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Ref. CNS 1490/2018

October 30, 2018

Subject: Submission of financial statements for the 3rd quarter and for the 9-month period ended September 30, 2018, not yet reviewed by auditor.

To: President
The Stock Exchange of Thailand

We, Capital Nomura Securities Public Company Limited (referred to as the "Company" hereinafter), in compliance with the regulations and to follow the Principles of Good Corporate Governance, would like to submit our un-reviewed financial statements for the 3rd quarter and for the 9-month period ended September 30, 2018 to The Stock Exchange of Thailand. Therefore, the Company would like to provide clarifications for the major changes of the Company's operating results for the 3rd quarter and for the 9-month period ended September 30, 2018 compared to the corresponding period of last year as below.

Comparison of the operating results for the 3rd quarter periods ended September 30, 2018 and 2017

- 1) Total revenues decreased by Baht 70.71 million (or 16.34%), mainly due to
 - o Brokerage fees decreased by Baht 30.01 million (or 14.54%) which was mainly driven by the decrease of brokerage fee from securities business by Baht 35.36 million, and the increase of brokerage fee from derivatives business by Baht 5.35 million.
 - o Fee and service income decreased by Baht 31.38 million (or 28.52%) which was mainly driven by the decrease of fee from selling agent business, underwriting business and financial advisory business in total of Baht 30.22 million.
 - o Gain and return on financial instruments decreased by Baht 8.89 million (or 32.12%) which was mainly driven by the decrease of gain on Block Trade Business – Single Stock Future and gain on debt securities trading.
 - o Other income increased by Baht 0.40 million (or 16.90%).

- 2) Total expenses decreased by Baht 16.87 million (or 5.37%), mainly from
 - o Personnel expenses decreased by Baht 4.33 million (or 2.69%)
 - o Financial costs increased by Baht 1.78 million (or 9.47%) from the increase of borrowing to support margin loan business and Block Trade Business – Single Stock Future.
 - o Fees and service expenses and other expenses decreased by Baht 14.32 million (or 10.65%) mainly from the decrease of fee and service expenses from selling agent business which was in line with the decrease of service fee from selling agent business.
- 3) Corporate income tax decreased by Baht 10.62 million due to the decrease of profit before tax resulted from factors mentioned above.

In summary, the Company generated a net income for the 3rd quarter of 2018 of Baht 51.81 million and earnings per share of Baht 0.02, compared to the net income of Baht 95.02 million and earnings per share of Baht 0.04, for the corresponding period of last year.

Comparison of the operating results for the 9-month periods ended September 30, 2018 and 2017

- 1) Total revenues decreased by Baht 153.68 million (or 10.94%), mainly due to
 - o Brokerage fee decreased by Baht 32.81 million (or 5.21%) which was mainly driven by the decrease of brokerage fee from securities business by Baht 60.71 million, and the increase of brokerage fee from derivatives business by Baht 27.90 million.
 - o Fee and service income decreased by Baht 11.04 million (or 3.72%) which was mainly driven by the decrease of fee from selling agent business, underwriting business and financial advisory business in total of Baht 50.75 million, and the increase of the service fee from Nomura Group and fee from Securities Borrowing and Lending business in total of Baht 40.63 million.
 - o Interests on margin loans increased by Baht 26.56 million (or 10.13%) which was mainly driven by the increase of margin loan business based on market sentiment.
 - o Gain and return on financial instruments decreased by Baht 140.43 million (or 66.74%) which was mainly driven by the gain on selling of other investment by Baht 135.29 million in the same period of last year. For the 9-month period of this year, the Company has no such gain on selling of other investment but gain on Block Trade Business – Single Stock Future increased by Baht 12.73 million and gain from debt securities trading decreased by Baht 15.16 million.
 - o Other income increased by Baht 4.04 million (or 72.13%).

- 2) Total expenses increased by Baht 137.56 million (or 14.89%), mainly from
- o Personnel expenses increased by Baht 16.20 million (or 3.42%)
 - o Financial costs increased by Baht 12.83 million (or 21.89%) from the increase of borrowing to support margin loan business and Block Trade Business – Single Stock Future.
 - o The allowance for doubtful account was set up of Baht 106.22 million for one client whose asset was frozen by a government agency. The Company is on the legal process to claim for the whole receivable amount and request that government agency to unfreeze the collateral in accordance with relevant laws.
 - o Fees and service expenses and other expenses increased by Baht 2.94 million (or 0.75%), mainly due to fee from Securities borrowing and lending business and derivatives business increased by Baht 6.61 million and software expenses increased by Baht 12.74 million. However, fee and service expenses from selling agent business decreased by Baht 19.44 million which was in line with the decrease of service fee from selling agent business.
- 3) Corporate income tax expense decreased by Baht 58.63 million due to the decrease of profit before tax resulted from factors mentioned above.

In summary, the Company generated a net income for the 9-months period ended September 30, 2018 of Baht 155.20 million and earnings per share of Baht 0.07, compared to the net income of Baht 387.81 million and earnings per share of Baht 0.18, for the corresponding period of last year.

Sincerely yours,
- Signed -

(Kridsana Kulpanyalert)
Head of Finance Division

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