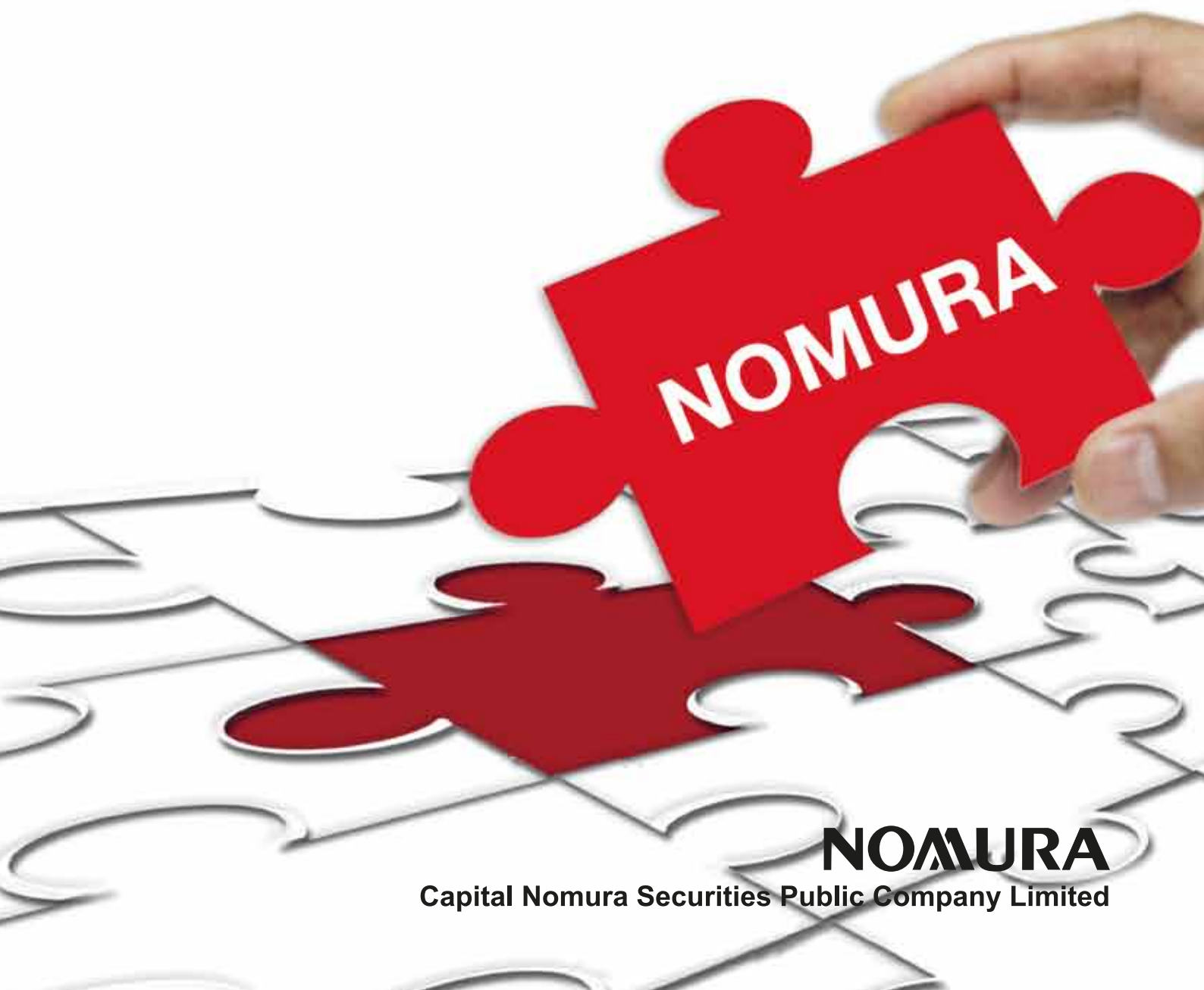


# ANNUAL REPORT 2011

your **BEST PARTNER** for success



**NOMURA**

Capital Nomura Securities Public Company Limited

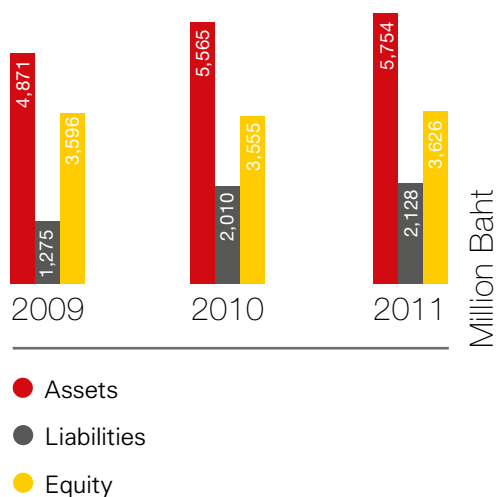
# Content

Financial Highlight	1
Board of Directors	2
Message from the Chairman	3
Corporate Profile	6
Business Profile	11
Market and Competitive Conditions	13
Risk Factors	18
Shareholders Structure	21
Dividend Policy	24
Organization Structure	25
Management Structure	26
Remuneration of Directors and Management	35
Profile of Directors and Management	37
Corporate Governance	42
Monitoring the use of and access to inside information	49
Corporate Social Responsibility	50
Internal Control	52
Report of Audit Committee	53
Connected Transactions	54
Management Discussion and Analysis	61
Report of the Board of Directors' Responsibility for Financial Statements	64
Report of Independent Auditor	65
Financial Statements	66
Auditors' Remuneration	100

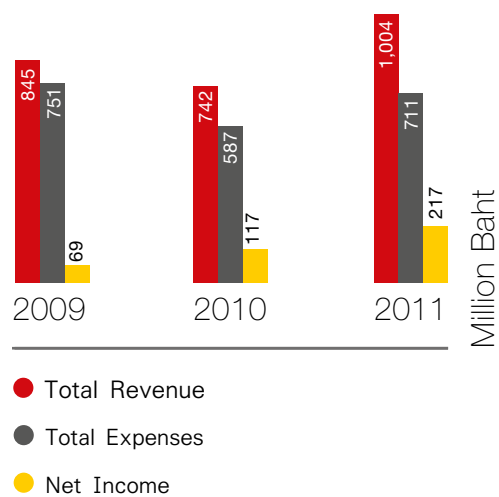
# Financial Highlight

**NOMURA**

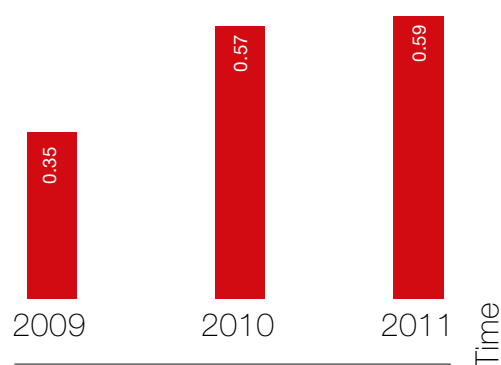
## Assets, Liabilities & Shareholders' Equity



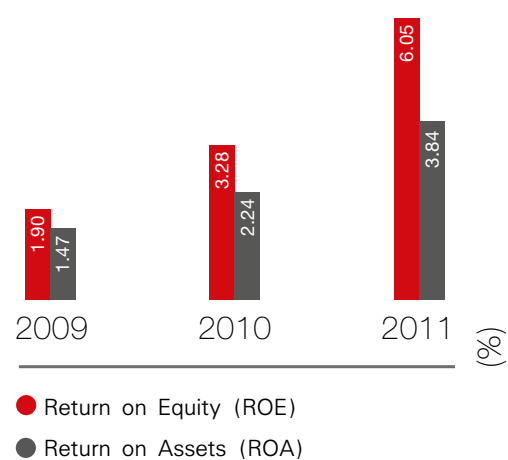
## Operating Performance



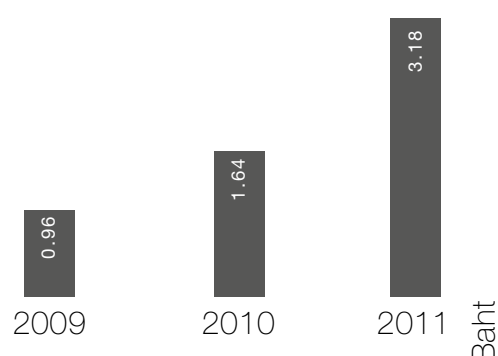
## Debt to Equity Ratio



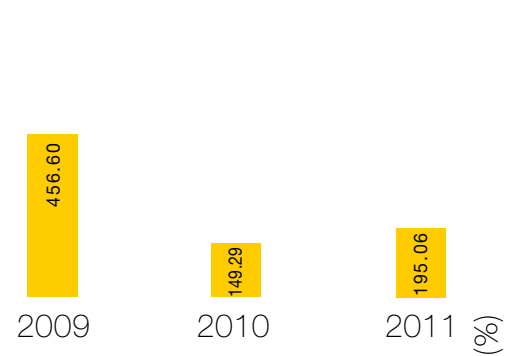
## Return on Equity & Return on Assets



## Earnings Per Share



## Net Capital Ratio as at August 31





01



02



03



04



05



06



07



08



09



10



11

- 01 Mr.Suthep Peetakanont**  
Chairman of the Board of Directors  
Chairman of the Board of Executive Directors
- 02 Mr.Shinichi Mizuno**  
President
- 03 Mr.Nimit Wongjariyakul**  
Executive Director
- 04 Mr.Naoki Sugaya**  
Executive Director
- 05 Mrs.Chrisana Sae-Leiw**  
Executive Director
- 06 Mr.Koki Miura**  
Director

- 07 Mr.Pisit Tesabamroong**  
Director
- 08 Mrs.Wattanee Phanachet**  
Chairman of the Audit Committee and Independent Director
- 09 Col.Ruangsub Kovindha**  
Audit Committee Member and Independent Director
- 10 Mr.Prasert Virasathienpornkul**  
Audit Committee Member and Independent Director
- 11 Dr.Prasit Kanchanasakdichai**  
Independent Director

# Message from the Chairman

**NOMURA**


## Dear Shareholders,

During fiscal year 2011 (starting from September 1, 2010 until August 31, 2011) the securities industry in Thailand faced risks that stemmed from various factors. Specifically, the stock market was pressured by such external negative factors as heightened fears of a double-dip recession in the United States, as well as the sovereign debt crisis in Europe. Both of these factors created a high degree of volatility in Thailand's capital markets.

For fiscal year 2011, the Stock Exchange of Thailand (SET) index peaked at 1,148.28 points before falling to close at 1,070.05 points on the last day of trading for fiscal year 2011. It should be noted that the impact of political risk on the SET eased after Thailand's general election in July 2011. Meanwhile, the domestic economy's strong growth will act as a driver for the earnings performance of SET-listed companies, as well as the performance of securities companies in the coming fiscal year. Finally, the SET's average daily turnover during fiscal year 2011 expanded by 44% y-y to Baht 34,052.77 million.

Nowadays, capital markets throughout the world are interconnected and this fact has an inevitable influence on Thailand's capital markets. For this reason, Thai brokerage firms must adjust to this trend by enhancing their strengths so that they can remain competitive in the world market over the long term. Realizing the importance of the connections between global capital markets, CNS has come up with a strategy to compete in the field of Internet-based trading technology. CNS aim is to develop technology to maximize the investors' satisfaction. In light of this, our services focus on four areas, namely speed, stability, security and user-friendliness. In fiscal year 2011, CNS was among the first brokerage firms to offer Internet-based trading services through Apple's iOS operating system and Google's Android platform. In addition, CNS also increased the number of applications for clients, such as I2Trade Extra, in order to make it more convenient for clients to trade stocks and derivatives. These efforts have paid off, as CNS's Internet-based trading business accounted for 38% of the company's total trading volume during fiscal year 2011. We expected to see continued expansion in the volume of our Internet-based trading in the future.

Meanwhile, in fiscal year 2011 CNS started to open branches outside Bangkok for the first time, based on its business strategy of opening small branches with two persons assigned to each branch. To open such provincial branches, CNS rented 10-15 sqm of floor space from the Small and Medium Enterprise Development Bank of Thailand (SME Bank) in each location. In collaboration with the SME Bank, CNS aims to promote and enhance the SME Bank's clients' knowledge about and understanding of investments, as well as offer financial services to the SME Bank's clients and entrepreneurs who live in the provinces. In addition, this move should help to drive economic growth in the provinces, as well as for the country as a whole. Finally, we believe that our network of provincial branches will help us to expand our client base in the future. As of 31 August, 2011, CNS had opened nine branches in cooperation with the SME Bank, namely the Phaholyothin Branch at the SME Bank's headquarters, the Nonthaburi Branch, the Nakornsawan Branch, the Nakorn Ratchasima Branch, the Khon Khaen Branch, the Rayong Branch, the Ayudhaya Branch, the Phuket Branch and the Chiangrai Branch.

---

# NOMURA

Another highlight of the business developments at CNS during the past fiscal year was the development of the Omnibus Account under the NOMURA iFund service, in which investors can conveniently buy, sell or switch their investments from amongst a selection of more than a thousand mutual funds that are available from 14 different asset management companies either by themselves via the internet or through CNS's financial advisors. Thanks to this NOMURA iFund service, investors no longer have to spend time going to asset management companies' and banks' offices to fill out application forms when they invest in mutual funds. In addition, they can also check the status of their investment portfolio with each asset management company conveniently. This development was made possible because CNS realized that it was important for the company to continue to explore and present new services in order to meet clients' needs. CNS is very confident that the NOMURA iFund service will continue to show solid growth. As of August 31, 2011, a total of 5,055 clients had opened Omnibus Accounts with CNS with a total investment value of Baht 997.16 million.

CNS aims to diversify its revenue and increase the number of service options offered to clients and investors. Hence, during the past fiscal year we remained committed to the development of trading services for overseas securities. As the global capital markets become more interconnected, we believe that a strategy of diversifying one's investment portfolio to include overseas securities is an important means of minimize risk. This strategy will become more and more important in the future, in our view. As of the end of August 2011 our service allowed clients to trade securities in 17 countries and as of this date there were approximately 150 accounts using this service. Based our belief that this business will continue to expand, we plan to expand this service to include more markets. Furthermore, in the future we will continue to improve our information technology system so that clients can promptly access the information that is available in each market.

The management of our capital fund continued to be carried out in a careful and conservative manner by investing in mainly low-risk instruments. Meanwhile, our funds were carefully utilized to promote our business expansion and to support our core operations. Such funds generated a return that was higher than prevailing interest rates. This was especially true in the case of our Credit Balance that amounted to Baht 3,296.75 million as of August 31, 2011.

As for treasury stock, during the previous fiscal year CNS bought back 3,287,200 of its treasury shares and we must complete the selling of such shares within three years. If we are unable to sell these shares by the set time, we will have to decrease our capital by the same amount as the remaining shares.

Our investment banking and fixed income business in fiscal year 2011 saw CNS participate as joint lead underwriter for the IPO of one company. In addition, we acted as a co-underwriter for four more companies during the fiscal year. In total, CNS participated in five of the nineteen IPOs and property funds that took place during fiscal year 2011. Furthermore, CNS completed one private placement deal (PP) for a pre-IPO client and we remain mandated as a financial advisor for ten companies. Meanwhile, CNS's Stock Borrowing and Lending (SBL) business reported fee revenue of Baht 12.30 million in fiscal year 2011, which represented a slight decline when compared with fiscal year 2010's level of Baht 12.40 million.

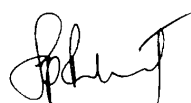
Due to the abovementioned factors, our net profit for fiscal year 2011 amounted to Baht 217.26 million for an increase of 85% when compared with the previous fiscal year. This net profit was equivalent to earnings per share (EPS) of Baht 3.18.

For fiscal year 2012, CNS will continue to focus on policies and plans that aim to further expand our client base. Our major plans are as follows:

1. Improve CNS's website for Internet-based trading to make it more modern and interesting, as well as change the name of our website from [www.cnsrealtime.com](http://www.cnsrealtime.com) to [www.nomuradirect.com](http://www.nomuradirect.com)
2. Increase the number of applications that are available via our [www.nomuradirect.com](http://www.nomuradirect.com) website by adding new applications that are fast, convenient and user-friendly, as well as applications that will be offered for the first time in Thailand, under the name "G2Express".
3. Add at least six more CNS branches in provincial locations in cooperation with the SME Bank.
4. Install a stock price quotation system for overseas securities so that our financial advisors and clients can access share price information.
5. Launch more activities to promote corporate social responsibility (CSR). Within the next 12 months we plan to offer knowledge about savings and investing to students in schools and universities in eight different provinces where CNS has a branch office.

In addition to the policies and plans outlined above, in the coming fiscal year we aim to further upgrade the skills and talents of our human resources across all departments, as well as strengthen our team in order to support our business expansion plans. Furthermore, we will also improve the quality of our research reports and continue to organize seminars for our clients and staff. We will also continue to promote good corporate governance, quality leadership and financial discipline as part of our commitment to delivering greater long-term shareholder value.

On behalf of the Board of Directors, I would like to express our sincere gratitude to our shareholders, clients, and various organizations for their continuous support throughout the year. Finally, I would also like to express my gratitude to the management and staff for their support and dedication to develop the company. With their dedication, CNS is growing in sustainable ways and remains a company which is "Your Best Partner for Success".



Mr. Suthep Peetakanont

Chairman of the Board of Directors

Chairman of the Board of Executive Directors

## General Information

**Name of the Company :**

Capital Nomura Securities Public Company Limited (the "CNS")

**Type of Business :**

CNS engages in securities businesses, chiefly securities brokerage, acting as an agent in the futures exchange market, financial advisory, underwriting, securities borrowing and lending and selling agent.

**Office Location :****Head Office :**

25 Bangkok Insurance Building, 15<sup>th</sup>-17<sup>th</sup> Floor,  
South Sathorn Road, Sathorn, Bangkok 10120  
Telephone : +66(0) 2638 5000 +66(0) 2287 6000  
Facsimile : +66(0) 2287 6001

**Bangna Branch :**

589/111 Tower 1 Office, 20<sup>th</sup> Floor, Bangna-Trad Road,  
Bangna, Bangkok 10260  
Telephone : +66(0) 2725 8600  
Facsimile : +66(0) 2745 6220 +66(0) 2745 6221

**Phra-Pinklao Branch :**

7/129 Central Plaza Pinklao Office Building, 9<sup>th</sup> Floor,  
Room 902, Baromrajchonnee Road, Arun-Amarin,  
Bangkok Noi, Bangkok 10700  
Telephone : +66(0) 2638 5950 +66(0) 2287 6950  
Facsimile : +66(0) 2884 9064 +66(0) 2884 9067

**Vibhavadi-Rangsit Branch :**

123 Sun Towers Building B, 23<sup>rd</sup> Floor, Unit B-2304,  
Vibhavadi-Rangsit Road, Chomphon,  
Chatuchak, Bangkok 10900  
Telephone : +66(0) 2638 5920 +66(0) 2287 6920  
Facsimile : +66(0) 2617 7800

**Esplanade Branch :**

99 Esplanade Building, 2<sup>nd</sup> Floor, Room 202-1,  
Ratchadaphisek Road, Din Daeng, Bangkok 10400  
Telephone : +66(0) 2354 0760 +66(0) 2641 3250  
Facsimile : +66(0) 2641 3249



## Investor Services Network

**Phaholyothin Branch**

310 SME Bank Tower, 1<sup>st</sup> Floor, Phaholyothin Road,  
Samsen Nai, Phayathai, Bangkok 10400  
Telephone: +66(0) 2638 5051 +66(0) 2287 6051  
Facsimile : +66(0) 2357 1255

**Nonthaburi Branch**

5/74-75 Moo 5, Piboonsongkram Road,  
Suanyai, Muang, Nonthaburi 11000  
Telephone : +66(0) 2525 3070 +66(0) 2525 3071  
Facsimile : +66(0) 2525 3072

**Nakornsawan Branch**

919/28, 919/111 Moo 10, Phaholyothin Road,  
Nakornsawantok, Muang, Nakornsawan 60000  
Telephone : +66(0) 5622 0094 +66(0) 5622 0095  
Facsimile : +66(0) 5622 0096

**Nakorn Ratchasima Branch**

751/10-11, Mitrapab Road, Nai Muang,  
Muang, Nakorn Ratchasima 30000  
Telephone : +66(0) 4435 3634 +66(0) 4435 3635  
Facsimile : +66(0) 4435 3011

**Khon Khaen Branch**

497/1-3 Moo 2, Mitrapab Road, Sila, Muang,  
Khon Khaen 40000  
Telephone: +66(0) 4346 5416 +66(0) 4346 5430  
Facsimile: +66(0) 4346 5209

**Rayong Branch**

51/32 Moo 3, Sai 36 Road, Tubma,  
Muang, Rayong 21000  
Telephone : +66(0) 3861 4283 +66(0) 3861 4284  
Facsimile : +66(0) 3861 4285

**Ayudhaya Branch**

58/9-10 Moo 1, Rojana Road, Thanu,  
Uthai, Phranakorn Sri Ayudhaya 13000  
Telephone : +66(0) 3533 5414 +66(0) 3533 5415  
Facsimile : +66(0) 3533 5416

**Phuket Branch**

32/175-176, Poonpol Road, Talad Nua, Muang,  
Phuket 83000  
Telephone: +66(0) 7621 4422 +66(0) 7621 4423  
Facsimile: +66(0) 7621 4424

**Chiangrai Branch**

450/29-32 Moo 13, Phaholyothin Road,  
Rob Wiang, Muang, Chiangrai 57000  
Telephone : +66(0) 5377 4823 +66(0) 5377 4873  
Facsimile : +66(0) 5377 4821

# NOMURA

<b>CNS Internet Homepage :</b>	<a href="http://www.cns.co.th">http://www.cns.co.th</a> and <a href="http://www.nomuradirect.com">http://www.nomuradirect.com</a> Telephone : +66(0) 2638 5500
<b>Type of Securities :</b>	Ordinary shares
<b>Total Number of Shares :</b>	71,682,300 shares
<b>Registered Capital :</b>	716,823,000 Baht
<b>Paid-up Capital :</b>	716,823,000 Baht
<b>Treasury Stock :</b>	3,287,200 shares (as of August 31, 2011)

## Other References

<b>Share Registrar</b>	<b>Thailand Securities Depository Company Limited</b> 62 The Stock Exchange of Thailand Building, Ratchadaphisek Road, Klong Toey, Bangkok 10110 Telephone : +66(0) 2229 2800 Facsimile : +66(0) 2654 5427
------------------------	--

Call Center :	+66(0) 2229 2888
E-Mail :	TSDCallCenter@set.or.th
Website :	<a href="http://www.tsd.co.th">http://www.tsd.co.th</a>

<b>Auditors</b>	<b>Ernst &amp; Young Office Limited</b> 33 <sup>rd</sup> Floor, Lake Rajada Office Complex, 193/136-137 Ratchadaphisek Road, Klong Toey, Bangkok 10110 Telephone : +66(0) 2264 0777 +66(0) 2661 9190 Facsimile : +66(0) 2264 0789 +66(0) 2264 0790 +66(0) 2661 9192 E-Mail : ErnstYoung.Thailand@th.ey.com Website : <a href="http://www.ey.com">http://www.ey.com</a> By : Mrs.Nonglak Pumnoi, Certified Public Accountant (Thailand) No. 4172
-----------------	--

## Background

Capital Nomura Securities Public Company Limited (the“CNS”) was originally registered as a Limited Company on May 26, 1970 under the name of Bangkok Nomura International Securities Company Limited (Company Registration No.317/2513). It was one of the founding members of The Stock Exchange of Thailand (SET) in 1975. On November 1, 1979 the Company's name was changed to Bangkok Nomura Finance and Securities Company Limited and on September 23, 1985 it was changed again to Capital Finance and Securities Company Limited.

CNS has been listed on the SET since April 26, 1988 and then CNS returned its finance license to the Ministry of Finance. The Company changed its name to Capital Nomura Securities Company Limited on June 28, 1991. On February 24, 1994 the Company was converted into a “Public Company Limited” under the name of Capital Nomura Securities Public Company Limited (Registration No. 0107537000653),

On December 29, 2010 the Company changed the Company's name in Thai from “บริษัทหลักทรัพย์ พัฒนสิน จำกัด (มหาชน)” to be “บริษัทหลักทรัพย์ โนมูระ พัฒนสิน จำกัด (มหาชน)”

## Major Developments

The significant changes and major developments during the previous three years:

**Fiscal Year 2009** CNS relocated head office from 21/3 Thai Wah Tower, South Sathorn Road, Bangkok, 10120 to 25 Bangkok Insurance Building, 15<sup>th</sup>-17<sup>th</sup> Floor, South Sathorn Road, Bangkok, 10120

CNS launched Employee Joint Investment Program (“EJIP”) which was the program offering an opportunity to employees of listed companies in the Stock Exchange of Thailand to possess their companies' shares in order to share the same goals and sense of ownership with the shareholders.

**Fiscal Year 2010** On the occasion of CNS's 40<sup>th</sup> anniversary in May 26, 2010, CNS aimed at further creating and developing our financial and investment service with the realizing of social responsibility.

**Fiscal Year 2011** CNS launched a mutual fund online trading service via Omnibus Account on “CNS iFund” program in order to facilitate the clients and investors who intended to invest in mutual funds managed by leading asset management companies. Clients and investors are able to do their mutual fund trading transactions via the Internet by themselves and as well as checking their investment portfolios with just one account or user name.

According to the cooperation between CNS and the Small and Medium Enterprise Development Bank of Thailand (SME Bank), CNS had opened the branches, located in the areas of SME Bank office building at the Head Quarter, Phaholyothin Road, Bangkok and provincial SME banks, totaled 8 branches in Nonthaburi, Nakornsawan, Nakorn Ratchasima, Khon Khaen, Rayong, Ayudhaya, Phuket and Chiangrai. Opening of such branches was CNS's aggressive business strategy to expand our client and investor base throughout the country.

CNS has provided securities trading services for the securities listed in the Lao Securities Exchange to our clients who intend to invest in the Lao stock market. The new service acts as another alternate for our clients.

CNS set up Investment Research and Investor Services Division (IRIS) to re-format and re-make research reports of Research Division in order to fulfill individual investor's needs. IRIS is also in charge of organizing seminars to share both financial and investment information with investors nationwide.

CNS re-branded the program of "CNS iFund" to "NOMURA iFund" to boost clients and investors's recognition of the name of CNS's program. In addition, CNS also developed and changed the name of CNS's website from "www.cnsrealtime.com" to "www.nomuradirect.com" in order to make it more modern, attractive and user-friendly.

CNS introduced a new channel for online trading by developing the program of CNS Realtime on iOS, in which investors can use with their iPhones, iPads and iPod Touch. CNS also launched i2Trade Droid program, in which investors can use with their Android, and i2Trade Extra program of which investors can trade both stocks and derivatives via just only one program. In the near future, CNS aimed to launch the new program of G2Express which investors can trade both stocks and derivative. Such development was made for supporting the investor's need and the growth of online securities trading business in the future.

# Business Profile

**NOMURA**

## Business Profile in fiscal year 2011

### 1) Brokerage Business: Securities

CNS is a member of the SET and provides securities brokerage services to both domestic and foreign investors. It aims to expand its brokerage service by extending its customer base through cash and credit balance accounts. CNS also offer internet-based trading services through other communication devices such as iPhone, iPad, iPod Touch and mobile with Android platform.

CNS set up the Overseas Investment Sales Department to serve as an agent to trade listed securities in overseas markets and / or securities which was approved by The Securities and Exchange Commission (SEC) for Thai investors to invest.

### 2) Brokerage Business: Derivative

Derivative business is a vital source of revenue to CNS. At present, CNS provides brokerage services for derivative products in Thailand Futures Exchange Market. The derivative products consist of SET50 Index Futures, SET50 Index Options, Gold Futures, Mini Gold Futures, Single Stock Futures, Interest Rate Futures and Silver Futures. CNS's main targets include retail clients and institutional investors. CNS has a high experienced and potential team as well as an effective supporting system. These should help enhance CNS's competitive advantages as well as boosting the trading volume of derivative products in the future.

### 3) Financial Advisory

CNS was granted an approval by the SEC to provide financial advisory services within the scope set by the SEC.

### 4) Underwriting

CNS provides underwriting services which consist of services that provide a guarantee to issuing companies for the sale of securities, i.e. common shares, debentures, warrants, unit trusts and etc. and offered to investors.

### 5) Securities Borrowing and Lending

CNS was granted permission by the Ministry of Finance to operate a Securities Borrowing and Lending Business. CNS's objective in lending securities to its clients is solely to allow them to short sell securities through the credit balance accounts they have with CNS. These types of transactions are limited to securities listed in the SET 100 Index and in the list of securities which CNS allows our clients to purchase through margin accounts (Marginable Securities)

### 6) Selling Agent Business

CNS acts as a selling agent for leading mutual fund management companies. As a selling agent, CNS has the main objectives to support its core main business and generate more income in a long term.

# NOMURA

## Revenue Structure

Revenue Structure	Fiscal Year 2011		Fiscal Year 2010		Fiscal Year 2009	
	Million Baht	%	Million Baht	%	Million Baht	%
Brokerage Fees - Securities Business	689.27	68.64	525.73	70.83	440.58	52.12
Brokerage Fees - Derivative Business	48.71	4.85	35.50	4.78	47.07	5.57
Fee and Service Income	58.70	5.85	77.90	10.50	249.43	29.51
Gain (Loss) on Trading in Securities	42.55	4.24	18.45	2.49	(9.64)	(1.14)
Interest and Dividend Income	47.32	4.71	37.34	5.03	72.63	8.59
Interest on Margin Loans	109.96	10.95	44.58	6.01	43.11	5.10
Other Incomes	7.67	0.76	2.69	0.36	2.16	0.25
<b>Total Revenue</b>	<b>1,004.18</b>	<b>100.00</b>	<b>742.19</b>	<b>100.00</b>	<b>845.34</b>	<b>100.00</b>

# Market and Competitive Conditions **NOMURA**

## Policies and significant marketing strategies

CNS aims to be one of the country's leading securities firms providing quality, fully-integrated and state-of-the-art services to the Company's existing and potential clients. CNS plans to develop the quality of its financial advisors to be ready for new innovation of financial instruments, for example, debts and derivatives. Moreover, the Company has continuously developed its quality of research papers and Information Technology (IT) system up to higher standard, serving as one of the competitive tools for tapping higher market share on the continuing basis.

## Industry's condition

Securities trading on the SET during the fiscal year 2011 (September 2010 to August 2011) improved from the fiscal year 2010 (September 2009 to August 2010). This is evidenced by the total SET trading turnover during the fiscal year 2011 that amounted to Baht 8,308.87 billion (i.e. inclusive of Proprietary Trading) vs. Baht 5,724.78 billion recorded for the fiscal year 2010. The average daily trading value rose approximately 45% to Baht 34.05 billion vs. Baht 23.66 billion in fiscal year 2010. As for the market's direction, the SET index has continued to improve from last year. The SET index rose by 17% or 156.86 points, from the closing of 913.19 points on August 31, 2010 to 1,070.05 points as of August 31, 2011. Factors influencing the investment climate were:

### *Thailand's economic outlook*

The Thai economy for 2011F is projected to grow by 2.2% compared to a 7.8% expansion seen in 2010. In 1H11 Thailand's gross domestic product (GDP) expanded by only 2.9% on a year on year basis due mainly to: 1) the slowdown in the production sector, especially in the auto production sector, which can be blamed on the negative impacts of the tsunami and earthquakes in Japan; 2) the positive results of the government's "Thai Khem Kaeng" scheme initiated to stimulate economies begin to fade; and 3) a smaller degree of inventory expansion when compared to the inventory level in 2010. In 3Q11F we expect Thailand's GDP to grow by 3.9% on the year on year basis given the easing problems in the production sector as well as a lower unemployment rate. However, looking over to 4Q11F, we view that the severe flooding in the quarter is likely to result in a year-on-year contraction in GDP by 0.6%. Hence, Thailand's 2011F GDP is likely to grow by only 2.2%. Meanwhile, in terms of the country's economic stability, we anticipate that the country's headline inflation would rise by 3.8% vs. an increase of 3.3% seen in 2010 owing mainly to the increases in the oil price, agricultural product prices and the impacts of the flooding. Meanwhile, we estimate that Thailand would continue to book a current account surplus amounting to 16.4 billion US dollars in 2011F, accounting for 4.7% of 2011F GDP vs. the current account surplus of 14.8 billion US dollars in 2010 or 4.7% of 2010 GDP.

# NOMURA

## Earnings of listed companies

The abovementioned economic recovery benefited the industries that are related to domestic consumptions as the domestic purchasing power, as well as consumption, has begun to recovery. The budget reimbursement of the government has also helped boost the country's economy. In addition, the bright outlook for the global economy as well as regional economies brought about higher re-stocking. Meanwhile, the cost cut at many listed companies caused these companies to book better gross profit margins. Nevertheless, the products which are basic raw material, such as energy products, e.g. oil, coal, and natural gas, still show slow recovery as the global economy has just gone through the economic crisis, especially the crisis in the US. Hence, the earnings results of listed companies in the energy sector still show slower growth than the earnings results of the domestic consumption-related sectors. Finally, for an outlook for 2012, we expect all SET-listed companies' financial positions to remain strong, which should be evidenced by the expected continual declines in their debt to equity ratios.

## Foreign investment

During the fiscal year 2011, the average daily market turnover of the SET increased to Baht 34.05 billion from Baht 23.66 billion in 2010. The total market trading value for the fiscal year 2011 amounted to Baht 16.62 trillion (i.e. inclusive of proprietary trading), increasing from Baht 11.45 trillion in the fiscal year 2010. In the fiscal year 2011, the trading value of foreign institutional amounted to Baht 3.47 trillion, accounting for 20.86% of the SET's total market turnover vs. the trading value of foreign institutional of Baht 2.24 trillion that accounted for 19.57% of the total market turnover in 2010.

## Trading value classified by types of investors\*

(Unit : Baht of Million)

Fiscal Year 2011 (Sep 10-Aug 11)	Buy		Sell		Total Buy & Sell		Net Buy (Sell)
	Amount	%	Amount	%	Amount	%	Amount
Local institutes	703,973	8.47	731,098	8.80	1,435,071	8.63	(27,125)
Proprietary trading	968,170	11.65	968,804	11.66	1,936,974	11.66	(634)
Foreign investors	1,761,501	21.20	1,704,545	20.51	3,466,046	20.86	56,956
Local investors	4,875,227	58.68	4,904,424	59.03	9,779,651	58.85	(29,197)
<b>Total</b>	<b>8,308,871</b>	<b>100.00</b>	<b>8,308,871</b>	<b>100.00</b>	<b>16,617,742</b>	<b>100.00</b>	<b>-</b>

Source : The Stock Exchange of Thailand (SET)

\* Trading value of securities companies' proprietary trading included

## Competition of securities brokerage business

During the fiscal year 2011, the securities brokerage business had encountered the more intense competition, especially those brokerages whose focus is geared towards individual retail customers. Their key strategy to compete their competitors was enhancing the quality of Information Technology (IT) services, research papers as well as the online Internet trading system. However, some securities companies still used the human resource strategy by recruiting high volume financial advisors from other firms. For foreign clients, securities companies tried to find or increase trading volume under the Exclusive Partner agreement. All of these business strategies were prepared for changing of brokerage commission to sliding scale during 2010-2011 and liberalization afterward.



Nevertheless, Thailand's macroeconomics still grew solidly despite some fragility caused by both internal and external factors, such as the political uncertainty, the risk about double-dip recession and etc. Despite these negative factors, foreign inflows had continued to rise given strong financial positions of the Thai listed companies. In addition, solid financial status of listed corporate firms which could offer a high dividend payout of over 3.5% should help liven up the investment climate in the SET. CNS has expected total trading turnover in the SET to eventually improve from the previous year, underpinned by such catalysts as recovery in global economy and the recovery of Thai economy boosted by the government's measures to stimulate economy. These factors are expected to boost the investments in the SET.

### The Stock Exchange of Thailand's Data

	Fiscal Year 2011	Fiscal Year 2010	Change	
	Sep 10 – Aug 11	Sep 09 – Aug 10	Amount	%
Total Turnover				
Value (Baht of Billion)	8,308.87	5,724.78	2,584.09	45.14
Average Daily Turnover (Baht of Billion)	34.05	23.66	10.39	43.91
SET Index (Point)				
High (Close)	1,144.14	913.19	230.95	25.29
Low (Close)	919.34	654.12	265.22	40.55
Close at the end of the year	1,070.05	913.19	156.86	17.18
Average Dividend Yield (%)*	3.65	3.29	0.36	10.94
P/E Ratio (Time)*	12.82	14.28	(1.46)	(10.22)
Market Capitalization (Baht of Billion)*	8,757.44	7,380.11	1,377.33	18.66
Listed Securities (Mai Included)				
No. of listed securities*	833	682	151	22.14
No. of listed companies*	545	538	7	1.30
No. of newly listed companies	13	13	-	-

Source : The Stock Exchange of Thailand (SET)

\* Figures of August

### Top five securities firms in terms of market share

In reference to the market share of securities brokerage business, the top five securities firms ranked by the top five trading turnover accounted for 32.36% of total turnover, vs. 33.72% recorded for fiscal year 2010. Note that those brokerage firms focusing on the individual retail clients saw a decrease in their market shares in line with the decline in the trading volume of domestic retail investors. Meanwhile, the firms that focused on derivative warrants saw their market shares increase.

## CNS's market share and types of clients

CNS's market share of the securities business during the fiscal year 2011 stood at 2.45% of the total market turnover of Baht 8,308.87 billion, which ranked 19<sup>th</sup> out of total 34 brokerage firms and reflected a decrease relative to the previous fiscal year when CNS's market share stood at 2.48%, which ranked 16<sup>th</sup> out of 36 brokerages firms.

Classified by types of clients for the fiscal year 2011, CNS's main client group remained individual retail category which accounted for 80.49% of CNS's total trading turnover, in line with the fiscal year 2010. Meanwhile, the proportion of domestic institutional clients decreased to 9.75% from 11.65% and that of foreign institutional clients rose from 8.44% to 9.76% of the Company's total trading volume.

(Unit : Baht of Million)

Trading Values Classified by Types of Investors	Fiscal Year 2011		Fiscal Year 2010		Fiscal Year 2009	
	Amount	%	Amount	%	Amount	%
Individual Retails	289,094	80.49	203,163	79.91	163,374	83.97
Domestic Institutions	35,011	9.75	29,611	11.65	18,668	9.60
Foreign Investors	35,058	9.76	21,450	8.44	12,510	6.43
<b>Total*</b>	<b>359,163</b>	<b>100.00</b>	<b>254,224</b>	<b>100.00</b>	<b>194,552</b>	<b>100.00</b>

**Note :** Total trading values include those of SET and MAI

\* Total values exclude CNS's investment portfolios.

According to CNS's client base classified by trading turnover, the proportion of online Internet trading clients increased because the commission rate of online Internet trading was cut to not more than 60% of the minimum commission fee at 0.25%. In fiscal year 2011, the cash trading clients still represented the largest share of 73.57%, with the remaining 26.43% from the credit balance clients, in line with the fiscal year 2010.

(Unit : Baht of Million)

Company's Total Trading Turnover Category	Fiscal Year 2011		Fiscal Year 2010		Fiscal Year 2009	
	Amount	%	Amount	%	Amount	%
<b><u>Normal</u></b>						
- Cash Account	182,971	50.87	147,091	57.66	115,274	58.97
- Margin Loan Account	38,862	10.80	30,634	12.00	35,933	18.38
<b><u>Internet Trading</u></b>						
- Cash Account	81,671	22.70	45,816	17.96	23,587	12.07
- Margin Loan Account	56,226	15.63	31,573	12.38	20,688	10.58
<b>Total</b>	<b>359,730</b>	<b>100.00</b>	<b>255,114</b>	<b>100.00</b>	<b>195,482</b>	<b>100.00</b>

**Note :** Total trading turnover includes those of SET and MAI

## Market share from stock brokerage business

For the fiscal year 2011, CNS's market share from its stock brokerage business stood at 2.45% vs. 2.48% reported for 2010. Meanwhile, the Company's trading volume for the fiscal year 2011 amounted to Baht 359,730 million for a gain of 41.01% from Baht 255,114 million booked for the fiscal year 2010.

## Market share of derivative market

As for Thailand future market, which has been launched since 2006 and currently has two major products, namely Futures and Options on the SET 50 Index Futures, SET 50 Index Options, Gold Futures, Mini Gold Futures, Single Stock Futures, Interest Rate Futures and Silver Futures. CNS gained 1.32% market share in the fiscal year 2011, declining from 1.41% in the fiscal year 2010. CNS's total trading turnover in the future market in the fiscal year 2011 amounted to 216,418 contracts, for an increase from 106,875 contracts in 2010.

### Risk from dependency on a few high volume-trade accounts

One of the major risks involved in the securities trading business includes a heavy reliance on high-volume trade accounts. In addressing this issue, over the past years CNS has implemented measures to minimize such risk in response to changes in the investment atmosphere and customer base. CNS has expanded its client base by raising the portion of local and foreign institutional clients, while maintaining its retail client base which is the main target client. This is supported by CNS's Research Department which arranges a series of investment seminars and road-show to convey information to the local and foreign institutional clients.

### Risk from The Stock Exchange of Thailand (SET) volatility

CNS's core revenue is dependent on the condition of the equity market and investors' overall confidence in the SET. When the SET becomes highly volatile, giving rise to a decline in average trading volume, CNS's revenue (e.g. brokerage fees and investment banking fees including investment advisory fees and fees on warranties of securities sales) will be affected and so will the revenue for the entire securities industry. Nonetheless, CNS has a policy to restructure its business and service revenue by not depending heavily on any particular line of business. In addition, CNS has improved its approach to providing services suitable to various market circumstances (e.g. advisory services for debt restructuring and mergers) to offset the shortfall in securities brokerage revenue that is highly sensitive to the SET's volatility.

### Risk with regard to human resources

The securities brokerage business is highly vulnerable to staff turnover, especially financial advisors and CNS is fully aware of such risk and has a clear policy of offering appropriate compensation and remuneration in accordance with the SET's requirements. In addition, CNS has a policy to continually educate its financial advisors on investment knowledge and services.

### Risk from doubtful debt and bad debt

CNS minimizes this risk by directing its financial advisors to assess clients' financial status prior to opening accounts, as well as by prohibiting clients from borrowing funds to purchase high-risk securities. Instead, CNS provides margin loans only for purchases of securities that appear on the 'Marginable Securities List'. CNS cautiously screens clients by providing suitable credit lines that correspond to their financial status to avoid bad debt problems. It also recognizes the importance of debt collection by reviewing clients' financial status and controlling their credit lines closely. Simultaneously, all members of financial advisors are instructed to follow the rules and regulations set forth by CNS.

## Risks from underwriting business and engaging in financial advisory services

### ■ Risk from underwriting business

CNS may suffer losses from the remaining under-subscribed securities being transferred to CNS's investment portfolio. Such losses might arise as a result of an inappropriate guarantee with regard to quantity and share price associated with the stock market's high volatility, as well as fluctuations in interest rates and foreign exchange rates; all of which could possibly undermine investors' interest in the newly listed companies. In an attempt to minimize such risk, CNS conducts preliminary studies in order to obtain information on securities issuers, as well as analyzing and investigating different categories of businesses and industry trends that include a detailed examination of operating results and future prospects. CNS also evaluates the interests of clients or investors in the quantity of offered securities. This information will then be used as one of the criteria for deciding whether to underwrite such securities.

### ■ Risk from being a financial advisor

In providing this kind of service, CNS and its clients must be mutually responsible for disclosing accurate, sufficient and detailed information to the public. This responsibility applies to the issuance of securities and sales offerings, the filing of listing applications, the acquisition of securities for business takeovers, as well as the full disclosure of information to shareholders of listed companies in any transaction that is governed by the SEC and the SET (including related transactions, the acquisition or sale of securities, tender offers, etc). Thus, CNS is very selective with respect to its clientele and studies clients' preliminary information before accepting the job. In addition, CNS prudently determines the appropriate steps with respect to the due diligence process and keeps its staff fully informed on regulations issued by the SEC and the SET, as well as rules and regulations with regard to financial advisory services. In this way each operational process is taken care of to ensure that the services provided by CNS to its clients are in their best interests.

## Risk from brokerage fee liberalization

The SET and the SEC had set the minimum fee collection of 0.25% of trade value for general securities trades and of 0.20% of trade value for internet securities trades, effective from January 14, 2002. However, the SEC announced new trade fee rates. The new rates were set at 0.15% of trade value through a cash balance (100% warranty) or credit balance account (minimum warranty of 50%) and at 0.20% of trade value for those who did not trade through either account. Note that the minimum fee of 0.25% of trade value for normal trading from January 14, 2007 to January 13, 2010 and during the next two years (January 14, 2010 - December 31, 2011) will be on a sliding scale. Although the new rates of minimum fees and future trading fee liberalization will affect the Company's profitability, CNS is aware of this risk and is preparing to enhance its competitive advantage when the brokerage fee liberalization comes into effect, in terms of financial status and business strategies. For example, CNS will diversify its source of income to other businesses, apart from the brokerage business as well as improving of quality of research reports and financial advisors' services and knowledge.

## Risk from legal issues

In engaging in the securities business, CNS is regulated by the SEC and the SET. Accordingly, CNS has to comply with applicable laws, rules and regulations in relation to securities business (e.g. The Securities and Exchange Act B.E. 2535 and the Derivative Act B.E. 2546). Furthermore, CNS has to comply with other relevant laws, such as the Anti-Money of Laundering Act B.E. 2542 and other rules and regulations.

Complying with the aforementioned laws, rules and regulations, particularly the amendments or additions thereof, may affect CNS's performance. In many cases, the cost of compliance may significantly increase. In some cases changes to the laws and regulations leads to intensified competition in the securities businesses. For example, the liberalization of the existing securities business licensing system within 5 years will result in an unlimited number of licenses being granted from January 1, 2012 onwards. In addition, changes to the brokerage fee policy from setting the minimum brokerage fee to freely negotiate fee system will be implemented from January 1, 2012.

# Shareholders Structure

**NOMURA**

CNS's registered capital is Baht 716,823,000 of which Baht 716,823,000 is fully paid up and divided into 71,682,300 ordinary shares with a par value of Baht 10.

As of August 31, 2011, CNS had a treasury stock totaling 3,287,200 shares or 4.59% of CNS's registered, issued and paid-up shares.

As of August 31, 2011 the Thai NVDR Company Limited, a subsidiary of the SET, had issued Non-Voting Depository Rights (NVDR) of CNS's shares totaling 3,037,671 units. This was equivalent to 4.24% of CNS's registered shares, down 51.28% from 6,234,500 units as of August 31, 2010 which was equal to 8.70% of CNS's registered shares. The NVDR holders receive the same financial rights as investing in CNS shares, but they cannot exercise voting rights during any shareholders' meetings, except for the right to vote to de-list CNS from the SET.

The amount of the CNS's ordinary shares issued as NVDRs is subject to change and it is not under the control of CNS. Investors can check the amount of NVDRs on the SET: [www.set.or.th/nvdr](http://www.set.or.th/nvdr)

## Top Ten Shareholders as of November 26, 2010 (latest book closing date)

Name	Number of shares	Percentage
1. Nomura Holdings, Inc.	18,000,000	25.11
2. Nomura Asia Holding N.V.	9,256,500	12.91
3. The Thai NVDR Co., Ltd	5,056,200	7.05
4. Capital Nomura Securities Public Company Limited for Treasury	3,287,200	4.59
5. UOB Kay Hian Private Limited	2,606,000	3.64
6. Mrs.Kunthong Udommahuntisuk	2,000,000	2.79
7. Mr.Vachira Tayanaraporn	1,350,100	1.88
8. Mr.Chalee Sophonpanich	867,800	1.21
9. Mr.Mongkol Thunhakulthorn	755,000	1.05
10. Mrs.Jantana Anakatham	677,000	0.94

**Note :** Investors can check latest top ten major shareholders from CNS's website prior to the annual general shareholders' meeting.

## Shareholders classified by nationality as of November 26, 2010 (latest book closing date)

Shareholder	Number of Shareholders	Number of shares	Percentage
Thai	3,259	39,682,088	55.36
Foreigner	35	32,000,212	44.64
<b>Total</b>	<b>3,294</b>	<b>71,682,300</b>	<b>100.00</b>

# NOMURA

## Influence of Major Shareholders over the Company's Management Policies

Nomura Holdings, Inc. and Nomura Asia Holding N.V., which hold 27,256,500 shares in CNS (which was equivalent to approximately 38.02 % of CNS's share capital as of its latest book closing on November 26, 2010) have two representatives as executive directors of CNS and one representative as non-executive director of CNS.

### Details of Nomura Holdings, Inc. :-

Common Stock Issued : 3,719,133,241 shares (As of March 31, 2011)

Listings : As of March 31, 2011 The common shares of Nomura Holdings, Inc. are listed on the Tokyo, Osaka, Nagoya and Singapore stock exchanges. The shares are also listed on the New York Stock Exchange in the form of American Depositary Shares (ADSs).

Number of shareholders : 457,297 (As of March 31, 2011)

### Top Ten Major Shareholders of Nomura Holdings, Inc. (As of March 31, 2011)

Shareholder's Name	Number of shares (Thousand shares)	Percentage
1. Japan Trustee Services Bank, Ltd. (Trust Account)	188,035	5.06
2. The Master Trust Bank of Japan, Ltd. (Trust Account)	150,819	4.06
3. State Street Bank and Trust Company	117,076	3.15
4. SSBT OD05 Omnibus Account - Treaty Clients	83,328	2.24
5. The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	64,758	1.74
6. The Bank of New York Mellon as Depositary Bank for Depositary Receipt Holders	45,808	1.23
7. Japan Trustee Services Bank, Ltd. (Trust Account 9)	43,832	1.18
8. The Bank of New York - JASDEC Treaty Account	33,840	0.91
9. Japan Trustee Services Bank, Ltd. (Trust Account 4)	33,420	0.90
10. State Street Bank West Client - Treaty	31,064	0.84

**Note :** As of March 31, 2011, Nomura Holdings, Inc. had 117,183 thousand shares of treasury stock (not included in the above top ten major shareholders).

### Shareholder of Nomura Asia Holding N.V.

Shareholder's Name	Number of shares	Percentage
1. Nomura Holdings, Inc.	1,400,000	100.00
<b>Total</b>	<b>1,400,000</b>	<b>100.00</b>



## Management Shareholding as of August 31, 2011

Name		Number of shares	Change during the fiscal year 2011 Increase / (Decrease)
Mr.Suthep	Peetakanont	0	-
Mr.Shinichi	Mizuno	0	-
Mr.Nimit	Wongjariyakul	0	-
Mr.Naoki	Sugaya	0	-
Mrs.Chrisana	Sae-Leiw	0	-
Mr.Koki	Miura	0	-
Mr.Pisit	Tesabamroong	0	-
Mrs.Wattanee	Phanachet	0	-
Mr.Prasert	Virasathienpornkul	0	-
Col.Ruangsub	Kovindha	0	-
Dr.Prasit	Kanchanasakdichai	0	-
Mrs.Krittika	Tharamart	22,437*	12,304*
Miss.Varangkna	Wasuwanich	0	-
Mr.Thanomsak	Saharatchai	3,015*	(15,503)*
Mr.Yoshikazu	Yonenaga	0	-
Mrs.Patcharin	Karsemarnuntana	0	-

**Remark :** \*CNS Shareholding of 2 Executives was from Employee Joint Investment Program (EJIP)

CNS has a policy to propose dividend payment to its shareholders at least 60% of its net profit on an annual basis, except for cases when CNS needs to set aside a larger budget for business expansion or other significant activities. However, CNS's dividend payment is subject to shareholders' approval.

#### Historical data of dividend payments over the past 5 years

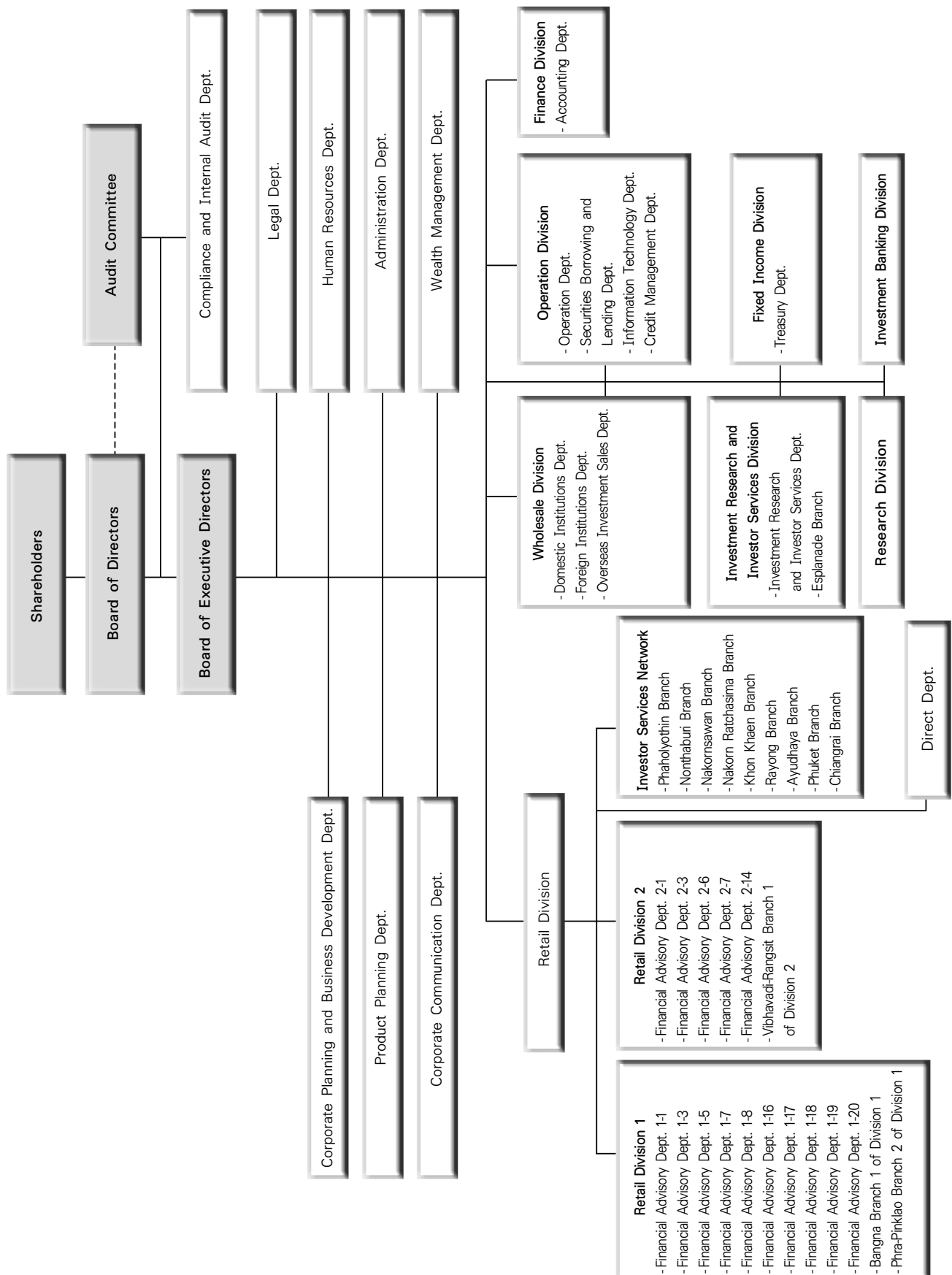
Dividend payment for the performance of fiscal year	2006	2007	2008	2009	2010
Dividend payment per share (Baht)	1.20	1.20	1.50	0.95	1.70
Net income (Baht of million)	106.59	102.39	123.13	68.61	117.10
Dividend payout ratio (%)	80.70	84.01	87.33	99.25	99.29

#### Legal Disputes

At August 31, 2011, CNS did not face any legal disputes that would affect more than 5% of CNS's shareholders equity or have a significant impact on its business.

# Organization Structure

As of August 31, 2011

**NOMURA**


CNS's management structure consists of a Board of Directors, a Board of Executive Directors, an Audit Committee, a Credit Review Committee, a Marginable Securities Committee and Executives. The roles and responsibilities are clearly separated between each committee and the management as per the following details:

### Board of Directors

As of August 31, 2011, there were eleven members of the Board of Directors which consisted of independent directors, directors who represented the major shareholders, directors who were executives and non-executive director so that they could perform effectively. The members of the Board of Directors are as follows:

1. Mr.Suthep	Peetakanont	Chairman of the Board of Directors Chairman of the Board of Executive Directors
2. Mr.Shinichi	Mizuno	President
3. Mr.Nimit	Wongjariyakul	Executive Director
4. Mr.Naoki	Sugaya	Executive Director
5. Mrs.Chrisana	Sae-Leiw	Executive Director
6. Mr.Koki	Miura	Director
7. Mr.Pisit	Tesabamroong	Director
8. Mrs.Wattanee	Phanachet	Independent Director
9. Mr.Prasert	Virasathienpornkul	Independent Director
10.Col.Ruangsub	Kovindha	Independent Director
11. Dr.Prasit	Kanchanasakdichai	Independent Director

Miss Varangkna Wasuwanich is the secretary of the Board of Directors

### The Company's Authorized Directors

Directors authorized to sign and bind CNS are any two of the following: Mr.Suthep Peetakanont, Mr.Shinichi Mizuno, Mr.Nimit Wongjariyakul, Mr.Naoki Sugaya and Mrs.Chrisana Sae-Leiw with the Company's seal.

### Authorities and Duties of the Board of Directors

- To perform their duties in accordance with laws, its objects and Articles of Association, as well as the resolutions of the shareholders' meetings. The Board of Directors may entrust one or several directors or any other person(s) to perform any tasks for the Board of Directors.
- To consider, determine, correct or change the directors who have the authority to sign and bind CNS in order to make juristic acts for and on behalf of CNS.
- To perform their duties in accordance with the principle of good corporate governance as outlined by the SET.
- To notify, without delay, any members of the Board of Directors of the following cases:
  - He / She has either direct or indirect interests in any contract made by CNS during the accounting period. The facts relating to the nature of the contract, the names of the counter parties and the interest (if any) of such director(s) must be specified;
  - He / She holds CNS's shares. Either an increase or a decrease in the amount of shares held during the accounting year (if any) must be specified.

## Independent Directors

Independent Director comprised four members:

- |                 |                    |
|-----------------|--------------------|
| 1. Mrs.Wattanee | Phanachet          |
| 2. Mr.Prasert   | Virasathienpornkul |
| 3. Col.Ruangsub | Kovindha           |
| 4. Dr.Prasit    | Kanchanasakdichai  |

CNS has four independent directors according to the SEC's notification which states that "at least one - third of the directors must be independent directors and the independent directors must be not less than three persons".

## Board of Executive Directors

As of August 31, 2011, the Board of Executive Directors comprised five members:

- |                 |               |  |
|-----------------|---------------|--|
| 1. Mr.Suthep    | Peetakanont   | Chairman of the Board of Directors<br>Chairman of the Board of Executive Directors |
| 2. Mr.Shinichi  | Mizuno        | President  |
| 3. Mr.Nimit     | Wongjariyakul | Executive Director   |
| 4. Mr.Naoki     | Sugaya        | Executive Director   |
| 5. Mrs.Chrisana | Sae-Leiw      | Executive Director   |

MissVarangkna Wasuwanich is the secretary of the Board of Executive Directors.

### Authorities and Duties of the Board of Executive Directors

1. To operate and oversee CNS's operations as assigned by the Board of Directors.
2. To make certain that the CNS's operations are performing in accordance with the law and CNS's policies.
3. To set up and propose policies and targets including CNS's strategy to the Board of Directors.

## Audit Committee

For fiscal year 2011 (September 1, 2010 - August 31, 2011), the Audit Committee was comprised of three members:

- |                 |                    |                                 |
|-----------------|--------------------|---------------------------------|
| 1. Mrs.Wattanee | Phanachet          | Chairman of the Audit Committee |
| 2. Mr.Prasert   | Virasathienpornkul | Audit Committee Member          |
| 3. Col.Ruangsub | Kovindha           | Audit Committee Member          |

Ms. Penphun Palungvitvatana is the secretary of the Audit Committee.

**Note :** 1) Term of Chairman of the Audit Committee and Audit Committee Member was 2 years.  
2) Mrs.Wattanee Phanachet is the Audit Committee who has expertise and experience in reviewing the Company's financial statements and has the experience in reviewing the financial statements during the previous five years until present as follows:

Year	Position	Company
1998 - Present	Chairman of Audit Committee and Independent Director	Capital Nomura Securities Public Company Limited
1999 - Present	Audit Committee Member and Independent Director	Thai Poly Acrylic Public Company Limited
2007 - Present	Audit Committee Member and Independent Director	Esso (Thailand) Public Company Limited
2006 - April 2009	Audit Committee Member and Independent Director	Electricity Generating Public Company Limited
1999 - 2006	Audit Committee Member and Independent Director	Delta Electrics (Thailand) Public Company Limited

## Authorities and Duties of the Audit Committee

1. To review the accuracy and adequacy of the Company's financial reporting
2. To review the appropriateness and effectiveness of internal control systems, and internal audit functions and consider the Compliance & Internal Audit Department's Independence, as well as to approve any selection, promotion, rotation or termination of the Head of Compliance & Internal Audit Department
3. To review, along with the management, any issues related to Risk Assessment, Risk Management and monitor Risk Management
4. To review the Company's operations in conformity with the Securities and Exchange Laws, the regulations of the SET, and other laws related to the Company's business
5. To consider, select and propose the appointment of an independent person as an external auditor; to recommend remuneration and arrange personal meetings with the external auditor at least once a year without the presence of any members of management team
6. To consider a connected transaction or transaction that may lead to a conflict of interests to comply on all SET related laws and regulations and ensure that the aforementioned transactions are reasonable and maximize benefits to the Company
7. To prepare an audit committee's reports to be disclosed in the CNS's annual reports which are signed by the Chairman of the Audit Committee and comprise of the following information:
  - an opinion on the accuracy, completeness and creditability of the Company's financial report
  - an opinion on the adequacy of the Company's internal control systems
  - an opinion on the compliance with the Securities and Exchange laws, and regulations of the SET or other laws related to the Company's business
  - an opinion on the suitability of an external auditor
  - an opinion on the transactions that may lead to conflicts of interests
  - the number of the Audit Committee Meetings, and the attendance of each member
  - an opinion or a comment as the audit committee performed its duties as defined in the committee's charter
  - anything else which should be made available to shareholders and general investors within the scope of duties and responsibilities assigned by the Board of Directors
8. To inspect/assign to inspect any suspiciousness reported by the Company's external auditor, that the Director, the Management or any person who is responsible for the Company's operation commits an offence under the Securities and Exchange Act (No.4) B.E.2551 and report the result of preliminary inspection to the Office of the SEC and the external auditor within thirty days after being informed by the external auditor.
9. In carrying out the audit committee's duties, if it is found or suspected that there is a transaction or any of the following acts:
  1. a transaction which causes a conflict of interest
  2. any fraud, irregularity, or significant defect in an internal control system
  3. a violation of the Securities and Exchange laws, the regulations of the SET, and the other laws related to the Company's business which may significantly affect the CNS's financial condition and operating results, the Audit Committee shall report it to the Board of Directors for rectification within the period of time that the Audit committee thinks that it is appropriate. If the Board of Directors or the Management fails to make rectification within the period of time, any committee member may report the occurrence of a transaction or an act to the Office of the SEC or the SET.

10. To perform any other tasks as assigned by the Board of Directors with the approval of the Audit Committee.

For fiscal year 2011, four Audit Committee Meetings were held to acknowledge company progression and evaluate internal control and review financial statements with the Head of Finance Division, the Head of Compliance & Internal Audit Department and the external auditor. The Head of Compliance & Internal Audit Department was appointed as secretary of the Audit Committee.

### Credit Review Committee

As of August 31, 2011, the Credit Review Committee comprised five members:

- |                 |               |          |
|-----------------|---------------|----------|
| 1. Mr.Suthep    | Peetakanont   | Chairman |
| 2. Mr.Shinichi  | Mizuno        | Member   |
| 3. Mr.Nimit     | Wongjariyakul | Member   |
| 4. Mr.Naoki     | Sugaya        | Member   |
| 5. Mrs.Chrisana | Sae-Leiw      | Member   |

Ms.Kridsana Kulpanyalert is the secretary of the Credit Review Committee.

#### Authorities and Duties of the Credit Review Committee

1. To set the standard practices of account opening credit limits and increasing of credit limits, as well as setting up guidelines for consideration of credit limits.
2. To appoint an authorized person approving credit limits for securities trading, as well as considering requested cases which are not stated in the internal guidelines.
3. To set measures of credit risk control or consider any other issues relating to the credit facilities including collateral concentration limit.
4. To approve the Marginable Securities List proposed by the Marginable Securities Committee.
5. To appoint Member of Marginable Securities Committee.
6. To consider the interest rate for cash balance and margin loan

### Marginable Securities Committee

As of August 31, 2011, there were three members in the Marginable Securities Committee as follows:

- |   |                        |
|---|------------------------|
| 1. Department Head of Credit Management Department            | Chairman and Secretary |
| 2. Executive Director - Operations Division                   | Member                 |
| 3. Head of Investment Research and Investor Services Division | Member                 |

## Authorities and Duties of the Marginable Security Committee

1. To consider and determine practices and guidelines for the selection of marginable stocks and margin levels suitable for the domestic economy and brokerage business, and make proposal to the Credit Review Committee.
2. To periodically review the Marginable Securities List and the initial margin rate based on the assigned and requested basis, and propose the reviewed list to the Credit Review Committee for their approval.
3. To consider and determine collateral concentration limit suitable for liquidity and risk of each securities.
4. To set measures to manage the risk from collateral concentration.

## The Number of Board of Directors Meetings and Audit Committee Meetings and The Attendance by Individual Members for Fiscal Year 2011

### Board of Directors Meetings

Meeting No. / Year		8/10	9/10	10/10	11/10	1/11	2/11	3/11	4/11	5/11	6/11	7/11	8/11	Total (Times)
Name / Date		Sep 28	Oct 18	Nov 22	Dec 16	Jan 10	Feb 25	Mar 21	Apr 21	May 26	Jun 22	Jul 7	Aug 24	
Mr.Suthep	Peetakanont	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/12
Mr.Shinichi	Mizuno	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/12
Mr.Nimit	Wongjariyakul(1)	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	11/12
Mr.Naoki	Sugaya	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/12
Mrs.Chrisana	Sae-Leiw(2)	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	11/12
Mr.Koki	Miura(3)	-	-	-	-	-	-	✓	✓	✓	✓	✓	✓	6/12
Mr.Yoshinori	Go(4)	✓	✓	✓	✓	✓	-	-	-	-	-	-	-	5/12
Mr.Pisit	Tesabamroong	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/12
Mrs.Wattanee	Phanachet	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/12
Mr.Prasert	Virasathienpornkul	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/12
Col.Ruangsub	Kovindha(5)	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	11/12
Dr.Prasit	Kanchanasakdichai(6)	-	-	-	✓	✓	✓	✓	✓	✓	✓	-	✓	8/12
<b>Total Attendants</b>		<b>10</b>	<b>10</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>10</b>	<b>11</b>	<b>11</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>11</b>	

#### Remark

- (1) Mr.Nimit Wongjariyakul had the significant business appointment, therefore he could not attend the Meeting no.6/2011.
- (2) Mrs.Chrisana Sae-Leiw had the business trip with the officer of The Stock Exchange of Thailand (SET), therefore she could not attend the Meeting no.5/2011.
- (3) Mr. Koki Miura was appointed to be the Company's Director to replace the resigned director by the resolution of the Meeting of Board of Directors on February 25, 2011. The appointment will be effective on February 26, 2011. Mr.Koki Miura was registered to be Director with the Ministry of Commerce on March 8, 2011.
- (4) Mr.Yoshinori Go had resigned as the Company's Director, effective on January 11, 2011.
- (5) Col.Ruangsub Kovindha had overseas business trip, therefore he could not attend the Meeting no.6/2011.
- (6) Dr.Prasit Kanchanasakdichai was appointed to be the Company's Director by the resolution of the Meeting of Shareholders on December 16, 2010. The appointment will be effective on December 16, 2010. Dr.Prasit Kanchanasakdichai was registered to be Director with the Ministry of Commerce on December 29, 2010. Dr. Prasit Kanchanasakdichai had personal business, therefore he could not attend the Meeting no.7/2011.



**Audit Committee Meetings**

Meetings No. / Year	4/10	1/11	2/11	3/11	Total
Name / Date	Oct 12	Jan 6	Apr 21	Jul 7	(Times)
Mrs. Wattanee Phanachet	✓	✓	✓	✓	4/4
Mr. Prasert Virasathienpornkul	✓	✓	✓	✓	4/4
Col. Ruangsub Kovindha	✓	✓	✓	✓	4/4

In the Audit Committee Meeting No. 4/2010 on October 12, 2010, the Audit Committee met privately with the external auditor without the Company's staffs being present.

**Nomination of Directors and the Management****Directors**

The Board of Directors shall select qualified persons to become CNS's directors and propose the list of those selected persons to the shareholders' meeting. Then the shareholders' meeting will consider approving appointment of the directors.

1. One shareholder shall have votes equal to the number of shares held;
2. In choosing the directors; the method of voting used may be to vote on candidate by candidate or several candidates together, whichever the shareholders' meeting finds appropriate. However, in voting to pass a resolution, the shareholders shall vote using all the votes under (1) which cannot be divided for any particular candidate or group to any extent at all.
3. Voting for election of the directors shall base on the majority of votes. In the case of equality of votes, the presiding chairman shall have an additional casting vote.

**Appointing Replacement Director**

1. In case there is a vacancy on the Board of Directors other than from the normal rotation, the Board of Directors shall choose any person who is qualified and not prohibited by law as a replacement director in the next meeting of the Board of Directors, except in the case that the remaining term of office of such director is less than two months. The replacement director shall hold the office only for the remaining term of the director whom he/she replaces. Also, the resolution to appoint a replacement director mentioned above must receive at least three-fourths of the total votes by the remaining directors.
2. In case all of the directors vacate their office, the incumbent Board of Directors shall become an acting Board to carry on the business of CNS but only to the extent that is necessary, until a new Board of Directors has taken up its duties unless the Court orders otherwise. In case the Board of Directors has vacated the office by the Court order, the Board that has vacated the office must convene a shareholders' meeting to elect a new Board of Directors within one month from the date of vacating the office, by sending a notice to inform shareholders of the meeting at least fourteen days prior to the meeting date.
3. In case there are vacancies to the extent that the number of remaining directors is less than the number required to constitute a quorum, the remaining directors shall act in the name of the Board of Directors only for convening a shareholders' meeting to elect replacement directors for all the vacancies. The meeting shall be convened within one month from the date the number of directors was reduced to less than the number required to constitute a quorum, and the replacement directors shall hold the office only for the remaining terms of the directors whom they replace.

# NOMURA

## Executive of Directors

The Board of Directors has full authority to appoint Executive Directors.

## Independent Director

The Company ("CNS") has the definition of independent directors which was stricter than the minimum requirements of the SEC and the SET regarding number and qualification of the independent directors.

- (1) The Company must have Independent Directors at least 1/3 of the total number of the Company's directors and at least 3 persons
- (2) Each Independent Director must have the below qualifications.
  - (a) must not hold shares in excess of 0.50% of the total number of shares with voting rights of the Company, the parent company, subsidiary company, associated company, major shareholder or controlling person of the Company, whilst the shareholding of any related person of such Independent Director must also be counted.
  - (b) not be and have not been a director participating in management role, or an employee, an officer, an advisor which receives regular salary, or a controlling person of the Company or the parent company, subsidiary company, associated company, subsidiary company in the same level, major shareholder or controlling person of the Company, unless such Independent Director has not possessed the characteristics referred to above for at least 2 years prior to the date on which such Independent Director is appointed. However, that prohibited characteristics shall not apply to an Independent Director who used to be a governmental officer or an advisor to a government authority, which is a major shareholder or the controlling person of the Company.
  - (c) not be a person having blood relationship or relationship through legal registration as a father, mother, spouse, sibling and child, including as a spouse of a child, of any management person, major shareholder, or any controlling person or the person being nominated to be a management person or a controlling person of the Company or subsidiary company.
  - (d) not have and have not had any business relationship with the Company, the parent company, subsidiary company, associated company, major shareholder, or controlling person of the Company in the manner in which his / her independent discretion might be obstructed, neither is nor used to be a significant shareholder or a controlling person of any company that has business relationship with the Company, the parent company, subsidiary company, associated company, major shareholder or controlling person of the Company, unless such Independent Director has not possessed the characteristics referred to above for at least 2 years prior to the date on which such Independent Director is appointed.

The business relationship above includes normal practice trading transactions to lease or rent of real property, transactions related to assets/services, or financial support provision or reception by borrowing or lending, guarantee, providing collateral including other similar actions which make the Company or its counter parties having an obligation against the other a debt servicing worth three percent of the net tangible assets of the Company or more than Baht twenty million, whichever is lower. The calculation of liabilities shall comply with the criteria on the calculation of Connected Transaction as stipulated in the SET Notification re Disclosure of Information and other Acts of Listed Companies concerning the Connected Transaction. However, in consideration of liabilities, the liabilities incurred during one-year period prior to the date of commencement of business relationship with the same person shall be inclusive.

- (e) not be and have not been an auditor of the Company, the parent company, subsidiary company, associated company, major shareholder or controlling person of the Company and not be a significant shareholder, a controlling person, or a partner of any audit firm which the auditor of the Company, the parent company, subsidiary company, associated company, major shareholder, or controlling person of the Company is working, unless such Independent Director has not possessed the characteristics referred to above for at least 2 years prior to the date on which such Independent Director is appointed.
- (f) not be or have not been any professional service provider, including legal or financial advisor who obtains fee of more than 2 million Baht per year from the Company, the parent company, subsidiary company, associated company, major shareholder or controlling person of the Company and not be a significant shareholder, a controlling person or a partner of any such professional service provider, unless such Independent Director has not possessed the characteristics referred to above for at least 2 years prior to the date on which such Independent Director is appointed.
- (g) not be a director appointed as a representative of a director of the Company, a major shareholder, or a shareholder who is a related person of major shareholder of the Company.
- (h) not engage in any business which has a same nature as the Company or subsidiary company and which in any material respect, is competitive with the business of the Company or subsidiary company, or not be a significant partner in a partnership or a director participating in any management role, an employee, an officer, an advisor obtaining regular salary or a shareholder holding more than 0.50% of the shares with voting rights of other company engaging in any business which has a same nature as the Company, or subsidiary company and which in any material respect, is competitive with the business of the Company or subsidiary company.
- (i) not have any other characteristics by which his / her independent comment / opinion on the Company's operation may be restricted.

### **Audit Committee**

The Board of Directors or shareholder's meeting shall appoint members of Audit Committee. The Audit Committee must be director of the Company. At Present, Audit Committee shall consist of at least three Audit Committee members. The Company's criteria of the Audit Committee are similar to the requirements of the SEC and the SET as follows.

1. The Board of Directors or shareholder's meeting shall appoint members of Audit Committee.
2. An Audit Committee member must be independent director and possess qualifications as prescribed by the Office of the SEC and the SET, and:
  - (a) not being a director who is authorized by the Board of Directors to make decision in carrying out businesses of the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest; and
  - (b) not being a director of the Company, its Parent Company, its Subsidiary, or a subsidiary in the same level, which are listed company.
3. The Audit Committee shall perform duties as stated in the SET Notification re Qualifications and Scope of Work of the Audit Committee.
4. The members of Audit Committee shall be capable of performing Audit Committee duties. At least one member must have sufficient knowledge and experience to review the reliability of financial statements.

# NOMURA

## Management Staff

The Board of Executive Directors has the authority to select and appoint suitable persons to be Management Staff.

## Number of directors from the Major Shareholder

As of August 31, 2011, there are 3 directors who represent the major shareholder including Mr.Shinichi Mizuno, Mr.Naoki Sugaya and Mr.Koki Miura.

## List of Executives

As of August 31, 2011, the list of Executives was as follows:

No.	Name	Position
1.	Mr.Suthep Peetakanont	Chairman of the Board of Directors Chairman of the Board of Executive Directors
2.	Mr.Shinichi Mizuno	President
3.	Mr.Nimit Wongjariyakul	Executive Director
4.	Mr.Naoki Sugaya	Executive Director
5.	Mrs.Chrisana Sae-Leiw	Executive Director
6.	Mr.Koki Miura	Director
7.	Mr.Pisit Tesabamroong	Director
8.	Mrs.Wattanee Phanachet	Chairman of the Audit Committee and Independent Director
9.	Mr.Prasert Virasathienpornkul	Audit Committee Member and Independent Director
10.	Col.Ruangsub Kovindha	Audit Committee Member and Independent Director
11.	Dr.Prasit Kanchanasakdichai	Independent Director
12.	Mrs.Krittika Tharamart	Director of Retail Sales Division 2
13.	Miss Varangkna Wasuwanich	Head of Finance Division
14.	Mr.Thanomsak Saharatchai	Head of Investment Research and Investor Services Division
15.	Mr.Yoshikazu Yonenaga	Head of Japan Desk & Deputy Division Head of Investment Banking Division
16.	Mrs.Patcharin Karsemarnuntana	Deputy Division Head of Research Division

The above is the list of Executives as per the notification of the SET.

## Company Secretary

CNS appointed Miss Varangkna Wasuwanich, Head of Finance Division, as Company Secretary.

# Remuneration of Directors and Management

**NOMURA**

## Monetary remuneration

### Directors' remuneration

The total remuneration paid to the Board of Directors, including for their role as directors and members of the audit committee, in fiscal year 2011 was as follows:

Unit : Baht

	Name	One-time remuneration*	Audit Committee	Meeting Allowance	Total
1	Mr.Suthep Peetakanont	176,027	-	-	176,027
2	Mr.Takeshi Nishida(1)	229,055	-	-	229,055
3	Mr.Shinichi Mizuno	64,918	-	-	64,918
4	Mr.Nimit Wongjariyakul	220,000	-	-	220,000
5	Mr.Naoki Sugaya	220,000	-	-	220,000
6	Mrs.Chrisana Sae-Leiw	220,000	-	-	220,000
7	Mr.Yoshinori Go(2)	220,000	-	75,000	295,000
8	Mr.Koki Miura(3)	-	-	90,000	90,000
9	Mr.Pisit Tesabamroong	220,000	-	180,000	400,000
10	Mrs.Wattanee Phanachet	220,000	286,000	180,000	686,000
11	Mr.Prasert Virasathienpornkul	220,000	220,000	180,000	620,000
12	Col.Ruangsub Kovindha	220,000	220,000	165,000	605,000
13	Dr.Prasit Kanchanasakdichai(4)	-	-	120,000	120,000
<b>Total</b>		<b>2,230,000</b>	<b>726,000</b>	<b>990,000</b>	<b>3,946,000</b>

**Note :** \* The above remuneration was approved at the Annual General Meeting of Shareholders (No.1/2010) on December 16, 2010 based on the performance for fiscal year 2010.

(1) Mr.Takeshi Nishida had resigned as the Company's Director, effective in the end of June 7, 2010.

(2) Mr.Yoshinori Go had resigned as the Company's Director, effective in the end of January 11, 2011.

(3) Mr.Koki Miura was appointed to be the Company's Director to replace the resigned director by the resolution of the Meeting of Board of Directors on February 25, 2011. The appointment will be effective on February 26, 2011. Mr.Koki Miura was registered to be Director with the Ministry of Commerce on March 8, 2011.

(4) Dr.Prasit Kanchanasakdichai was appointed to be the Company's Director by the resolution of the Meeting of Shareholders on December 16, 2010. The appointment will be effective on December 16, 2010. Dr.Prasit Kanchanasakdichai was registered to be Director with the Ministry of Commerce on December 29, 2010.

# NOMURA

## Remuneration for the Executive Directors and the Management

Directors' remuneration, excluding salary, bonus and other remunerations paid to the Executive Directors, was paid as referred to the resolution of the shareholders' meeting.

Salary, bonus and other remunerations paid to the Executive Directors and other management members was paid based on their duties and responsibilities, as well as CNS's performance and their performances during the past year and in comparison with those of peers in the industry.

Remuneration for the Executive Directors and the Management	Fiscal Year 2011	
	No. of person	Remuneration (Baht)
Salary and Bonus	11	74,824,685
Social security fund and provident fund	11	3,949,608
<b>Total</b>	<b>11</b>	<b>78,774,293</b>

**Note :** This remuneration was paid to five Executive Directors and six Management Staff, included one Management Staff had resigned during the fiscal year and one Management Staff was appointed to be Management Staff during the fiscal year.

## Other remuneration

- None -

# Profile of Directors and Management

**NOMURA**

## Profile of Directors, Management and Executives as of August 31, 2011

Name / Current Position	Age (Yrs)	Education Background	Shareholding in CNS (%) *	Family Relationship among Executives	Work Experiences			Training Program
					Period	Position	Name of the company / unit	
Mr.Suthep Peetakanont Chairman of the Board of Directors Chairman of the Board of Executive Directors	49	Master of Business Administration, University of Missouri, Kansas City, U.S.A	-	-	Sep 2011 - Present	■ Chairman and Chairman of the Board of Executive Directors	■ Capital Nomura Securities Plc	■ Director Certification Program (DCP), 2000 / Thai Institute of Directors Association (IOD) ■ Chairman 2000, 2002 / Thai Institute of Directors Association (IOD)
					Jun 2010 - Aug 2011	■ Chairman and Acting Chairman of the Board of Executive Directors	■ Capital Nomura Securities Plc	
					Dec 2009 - May 2010	■ Chairman and Executive Directors	■ Capital Nomura Securities Plc	
					Jun - Dec 2009 1996 - May 2009	■ Honorary Chairman ■ Chairman and Chairman of the Board of Executive Directors	■ Capital Nomura Securities Plc ■ Capital Nomura Securities Plc	
Mr.Shinichi Mizuno President	43	The degree of Bachelor of Commerce, Kansai University, Japan	-	-	Jun 2010 - Present Apr - May 2010	■ President ■ Managing Director, Head of Global Business Department	■ Capital Nomura Securities Plc ■ Nomura Securities Co., Ltd.	-
					Dec 2009 - Mar 2010	■ Managing Director, Head of Asia Retail Business Department	■ Nomura Securities Co., Ltd.	
					Dec 2007 - Nov 2009	■ Managing Director, Branch Manager, Denenchofu Branch Office	■ Nomura Securities Co., Ltd.	
					Apr 2006 - Nov 2007	■ Executive Director, Product Development & Planning Department	■ Nomura Securities Co., Ltd.	
					Apr 2003 - Mar 2006	■ Executive Director, Retail Strategy Department	■ Nomura Securities Co., Ltd.	
					Dec 2007 - Present 1998 - Dec 2007	■ Executive Director ■ Head of Investment Banking Division	■ Capital Nomura Securities Plc ■ Capital Nomura Securities Plc	
Mr.Nimit Wongjariyakul Executive Director	47	Master of Engineering, Pennsylvania State University, U.S.A.	-	-	Dec 2007 - Present 1998 - Dec 2007	■ Executive Director ■ Head of Investment Banking Division	■ Capital Nomura Securities Plc ■ Capital Nomura Securities Plc	■ DCP Refresher Course, 2009, Thai Institute of Directors Association (IOD)

Name / Current Position	Age (Yrs)	Education Background	Shareholding in CNS (%) *	Family Relationship among Executives	Work Experiences			Training Program
					Period	Position	Name of the company / unit	
<b>Mr.Naoki Sugaya</b> Executive Director	46	The degree of Bachelor of Agriculture, Meiji University, Japan	-	-	2009 - Present 2003 - 2009  2001 - 2003	■ Executive Director ■ Business Manager of Fixed Income Division - Asia Pacific ■ Head of Administration	■ Capital Nomura Securities Plc ■ Nomura International (Hong Kong) Limited ■ Nomura Italia SIM P.A., Milano, Italia	-
<b>Mrs.Chrisana Sae-Leiw</b> Executive Director	51	Bachelor of Science, Southern Adventist University, U.S.A.	-	-	2009 - Present 1996 - 2008	■ Executive Director ■ Director	■ Capital Nomura Securities Plc ■ Capital Nomura Securities Plc	■ Negotiation skills and debt collection, 2011, The Thai Institute of Banking and Finance Association ■ IAS 39 Financial Instruments and International Financial Reporting Standards (IFRS) : The effect of finance, 2011, The Thai Institute of Banking and Finance Association ■ Internal control over financial reporting : Enterprise Value Strategy, 2011, The Stock Exchange of Thailand
<b>Mr.Koki Miura</b> Director	48	Bachelor's Degree, Faculty of Political Science & Economics, Waseda University, Japan	-	-	Feb 2011 - Present Nov 2010  Apr 2010 Apr 2008 Jul 2007  Apr 2003	■ Director ■ Senior Managing Director Business Development Wealth Management, Asia ex-Japan ■ Vice Chairman ■ Senior Managing Director Business Development ■ Managing Director ■ Managing Director, Head of Wealth Management Department, Deputy Head of Sales Strategy Department ■ President, CEO ■ President, CEO  ■ Director ■ Commissioner	■ Capital Nomura Securities Plc ■ Nomura Securities Co., Ltd.  ■ Nomura Singapore Limited ■ Nomura Securities Co., Ltd. ■ Nomura Securities Co., Ltd., Fukuoka Branch Office ■ Nomura Securities Co., Ltd., Head Quarters  ■ Nomura Singapore Limited ■ Nomura Futures (Singapore) Pte. Ltd. ■ Nomura Securities Singapore Pte. Ltd. ■ PT Nomura Indonesia	-



Name / Current Position	Age (Yrs)	Education Background	Shareholding in CNS (%)*	Family Relationship among Executives	Work Experiences			Training Program
					Period	Position	Name of the company / unit	
Mr.Pisit Tesabamroong Director	87	<ul style="list-style-type: none"> <li>■ Bachelor of Law, Thammasat University</li> <li>■ Diploma from Thailand National Defence College, Class 18</li> </ul>	-	-	1985 - Present	<ul style="list-style-type: none"> <li>■ Director</li> </ul>	<ul style="list-style-type: none"> <li>■ Capital Nomura Securities Plc</li> </ul>	-
					2005 - Present	<ul style="list-style-type: none"> <li>■ Head of Legal Consultant</li> </ul>	<ul style="list-style-type: none"> <li>■ S.J. International Legal Consulting and Advisory Company Limited</li> </ul>	
					2000 - 2007	<ul style="list-style-type: none"> <li>■ Legal Advisor</li> </ul>	<ul style="list-style-type: none"> <li>■ Advisor to the president of National Institute of Development Administration (NIDA)</li> </ul>	
					1985 - 2007	<ul style="list-style-type: none"> <li>■ Special Professor</li> </ul>	<ul style="list-style-type: none"> <li>■ Special Professor of Faculty of Law, Ramkhamhaeng University</li> </ul>	
Mrs.Wattanee Phanachet Chairman of the Audit Committee and Independent Director	74	M.A. (Accounting), University of Alabama, U.S.A.	-	-	1998 - Present	<ul style="list-style-type: none"> <li>■ Chairman of the Audit Committee and Independent Director</li> </ul>	<ul style="list-style-type: none"> <li>■ Capital Nomura Securities Plc</li> </ul>	<ul style="list-style-type: none"> <li>■ DCP Refresher Course, 4/2007, Thai Institute of Directors Association (IOD)</li> <li>■ Audit Committee Program (ACP), 16/2007, Thai Institute of Directors Association (IOD)</li> <li>■ Board Performance Evaluation, 2004, Thai Institute of Directors Association (IOD)</li> <li>■ Director Certification Program (DCP), 15/2002, Thai Institute of Directors Association (IOD)</li> </ul>
					2007 - Present	<ul style="list-style-type: none"> <li>■ Audit Committee and Independent Director</li> </ul>	<ul style="list-style-type: none"> <li>■ Esso (Thailand) Plc</li> </ul>	
					1999 - Present	<ul style="list-style-type: none"> <li>■ Audit Committee and Independent Director</li> </ul>	<ul style="list-style-type: none"> <li>■ Thai Poly Acrylic Plc</li> </ul>	
					2005 - Present	<ul style="list-style-type: none"> <li>■ Specialist in the field of Finance and Accounting</li> </ul>	<ul style="list-style-type: none"> <li>■ Civil Service Commission</li> </ul>	
					2006 - Apr 2009	<ul style="list-style-type: none"> <li>■ Audit Committee and Independent Director</li> </ul>	<ul style="list-style-type: none"> <li>■ Electricity Generating Plc</li> </ul>	
					1999 - 2006	<ul style="list-style-type: none"> <li>■ Audit Committee and Independent Director</li> </ul>	<ul style="list-style-type: none"> <li>■ Delta Electronics (Thailand) Plc</li> </ul>	
					2005 - 2008	<ul style="list-style-type: none"> <li>■ Head, Sub-Committee on Certified Public Accountant's Qualification</li> </ul>	<ul style="list-style-type: none"> <li>■ Federation of Accounting Professions</li> </ul>	
					2006 - 2007	<ul style="list-style-type: none"> <li>■ Committee on Curriculum Quality Guarantee</li> </ul>	<ul style="list-style-type: none"> <li>■ Faculty of Commerce and Accountancy, Chulalongkorn University</li> </ul>	

Name / Current Position	Age (Yrs)	Education Background	Shareholding in CNS (%)*	Family Relationship among Executives	Work Experiences			Training Program
					Period	Position	Name of the company / unit	
<b>Mr. Prasert Virasathienpornkul</b> Audit Committee Member and Independent Director	51	Master of Business Administration, University of Wisconsin Madison, U.S.A.	-	-	1999 - Present 1997 - Present Present	■ Audit Committee Member and Independent Director ■ Managing Director ■ Audit Committee and Independent Director	■ Capital Nomura Securities Plc ■ Concept Training & Consultant Co., Ltd. ■ Master Ad Public Company Limited	■ Director Certification Program (DCP), 2002, Thai Institute of Directors Association (IOD)
<b>Col. Ruangsab Kovindha</b> Audit Committee Member and Independent Director	59	Bachelor of Science in Engineering, University of Alabama, U.S.A.	-	-	2002 - Present 2000 - Present	■ Audit Committee Member and Independent Director ■ Managing Director	■ Capital Nomura Securities Plc ■ United Information Highway Co., Ltd	■ Director Accreditation Program (DAP), 2007, Thai Institute of Directors Association (IOD)
<b>Dr. Prasit Kanchanasakdichai</b> Independent Director	47	DBA in Finance with highest score in the class as well as Beta, Gamma, Sigma Honor, Boston University, U.S.A.	-	-	Dec 2010 - Present Present Present Present 2004 - 2008 2004 - 2008 2004 - 2008	■ Independent Director ■ President ■ Managing Director ■ Managing Director ■ President ■ President ■ President	■ Capital Nomura Securities Plc ■ Thai Const & Building Manufacturing Public Company Limited ■ C.M. Manufacturing Company Limited ■ T.C.B. Home Center Company Limited ■ Hory Engineering Corporation (Japan) ■ MK Industry Co., Ltd. (Korea) or Hory Engineering Korea ■ Pei-Hory Asia Formwork Pte. Ltd. (Singapore)	-
<b>Mrs. Kritika Tharamart</b> Director of Retail Sales Division 2	50	Bachelor of Education, Phranakhon Rajabhat University	22,437 shares**	-	May 2009 - Present 1986 - 2009	■ Director of Retail Sales Division 2 ■ Head of Retail Sales Division 2	■ Capital Nomura Securities Plc ■ Capital Nomura Securities Plc	-

Name / Current Position	Age (Yrs)	Education Background	Shareholding in CNS (%) *	Family Relationship among Executives	Work Experiences			Training Program
					Period	Position	Name of the company / unit	
Miss.Varangkna Wasuwanich Head of Finance Division	44	Master of Business Administration, Thammasat University	-	-	2003 - Present 2002 - 2003 1999 - 2001	■ Head of Finance Division ■ Business Controller ■ Senior Manager, Accounting Department	■ Capital Nomura Securities Plc ■ GE Capital Thailand Limited ■ GE Capital Thailand Limited	■ Update of Accounting Standard, 2010, Federation of Accounting Professions ■ Accounting Standard, class 12 ■ Changing in TAS and TFRS ■ Update of Accounting Standard, 2009, Federation of Accounting Professions ■ The Effects of Change in Foreign Exchange Rates ■ Related Party Disclosures ■ First-time Adoption of International Financial Reporting Standards ■ Non-current Assets Held for Sales and Discontinued Operations ■ Earnings per share
Mr.Thanomsak Saharatchai Head of Investment Research and Investor Services Division	46	Master of Business Administration, Angelo State University, U.S.A.	3,015 shares**	-	2006 - Present  2005 - 2006 2004 - 2005 1994 - 2004	■ Head of Investment Research and Investor Services Division ■ Senior Vice President ■ Assistant Director  ■ Deputy Manager	■ Capital Nomura Securities Plc  ■ Ayudhya Securities Plc ■ APEX Securities Company Limited ■ Capital Nomura Securities Plc	■ Steering the IFRS Adoption, 2007, Thai Listed Companies Association
Mr.Yoshikazu Yonenaga Head of Japan Desk & Deputy Division Head of Investment Banking Division	37	Bachelor of Arts in Economics, Keio University, Japan	-	-	Jun 2010 - Present  Dec 2006 - May 2010 2006	■ Head of Japan Desk & Deputy Division Head of Investment Banking Division ■ Executive Director of Consulting Department I ■ Vice President, Product Planning Department	■ Capital Nomura Securities Plc  ■ Nomura Healthcare Co., Ltd. ■ Nomura Securities Co., Ltd.	-
Mrs.Patcharin Karsemaruntana Deputy Division Head of Research Division	41	Master of Finance, Assumption University	-	-	2008 - Present 2005 - 2008	■ Deputy Division Head of Research Division ■ Senior Vice President	■ Capital Nomura Securities Plc ■ Ayudhya Securities Plc	■ Code of Ethics : Analysis and Investment, 2011, Securities Association Analysts

**Remarks:**

\* Number of shares and % of shareholding as of August 31, 2011

\*\* CNS Shareholding of 2 Executives was from Employee Joint Investment Program (EJIP)

CNS has always realized the important of conducting business in compliance with Good Corporate Governance Principles. On April 25, 2005 the Board of Directors resolved the Company's Good Corporate Governance Policy in writing and in both Thai and English languages, to comply with the principles, rules and regulations regarding Good Corporate Governance stated by the SET and the SEC, which cover the following categories:

- Right of shareholders
- Equitable treatment of shareholders
- Roles of stakeholders
- Disclosure and transparency
- Responsibilities of the Board

In April 2005, the Board of Directors also set the Company's Code of Conduct in writing and in both Thai and English languages for the Company's directors and staff, using as a practice guideline. Moreover, the Board of Directors has regularly reviewed and adjusted the Good Corporate Governance Policy and the Code of Conduct to be suited with current circumstances and covered newly guidelines which were announced by the related authorities. In fiscal year 2011, the Board of Directors had reviewed and adjusted the Good Corporate Governance Policy and the Code of Conduct. The latest review was conducted on August 24, 2011 and September 14, 2011. CNS had also posted the latest versions of the Good Corporate Governance Policy and the Code of Conduct on CNS's website ([www.cns.co.th](http://www.cns.co.th)) under "Corporate Governance" topic.

Each Year, CNS had communicated and encouraged all directors and staff to understand and strictly comply with the Good Corporate Governance Policy and the Code of Conduct and also evaluated the results of compliance with those matters. In year 2011, CNS was:

- Arranging the trainings and seminars to educate and refresh the staff's understanding regarding the Company's Good Corporate Governance policy and Code of Conduct by the Compliance and Internal Audit Department and Human Resource Department.
- Posting information regarding the Company's Good Corporate Governance Policy and Code of Conduct as a wall paper in staff's computer screen and promote the compliance of Good Corporate Governance policy and Code of Conduct.
- Evaluating the results of trainings and seminars, other activities, staff's knowledge and understanding before and after trainings and report the results of evaluation to the Board of Directors for consideration of improvement in efficiency and effectiveness.

In year 2011, CNS had corporate social responsibility campaigns. (Details were presented under "Corporate Social Responsibility" topic)

## 1. Right of Shareholders

CNS realized the basic rights of shareholders which include the right to buy, sell, or transfer shares, the right to gain shares in the Company's profit, the right to receive relevant and adequate information of CNS in a timely manner, the right to participate and vote in shareholder meetings to elect or remove directors, appoint external auditors and consider on any issues or transactions which may have significant impacts on CNS such as amendments to the Company's article of association and affidavit, capital increase or decrease.

CNS did not do any actions that limit or violate shareholders' rights which not covered only rights as stated by law but also covered the right to study CNS's information, the right to ask and receive answers from the Board of Directors in shareholder meetings, the right to attend shareholder meetings even for late comers, the right to receive criteria and procedure for attending shareholder meetings and sufficient information regarding the issues to be discussed in each agenda in an appropriate time prior to the meeting. There will be no unprecedented distribution of additional key information apart from what have been distributed at the shareholder meeting. No additional issues are added to the agenda nor changes made to key information without prior notice to shareholders.

In year 2010, CNS held the Annual General Meeting of Shareholders ("AGM") on December 16, 2010. All ten directors, one nominated candidate for additional director position, external auditor and management in significant positions such as the Head of Finance Division, the Head of Operation Division, the members of Credit Review Committee attended the meeting to clarify and answer the questions.

For the 2010 AGM, Thailand Securities Depository Co., Ltd. (TSD) as CNS's share registrar submitted an invitation letter, annual report and other related information to the shareholders fourteen days prior to the meeting, although there were no special agendas required to be submitted to shareholders fourteen days prior to the meeting. In the invitation letter, CNS provided the below information to shareholders.

- Meeting agendas and the Board of Directors' opinion in each agenda
- Supporting information & document for each agenda, including biography of directors who were nominated for CNS's directorship
- CNS's annual report and year-end financial statement
- Criteria, procedure and required documents for attending shareholder meeting
- CNS's article of association related to the meeting agendas
- Name and biography of three independent directors for shareholders who could not attend by themselves to consider appointing to be proxy
- Three proxy forms for shareholders to select based on their needs, including the forms that shareholders could decide their votes in each agenda
- Map of the meeting venue

CNS also published the invitation letter and other information as above on CNS's website thirty days before meeting date (except annual report which was posted approximately twenty days before meeting date).

In the 2010 AGM, the Chairman informed shareholders of the voting procedure before starting the meeting agenda, and during the meeting the Chairman facilitated shareholders' questions and asked the responsible persons to answer all questions. The meeting took approximately two hours which was enough for clarifying issues, discussing as well as answering question and finding resolutions. CNS submitted the shareholder meeting's resolutions through the SET's website on the meeting date and submitted the minutes of shareholders' meeting which documented about meeting, votes, questions and answers in each agenda to the SET and published on CNS's website with in fourteen days from meeting date. Therefore, the shareholders could review such information without waiting for next meeting.

## 2. Equitable Treatment of Shareholders

CNS realized that all shareholders should be treated in an equal way and fair treatment basis. This includes; supervising the uses of shareholders' money in proper ways, arranging shareholder meeting in the manner that could support the equitable treatment to all shareholders, allowing any shareholders who could not attend the meeting to appoint their proxies, setting up procedures to prevent the use of inside information for abusive self-dealing, setting up procedure to declare the interest of directors and managements and setting up procedure for consideration of connected transaction to be in compliance with the SET's and the SEC's rules and regulations.

In the 2010 AGM on December 16, 2010 CNS proposed three independent directors so that the shareholders could choose as their proxies in case they could not attend the meeting. In addition, CNS sent three proxy forms to the shareholders to choose one of them which match to their needs. Among these three forms, these were the forms in which shareholders were able to specify their votes. The Chairman of the AGM, had conducted the meeting by following the sequence of meeting agenda defined in an invitation letter and did not add any new agendas. During the meeting, the Chairman facilitated shareholders' questions and asked the responsible persons to answer all questions regardless of the amount of shares they were holding (or whether they were major or minor shareholders). CNS used voting cards for transparency and future reference. The Chairman also announced voting results and scores of agree, not agree and abstain in each agenda to the meeting. In case the shareholders had any question or objected to that result, they could ask for score re-checking immediately. Moreover, CNS had policy and procedure to prevent of insider information or abusive self-dealing. Those policies and procedures were conveyed to all staff in both verbal and writing forms. CNS's Board also required the directors and managements to report their holding in CNS's stocks as required by the SEC when they change their holdings and at each monthly Board's meeting.

## 3. Role of Stakeholders

CNS realized all stakeholders should be treated fairly in accordance with their legal rights as specified in relevant laws or commitments. CNS shall not take any action to violate the right of such stakeholders.

The Board of Directors was clearly stated in CNS's Good Corporate Governance Policy that "CNS's Board of Directors shall realize all stakeholders' rights and establish a code of business ethics for CNS's operations and principles of good practice for directors and staff, and shall endeavor the communications among all relevant parties". CNS set guideline of treatment to stakeholders in a Code of Conduct for several areas including corporate social responsibility, standard practice to customers, compliance with laws and regulations, staff investment, conflicts of interest, confidentiality, fair dealing, protection and proper use of corporate assets, respect for human rights, and etc. CNS published the Code of Conduct on CNS's website under "Corporate Governance" topic.

CNS had procedure to report significant information in which the stakeholders should be informed of in the annul report and / or CNS's website. Such information includes quarterly financial statements, year-end financial statements, other published information, internal control, list of CNS's Board of Directors, list of major shareholders, minutes of shareholder meeting, annual report and etc. Moreover, CNS also provides channels to receive suggestions or complaints. Stakeholders may send their suggestions or complaints to the Compliance and Internal Audit Department which report directly to the Board of Directors and Audit Committee. If stakeholders have any question, they may contact CNS's investor relations staff.

## 4. Disclosure and Transparency

CNS realized that all important information, including financial data and non-financial data, must be disclosed on the basis of accuracy, completeness, timeliness and transparency through easy-to-access and fairly accessible channels.

In fiscal year 2011, CNS disclosed all important information, information that might impact shareholders' and investors' decisions, information that must be disclosed by laws and regulations of relevant authorities, such as quarterly financial statements, year-end financial statements, annual report, 56-1 report, minutes of shareholders meeting, the significant resolutions of the Board of Directors' meeting, AGM invitation letter, list of CNS's Board of Directors. CNS published the information in both Thai and English languages for shareholders, investors and stakeholders on the SET's website and / or CNS's website. CNS always keeps the information updated.

In annual report and 56-1 report, CNS disclosed all information required by the SEC and the SEC in a complete manner which included roles and responsibilities of the Board of Directors and committees, report of the Board's responsibility for financial statements, report of the Audit Committee, Audit Committee's opinion on connected transactions, the number of the Board's and Audit Committee's Meetings, the number of attendance by each member of the Board and Audit Committee, directors' and executives' remunerations, auditor report and year-end financial statements.

During the fiscal year 2011, CNS had not been charged by the SET, SEC or any authorities related to the breaching of disclosure information.

CNS also set up an investor relation function for providing significant information, answering questions and being a communication channel between CNS and shareholders or investors.

## 5. Responsibilities of the Board

The Board of Directors realized that the Board of Directors' members play important roles in corporate governance for the best interest of CNS and they are accountable to shareholders and independent of management.

### 5.1 Board of Directors' Structure

As of August 31, 2011, CNS's Board of Directors comprised eleven members.

- |                           |           |
|---------------------------|-----------|
| ■ Executive directors     | 5 persons |
| ■ Non-Executive directors | 6 persons |

Non-Executive directors were:

- |                         |           |
|-------------------------|-----------|
| ■ Independent directors | 4 persons |
| ■ Outside directors     | 2 persons |

In the 2010 AGM which was held on December 16, 2010, Shareholders had appointed one additional independent director so that the total independent directors will be four persons from eleven persons of total Board of Directors' members which the proportion of independent director will not be less than 1/3 of total Board of Directors' members as required by the SEC's rules and regulations. The Board of Directors considered and agreed that number, proportion and qualification of the Board as above are appropriate considering the size of CNS and balancing of authority in management. Although the Chairman of the Board of Directors is not an independent director, the Chairman always strictly adheres to CNS's Good Corporate Governance Policy and he has knowledge, capability and experience in CNS's business for a long time. Moreover, the management decision is based on the resolution of the Board of Executive Directors (which comprises of five executive directors), not only the managing director or one of the executive directors. Based on those reasons, it's ensured that the Chairman shall perform his / her job in transparent, fair and prudent manner for the most interest of all stakeholders.

# NOMURA

On July 9, 2010, CNS's Board of Directors adjusted CNS's Independent Director Qualification to be stricter than the qualification which regulated by the SEC (as shown under "Independent Director" topic).

In CNS's article of association stated that "in each AGM, 1/3 of the Directors shall retire. If the number of directors cannot be a multiple of three, the nearest number to 1/3 must retire from the Company. The Directors who have been in the longest term of service must retire by rotation".

In working as CNS's Board of Directors, they were aware of efficiency in performance as the Company's directors as a key factor. In fiscal year 2011, CNS's Board of Directors implemented a board performance self-assessment to evaluate the Board's performance. The Board of Directors had considered the assessment results of the past year and then determined measures to improve its performance together. CNS's Board of Directors also carefully considered the holding positions in other companies of each Board of Directors member whether it would affect to his / her performance as the CNS's director or not and whether it would lead a conflict of interest or bias in decision making for the CNS's benefits or not. However, CNS had already disclosed the details of holding position in other companies of each director in 56-1 report and annual report for shareholders' consideration. According to the information, the number and nature of business that each director has position currently, would not affect his / her performance as CNS's director. In addition, CNS also set up clear policies that each director must declare his / her direct and indirect interest in any agreements which CNS entering and each director who has interest in such agreement must not be involved in consideration and voting process in such agreement.

CNS appointed a person in charge of CNS's secretary who was a permanent staff, to take care of the Board of Directors' activities, co-operating to ensure that the Board of Directors' resolutions were taken proper actions, preparing director registration, keeping director's and management's interest report, and other tasks as regulated by laws, rules and regulations of the SET, the SEC and other related authorities.

List of the Board of Directors' members and other committees, the Company secretary and duty, authority, role and responsibility, nomination process were presented under "Management Structure" topic.

## 5.2 Committees

CNS has clearly separated the roles, duties and responsibilities of the Board of Directors, the Board of Executive Directors, Audit Committee, Credit Review Committee, Marginable Securities Committee, so that those would supervise and support the management appropriately. Information of structures, roles, duties and responsibilities of each committee were presented under "Management Structure" topic.

## 5.3 Roles, Duties and Responsibilities of the Board

CNS's Board of Directors reviews and approves CNS's visions, missions, strategies, goals, risks, business plans and budgets which was proposed by the management. And the Board of Directors had supervised, monitored and evaluated measurements to monitor the management's performance to ensure efficiency as expected. CNS' Board of Directors also set up communication system to convey CNS's visions, missions, strategies and goals to directors, managements and staff regularly through the staff meetings and the internal communication system such as Internet or email.



CNS's Board of Directors realized their roles, duties and responsibilities in creating and promoting Good Corporate Governance in the Company, to support the growth and sustaining of CNS's business with efficient and transparent management which brought about confidence to all related stakeholders and maximized CNS's and shareholders' benefits. CNS's Board of Directors therefore set up the written Good Corporate Governance policy and the written Code of Conduct since year 2005, as a practice guideline for staff and has reviewed this Good Corporate Governance Policy and Code of Conduct every year to accommodate it with current situation.

CNS's Board of Directors set up the training and seminar to refresh knowledge, understanding and confirming all staff to comply strictly with the Good Corporate Governance Policy and a Code of Business Conduct. In year 2011, CNS arranged the training to educate the staff's understanding regarding Good Corporate Governance and Corporate Social Responsibility. CNS's Board of Directors also determined measurement to supervise, monitor and evaluate the compliance of Good Corporate Governance and Code of Conduct and report this compliance result to the Board of Directors for future improvement.

CNS's has policies and guidelines to prevent related persons from exploiting their positions for personal interest by setting up policy that all connected transaction must be done on CNS's benefit basis and must be in compliance with the rules and regulations of the SET and the SEC. In addition, all connected transactions must be approved by the Board of Directors or reported to the Board of Directors if that transaction could be approved by the management according to the SET's and the SEC's rules and regulations.

CNS's Board of Directors realized the importance of good internal control in the areas of operating control, operating procedures, and financial reports including the compliance with authorities' rules and regulations. CNS requested all departments to operate with good internal control and strictly follow rules and regulation of related authorities. However, CNS set up the Compliance and Internal Audit Department to be responsible for reviewing and monitoring CNS's operations in this aspect. The Compliance and Internal Audit Department shall evaluate the risk of each function to determine a proper scope, time spending and resource to audit in each area and report the result to Audit Committee and CNS's Board of Directors.

#### **5.4 Board Meeting**

CNS's Board of Directors holds regular meetings on a monthly basis, or at least one time in each quarter and may hold extra meetings when necessary. The Chairman of the Board of Directors and the Executive Directors shall jointly set the agenda for the Board of Directors' meeting. However, each director can propose an issue for a meeting agenda. CNS's Secretary shall send invitation letter attached by the meeting agenda and adequate documents to all directors seven days prior to the meeting so that the directors shall have enough time to study those information before the meeting. The Board of Directors shall set the meeting date, time and venue in advance to ensure that all directors can attend the meeting.

In the Board of Directors' meeting, the Chairman of the Board of Directors appropriately allocated the meeting time to propose the meeting agenda and express their comments. In addition, the Chairman also encouraged creative discussion or careful consideration especially in issues concerning Good Corporate Governance to maximize CNS's interest. If there was any meeting agenda which related to any function within CNS, the Board of Directors would invite the top management of such function or department to present or clarify additional information to the Board of Directors and also introduce those top managements to the Board of Directors for the consideration of concession plan in the future.

# NOMURA

In fiscal year 2011, the Company's Board of Directors held twelve meetings, held once month. The number of each director's attendance in the Board of Directors' meeting was presented under "The Number of Board of Directors Meetings and Audit Committee Meetings and The Attendance by Individual Members for Fiscal Year 2011" topic.

## 5.5 Remuneration

CNS's Board of Directors has set directors' remuneration policies by comparing with remunerations that other companies in the same industry and with the same size of business and service pay to their directors. In addition, CNS also considered experience, scope of work, role, and responsibility of each director in defining the director's remuneration before proposing to the shareholders' meeting to approve. For remuneration to the management, the Board of Executive Directors set policies by considering of knowledge, accountability, experience, past performance, level of contribution and important to the achievement of CNS's goal. CNS already presented the number of directors' and managements' remuneration under "Remuneration of Directors and Management" topic.

## 5.6 Board and Management Training

CNS's Board of Directors encourages and facilitates training and development for directors, managements, company secretary and staff in all levels to regularly refresh and get more knowledge and understanding about CNS's business, services, products, current and future laws, rules and regulations including Good Corporate Governance and Code of Conduct. In fiscal year 2011, CNS supported directors and staff in all levels to join training programs and seminars held by the Thai Institute of Directors, the SET, the SEC, the Federation of Accounting Professions, the Securities Analysts Association and other related units or organizations. Moreover, CNS arranged in-house training sessions conducted by internal human resource and also invited the special professors to be our guest speakers.

CNS's Board of Directors requested the Human Resource Department to prepare "Director's Handbook" for new appointing director to use as a guideline and also provided a brief presentation related to CNS's business, service, policy and significant operating procedures. This director's handbook shall help the new appointed director to understand CNS's business quicker. This director's handbook gathered information about role, duty and responsibility of director and Board of Directors, practice guideline of director, right and equitable treatment of shareholders and shareholder meeting, handbook for director of the securities company and duty and responsibility of director and management according to the Securities and Exchange Act.

## 5.7 Investor Relations

CNS's Board of Directors makes sure that both financial and non-financial information relating to CNS's business, performance and significant matter which might impact the decision of shareholders, investors and stakeholders are revealed in a accurate, complete, adequate, consistent and timely manner. CNS's Board of Directors monitors CNS's activities to be in compliance with laws, rules and regulations related to information disclosure of the SEC, the SET and other related authorities.

In addition to the information disclosure according to the laws, rules and regulations of the SEC, the SET and other related authorities as stated above, CNS also disclosed significant financial and non-financial information to shareholders, investors and those interested through CNS's website. Moreover, anyone interested can contact directly to the investor relations staff via CNS's website ([www.cns.co.th](http://www.cns.co.th)) or email to [BKKinvestorRelations@th.nomura.com](mailto:BKKinvestorRelations@th.nomura.com) or telephone number 0-2638-5840.

# Monitoring the use of and access to inside information

**NOMURA**

## Policy on Insider Information

CNS has the policy to prevent staff and all executives from using the inside information or information obtained from the duties for their own benefits by applying the following control measures:

1. Staff and all executive directors are required to open cash trading account only at CNS.
2. Staff and all executive directors are required to submit the trading transaction report of their spouses and minors to the Compliance and Internal Audit Department on a monthly basis.
3. All executives must prepare and disclose report of CNS securities holding to the Board of Directors.
4. Staff and the Board of Directors are prohibited from trading CNS share one month after closing of quarterly financial statement.
5. In relation to the trading of securities of which the Company's research paper covers, it is required that:
  - 5.1 An analyst in the related Division is not permitted to trade any securities or all securities in the sector that he/she is responsible for. Department Head or higher positions of the related Division are not permitted to trade any securities.
  - 5.2 Staff and all executive directors are prohibited from trading any securities of which he / she knows or should know that the related Division is in the process of preparing information of such securities or plan to distribute research report of such securities.
  - 5.3 All staff in the related Division, all executive directors and all officers in the Compliance and Internal Audit Department are prohibited from trading securities within three business days from the date the research paper is published and distributed.
6. Staff and members of the Board of Directors who know or should know non-public information or inside information of any securities are not allowed to trade those securities, whether he / she is in the department possesses those information or not.
7. Monitoring of the access or use of inside information is under the responsibility of the Compliance and Internal Audit Department.

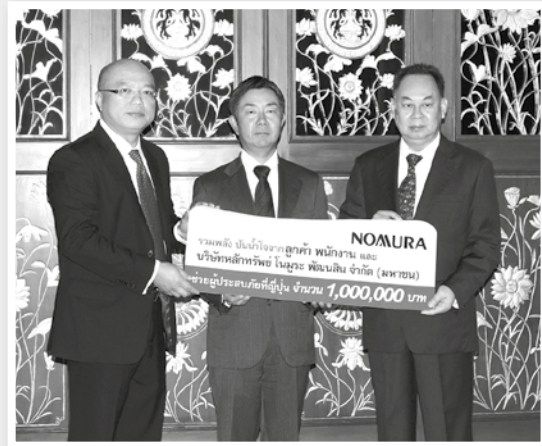
## Enforcement

Trading securities for one's own benefit by using inside information is a breach of the above policy and CNS will take disciplinary action against all parties involved.

CNS has been committed to developing and operating business as one of the nation's leaders in financial and investment services with morality, tight upholding to business ethics as well as constantly adhering to social responsibility policy for decades. We have been contributing and promoting many socially responsible activities and encouraging our employees to have socially and environmentally responsible manner by persuading staff to participate in CSR activities together. During fiscal year 2011, we were involved in various CSR projects / activities aimed at sustaining this policy to be tangible.

## 1. Relief for Tsunami disaster victims in Japan

On March 24, 2011, Mr.Suthep Peetakanont, Chairman of the Board of Directors and Chairman of the Board of Executive Directors and Mr.Shinichi Mizuno, President of CNS represented CNS donated 1,000,000 Baht to Ministry of Foreign Affairs to help aid those in Japan impacted by the recent earthquake and tsunami. CNS donation was made on behalf of the Company, our employees and our customers. The contributions were made through CNS cares, the Company's CSR program.



## 2. Southern Thailand Flood Relief Donation

On April 12, 2011, CNS by Mrs.Chrisana Sae-Leiw, Executive Director presented Baht 43,000 to help flood victims in the Southern part of Thailand via The Thai Chamber of Commerce Mr.Prapatchot Thanavorasart, The Thai Chamber and Board of trade of Thailand received the contribution.



### 3. Third consecutive year “Computer for Children” project

CNS aims to support children's learning by continuing the “Computer for Children” project for the third year to provide computers for needed schools to support student's education. On April 19, 2011, Mr.Suthep Peetakanont, Chairman of the Board of Directors and Chairman of the Board of Executive Directors of CNS, and Mr.Sompol Kiatphaibool, Chairman of SET, attending the ceremony donated forty-two computers and computer programs for children to Ministry of Information and Communications Technology, Mr.Juti Krairiksh, Minister of Information and Communications Technology received those contributions. This CSR project had been carried on in order to provide children in rural area with experience in technology which should help improve their learning opportunity.



The Board of Executive Directors reviewed CNS's internal control adequacy in five aspects : (1) Organizational Control and Environment Measure (2) Risk Management Measure (3) Management Control Activities (4) Information and Communication and (5) Monitoring System. The Board of Executive Directors viewed that CNS's internal control is proper and sufficient in such five aspects.

In the Audit Committee meeting no 4/2011, held on October 14, 2011, the Audit Committee also agreed with the Board of Executive Directors' determination.

# Report of Audit Committee

**NOMURA**

The Board of Directors of Capital Nomura Securities Public Company Limited appointed an Audit Committee comprising of three independent directors who are well - qualified persons in terms of the requirement of the SEC : Assistant Professor Wattanee Phanachet, as the Chairman of the Audit Committee, Col.Ruangsub Kovindha and Mr.Prasert Virasathienpornkul as the Audit Committee's members and the Head of Compliance & Internal Audit Department performed the duty of the Secretary of the Audit Committee.

For the period of September 1, 2010 - August 31, 2011, the Audit Committee held 4 meetings. All the Audit Committee members presented in the meetings and performed the following duties as assigned by CNS:

1. Reviewing CNS's quarterly and year end financial statements, prior to submission to CNS's Board of Directors that CNS correctly and adequately discloses. In the meeting, the Committee independently considered audit results and obtain the professional opinion from external auditor and Compliance & Internal Audit Department.
2. Reviewing the efficiency and appropriateness of CNS's internal control from the results of the auditing carried out by the external auditor and Compliance & Internal Audit Department. The Committee was informed of the review results, and expressed opinions and recommendations as deemed appropriate.
3. Reviewing the Compliance & Internal Audit Department's operations covering the setting up of an audit plan, the audit procedures, the reporting and following up procedures. In addition, the Committee has given advices in order to enhance the internal audit operations' effectiveness.
4. Reviewing with the management related to Risk Assessment, Risk Management and monitor Risk Management.
5. Reviewing CNS's operations in conformity with the Securities and Exchange laws, the regulations of the SET, and the other laws related to CNS's business.
6. Considering CNS's related party transactions or any transactions that may cause conflict of interests to be conducted according to the SET and the SEC's regulations.
7. Preparing an Audit Committee's Report to be disclosed in CNS's annual report.
8. Selecting and proposing the appointment of an external auditor and the audit fees.

In conclusion, the Audit Committee deems that CNS's financial statements are prepared in accordance with generally accepted accounting principles as specified in the report of independent auditor. CNS has proper internal control and compliance with the related regulations. The Committee is confident that CNS's directors and managements maintain business ethics, emphasizes on operating business with the efficient corporate governance, and conservatively manages the business to reach CNS's goal.

In this regard, the Audit Committee considered and proposed the appointment of the external auditor to the Board of Directors for further consideration in the annual shareholders' meeting. The Committee proposed to appoint anyone of Miss Somjai Khunapasut or Miss Phuphun Charoensuk or Mrs.Nonglak Pumnoi from Ernst and Young Office Limited to be CNS's external auditor for the period from September 1, 2011 to December 31, 2011, with the audit fees of Baht 540,000.



(Mrs.Wattanee Phanachet)

Chairman of the Audit Committee and Independent Director  
Capital Nomura Securities Public Company Limited



October 20, 2011

Subject: Opinions on connected transactions

To: Shareholders

Capital Nomura Securities Public Company Limited

We, Wattanee Phanachet, Col.Ruangsub Kovindha, Prasert Virasathienpornkul, as Independent Directors of Capital Nomura Securities Public Company Limited ("the Company"), would like to report that during the fiscal year ended August 31, 2011, the Company had business transactions with the related companies and/or connected persons as follows:

Ordinary or supporting an ordinary and usual course of business transactions which the Company provided services and received service fees

1. The Company entered into the agreement with Nomura Singapore Limited ("NSL") to be an agent of securities trading and appointed NSL to be an Exclusive Partner. The terms and conditions in this agency agreement and Exclusive Partner were similar to other agency agreements made with other customers who were not related to the Company and in accordance with the notifications of the SET and the SEC.

The commission fee for the fiscal year 2011 was Baht 39,941,142. The commission fee was based on trade volume and the same commission rate as the Company charged to other customers and Exclusive Partner, in accordance with the notifications of the SET and the SEC.

2. The Company entered into Investors Business Support Agreement with NSL to provide information of potential customers in Thailand as requested by NSL.

The service fee for the fiscal year 2011 was Baht 11,206,431. The service fee was based on actual costs plus 10% of margin.

3. The Company entered into Introducing Broker Agreement with NSL to introduce potential individual customers in Thailand who were interested in NSL's products to NSL.

The service fee for the fiscal year 2011 was Baht 812,978. The service fee was based on actual executed transactions of our referred customers calculated by using the introducing credit rate as indicated in the agreement referred in similar business.

4. The Company entered into Service Agreement with Nomura Securities Co., Ltd. to provide financial advisory services as required by Nomura Securities Co., Ltd. in support of Nomura Securities Co., Ltd's financial advisory services to client.

The service fee for the fiscal year 2011 was Baht 11,013,090. The service fee was the rate based on scope and quantity of required transactions.

Ordinary or supporting an ordinary and usual course of business transactions which the Company received services and paid service fees

1. The Company entered into the Hi-Speed Circuit Service with United Information Highway Company Limited ("UIH") of which the Company's director was also the managing director of UIH. The Company received the hi-speed circuit service which was the same service and quality as other customers that which did not have a connected relationship received.



The service expense for the fiscal year 2011 was Baht 846,300. The service fee was the same rate as what other customers that did not have a connected relationship paid.

2. The Company entered into the agreement with Mr.Pisit Tesabamroong, the Company's director. By this agreement, the Company received legal consultancy, recommendation, advisory services and review of draft of the Company's agreements.

The service expense for the fiscal year 2011 was Baht 240,000. The fee was a reasonable fixed price compared to other professionals with similar service and quality.

3. The Company paid for brokerage fee to NSL for execution of securities trading orders that listed in foreign securities markets for our customers.

The commission paid for the fiscal year 2011 was Baht 361,819. The commission was calculated base on trade volume and a referential rate charged to other clients.

4. The Company paid for license fee of email and internet software maintenance to Nomura International (Hong Kong) Limited ("NIHK")

The service expense for the fiscal year 2011 was HKD 5,306.70 or approximately Baht 23,880 (exchange rate Baht 4.50 : HKD 1). The fee was a referential market price.

## Other transactions

1. The Company entered into Employee Loan Agreement (Housing Loan) with Mrs.Chrisana Sae-Leiw, the Company's executive director. The approval process, loan amount and terms and conditions in such agreement were in accordance with the Company's staff loan which provides to other Company's staff.

Interest Income for the fiscal year 2011 was Baht 36,086. The amount of interest income was calculated by using the loan outstanding balance and determined interest rate that was the same rate charged to other Company's staff.

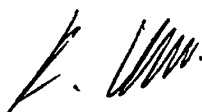
We had an opinion on the connected transactions among the Company and related companies and/or connected persons for the fiscal year 2011 ended August 31, 2011 as stated above that all transactions specified the exact fees and procedures of termination, which were clear and equitable. The above connected transactions were reasonable, equitable and in line with an ordinary and usual course of the Company's business and/or supporting an ordinary and usual course of the Company's business.

For your acknowledgement

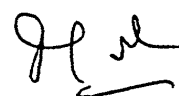
Respectfully



Mrs.Wattanee Phanachet  
Chairman of the Audit Committee  
and Independent Director



Col.Ruangsub Kovindha  
Audit Committee Member  
and Independent Director



Mr.Prasert Virasathienpornkul  
Audit Committee Member  
and Independent Director

Capital Nomura Securities Public Company Limited

## Connected Transactions

In the fiscal years 2011 and 2010, Capital Nomura Securities Public Company Limited entered into connected transactions with the related companies and connected persons as follow:

Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value of transaction (Baht)		Remarks
				Fiscal year 2011	Fiscal year 2010	
1. Capital Nomura Securities Public Company Limited and Nomura International (Hong Kong) Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura International (Hong Kong) Limited	Agreement for Provision of Services for asset finance business and real estate business which the Company provided services and received fee in return	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party	-	7,348,304	The service fee was calculated by reference to the actual cost plus 10% margin
2. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura Singapore Limited	Agency Agreement which appointed Nomura Singapore Limited to be an Exclusive Partner. The Company provided services and received fee in return	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party	39,941,142	25,365,563	The commission fee was based on trade volume and the same commission rate as the Company charged to other customers and Exclusive Partner, in accordance with the notifications of the SET and the SEC
3. Capital Nomura Securities Public Company Limited and Nomura International (Hong Kong) Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura International (Hong Kong) Limited	Agreement for Provision of Services which the Company provided information to support issuing of non Thai Baht products and received fee in return	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party	-	14,046,129	The service fee was calculated by reference to the actual cost plus 10% margin

Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value of transaction (Baht)		Remarks
				Fiscal year 2011	Fiscal year 2010	
4. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura Singapore Limited	Investors Business Support Agreement which the Company provided services and received fee in return	1 year	11,206,431	10,169,861	The service fee was calculated by reference to the actual cost plus 10% margin
5. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura Singapore Limited	Introducing Broker Agreement which the Company provided services and received fee in return	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party	812,978	1,059,766	The service fee was based on actual executed transactions of our referred customers calculated by using the introducing credit rate as indicated in the agreement referred in similar business
6. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura Singapore Limited	Service Agreement for placing an order of any securities listed on foreign securities market which the Company provided services and received fee in return	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party	-	1,763,647	The service fee was agreed at the beginning of each fiscal year and calculated base on annual estimated costs of service plus 10% of margin
7. Capital Nomura Securities Public Company Limited and Nomura Securities Co., Ltd.	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura Securities Co., Ltd.	The Company provided services as required by Nomura Securities Co., Ltd. in support of Nomura Securities Co., Ltd.'s financial advisory services to client. The Company provided services and received fee in return	Depend on the pre-determined of each assignment	11,013,090	-	The service fee was the rate based on scope and quantity of required transactions

Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value of transaction (Baht)		Remarks
				Fiscal year 2011	Fiscal year 2010	
8. Capital Nomura Securities Public Company Limited and United Information Highway Company Limited	The Company's director is the managing director of United Information Highway Company Limited	Hi-Speed Circuit Service Agreement. The Company received the hi-speed circuit service and paid fee for service	No expiry date, however, the Agreement can be terminated by issuing written notice to other party	846,300	421,919	The service fee was the same rate as what other customers that did not have a connected relationship paid
9. Capital Nomura Securities Public Company Limited and Mr.Pisit Tesabamroong	Mr.Pisit Tesabamroong is a Company's director	The Company received legal consultancy, recommendation, advisory services and the review of draft of the Company's agreement and paid fee for service	1 year	240,000	240,000	The fee was a reasonable fixed price compared to other professionals with similar service and quality
10. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura Singapore Limited	Agreement for execution of securities trading orders that listed in foreign securities market which the Company received service and paid fee for service	No expiry date, however, the Agreement can be terminated by issuing written notice to other party	361,819	197,217	The commission was calculated base on trade volume and a referential rate charged to other clients
11. Capital Nomura Securities Public Company Limited and Nomura International (Hong Kong) Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura International (Hong Kong) Limited	Nomura International (Hong Kong) Limited was the underwriter in overseas market	Underwriting period of stock of Bangkok Life Assurance Public Company Limited	-	253,125	The fee was the rate per agreement with reference to similar business

Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value of transaction (Baht)		Remarks
				Fiscal year 2011	Fiscal year 2010	
12. Capital Nomura Securities Public Company Limited and Nomura International (Hong Kong) Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura International (Hong Kong) Limited	The Company paid for license fee of email and internet software maintenance. The Company received service and paid fee for service.	1 year	HKD 5,306.70	HKD 5,306.70	The fee was a referential market price
13. Capital Nomura Securities Public Company Limited and Mrs.Chrisana Sae-Leiw	Mrs.Chrisana Sae-Leiw is the executive director of the Company	Loan agreement (Housing Loan)	Not over than 100 months	36,086	17,678	The interest rate was the same rate as the Company charged to other Company's staffs

## Outstanding balance of connected transactions as of August 31, 2011 and 2010

Transaction	Related companies / persons	Presented in Financial Statements as	Balance as of	
			31 Aug 2011	31 Aug 2010
Agency Agreement	Nomura Singapore Limited	Securities business payable	113,130,702	286,802,688
Investors Business Support Agreement	Nomura Singapore Limited	Other assets	1,856,431	1,369,861
Introducing Broker Agreement	Nomura Singapore Limited	Other assets	44,444	349,321
Agreement for Provision of Services	Nomura International (Hong Kong) Limited	Other assets	-	846,129
Agreement for email and internet software maintenance	Nomura International (Hong Kong) Limited	Other liabilities	46,459	25,486
Hi-Speed Circuit Service	United Information Highway Company Limited	Other liabilities	103,122	35,160
Loans to Employee	Mrs.Chrisana Sae-Leiw	Other assets	1,954,884	2,231,219

**Necessity and soundness of connected transactions**

In case the Company enters into any connected transactions with related companies or related persons, the Company will consider the necessity and soundness to enter into such agreements for connected transactions based on the Company's best interest.

**Approval procedures or measures of connected transactions**

The Board of Directors requires the Company to comply with the Stock Exchange of Thailand's and the Securities and Exchange Commission's regulations.

**Policy or outlook for future connected transactions**

- None -

# Management Discussion and Analysis

**NOMURA**

## Performance Analysis

In fiscal year 2011, CNS's total revenues amounted to Baht 1,004.18 million, up by Baht 216.99 million or 35.30% from the previous fiscal year. The increase was made possible by the rise in its brokerage fee income boosted by the increase in the market's turnovers. Meanwhile, the revenue from interest on margin loans also showed a significant increase thanks to the rise in values of margin loans. The significant details included the following:

CNS's brokerage fee income comprised 1) brokerage fees from securities business; and 2) brokerage fees from derivative business. The Company's brokerage fees from securities business gained by 31.11% to Baht 689.27 million. Note that CNS's market share in the fiscal year 2011 slightly decreased to 2.45%, which was ranked 19<sup>th</sup>, vs. 2.48% in the fiscal year 2010, which was ranked 16<sup>th</sup>. Meanwhile, the Company's brokerage fees from derivative business increased by 37.21% to Baht 48.71 million. In fiscal year 2011, CNS's market share in the derivative market dropped to 1.32%, which was ranked 22<sup>nd</sup>, vs. 1.41% in the fiscal year 2010, which was ranked 21<sup>st</sup>.

Meanwhile, CNS's fees and service income dropped by Baht 19.20 million or 24.65% to Baht 58.70 million. The decline was caused by sharp drops in service fee linked to debt instruments and underwriting fee.

For fiscal year 2011, CNS's gain on trading in securities increased by Baht 23.88 million or 129.41% to Baht 42.34 million, which Baht 33.77 million was an actual gain from the security trading while the remaining was a gain from reversal of securities impairment loss.

The revenue from interest and dividend increased by Baht 9.98 million or 26.72% to Baht 47.32 million due to the increase in the interest rates in the overall market.

Revenue from interest on margin loans rose by Baht 65.38 million or 146.67% to Baht 109.96 million thanks to the increases in values of margin loans and interest rate, which was linked to the increase in the market rate in the past year.

CNS's total expenses rose by approximately Baht 123.44 million or 21.02% from Baht 587.16 million in fiscal year 2010 to Baht 710.60 million in fiscal year 2011, in line with the increase in revenue. However, the increase in total expenses was smaller than the decrease in revenue. Most of the increase in total expenses was linked to the increase in personnel expenses by Baht 63.73 million. Note that the expenses related to remuneration for directors and management increased by Baht 12.22 million.

In summary, CNS's net profit for fiscal year 2011 amounted to Baht 217.26 million or the earnings per share (EPS) of Baht 3.18, up by 85.53% when compared with the previous fiscal year's net profit of Baht 117.10 million or an EPS of Baht 1.64. For fiscal year 2011, the Company recorded a net profit margin of 21.64% vs. 15.78% reported for fiscal year 2010 and return on equity (ROE) in fiscal year 2011 stood at 6.05% vs. 3.28% in fiscal year 2010.

## Financial Position Analysis

As of August 31, 2011, CNS had total assets of Baht 5,753.81 million for an increase of Baht 189.17 million or 3.40%, compared with the previous fiscal year when its total assets stood at Baht 5,564.64 million as of August 31, 2010. The increase in CNS's assets was largely attributable to the rise in securities and derivatives business receivables, following higher turnovers through margin accounts.

# NOMURA

The significant components of CNS's assets as of the end of the fiscal year 2011 included the following: a) cash and cash equivalents (10.30% of total assets); b) receivables from clearing house (10.37% of total assets); c) securities and derivatives business receivables (73.05% of total assets); and d) other assets (6.28% of total assets).

As of the end of fiscal year 2011, cash and cash equivalent stood at Baht 592.41 million, for a drop of Baht 285.18 million or 32.50% from the level seen at the end of the previous fiscal year. This was largely attributable to securities and derivatives business receivables (particularly margin loans) that increased by Baht 1,597.01 million. CNS's cash and cash equivalent was in forms of deposits and promissory notes, with maturity date due no more than three months, that provide more liquidity and working capital for the daily settlement in securities business and also help support the Company's margin lending and securities borrowing and lending businesses.

Meanwhile, as of August 31, 2011 CNS's investments in debt and equity securities stood at Baht 11.12 million, for a plunge of Baht 1,023.98 million compared with the end of the previous fiscal year. This was in line with the increase in securities and derivatives business receivables (particularly margin loans) to Baht 1,597.01 million. CNS sold investments, which most of them were available-for-sale securities or unit trusts that mainly invested in government bonds. Note that mostly CNS invested in the securities that contained low risk exposure and high liquidity. As a result of such selling, CNS allocated money received from selling unit trusts to support the margin loan business.

As of August 31, 2011, receivables from clearing house amounted to Baht 596.55 million, compared with the previous fiscal year when its receivables from clearing house stood at Baht 742.74 million. The decrease was attributed to the decrease in securities trading volume in the last three days before the end of the accounting period.

Furthermore, as of August 31, 2011, securities and derivatives business receivables totalled Baht 4,203.64 million, soaring by Baht 1,597.01 million or 61.27%, compared with the previous fiscal year. The increase was driven mainly by the gains in customer cash accounts and margin loans.

As of August 31, 2011, CNS's total liabilities amounted to Baht 2,127.41 million, for a gain of Baht 117.73 million or 5.86%, compared with the previous fiscal year when its total liabilities stood at Baht 2,009.68 million. The main reason behind the increase in total liabilities was the gain in borrowings from financial institutions amounting to Baht 550.00 million taken out to lend loan margin clients. Meanwhile, CNS's securities and derivatives business payables decreased by Baht 465.07 million, based on the decrease in securities trading volume in the last three days before the end of the accounting period.

As of August 31, 2011, the CNS's shareholders' equity stood at Baht 3,626.39 million, for an increase of Baht 71.44 million, when compared with the previous fiscal year. The increase was attributable to the Company's net profit of Baht 217.26 million, decreasing in the revaluation surplus in investments amounting to Baht 29.58 million (for the part of selling of investment) and dividend payment of Baht 116.24 million.

In conclusion, CNS was one of the securities companies that had sound financial status, and high financial liquidity. As of August 31, 2011, CNS's net capital ratio (NCR) stood at 195.06%, which is considerably high when compared to the minimum requirement of 7% set forth by the SEC. In addition, CNS's liquid assets to total assets ratio remained high at 10.30%, while its cash and cash equivalents stood at Baht 592.41 million that was equivalent to 10.30% of its total assets. Finally, CNS's debt to equity (D/E) ratio as of August 31, 2011 was just 0.59x and its unappropriated retained earnings amounted to Baht 489.73 million, while its shareholders' equity stood at Baht 3,626.39 million that was equivalent to a book value of Baht 53.02 per share.



## Key Financial Ratios

Financial Ratio	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009
<b><u>Profitability Ratio</u></b>			
Gross Profit Margin (%)	92.13%	92.25%	92.83%
Net Profit Margin (%)	21.64%	15.78%	8.12%
Return on Equity (%)	6.05%	3.28%	1.90%
Return on Investment (%)	8.86%	2.63%	1.14%
<b><u>Efficiency Ratio</u></b>			
Return on Assets (%)	3.84%	2.24%	1.47%
Assets Turnover (Times)	0.18	0.14	0.18
<b><u>Financial Ratio</u></b>			
Liquidity Assets on debt (%)	1.08%	N/A	N/A
Asset Income on debt (%)	8.58%	N/A	N/A
Liquidity Assets on Total Assets (%)	10.30%	6.05%	14.19%
Asset Income on Total Assets (%)	82.01%	80.22%	91.56%
Debt/Equity (Times)	0.59	0.57	0.35
Dividend Pay-Out (%)	N/A	99.29%	99.25%
<b><u>Other Ratios</u></b>			
Investment in Securities to Assets (%)	0.19%	18.60%	21.27%
Net Capital Ratio (based on the SEC's regulation) (%)	195.06%	149.29%	456.60%
<b><u>Data Per Share (Baht)</u></b>			
Book Value per Share	53.02	49.85	50.17
Earnings per Share	3.18	1.64	0.96
Dividend per Share	N/A	1.70	0.95
<b><u>Growth Rate (%)</u></b>			
Total Assets	3.40	14.23	8.84
Total Liabilities	5.86	57.61	50.45
Income from Sales and Services	34.75	(12.30)	2.67
Operating Expenses	19.25	(23.22)	15.09
Net Earnings	85.53	70.67	(44.27)

# Report of the Board of Directors' Responsibility for Financial Statements

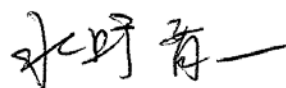
The Board of Directors of Capital Nomura Securities Public Company Limited ("the Company") is responsible for the Company's financial statements, including financial information appearing in the 2011 Annual Report. The financial statements have been prepared in accordance with generally accepted accounting principles with appropriate accounting policies applied on a conservative and consistency basis. Whenever required, judgment and estimation were made with careful and reasonable considerations, and adequate disclosures were made in the notes to the financial statements. These financial statements have been audited by Ernst & Young Office Limited, which is independent certified auditor who had given their unqualified opinions.

The Company's Board of Directors has also adopted and maintained an appropriate and efficient system of risk management as well as internal control systems. In this regard, the Board of Directors has appointed an Audit Committee which comprises three independent directors who are responsible for reviewing and meeting with Compliance and Internal Audit Department and external auditors on the financial report, internal control, internal audit, financial information disclosure, including compliance, as shown in the report of the Audit Committee in this Annual Report.

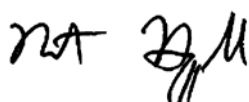
The Board of Directors believed that the Company has a satisfactory level of internal control and the financial report as of August 31, 2011 are presented fairly in accordance with generally accepted accounting principles and complied with related rules and regulations.



Mr.Suthep Peetakanont  
Chairman of the Board of Directors  
Chairman of the Board of Executive Directors



Mr.Shinichi Mizuno  
President



Mr.Nimit Wongjariyakul  
Executive Director



Mr.Naoki Sugaya  
Executive Director



Mrs.Chrisana Sae-Leiw  
Executive Director

# Report of Independent Auditor

**NOMURA**

To the Shareholders of Capital Nomura Securities Public Company Limited

I have audited the accompanying balance sheets of Capital Nomura Securities Public Company Limited as at 31 August 2011 and 2010, the related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the management of the Company as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Nomura Securities Public Company Limited as at 31 August 2011 and 2010, the results of its operations and cash flows for the years then ended in accordance with generally accepted accounting principles.



Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

Ernst & Young Office Limited

Bangkok: 20 October 2011

Capital Nomura Securities Public Company Limited

As at 31 August 2011 and 2010

(Unit : Baht)

	Note	2011	2010
<b>Assets</b>			
Cash and cash equivalents	6	592,414,332	877,595,359
Long-term deposits at financial institutions	7	-	-
Investments in debt and equity securities - net	8	11,118,248	1,035,103,228
Receivables from Clearing House	9	596,549,590	742,744,142
Securities and derivatives business receivables - net	10	4,203,641,208	2,606,636,013
Land, premises and equipment - net	12	146,587,154	125,446,418
Intangible assets - net	13	12,265,848	11,277,708
Deferred income tax assets	14	42,312,230	37,354,768
Other assets - net	15	148,919,167	128,479,523
<b>Total assets</b>		<b>5,753,807,777</b>	<b>5,564,637,159</b>

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

# Balance sheets (Continued)

**NOMURA**

Capital Nomura Securities Public Company Limited  
As at 31 August 2011 and 2010

(Unit : Baht)

	Note	2011	2010
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities</b>			
Borrowings from financial institutions	16	550,000,000	-
Payables to Clearing House		369,861	1,187,754
Securities and derivatives business payables	17	1,396,746,321	1,861,811,463
Deferred income tax liabilities	14	343,582	10,220,315
Other liabilities	18	179,953,574	136,459,350
<b>Total liabilities</b>		<b>2,127,413,338</b>	<b>2,009,678,882</b>
<b>Shareholders' equity</b>			
Share capital			
Registered, issued and paid-up			
71,682,300 ordinary shares of Baht 10 each		716,823,000	716,823,000
Premium on share capital		2,131,833,600	2,131,833,600
Revaluation surplus in investments	8.3	1,003,847	30,584,907
Retained earnings			
Appropriated - statutory reserve	19	72,000,000	72,000,000
- general reserve		215,000,000	215,000,000
- treasury stock reserve		96,993,325	96,993,325
Unappropriated		489,733,992	388,716,770
Total shareholders' equity before treasury stock		3,723,387,764	3,651,951,602
<u>Less</u> : Treasury stock	20	(96,993,325)	(96,993,325)
<b>Total shareholders' equity</b>		<b>3,626,394,439</b>	<b>3,554,958,277</b>
<b>Total liabilities and shareholders' equity</b>		<b>5,753,807,777</b>	<b>5,564,637,159</b>

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

Capital Nomura Securities Public Company Limited  
For the years ended 31 August 2011 and 2010

(Unit : Baht)

	Note	2011	2010
<b>Revenue</b>			
Brokerage fees			
Brokerage fees from securities business		689,273,122	525,730,471
Brokerage fees from derivative business		48,705,979	35,498,251
Fees and service income	22	58,701,247	77,903,486
Gain on trading in securities	8.4	42,339,063	18,455,246
Gain (loss) on trading in derivatives		207,680	(11,020)
Interest and dividend		47,319,037	37,342,031
Interest on margin loans		109,963,623	44,579,592
Other income		7,665,878	2,687,877
<b>Total revenue</b>		<b>1,004,175,629</b>	<b>742,185,934</b>
<b>Expenses</b>			
Expenses on borrowing		22,675,937	13,519,878
Fees and services expenses		55,704,852	43,770,648
Bad debt recovery		-	(48,754)
Operating expenses			
Personnel expenses		362,320,180	298,590,395
Premises and equipment expenses		129,633,784	116,807,412
Taxes and duties		4,964,602	2,002,341
Directors' and management's remuneration	23	82,720,293	70,497,454
Other expenses		52,576,276	42,021,750
Total operating expenses		632,215,135	529,919,352
<b>Total expenses</b>		<b>710,595,924</b>	<b>587,161,124</b>
<b>Income before corporate income tax</b>		<b>293,579,705</b>	<b>155,024,810</b>
Corporate income tax	14	(76,319,033)	(37,922,763)
<b>Net income for the year</b>		<b>217,260,672</b>	<b>117,102,047</b>
<b>Basic earnings per share</b>	25		
Net income		3.18	1.64
Weighted average number of ordinary shares (shares)		68,395,100	71,313,753

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

# Statements of changes in shareholders' equity

Capital Nomura Securities Public Company Limited

For the years ended 31 August 2011 and 2010

(Unit : Baht)

	Ordinary shares	Premium on share capital	Revaluation surplus in investments	Retained earnings					Treasury stock	Total
				Appropriated			Unappropriated			
				Statutory reserve	General reserve	Treasury stock reserve				
Balance - as at 1 September 2009	716,823,000	2,131,833,600	23,913,428	72,000,000	215,000,000	-	436,690,463	-	-	3,596,260,491
Revaluation surplus in investments										
- increase in revaluation in investments	-	-	8,895,305	-	-	-	-	-	-	8,895,305
- decrease from deferred income tax	-	-	(2,223,826)	-	-	-	-	-	-	(2,223,826)
Total income recognised in shareholders' equity	-	-	6,671,479	-	-	-	-	-	-	6,671,479
Net income for the year	-	-	-	-	-	-	117,102,047	-	-	117,102,047
Total income recognised for the year	-	-	6,671,479	-	-	-	117,102,047	-	-	123,773,526
Appropriated retained earnings to be treasury stock reserve	-	-	-	-	-	96,993,325	(96,993,325)	-	-	-
Cash paid for treasury stock (Note 20)	-	-	-	-	-	-	-	(96,993,325)	-	(96,993,325)
Dividend paid (Note 26)	-	-	-	-	-	-	(68,082,415)	-	-	(68,082,415)
Balance - as at 31 August 2010	716,823,000	2,131,833,600	30,584,907	72,000,000	215,000,000	96,993,325	388,716,770	(96,993,325)	-	3,554,958,277

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

(Unit : Baht)

## Statements of changes in shareholders' equity (Continued)

Capital Nomura Securities Public Company Limited  
For the years ended 31 August 2011 and 2010

	Ordinary shares	Premium on share capital	Revaluation surplus in investments	Retained earnings				Treasury stock	Total
				Statutory reserve	Appropriated	General reserve	Treasury stock reserve		
<b>Balance - as at 1 September 2010</b>	<b>716,823,000</b>	<b>2,131,833,600</b>	<b>30,584,907</b>	<b>72,000,000</b>	<b>215,000,000</b>	<b>96,993,325</b>	<b>388,716,770</b>	<b>(96,993,325)</b>	<b>3,554,958,277</b>
Revaluation surplus in investments	-	-	(39,441,412)	-	-	-	-	-	(39,441,412)
- decrease from revaluation in investments	-	-	9,860,352	-	-	-	-	-	9,860,352
- increase in deferred income tax	-	-	(29,581,060)	-	-	-	-	-	(29,581,060)
Total income recognised in shareholders' equity	-	-	-	-	-	-	217,260,672	-	217,260,672
Net income for the year	-	-	(29,581,060)	-	-	-	217,260,672	-	187,679,612
<b>Total income recognised for the year</b>	<b>-</b>	<b>-</b>	<b>(29,581,060)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(116,243,450)</b>	<b>-</b>	<b>(116,243,450)</b>
Dividend paid (Note 26)	-	-	-	-	-	-	-	-	-
<b>Balance - as at 31 August 2011</b>	<b>716,823,000</b>	<b>2,131,833,600</b>	<b>1,003,847</b>	<b>72,000,000</b>	<b>215,000,000</b>	<b>96,993,325</b>	<b>489,733,992</b>	<b>(96,993,325)</b>	<b>3,626,394,439</b>

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



# Statements of cash flows

**NOMURA**

Capital Nomura Securities Public Company Limited

For the years ended 31 August 2011 and 2010

(Unit : Baht)

	2011	2010
<b>Cash flows from operating activities</b>		
Net income before corporate income tax	293,579,705	155,024,810
Adjustments to reconcile net income before corporate income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	47,952,668	34,888,027
Bad debt recovery	-	(48,754)
Reversal of loss on impairment of investment in available-for-sale securities	(8,565,167)	-
Gain on sales of other investments	-	(18,240,000)
Loss (gain) on disposal of equipment	(5,124,664)	1,955,876
Written-off unused equipment	-	786,209
Interest income from deposits and investments	(45,457,960)	(31,512,738)
Interest income from margin loans	(109,963,623)	(44,579,592)
Others interest income	(1,121,557)	(397,636)
Dividend income	(1,861,077)	(5,829,293)
Interest expenses	21,753,909	12,608,470
Income from operating activities before changes in operating assets and liabilities	191,192,234	104,655,379
Operating assets (increase) decrease		
Current investments	992,443,860	6,379,038
Receivables from Clearing House	146,194,552	(739,049,560)
Securities and derivatives business receivables	(1,587,338,824)	(459,439,196)
Other assets	(20,527,465)	(11,563,984)
Operating liabilities increase (decrease)		
Borrowings from financial institutions	550,000,000	-
Payables to Clearing House	(817,893)	(206,518,100)
Securities and derivatives business payables	(466,454,368)	933,143,750
Other liabilities	37,974,024	(3,605,475)
Cash used in operating activities	(157,333,880)	(375,998,148)
Cash paid for interest expenses	(20,364,682)	(12,738,859)
Cash paid for corporate income tax	(67,346,093)	(32,827,399)
Cash received from interest on deposits and investments	45,550,926	32,226,286
Cash received from interest on margin loans	100,258,258	42,874,979
Cash received from others interest	1,102,328	392,938
<b>Net cash used in operating activities</b>	<b>(98,133,143)</b>	<b>(346,070,203)</b>

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

## Statements of cash flows (Continued)

Capital Nomura Securities Public Company Limited  
For the years ended 31 August 2011 and 2010

(Unit : Baht)

	2011	2010
<b>Cash flows from investing activities</b>		
Proceeds from sales of other investments	-	20,640,000
Proceeds from dividend	1,861,077	5,829,293
Cash paid for acquisition of equipment	(70,735,731)	(14,567,646)
Cash proceeds from sales of equipment	5,197,196	3,160,325
Cash paid for acquisition of intangible assets	(7,126,976)	(3,164,070)
<b>Net cash from (used in) investing activities</b>	<b>(70,804,434)</b>	<b>11,897,902</b>
<b>Cash flows from financing activities</b>		
Cash paid for treasury stock	-	(96,993,325)
Cash paid for dividend	(116,243,450)	(68,082,415)
<b>Net cash used in financing activities</b>	<b>(116,243,450)</b>	<b>(165,075,740)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(285,181,027)</b>	<b>(499,248,041)</b>
Cash and cash equivalents at the beginning of the year	877,595,359	1,376,843,400
<b>Cash and cash equivalents at the end of the year (Note 6)</b>	<b>592,414,332</b>	<b>877,595,359</b>
<b>Supplemental cash flows information</b>		
Non-cash transactions		
Accounts payable for purchase of fixed assets and intangible assets	1,319,879	9,746,461

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

# Notes to financial statements

**NOMURA**

Capital Nomura Securities Public Company Limited

For the years ended 31 August 2011 and 2010

## 1. General information

Capital Nomura Securities Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the securities with business of securities brokerage, securities dealing, securities borrowing and lending services, investment advisory, securities underwriting, financial advisory services and the derivatives broking.

The registered office of the Company is at 25 Bangkok Insurance Building, 15th - 17th Floor, South Sathorn Road, Tungmahamak, Sathorn, Bangkok. As at 31 August 2011, the Company has 13 branches in Bangkok and up country (2010 : 4 branches).

On 16 December 2010, the Annual General Meeting of shareholders No.1/2553 passed a resolution to change the Company's name in Thai from "บริษัทหลักทรัพย์ พัฒนสิน จำกัด (มหาชน)" to "บริษัทหลักทรัพย์ โนมูระ พัฒนสิน จำกัด (มหาชน)", while remain unchanged its English name as "Capital Nomura Securities Public Company Limited". The name was registered with the Ministry of Commerce on 29 December 2010.

## 2. Basis of the preparation of the financial statements

These financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547, except for the early adoption of Accounting Standard No. 12 "Income Tax".

The presentation of the financial statements has been made in compliance with requirement of the Notifications of the Office of the Securities and Exchange Commission relating to the format of the financial statements of securities companies No. Sor. Thor. Nor. 26/2549 dated 29 June 2006.

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

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

## 3. Adoption of accounting standards

The Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

**Accounting standards that will become effective in fiscal year beginning on or after 1 January 2011 (except for Framework for the Preparation and Presentation of Financial Statements, which is immediately effective)**

Framework for the Preparation and Presentation of Financial Statements (revised 2009)

TAS 1 (revised 2009) Presentation of Financial Statements

TAS 2 (revised 2009) Inventories

TAS 7 (revised 2009) Statement of Cash Flows

TAS 8 (revised 2009) Accounting Policies, Changes in Accounting Estimates and Errors

# NOMURA

TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share - Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate
TSIC 31	Revenue - Barter Transactions Involving Advertising Services

## **Accounting standards that will become effective in fiscal year beginning on or after 1 January 2013**

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

In these financial statements, the Company has adopted TAS 12 before it is initially applied. The management of the Company has assessed the effect of these standards and believes that TAS 1 (revised 2009), TAS 7 (revised 2009), TAS 8 (revised 2009), TAS 10 (revised 2009), TAS 16 (revised 2009), TAS 17 (revised 2009), TAS 18 (revised 2009), TAS 24 (revised 2009), TAS 33 (revised 2009), TAS 34 (revised 2009), TAS 36 (revised 2009), TAS 37 (revised 2009) and TAS 38 (revised 2009) will not have any significant impact on the financial statements for the years in which they are initially applied. The other remaining accounting standards are not relevant to the business of the Company, except TAS 19 which management expects the impact in the year when it is adopted.

#### **TAS 19 Employee benefits**

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques.

Based on the management's preliminary evaluation, the impact of the adoption of this standard in fiscal year 2012 will result in the increase of approximately Baht 44 million in recognised provisions for employee benefits in the transition period and the decrease of approximately Baht 44 million in recognised retained earnings as at 31 August 2011.

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### *Brokerage fees*

Brokerage fees on securities and derivatives business are recognised as income on the transaction dates.

#### *Fees and service income*

Fees and service income are recognised as income when services have been rendered taking into account the stage of completion.

#### *Gain (loss) on trading in securities and derivatives*

Gain (loss) on trading in securities and derivatives are recognised as income/expenses on the transaction dates.

#### *Interest and dividend*

Interest is recognised as income on an accrual basis. Dividend from investments are recognised when the right to receive the dividends is established.

#### *Interest on credit balance loans*

Interest is recognised as interest accrues based on a time proportion basis, but where there is uncertainty as to the collectability of loans and interest the Company ceases accrual.

In the following cases collectability of loans and interest is held to be uncertain.

- 1) Loans which are not fully collateralised.
- 2) Installment loans with repayments scheduled less frequently than every 3 months and for which principal or interest is overdue for more than 3 months.

# NOMURA

- 3) Other receivables of which interest payment is overdue 3 months or more

These conditions are based on the guidelines stipulated by the Office of Securities and Exchange Commission in Notification No. Kor. Thor. 5/2544 dated 15 February 2001.

## 4.2 Interest on borrowings

Interest on borrowings is charged to expenses on an accrual basis.

## 4.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, all bank accounts, and including negotiable certificates of deposit, call notes receivable and term notes receivable maturing within 3 months or less, and not subject to withdrawal restrictions.

## 4.4 Recognition and amortisation of customers' deposits assets

Cash which customers have placed with the Company for securities trading, both through cash accounts and credit balance accounts, including amounts which customers have placed as security for derivatives trading, are recorded as assets and liabilities of the Company for internal control purposes. As at the balance sheet date, the Company excludes the amounts which are unsecured from both assets and liabilities and presents only those assets which belong to the Company.

## 4.5 Borrowing and lending of securities

The Company conducts both securities borrowing and securities lending transactions through agreements with borrowers and lenders of securities who are the Company's customers. The Company's objective in lending securities to its customers is solely to allow them to short sell securities through the credit balances accounts they have with the Company. These types of transaction are limited to securities listed in the SET 50 Index and in the list of securities which the Company allows the customers to purchase through margin accounts (Marginable Securities).

The Company records its obligations to return borrowed securities which it has lent as "Securities borrowing payables" and securities lent to customers are recorded as "Securities borrowing receivables" in the balance sheet. At the end of the year, the balance of securities borrowing payables and securities borrowing receivables are adjusted based on the close price quoted on the Stock Exchange of Thailand of the last working day of the year. Gains or losses arising from such adjustment are included in determining income. In addition, the Company records cash paid as collateral for securities borrowing as "Guaranteed deposit receivables" and cash received as collateral for securities lending as "Guarantee deposit payables". Fees for borrowing and lending are recognised on an accrual basis over the term of the lending.

## 4.6 Investments in debt and equity securities

- 1) Investments in securities held for trading are stated at fair value. Changes in the fair value of those securities are recorded as gains or losses in the income statement.
- 2) Investments in available-for-sale securities, both held for current and long-term investments, are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded as gains or losses in the income statement when the securities are sold.

- 3) Investment in debt securities, both due within one year and expected to be held to maturity, 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.
- 4) Investments in non-marketable equity securities which are classified as other investments are valued at cost net of allowance of impairment (if any).
- 5) The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of debt instruments is determined based on the required rate of return or the yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.
- 6) Losses on impairment of the investments (if any) are included in determining income when there is a factor indicating that such investments might be impaired.
- 7) The weighted average method is used for computation of the cost of investments. On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised as income or expenses in the income statement.

#### **4.7 Receivables from/payables to Clearing House**

Receivables from/payables to Clearing House comprise the net balance receivable from/payables to Thailand Clearing House in respect of securities trades settled through Thailand Clearing House, and the net receivable from/payable to for derivative trading, and also include amounts pledged with Thailand Clearing House as security for derivatives trading.

#### **4.8 Securities and derivatives business receivables and allowance for doubtful accounts**

Securities and derivatives business receivables comprise the net securities and derivatives business receivables, after deducting allowance for doubtful accounts, and also including related accrued interest receivables.

In addition, securities business receivables comprise the net receivables balances of cash accounts, credit balance accounts, securities borrowing receivables and guarantee deposit receivables (which comprise cash placed as guarantee for securities borrowing payables or Thailand Clearing House) as well as other receivables such as overdue cash customers accounts and securities receivables which are subject to legal proceedings, are undergoing restructuring or are settling in installments.

The Company has provided an allowance for doubtful accounts based on a review of debtor's ability to make repayment, taking into consideration recovery risk and the value of the collateral. An allowance is set aside for doubtful debts not fully covered by collateral and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the following guidelines.

- 1) Assets classified as doubtful loss are to satisfy the following criteria.
  - (a) Loans balance which the Company has already made every effort to collect, but which remain unpaid and which the Company has already written-off in accordance with tax legislation.
  - (b) Loans balance which the Company has forgiven.

- 2) Doubtful debt is defined as the uncollateralised portion of the value of a debt which meets the following criteria.
  - (a) General loans and other loans for which the collateral value is less than the loan balance.
  - (b) Installment loans with repayments scheduled less frequently than every 3 months and for which principal or interest is overdue by more than 3 months.
  - (c) Installment loans with repayment scheduled no less frequently than every 3 months, unless there is clear evidence and high degree of certainty that full repayment will be received.
- 3) Substandard debt is defined as the collateralised portion of loans which meet the criteria in 2).

Loans classified as doubtful loss will be written-off when identified. Allowance for doubtful account will be set aside for loans classified as doubtful at not less than 100 percent of the loan balance. The above guideline is in accordance with Notification No. Kor. Thor. 33/2543 dated 25 August 2000 which is updated by Notification No. Kor. Thor. 5/2544 dated 15 February 2001 of the Office of the Securities and Exchange Commission.

#### 4.9 Land, premises and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment of assets (if any).

Depreciation of building and equipment is calculated by reference to their cost on the straight-line basis over the following estimated useful lives:

Office buildings	20 years
Leasehold improvements	12 years
Office equipment	3, 5, 6 years
Furniture and fixtures	5, 6 years
Motor vehicles	5 years

No depreciation is provided on land and construction in progress.

Depreciation is included in determining income.

An item of land, premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

#### 4.10 Intangible assets and amortisation

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

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 the income statement.

Intangible assets with finite useful lives is amortised for a period of 5 years.



#### **4.11 Income tax**

##### **1) Current tax**

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 legalisation.

##### **2) Deferred tax**

Deferred tax is calculated based on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, by using the enacted tax rate at the balance sheet date.

The Company recognises deferred tax liabilities for taxable temporary differences and recognises deferred tax assets for deductible temporary differences. The temporary differences arise from unrealised losses on investments, allowance for doubtful accounts, allowance for loss on impairment of property foreclosed and other reserve. The Company recognises deferred tax assets in case where it is highly probable that the Company will generate sufficient future taxable profit to utilise these temporary differences.

At each balance sheet 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 equity if the tax relates to items that are recorded directly to equity.

#### **4.12 Property foreclosed**

Property foreclosed is stated at the lower of cost, or net realisable value with reference to the latest appraisal value less estimated selling expenses.

#### **4.13 Impairment of assets**

At each reporting date, the Company performs impairment reviews in respect of the 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

In the assessment of asset impairment, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

#### **4.14 Securities and derivatives business payables**

Securities and derivatives business payables are the obligations of the Company in respect of its securities and derivatives business with outside parties, such as the net payable balances of cash accounts, securities delivery obligations as a result of short sales or securities borrowing, and obligations to return assets held by the Company as collateral for securities lending.

#### **4.15 Related parties transaction**

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

They also include individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with direct or indirect authority in the planning and direction of the Company's operations.

#### **4.16 Long-term leases**

Leases of assets that all the significant risk and rewards of ownership are retained with the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the period of the lease.

In case an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

#### **4.17 Foreign currencies**

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the balance sheet date.

Gains and losses on exchange are included in determining income.

#### **4.18 Employee benefits**

Salary, wages, bonuses, contributions to the social security fund and provident fund are recognised as expenses when incurred.

#### **4.19 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.

## 5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain which may affect reported amounts and disclosures, such as aforementioned may cause the actual results differ. Significant judgments and accounting estimates are as follows:

### 5.1 Allowances for loan losses for securities and derivative business receivables

Allowances for loan losses for securities and derivative business receivables are intended to adjust the values of loans and receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses for each outstanding loan and receivable by taking into account collection risk and the value of the security used as collateral.

### 5.2 Impairment of investments

The Company reviews and set up allowance for impairment of investment when indication of impairment exists. The determination of what is indication of impairment requires judgment of management to estimate the expected loss by considering the status of each investment item.

### 5.3 Deferred tax assets

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 judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future profits.

### 5.4 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events.

### 5.5 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

### 5.6 Land, premises and equipment/Depreciation

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

### 5.7 Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the balance sheet date. However, actual results could differ from these estimates.

# NOMURA

## 6. Cash and cash equivalents

(Unit : Baht)

	2011	2010
Cash	56,250	35,150
Current deposits and saving deposits	286,995,806	614,182,634
Time deposits with maturity date due no more than 3 months	1,150,000,000	547,000,000
Promissory notes at call	500,000,000	269,000,000
Promissory notes with maturity date due no more than 3 months	-	550,000,000
Total cash and cash equivalents	1,937,052,056	1,980,217,784
<u>Less</u> : Deposits for the customers' account	(1,344,637,724)	(1,102,622,425)
Net cash and cash equivalents	592,414,332	877,595,359

## 7. Long - term deposits at financial institutions

(Unit : Baht)

	2011	2010
Time deposits with maturity date due more than 3 months	100,000,000	-
<u>Less</u> : Deposits for the customers' account	(100,000,000)	-
Net long-term deposits at financial institutions	-	-

## 8. Investments in debt and equity securities

(Unit : Baht)

	2011		2010	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Current investments</b>				
<b><u>Available-for-sale securities</u></b>				
Private debt securities	-	-	6,947,147	-
Listed equity securities	9,333,816	4,095,000	21,402,672	8,857,825
Unit trusts	631,108	551,380	981,417,482	1,019,520,030
Total	9,964,924	4,646,380	1,009,767,301	1,028,377,855
<u>Add</u> : Allowance for revaluation	1,338,463		40,779,875	
<u>Less</u> : Allowance for impairment	(6,657,007)		(22,169,321)	
Net available-for-sale securities	4,646,380		1,028,377,855	
<b><u>Held-to-maturity debt securities - due within 1 year</u></b>				
Treasury bill	-		253,505	
Net held-to-maturity debt securities - due within 1 year	-		253,505	
<b>Current investments - net</b>	<b>4,646,380</b>		<b>1,028,631,360</b>	

(Unit : Baht)

	2011		2010	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Long-term investments</b>				
<b><u>Other investment</u></b>				
Non-marketable equity securities	15,675,250		15,675,250	
<u>Less</u> : Allowance for impairment	(9,203,382)		(9,203,382)	
Net other investment	6,471,868		6,471,868	
<b>Long-term investments - net</b>	<b>6,471,868</b>		<b>6,471,868</b>	
<b>Net investments</b>	<b>11,118,248</b>		<b>1,035,103,228</b>	

As at 31 August 2010, the Company has investment in treasury bill, classified as held-to-maturity securities, totaling Baht 249.75 million, part of which is customer's portion under the Company's name totaling Baht 249.50 million. Therefore, the remaining balance of Baht 0.25 million is the Company's portion.

8.1 As at 31 August 2011 and 2010, the Company classified its investments in debt securities by remaining year to maturity as follows:

(Unit : Baht)

	2011		2010	
	Remaining year to maturity - within 1 year	Total	Remaining year to maturity - within 1 year	Total
<b>Available-for-sale securities:</b>				
Private debt securities	-	-	6,947,147	6,947,147
<u>Less</u> : Allowance for impairment	-	-	(6,947,147)	(6,947,147)
Net available-for-sale securities	-	-	-	-
<b>Held-to-maturity debt securities - due within 1 year:</b>				
Treasury bill	-	-	253,505	253,505
<b>Total debt securities</b>	<b>-</b>	<b>-</b>	<b>253,505</b>	<b>253,505</b>

# NOMURA

- 8.2 As at 31 August 2010, the followings were investments which the Company held not less than 10 percent of the shares/the units of the investee company (2011: none investments which held not less than 10 percent).

(Unit : Baht)

Name	Type of unit trust	2010		
		Percentage of holding	Cost amount	Fair value
<u>Available-for-sale securities - unit trust</u>				
KrungThai Dividend Fixed Income Fund	Debt	82.20	220,000,000	228,143,504
Smart Cash Fund	Debt	29.65	150,000,000	148,115,129

The Company did not considered the investments in those unit trusts as investments in associated or subsidiary because the Company had not influence over the financial and operating policies of these funds, which were independently managed by fund managers and under supervision of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand. The Company therefore accounted for its investments in those funds as short-term available-for-sale, based on the investment objectives.

## 8.3 Revaluation surplus in investments

(Unit : Baht)

	For the years ended 31 August	
	2011	2010
Balance - beginning of the years	30,584,907	23,913,428
Changes during the years from		
- revaluation	(39,441,412)	8,895,305
- deferred income tax	9,860,352	(2,223,826)
Balance - end of the years	1,003,847	30,584,907

## 8.4 Gain on trading in securities

(Unit : Baht)

	For the years ended 31 August	
	2011	2010
Realised gain (loss) on trading in securities		
Trading securities	(1,181,604)	215,246
Available-for-sales securities	34,955,500	-
General investment	-	18,240,000
Reversal of loss on impairment in available-for-sale securities	8,565,167	-
Total gain on trading in securities	42,339,063	18,455,246

**8.5 Interest and dividend income from investments in securities***(Unit : Baht)*

	For the years ended 31 August	
	2011	2010
Interest income from debt securities	2,173,084	2,844,483
Dividend income from equity securities/Unit trusts	1,861,077	5,829,293
Total interest and dividend income from investments in securities	4,034,161	8,673,776

**8.6 Investments in companies with weak financial position**

As at 31 August 2011 and 2010, the Company's investments in securities include investments in the securities of companies with weak financial positions and operating results. These are summarised below.

*(Unit : Million Baht)*

	Cost		Fair value		Allowance for changes in value / impairment provided in the accounts	
	2011	2010	2011	2010	2011	2010
<b>Debt instruments - debentures</b>						
Closed financial institutions	-	7	-	-	-	7

**9. Receivables from Clearing House***(Unit : Baht)*

	2011	2010
Receivables from Thailand Clearing House for equity and debt securities	594,338,299	742,672,602
Receivables from Thailand Clearing House for derivatives	45,837,086	30,274,561
Total receivables from Clearing House	640,175,385	772,947,163
<u>Less</u> : Receivables from Clearing House for customers' accounts	(43,625,795)	(30,203,021)
Net receivables from Clearing House	596,549,590	742,744,142

# NOMURA

## 10. Securities and derivatives business receivables

(Unit : Baht)

	2011	2010
<u>Securities business receivables</u>		
Customers' accounts	577,060,538	868,507,580
Margin loans	3,296,749,632	1,492,294,938
Guaranteed deposit receivables	161,525,542	122,697,194
Securities borrowing receivables	150,916,477	116,916,537
Other receivables	9,064,316	6,725,843
Total securities business receivables	4,195,316,505	2,607,142,092
Add: Accrued interest receivables	14,648,083	4,981,712
<u>Less</u> : Allowance for doubtful accounts	(6,749,416)	(6,749,416)
Net securities business receivables and accrued interest receivables	4,203,215,172	2,605,374,388
<u>Derivative business receivables</u>		
Derivative business receivables	426,036	1,261,625
Total derivatives business receivables	426,036	1,261,625
Net securities and derivatives business receivables	4,203,641,208	2,606,636,013

**10.1** As at 31 August 2011, the Company has securities business receivables of approximately Baht 6.7 million on which the recognition of income on an accrual basis has been suspended (2010 : Baht 6.7 million).

**10.2** As at 31 August 2011 and 2010, the Company has classified its securities business receivables including related interest receivable as follows, in accordance with the relevant guidelines issued by the Office of the Securities and Exchange Commission governing accounting for the doubtful debts of securities companies.

(Unit : Million Baht)

	Debt balances		Allowance for doubtful accounts set up by the Company	
	2011	2010	2011	2010
Doubtful debts	6.7	6.7	6.7	6.7
Substandard	2.3	-	-	-
Total	9.0	6.7	6.7	6.7

**10.3** As at 31 August 2011, guaranteed deposit receivables of approximately Baht 161.5 million represent cash paid to secure the borrowing of securities for securities borrowing and lending transactions, and the fair value of the securities borrowed is approximately Baht 150.9 million (2010: Baht 122.7 million and Baht 116.9 million, respectively).

## 11. Allowance for doubtful accounts

(Unit : Baht)

	For the years ended 31 August	
	2011	2010
Balance - beginning of the years	6,749,416	9,171,127
<u>Less</u> : Bad debt written-off	-	(2,421,711)
Balance - end of the years	6,749,416	6,749,416



## 12. Land, premises and equipment

(Unit : Baht)

	Land	Office building	Office equipment	Furniture and fixtures	Motor vehicles	Construction In progress	Total
<b>Cost</b>							
31 August 2010	4,263,129	18,441,572	146,223,792	124,293,532	18,899,500	2,494,662	314,616,187
Additions	-	-	28,375,838	2,663,415	24,374,034	7,033,939	62,447,226
Disposals	-	-	(4,228,220)	(14,022,341)	(15,319,500)	-	(33,570,061)
Transfer in/out	-	-	1,592,171	5,886,365	-	(7,478,536)	-
31 August 2011	4,263,129	18,441,572	171,963,581	118,820,971	27,954,034	2,050,065	343,493,352
<b>Accumulated depreciation</b>							
31 August 2010	-	18,441,571	105,357,354	48,046,160	17,324,684	-	189,169,769
Depreciation for the year	-	-	19,392,737	16,859,678	4,981,542	-	41,233,957
Depreciation on disposals	-	-	(4,202,094)	(13,975,940)	(15,319,494)	-	(33,497,528)
31 August 2011	-	18,441,571	120,547,997	50,929,898	6,986,732	-	196,906,198
<b>Net book value</b>							
31 August 2010	4,263,129	1	40,866,438	76,247,372	1,574,816	2,494,662	125,446,418
31 August 2011	4,263,129	1	51,415,584	67,891,073	20,967,302	2,050,065	146,587,154
<b>Depreciation for the years ended 31 August</b>							
2010							27,108,981
2011							41,233,957

As at 31 August 2011, land and office building for a total of Baht 4.3 million are not in use and currently in the process of selling. In addition, certain office equipment, furniture and fixtures and motor vehicles have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 100.9 million (2010: Baht 4.3 million and Baht 130.7 million, respectively).

## 13. Intangible assets

(Unit : Baht)

		For the year ended 31 August 2011				
	Remaining year	Balance beginning of the year	Increase/transfer in	Amortised	Disposals/transfer out	Balance end of the year
Computer software	1.79 years	65,381,293	5,703,012	-	-	71,084,305
Software in progress		268,519	4,200,181	-	(2,914,293)	1,554,407
Total intangible assets		65,649,812	9,903,193	-	(2,914,293)	72,638,712
<u>Less</u> : Accumulated amortisation		(54,372,104)	-	(6,000,760)	-	(60,372,864)
Net intangible assets		11,277,708	9,903,193	(6,000,760)	(2,914,293)	12,265,848
Amortisation expenses for the year as included in income statement						6,000,760

# NOMURA

As at 31 August 2011, certain computer software have been fully amortised but are still in use. The original cost, before deducting accumulated amortisation, of those assets amounted to Baht 46.0 million (2010: Baht 31.7 million).

## 14. Deferred income tax assets/liabilities and corporate income tax

During the years ended 31 August 2011 and 2010, the reconciliation between the income tax expense included in the income statements and income tax calculated based on accounting income can be summarised as follows:

(Unit : Baht)

	For the years ended 31 August	
	2011	2010
Income tax expense for the years	81,292,874	37,592,415
Deferred income tax relating to decrease (increase) in temporary difference	(4,973,841)	330,348
Income tax for the years presented as expense in the income statements	<u>76,319,033</u>	<u>37,922,763</u>

(Unit : Baht)

	For the years ended 31 August	
	2011	2010
Income before corporate income tax	293,579,705	155,024,810
Income tax calculated at the tax rate of 25%	73,394,926	38,756,202
Tax effect on non-tax deductible expenses/non-taxable income	2,924,107	(833,439)
Corporate income tax expenses	<u>76,319,033</u>	<u>37,922,763</u>

Deferred income tax assets/liabilities as presented in the balance sheets as at 31 August 2011 and 2010 are calculated on all temporary differences under the liability method. These comprise the following:

(Unit : Baht)

	2011	2010
<b>Deferred income tax assets</b>		
Allowance for impairment of investments	3,965,098	7,843,176
Allowance for impairment on property foreclosed	6,962,800	6,962,800
Allowance for doubtful accounts/allowance for other receivables	1,602,449	1,602,449
Accrued expenses	22,269,921	14,237,906
Others	7,511,962	6,708,437
Total deferred income tax assets	<u>42,312,230</u>	<u>37,354,768</u>
<b>Deferred income tax liabilities</b>		
Revaluation surplus in investments	(334,616)	(10,194,968)
Others	(8,966)	(25,347)
Total deferred income tax liabilities	<u>(343,582)</u>	<u>(10,220,315)</u>
Net deferred income tax assets	<u>41,968,648</u>	<u>27,134,453</u>

## 15. Other assets

(Unit : Baht)

	2011	2010
Loans to employees	63,004,063	50,051,345
Property foreclosed (net of allowance for impairment of Baht 28 million)	15,000,000	15,000,000
Prepayments for securities clearing fund	31,356,324	28,487,231
Deposits	16,124,989	14,426,078
Prepaid expenses	11,168,951	9,888,270
Accrued interest receivables	2,784,629	2,154,498
Deposit for derivative business	5,000,000	5,000,000
Fees and service income receivables	2,357,099	2,575,117
Others	2,123,112	896,984
Total other assets	148,919,167	128,479,523

## 16. Borrowings from financial institutions

As at 31 August 2011, the Company has borrowings from two financial institutions totaling Baht 550 million, which bear interest at the rate of 3.90-4.05 percent per annum. These are short-term borrowings which will mature between November 2011 and February 2012.

## 17. Securities and derivatives business payables

(Unit : Baht)

	2011	2010
<u>Securities business payables</u>		
Securities business payables	1,097,147,623	1,695,339,224
Payable under securities borrowing and lending business		
Guarantee deposit payables	145,965,391	49,094,110
Securities borrowing payables	150,916,477	116,916,537
Interest and fee payables	758,199	435,032
Total securities business payable	1,394,787,690	1,861,784,903
<u>Derivatives business payables</u>		
Derivatives business payables	1,958,631	26,560
Total derivatives business payables	1,958,631	26,560
Total securities and derivatives business payable	1,396,746,321	1,861,811,463

# NOMURA

## 18. Other liabilities

(Unit : Baht)

	2011	2010
Accrued employee expenses	98,226,414	63,573,171
Accrued expenses	20,273,032	27,606,268
Corporate income tax payable	35,466,571	21,519,790
Others	25,987,557	23,760,121
Total other liabilities	179,953,574	136,459,350

## 19. Statutory reserve

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

## 20. Treasury stock

As at 31 August 2011 and 2010, the Company has outstanding of 3,287,200 of treasury shares for a total of Baht 96.99 million, at an average price of Baht 29.51 per share.

On 25 February 2011, the Company's board of directors approved the resale of 3,287,200 treasury shares, or equal to 4.59 percent of the total paid-up share capital. The resale period is from 1 April 2011 - 30 September 2013, and the selling price is to be not less than the average closing price for the preceding 5 business days, less an amount of 15 percent of such average closing price. During the year ended 31 August 2011, the Company does not resale its treasury stock.

## 21. 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 liquid capital in accordance with the rules laid down by the Office of the Securities and Exchange Commission.

## 22. Fees and service income

(Unit : Baht)

	For the years ended 31 August	
	2011	2010
Fixed income business	-	14,046,129
Financial advisory	14,870,000	15,068,492
Underwriting fee	8,270,680	24,633,490
Business support	22,219,521	10,169,861
Securities borrowing and lending	12,303,950	12,396,073
Others	1,037,096	1,589,441
Total fees and service income	58,701,247	77,903,486

## 23. Directors and management's remuneration

Directors and management's remuneration represents the benefits paid to directors in accordance with Section 90 of the Public Limited Companies Act., and also include of salaries, bonuses, provident fund, related benefits and directors' remuneration paid to directors and management of the Company.

## 24. Provident fund

The Company and its employees have jointly registered a provident fund scheme under the Provident Fund Act B.E 2530. The Fund is contributed to by both the employees and the Company at the rate of 5 - 10 percent of the employee's salary. The Fund is managed by TISCO Asset Management Limited and will be paid to the employees upon termination in accordance with the rules of the Fund.

For the year ended 31 August 2011, Baht 18 million has been contributed to the Fund by the Company (2010: Baht 14 million).

In addition to the contributory registered provident fund, the Company has established a provision for an additional plan for employees who work with the Company for over 5 years and over 10 years. The plan is unfunded and is provided only for employees who joined the Company prior to 15 July 1986. Liabilities under this plan have been presented as part of "Other liabilities".

## 25. Earnings per share

Earnings per share as presented in the income statement is basic earnings per share, which is calculated by dividing net income attributable to the Company for the year by the weighted average number of ordinary shares outstanding during the year, netting of treasury stock held by the Company.

## 26. Dividends

During the years, the Company declared the following dividends for payment to shareholders:

	Approved by	Total dividend declaration (Million Baht)	Dividend declaration per share (Baht)
Dividends from the operating results for the year ended 31 August 2010	The annual ordinary meeting of the Company's shareholders No. 1/2553 on 16 December 2010	116	1.70
Dividends from the operating results for the year ended 31 August 2009	The annual ordinary meeting of the Company's shareholders No. 1/2552 on 17 December 2009	68	0.95

# NOMURA

## 27. Related party transactions

During the years, the Company had significant business transactions with its related person and companies. Such transactions were concluded on the commercial terms and based agree upon by the Company and those companies in the ordinary course of business. The significant transactions are summarised below.

(Unit : Baht)

	2011	2010	Pricing policies
<b>Transactions occurred during the years</b>			
Brokerage fees income			
- Nomura Singapore Limited	39,941,142	25,365,563	At normal rate charged to other clients and Exclusive Partner, in accordance with the SET's and SEC's notification
Fees income from agreement for provision of services for asset finance business			
- Nomura International (Hong Kong) Limited	-	7,348,304	At actual costs plus a margin of 10 percent
Fees income from agreement for provision of services			
- Nomura International (Hong Kong) Limited	-	14,046,129	At actual costs plus a margin of 10 percent
Fees income from placing order for any securities listed in other countries except Thailand			
- Nomura Singapore Limited	-	1,763,647	Fee which was agreed at the beginning of each fiscal year and calculated based on annual estimated costs of service plus a margin of 10 percent
Fees income from business support services agreement			
- Nomura Singapore Limited	11,206,431	10,169,861	At actual costs plus a margin of 10 percent
Fees income from other services			
- Nomura Securities Co., Ltd.	11,013,090	-	At the rate determined by extend and amount of work assigned
Fees income from introducing broker agreement			
- Nomura Singapore Limited	812,978	1,059,766	Based on actual executed transactions of our referred customers and at the rate as indicate in the agreement referred to similar business

(Unit : Baht)

	2011	2010	Pricing policies
<b>Transactions occurred during the years (Continued)</b>			
Fee expenses from software maintenance			
- Nomura International (Hong Kong) Limited	5,306.70 HKD	5,306.70 HKD	At the referential market price
Fee expenses from Hi-speed circuit service			
- United Information Highway Co., Ltd.	846,300	421,919	At the same rate charged to other clients without dependent interest
Brokerage fees expense from foreign securities trading			
- Nomura Singapore Limited	361,819	197,217	Calculated base on trade volume and at the referential rate charged to other clients
Fee expenses from underwriting			
- Nomura International (Hong Kong) Limited	-	253,125	At the rate per agreement with reference to similar business
Interest received from loans to employees			
- Director	36,086	17,678	At the same rate charged to other Company's staffs
Legal advisory fees			
- Director	240,000	240,000	At the reasonable fixed price

As at 31 August 2011 and 2010, the outstanding balances of the related party transactions have been shown in the balance sheets as follows:

(Unit : Baht)

	2011	2010
Other assets - accrued income receivables		
- Nomura Singapore Limited	1,900,875	1,719,182
- Nomura International (Hong Kong) Limited	-	846,129
Securities business payables		
- Nomura Singapore Limited	113,130,702	286,802,688
Other liabilities - accrued expenses		
- United Information Highway Co., Ltd.	103,122	35,160
- Nomura International (Hong Kong) Limited	46,459	25,486
Loan to employees		
- Director	1,954,884	2,231,219

# NOMURA

## 28. Financial information by segment

The Company's business operations involve 2 principal segments: securities and derivatives brokerage segment and investments banking segment. These operations are carried on in Thailand. Below is the financial information as at 31 August 2011 and 2010, and for the years ended 31 August 2011 and 2010 of the Company by segment.

(Unit : Million Baht)

	For the years ended 31 August							
	Securities and derivatives brokerage segment		Investments banking segment		Other segments		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Total revenue	748	580	36	38	13	21	797	639
Segment operating income	378	291	16	14	3	1	397	306
Unallocated income (expenses)								
Interest and dividend income							157	82
Gain (loss) on trading in securities/derivatives							42	18
Other income							8	3
Interest expenses							(23)	(13)
Operating expenses							(288)	(241)
Corporate income tax							(76)	(38)
Net income							217	117

(Unit : Million Baht)

	As at 31 August							
	Securities and derivatives brokerage segment		Investments banking segment		Other segments		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Premises and equipment - net							147	125
Unallocated assets							5,607	5,440
Total assets							5,754	5,565

## 29. Commitments and contingent liabilities

As at 31 August 2011, the Company has the following outstanding commitments and contingent liabilities:

**29.1** The Company has the following outstanding commitments under the lease agreements for its office building and motor vehicles, under which the Company is to pay rental and service fees in the future, counting from the year end date, as follows:

(Unit : Million Baht)

	Amount
Within 1 year	29.1
In 1-2 years	6.1
Over 2 years	3.2



**29.2** The Company has commitments to pay the fees related to its securities business to the Stock Exchange of Thailand and Thailand Securities Depository Company Limited. These comprise a monthly fixed amount, a percentage of trading volume each month and/or a percentage of net settlements each month.

**29.3** The Company has commitment to pay the fees related to its derivatives business to Thailand Futures Exchange Public Company Limited and Thailand Clearing House Company Limited. These comprise a monthly fixed amount and/or at the fixed payment for each purchase or sale of a futures contract transacted.

**29.4** The Company has commitments to pay a fee to the Office of the Securities and Exchange Commission in relation to securities business licenses for securities brokerage at the rate of 0.0007 - 0.0018 percent of its trading volume. For commission received from securities trading, underwriting and others which the Company has licenses, the fee is charged at the rate of 1 percent per annum of income from the aforesaid activities. The minimum total fee is Baht 500,000 per annum.

#### **29.5 Employee Joint Investment Program**

The Company has the Employee Joint Investment Program ("the EJIP"), one of the Company's staff welfare benefits, which support the Company's staff who voluntary apply to be the EJIP members to build their wealth by possessing the Company's shares. The EJIP member must contribute a certain amount or a certain portion but not less than Baht 500 and not greater than 10 percent of their salary and average incentive on a monthly basis. The Company shall contribute to the EJIP members at 10 percent of their contributions.

During the year, the amount contributed to the EJIP members by the Company as mentioned portion was presented under the caption of "Personnel expenses" and "Directors' and management's remuneration".

**29.6** The Company was sued for compensation totaling approximately Baht 0.6 million. The cases are being heard by the court and at this preliminary stage of the proceedings, the final outcome is still not assessable. Therefore, as at 31 August 2011 the Company has not yet set aside any provision for loss in the accounts.

### **30. Financial instruments**

Financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

As at 31 August 2011 and 2010, the Company has no policy to speculate in or engaged in the trading of any financial derivative instruments.

The Company's financial instruments principally comprise cash and cash equivalents, investments, receivables/payables from clearing house, securities and derivatives business receivables/payables, loans to employees, and borrowings from financial institutions. The financial risks associated with these financial instruments and how they are managed is described below.

# NOMURA

## 30.1 Credit risk

The Company is exposed to credit risk primarily with respect to securities and derivatives business receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore 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 carrying amounts of securities and derivatives business receivables as stated in the balance sheets.

## 30.2 Interest rate risk

Interest rate risk refers to the risk that the value of financial asset and financial liabilities may change from the market interest rate, however, since the majority of Company's financial assets and liabilities are short-term in nature and bear floating interest rates or fixed interest rates which are close to the market rate and short-term repayment, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 August 2011 and 2010 classified by type of interest rates are summarised in the table below.

(Unit : Million Baht)

	2011					
	Outstanding balances of financial instruments					
	Floating interest rate	Fixed interest rate which the remaining period before maturity date or end of contract date	Without interest	Total	Average interest rate	
					Floating interest rate	Fixed interest rate
		Within 1 year			% p.a.	% p.a.
<b>Financial assets</b>						
Cash and cash equivalents	572	-	20	592	3.04	-
Receivables from Clearing House	-	-	597	597	-	-
Securities and derivatives business receivables	3,297	153	746	4,196	5.40	5.54
Loans to employees	63	-	-	63	2.50	-
<b>Financial liabilities</b>						
Borrowings from financial institutions	-	550	-	550	4.00	-
Securities and derivatives business payables	-	151	1,246	1,397	-	4.50

(Unit : Million Baht)

	2010					
	Outstanding balances of financial instruments					
	Floating interest rate	Fixed interest rate which the remaining period before maturity date or end of contract date	Without interest	Total	Average interest rate	
					Floating interest rate	Fixed interest rate
					Within 1 year	% p.a.
<b><u>Financial assets</u></b>						
Cash and cash equivalents	307	550	21	878	1.47	1.46
Receivables from Clearing House	-	-	743	743	-	-
Securities and derivatives business receivables	1,492	117	999	2,608	4.50	4.50
Loans to employees	50	-	-	50	1.25	-
<b><u>Financial liabilities</u></b>						
Payables to Clearing House	-	-	1	1	-	-
Securities and derivatives business payables	-	117	1,745	1,862	-	2.25

**30.3 Liquidity risk**

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

Counting from the balance sheet date, as at 31 August 2011 and 2010, the periods to the maturity dates of financial instruments are as follows:

(Unit : Million Baht)

	2011					
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b>Financial assets</b>						
Cash and cash equivalents	592	-	-	-	-	592
Investments - net	5	-	-	-	6	11
Receivables from Clearing House	-	597	-	-	-	597
Securities and derivatives business receivables and accrued interest receivables - net	313	594	-	-	3,297	4,204
Loans to employees	-	1	8	54	-	63
<b>Financial liabilities</b>						
Borrowings from financial institutions	-	550	-	-	-	550
Securities and derivatives business payables	297	1,100	-	-	-	1,397

(Unit : Million Baht)

	2010					
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b><u>Financial assets</u></b>						
Cash and cash equivalents	328	550	-	-	-	878
Investments - net	1,029	-	-	-	6	1,035
Receivables from Clearing House	-	743	-	-	-	743
Securities and derivatives business receivables and accrued interest receivables - net	240	875	-	-	1,492	2,607
Loans to employees	-	-	3	47	-	50
<b><u>Financial liabilities</u></b>						
Payables to Clearing House	-	1	-	-	-	1
Securities and derivatives business payables	166	1,696	-	-	-	1,862

**30.4 Foreign exchange risk**

As at 31 August 2011 and 2010, the Company has no significant assets or liabilities denominated in foreign currencies.

**30.5 Equity position risk**

The Company is exposed to equity position risk, due to the Company has investment in listed securities which will result in fluctuations in revenue and the value of financial assets.

**30.6 Fair value**

Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The Company has estimated the fair value of financial instruments as follows:

## a) Financial assets

The method used for determining the fair value is dependent upon the characteristics of the financial instruments. The fair values of financial assets including cash and cash equivalents, and loans to employees are considered to approximate their respective carrying value since the financial instruments are predominantly subject to market interest rates. Fair value of receivables from Clearing House are presented at their book value since they mature in the short-term. The fair values of financial instruments that have standard terms and conditions and are traded on an active and liquid market, such as investments in securities, are determined by the quoted market price. In addition, the fair values of securities and derivative business receivables are determined based on their book value, less allowance for doubtful accounts.

b) Financial liabilities

Borrowings from financial institutions, payables to Clearing House and securities and derivatives business payables are presented at their book value since they mature in the short-term.

As at 31 August 2011 and 2010, there were no material differences between the book value of financial instruments and their fair value.

### 31. Approval of financial statements

These financial statements were authorised for issue by the Company's board of directors on 20 October 2011.

Unit : Baht

No.	Company	Auditor's Name	Audit Fee
1	Capital Nomura Securities Public Company Limited (For the period from September 1, 2010 to August 31, 2011)	Ernst & Young Office Limited (By Mrs.Nonglak Pumnoi)	1,100,000
<b>Audit Fee - Total</b>			<b>1,100,000</b>

**Note :** Ernst & Young Office Limited did not provide any services to CNS except the service as an external auditor.

# Contact us :

## Head Office

25 Bangkok Insurance Building, 15<sup>th</sup> - 17<sup>th</sup> Floor, South Sathorn Road, Sathorn, Bangkok 10120

Telephone: +66(0) 2638 5000 +66(0) 2287 6000

Facsimile: +66(0) 2287 6001

## Bangna Branch :

589/111 Tower 1 Office, 20<sup>th</sup> Floor, Bangna-Trad Road, Bangna, Bangkok 10260

Telephone: +66(0) 2725 8600

Facsimile: +66(0) 2745 6220 +66(0) 2745 6221

## Phra-Pinklao Branch :

7/129 Central Plaza Pinklao Office Building, 9<sup>th</sup> Floor, Room 902, Baromrajchonnee Road, Arun-Amarin, Bangkok Noi, Bangkok 10700

Telephone: +66(0) 2638 5950 +66(0) 2287 6950

Facsimile: +66(0) 2884 9064 +66(0) 2884 9067

## Vibhavadi-Rangsit Branch :

123 Suntowers Building B, 23<sup>rd</sup> Floor, Unit B-2304, Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900

Telephone: +66(0) 2638 5920 +66(0) 2287 6920

Facsimile: +66(0) 2617 7800

## Esplanade Branch :

99 Esplanade Building, 2<sup>nd</sup> Floor, Room 202-1, Ratchadaphisek Road, Din Daeng, Bangkok 10400

Telephone: +66(0) 2354 0760 +66(0) 2641 3250

Facsimile: +66(0) 2641 3249

---

## Investor Services Network

### Phaholyothin Branch :

310 SME Bank Tower, 1<sup>st</sup> Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok 10400

Telephone: +66(0) 2638 5051 +66(0) 2287 6051

Facsimile: +66(0) 2357 1255

### Nonthaburi Branch :

5/74-75 Moo 5, Piboonsongkram Road, Suanyai, Muang, Nonthaburi 11000

Telephone: +66(0) 2525 3070 + 66(0) 2525 3071

Facsimile: +66(0) 2525 3072

### Nakornsawan Branch :

919/28, 919/111 Moo 10, Phaholyothin Road, Nakornsawantok, Muang, Nakornsawan 60000

Telephone: +66(0) 5622 0094 +66(0) 5622 0095

Facsimile: +66(0) 5622 0096

### Nakorn Ratchasima Branch :

751/10-11, Mitrapab Road, Nai Muang, Muang, Nakorn Ratchasima 30000

Telephone: +66(0) 4435 3634 + 66(0) 4435 3635

Facsimile: +66(0) 4435 3011

### Khon Khaen Branch :

497/1-3 Moo 2, Mitrapab Road, Sila, Muang, Khon Khaen 40000

Telephone: +66(0) 4346 5416 +66(0) 4346 5430

Facsimile: +66(0) 4346 5209

### Rayong Branch :

51/32 Moo 3, Sai 36 Road, Tubma, Muang, Rayong 21000

Telephone: +66(0) 3861 4283 +66(0) 3861 4284

Facsimile: +66(0) 3861 4285

### Ayudhaya Branch :

58/9-10 Moo 1, Rojana Road, Thanu, Uthai, Phranakorn Sri Ayudhaya 13000

Telephone: +66(0) 3533 5414 +66(0) 3533 5415

Facsimile: +66(0) 3533 5416

### Phuket Branch :

32/175-176, Poonpol Road,

Talad Nua, Muang, Phuket 83000

Telephone: +66(0) 7621 4422 +66(0) 7621 4423

Facsimile: +66(0) 7621 4424

### Chiangrai Branch :

450/29-32 Moo 13, Phaholyothin Road, Rob Wiang, Muang, Chiangrai 57000

Telephone: +66(0) 5377 4823 +66(0) 5377 4873

Facsimile: +66(0) 5377 4821

**Nomura Direct : +66(0) 2638 5500**

**<http://www.cns.co.th>**

**<http://www.nomuradirect.com>**



## **Capital Nomura Securities Public Company Limited**

25 Bangkok Insurance Building, 15<sup>th</sup> - 17<sup>th</sup> Floor, South Sathorn Road, Sathorn, Bangkok 10120

Telephone : +66 (0) 2638 5000, +66 (0) 2287 6000 Fax : +66 (0) 2287 6001

NOMURA DIRECT +66 (0) 2638 5500

Website : [www.cns.co.th](http://www.cns.co.th), [www.nomuradirect.com](http://www.nomuradirect.com)