from brokerage service for securities listed in stock exchange in overseas.

The significant balances of financial assets and liabilities denominated in foreign currencies as at 30 June 2018 and 31 December 2017 are summarised below.

Foreign currency	Financial assets		Financial liabilities		Exchange rate		Exchange rate	
	as at		as at		as at 30 June 2018		as at 31 December 2017	
	30 June	31 December	30 June	31 December	Buying	Selling	Buying	Selling
	2018	2017	2018	2017				
	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)	(Baht per 1 foreign currency unit)		(Baht per 1 foreign currency unit)	
Hong Kong dollar	38	92	37	91	4.1893	4.2621	4.1421	4.2184
Singapore dollar	43	77	43	77	24.0094	24.5601	24.1711	24.7294
US dollar	935	281	926	272	33.0065	33.3278	32.5146	32.8472
Malaysian ringgit	2	12	1	11	8.0945	8.3262	7.9427	8.1741
Euro	9	10	9	10	38.1371	38.8481	38.6607	39.3938
Pound sterling	3	4	2	2	42.9961	43.9045	43.5198	44.4531
Australian dollar	1	1	-	-	24.0345	24.8235	25.0828	25.8715
Japanese Yen	3	9	3	8	0.2961	0.3037	0.2860	0.2936
Vietnamese dong	219	86	212	80	0.0014	0.0015	0.0014	0.0014
Taiwan	6	-	6	-	1.0797	1.0902	1.0902	1.1013
Chinese Yuan	2	1	2	1	4.9437	5.0590	4.9518	5.0771

Market risk

The Company's exposure to market risk is the risk that volatility on the Stock Exchange of Thailand and The Thailand Futures Exchange will substantially reduce the value of its investments and collateral for securities and derivatives business receivables. However, the Company manages the market risk by analysing the market risk inherent in their various transactions, setting appropriate policies to manage such risk, and controlling risk to conform with policies.

37. Fair value of financial instruments

As at 30 June 2018 and 31 December 2017, the Company has outstanding derivatives assets (liabilities) as stated in Note 9 as follows:

(Unit: Million Baht)

	30 June 2018		31 December 2017	
	Fair value	Notional amount	Fair value	Notional amount
Derivatives warrants	-	1	(32)	182
Future ⁽¹⁾	-	2,029	-	1,944

⁽¹⁾ 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 2018, fair value of derivative liabilities - future is Baht 102 million (31 December 2017: fair value of derivative assets - future is Baht 7 million).

As at 30 June 2018 and 31 December 2017, 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 2018			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in trading securities				
Equity instruments	2,034	-	-	2,034
Derivatives assets ⁽¹⁾	-	-	-	-
Financial liabilities measured at fair value				
Derivatives liabilities	-	-	-	-

⁽¹⁾ Fair value of derivatives liabilities - futures as at 30 June 2018 amounting to Baht 102 million, included in "Receivables from Clearing House and brokers", was measured at fair value by using Level 1 of input.

(Unit: Million Baht)

	31 December 2017			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in trading securities				
Equity instruments	2,041	-	-	2,041
Derivatives assets ⁽¹⁾	-	-	-	-
Financial liabilities measured at fair value				
Derivatives liabilities	32	-	-	32

⁽¹⁾ Fair value of derivatives assets - futures as at 31 December 2017 amounting to Baht 7 million, included in "Receivables from Clearing House and brokers", was measured at fair value by using Level 1 of input.

As at 30 June 2018 and 31 December 2017, 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 2018				Book value
	Fair value			Total	
	Level 1	Level 2	Level 3		
Financial assets for which fair value are disclosed					
Cash and cash equivalents	369	-	-	369	369
Receivables from Clearing House and brokers	-	1,678	-	1,678	1,678
Securities and derivatives business receivables	-	14,676	-	14,676	14,676
Held-to-maturity investments and general investments	4	-	9	13	13
Loans	-	-	253	253	253
Financial liabilities for which fair value are disclosed					
Borrowings from financial institutions	-	2,100	-	2,100	2,100
Payables to Clearing House and brokers	-	49	-	49	49
Securities and derivatives business payables	-	2,456	-	2,456	2,456
Debt issued and other borrowings	-	9,929	-	9,929	9,929
Liabilities under financial lease agreements ⁽¹⁾	-	11	-	11	11

⁽¹⁾ Included in "other liabilities" in statement of financial position

(Unit: Million Baht)

	31 December 2017				Book value
	Fair value				
	Level 1	Level 2	Level 3	Total	
Financial assets for which fair value are disclosed					
Cash and cash equivalents	393	-	-	393	393
Receivables from Clearing House and brokers	-	534	-	534	534
Securities and derivatives business receivables	-	14,962	-	14,962	14,962
Held-to-maturity investments and general investments	4	-	9	13	13
Loans	-	-	240	240	240
Financial liabilities for which fair value are disclosed					
Borrowings from financial institutions	-	3,995	-	3,995	3,995
Payables to Clearing House and brokers	-	372	-	372	372
Securities and derivatives business payables	-	3,425	-	3,425	3,425
Debt issued and other borrowings	-	5,912	-	5,912	5,912
Liabilities under financial lease agreements ⁽¹⁾	-	14	-	14	14

⁽¹⁾ 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, receivables from/payables to Clearing House and brokers, securities and derivatives business receivables/payables, held-to-maturity investments 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. 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.

39. Event after the reporting period

On 1 August 2018, the meeting of the Company's Board of Directors resolved to approve interim dividends for the operating result as from 1 January 2018 to 30 June 2018 in cash at Baht 0.40 per share, or a total of Baht 228 million. The cash dividend payments will be made on 29 August 2018.

40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 1 August 2018.