

your **BEST PARTNER** for **SUCCESS**

# Annual Report 2012



**NOMURA**

Capital Nomura Securities Public Company Limited

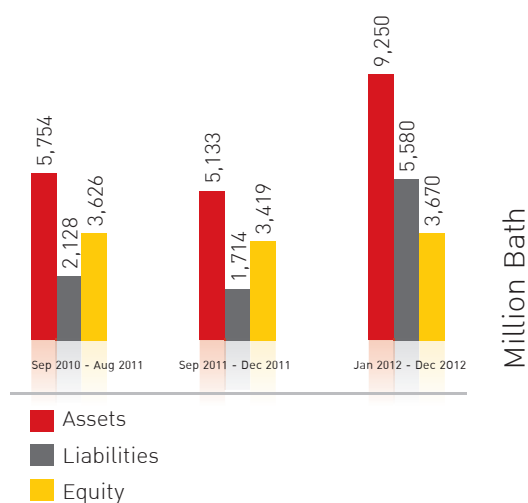
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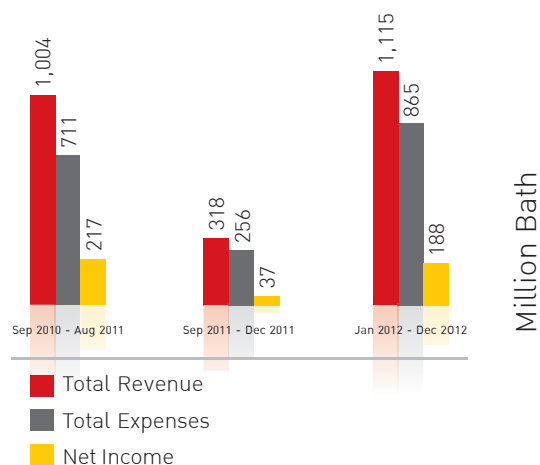
# Financial Highlight

**NOMURA**

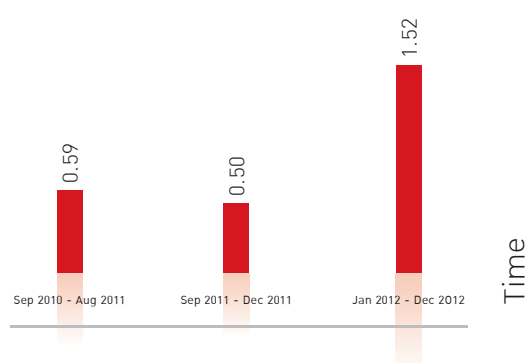
## Assets Liabilities & Shareholders' Equity



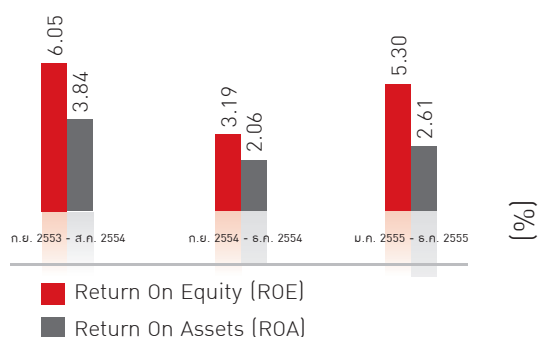
## Operating Performance



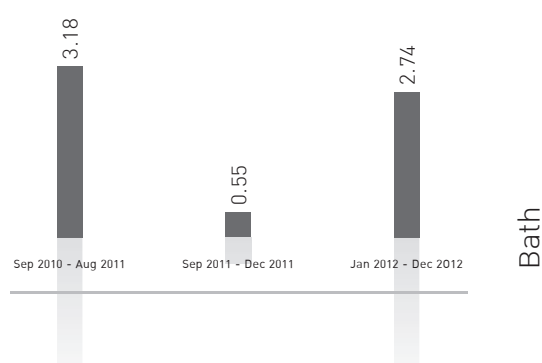
## Debt To Equity Ratio



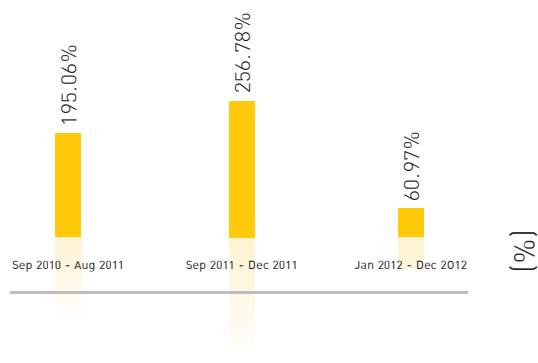
## Return On Equity & Return On Assets



## Earnings per share



## Net liquid capital





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



**Mr.Shinichi Mizuno**  
President



**Mr.Naoki Sugaya**  
Executive Director



**Mrs.Chrisana Sae-Leiw**  
Executive Director



**Mr.Nimit Wongjariyakul**  
Executive Director



**Mr.Koki Miura**  
Director



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



**Col.Ruangsub Kovindha**  
Audit Committee  
Member and  
Independent Director



**Dr.Prasit Kanchanasakdichai**  
Independent Director



**Mr.Prasert Virasathienpornkul**  
Audit Committee Member  
and Independent Director

# Message from the Chairman

**NOMURA**

Dear Shareholders,

The investment backdrop for the Stock Exchange of Thailand (SET) during the 2012 fiscal year remained both strong and vibrant given the solid recovery from the Thai floods during the latter part of 2011 coupled with a stable political environment. This backdrop saw the SET Index rise 366.61 points from 1,025.32 at the end of 2011 to close at 1,391.93 on the last trading day of 2012, a gain of 36%. Meanwhile, average daily turnover increased from Baht 28,854 million in 2011 to Baht 31,084 million in 2012, or an 8% rise. Note that Capital Nomura Securities Public Company Limited (CNS) changed its fiscal year end from 31 August to 31 December; 2012 marked the first full 12 months of the financial year (January 1 - December 31, 2012) following that change.



During the past year, CNS continued to push ahead firmly in terms of business expansion which included securities brokerage, investment banking, mutual fund selling agents and the overseas investment businesses. For the securities brokerage business, CNS continued to recruit and develop new, young talent under the 'Young Talent Financial Advisor (YTFA)' program. In 2012, we were able to bring on identify and develop, through 3 recruitment cycles, a total of 86 talented young financial advisors under this program. The expansion of our branch network also continues well as part of our key strategic initiative to increase our investor base throughout the entire country. In 2012, CNS opened a total of 5 new branches; in Udonthani, Lampang, Patumthani, Bangkok and Samutsakorn. This brought the total number of branches to 23.

Another key strategic development for CNS is to expand our margin loan business. This is part of our plans to cater towards an expanding capital market, increase income, diversify our revenue sources and expand our investor base. In 2012, margin loans outstanding rose from Baht 3,106 million at the beginning of the year to Baht 5,265 million by end of the year. The funding of this increase in margin loans was through a combination of borrowings from financial institutions and utilization of the company's own capital.

Another key strategic development for CNS is the significant expansion of the mutual fund distribution business. Under the NOMURA iFund service, clients can conveniently buy, sell or switch their investments from amongst a selection of more than 1,200 mutual fund products that are available from 22 different asset management companies. Customers can either access these fund products by themselves via the internet or through CNS's financial advisors. The NOMURA iFund service produced strong results with the number of accounts rising from 6,337 at the beginning of 2012 to 11,953 by the end of the year, an increase of 89%. The total investment value through this service rose from Baht 1,404 million to Baht 2,570 million, or an 83% increase.

We also continued to develop and grow our overseas investment business in 2012 via the launch of 'Nomura iGlobal' e-platform. This platform allows investors to access and trade 5 different major overseas securities exchanges across 3 countries; NYSE, NASDAQ, AMEX, Hong Kong and Singapore. This Nomura iGlobal e-platform adds to our existing platform which, as of the end of 2012, allowed our clients to trade in 25 different markets across 20 countries worldwide. The number of accounts using this service increased from 169 at the beginning of 2012 to 366 by the end of the year, an increase of 117%.

CNS' investment banking business continued to develop well with strong growth seen in the area of merger and acquisitions. This reflects the significant increase in demand from foreign investors interested in expanding their businesses into the region, including Thailand. As for the financial advisory and underwriting business, CNS acted as a joint-lead underwriter for 1 Initial Public Offering (IPO) and was a co-underwriter for a further 10 IPOs. This made a total of 11 IPOs that the company was involved in during 2012 out of a total of 18 IPOs for the market. In addition, our company has been a selling agent for 2 property funds and was a co-underwriter for 1 bond issue. Meanwhile, at the end of 2012, CNS still had a further 9 pending mandates as financial advisor.

In terms of our financial results, our performance for the fiscal year 2012 improved when compared with the 12-month period of January — December 2011. The net profit amounted to Baht 187.99 million, equivalent to earnings per share (EPS) of Baht 2.74.

For the 2013 fiscal year, our company will still continue to develop our strategy towards expanding our investor base whilst also recruiting and developing a new generation of young financial advisors. We also aim to diversify our revenue sources further through the development of new financial products, the continued improvement in the quality of our research reports, upgrading our IT systems and expanding our trading platforms. We also will continue to promote good corporate social responsibility (CRS). Furthermore, we believe that good corporate governance and quality leadership incorporated within financial discipline will always be embedded as part of our commitment to deliver greater long-term shareholder value.

Finally, on behalf of the Board of Directors, I would like to express our sincerest gratitude to our shareholders, clients and various organizations for their continuous support and trust throughout the year. At the same time, I would also like to express my utmost gratitude to the management team and our valuable staff for their support and dedication that continues to drive our company to sustainable growth and fruitful development. With that said, CNS will always remain as 'Your Best Partner for Success' going forward into 2013.



Mr. Suthep Peetakanont  
Chairman of the Board of Directors

# Corporate Profile

**NOMURA**

## 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 Central City Tower 1 Office, 19<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

# NOMURA

## 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



<b>Chiangrai Branch</b>	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
<b>Chiangmai Branch</b>	7/1-4 Moo 2, Superhighway Chiangmai-Lampang Road, Changpuak, Muang, Chiangmai 50300 Telephone: +66(0) 5321 0834 +66(0) 5321 0835 Facsimile: +66(0) 5321 0841
<b>Had Yai Branch</b>	434 Supasarn Rangsan Road, Had Yai, Songkla 90110 Telephone: +66(0) 7422 1542 +66(0) 7422 1543 Facsimile: +66(0) 7422 1544
<b>Singburi Branch</b>	155/59-60 Moo 7, Nai Taen Road, Bangman, Muang, Singburi 16000 Telephone: +66(0) 3651 2996 +66(0) 3651 2997 Facsimile: +66(0) 3651 2986
<b>Chonburi Branch</b>	51/15-16 Moo 2, Sukhumvit Road, Samed, Muang, Chonburi 20000 Telephone: +66(0) 3814 4157 +66(0) 3814 4158 Facsimile: +66(0) 3814 4159
<b>Ubon Ratchathani Branch</b>	756/4 Chayangkul Road, Nai-Muang, Muang, Ubon Ratchathani 34000 Telephone: +66(0) 4531 5326 +66(0) 4531 5327 Facsimile: +66(0) 4531 5328
<b>Udonthani Branch</b>	499/3-5 Moo 7, Soi Ban Nonpiboon, Mak Khaeng, Muang, Udonthani 41000 Telephone: +66(0) 4221 2004 +66(0) 4221 2005 Facsimile: +66(0) 4221 2006
<b>Lampang Branch</b>	292-294 Highway Lampang-Ngaw Road, Phrabat, Muang, Lampang 52000 Telephone: +66(0) 5482 1977 +66(0) 5482 1978 Facsimile: +66(0) 5482 1979
<b>Rangsit Branch</b>	132/15-17 Moo 9, Lumlookka Road, Kookot, Lumlookka, Pathumthani 12130 Telephone: +66(0) 2287 6281 +66(0) 2638 5281 Facsimile: +66(0) 2531 2915

# NOMURA

## **Ladkrabang Branch**

497 Luang Phaeng Road,  
Tub Yao, Ladkrabang, Bangkok 10520  
Telephone: +66(0) 2287 6282 +66(0) 2638 5282  
Facsimile: +66(0) 2172 9959

## **Omnoi Branch**

219/1277-78 Moo 12, Petchkasem Road,  
Omnoi, Krathumbaen, Samutsakorn 74130  
Telephone: +66(0) 2287 6280 +66(0) 2638 5280  
Facsimile: +66(0) 2420 1953

## **CNS Internet Homepage :**

<http://www.cns.co.th> and <http://www.nomuradirect.com>  
Telephone: +66(0) 2638 5500

## **Type of Securities :**

Ordinary shares

## **Total Number of Shares :**

71,682,300 shares

## **Registered Capital :**

716,823,000 Baht

## **Paid-up Capital :**

716,823,000 Baht

## **Treasury Stock :**

-0- shares as of December 31, 2012  
(Dec 31, 2011 : 3,287,200 shares)

## **Other References**

### **Share Registrar**

**Thailand Securities Depository Company Limited**  
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](mailto:TSDCallCenter@set.or.th)

### **Website :**

<http://www.tsd.co.th>

### **Auditors**

**Ernst & Young Office Limited**  
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](mailto:ErnstYoung.Thailand@th.ey.com)

### **Website :**

<http://www.ey.com>

### **By :**

Miss Somjai Khunapasut, Certified Public Accountant  
(Thailand) No. 4499

## 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 2010** On the occasion of CNS’s 40 th 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 CNSRealtime 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 derivatives. Such development was made for supporting the investor’s need and the growth of online securities trading business in the future.

#### **September 2011 - December 2012**

CNS had opened additional branches, located in the areas of provincial SME Banks, totaled 5 branches in Chiangmai, Had Yai, Singburi, Chonburi and Ubon Ratchathani.

CNS had renamed its trading applications on iOS which can be used on iPhone, iPad and iPod Touch from CNSRealtime on iOS to NomuraDirect on iOS so that the clients can better recognize to our brand.

The Annual General Meeting of Shareholders held on December 14, 2011 resolved to change CNS’s fiscal year from “September 1 to August 31 of every year” to “January 1 to December 31 of every year”. CNS had to get the approval from the Revenue Department, register such change with Accounts Inspector and also amend the Company’s Articles of Association related with the fiscal year. Therefore, CNS had to close its account for the four month period of September 1, 2011 to December 31, 2011 so that CNS’s next fiscal year would be “January 1 to December 31 of every year” as resolved.

#### **Fiscal Year 2012**

CNS has expanded marketing team (Financial Advisory Department) and increased the number of Financial Advisors, focusing on the new generation. We had Young Talent Financial Advisor project to prepare for expansion of business in the future.

CNS has developed and opened new internet services to respond to diverse investors’ needs, including channels like PC, iOS and Android, such as:

- Increasing SBL Real Time services through NomuraDirect on iOS which clients can place orders; borrow, short sell, cover and return stocks anywhere anytime through iPhone, iPad and iPod touch.

- G2Express VIPTrade is a trading program through PC that stands out because its feature allows user to arrange the display and it offers technical chart, world indexes and realtime news from reliable sources.
- i2Trade Plus program allows user to trade stocks via PC and buy or sell stocks and derivatives through iOS and Android.
- Nomura iGlobal allows users to trade overseas stocks on internet.

CNS strive to develop our products and services for better efficiency to meet clients' needs and to prepare for future expansion in stock, derivatives, mutual funds and overseas investment on internet, which is definitely on the rise.

CNS has opened additional branches, located in the areas of provincial SME Banks, totaled 5 branches in Udonthani, Lampang, Rangsit, Ladkrabang and Omnoi.

## Business Profile for fiscal year 2012

**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, Silver Futures, Oil Futures and USD 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.

## Revenue Structure

Revenue Structure	Fiscal Year 2012 (Jan 1, 2012 - Dec 31, 2012)		September 1, 2011 - December 31, 2011		Fiscal Year 2011 (Sep 1, 2010 - Aug 31, 2011)	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Brokerage fees	725.20	65.05	205.97	64.69	737.98	73.49
Fee and service income	102.72	9.21	15.15	4.76	58.70	5.85
Gain (loss) on securities	2.12	0.19	(0.75)	(0.23)	42.55	4.24
Interest and dividend	64.75	5.81	29.23	9.18	47.32	4.71
Interest on margin loans	216.15	19.39	52.73	16.56	109.96	10.95
Other income	3.89	0.35	16.06	5.04	7.67	0.76
<b>Total revenue</b>	<b>1,114.83</b>	<b>100.00</b>	<b>318.39</b>	<b>100.00</b>	<b>1,004.18</b>	<b>100.00</b>

### 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 2012 (January 1, 2012 to December 31, 2012) increased quite significantly from the fiscal year 2011. (September 1, 2011 to December 31, 2011). This is evidenced by the total trading turnover (i.e. for SET and MAI) during these twelve months that amounted to Baht 32.30 billion vs. Baht 24.32 billion recorded for the fiscal year 2011 for an increase of 33%. The SET index increased by 36% from 1,025.32 points (as of December 31, 2011) to 1,391.93 points (as of December 31, 2012). All of these factors were favorable factors for the market environment.

### Thailand's economic outlook

Thai economy for 2012 grew by 6% compared to a 0.1% expansion in 2011. The economic growth in 2012 was led by improvement in domestic demand, consumption and investment. All of these drivers were supported by minimum wage increase policy started in April 2012 from 160-221 baht/day to 223-300 baht/day, first car buyer scheme and investment for 2011 post flood repair and replacement, respectively. For the first nine months of 2012, Thailand's gross domestic product (GDP) expanded by 2.6% on a year on year basis. Yet, the GDP for the fourth quarter is likely to grow by 17.2% from the same period of last year owing to the low base effect from the flood in the fourth quarter of 2011. Hence, the GDP for 2012 is likely to grow by 6%. Meanwhile, in terms of the country's economic stability, we anticipate that the country's headline inflation will rise by 3.0% in 2012 vs. an increase of 3.8% seen in 2011 owing mainly to the slower price increases in the food items. Meanwhile, we estimate that Thailand will continue to book a current account surplus amounting to 2.7 billion US dollars in 2012F, accounting for 0.7% of 2012F GDP vs. the current account surplus of 5.9 billion US dollars in 2011 or 1.7% of 2011 GDP. This was due to a small increase in exports following the slower global economic growth while the overall import increased due to significant imports in capital goods.

In regard to an outlook for 2013F, Thailand's GDP is likely to expand by 4.5%, a slight decrease compared with 2012 growth but above 2001-2011 historical average growth of 4.1%. The 2013F growth should be underpinned by strong domestic demand due to private consumption. The private consumption should be supported by minimum wage policy which raised the minimum wage from 228baht/day in 2012 to 300baht/day since the beginning of 2013. In addition, the private consumption should be supported by first car buyer scheme that has been carrying on until 2013 and personal income tax restructuring that resulted in lower tax paid. In terms of investment, overall it is expected to grow by 7% in 2013, lower than a 2012 expansion of 14.6% for which there was an investment in 2011 post flood repair and replacement. Moreover, it is likely that public investment, especially the water management infrastructure



investment will accelerate. In terms of economic stability, the inflation rate is likely to increase by only 3.2% despite the minimum wage increase. The current account should have trading slightly deficit first ever since 2005 because imports are expected to expand at higher level than exports. Plus, there will be no service receipts owing to 2011 post flood insurance claim from international insurance companies. Finally, it is expected that current account will be in a deficit of 1.8 billion US dollars in 2012F accounting for 0.74% of 2012F GDP, hence it is not a concern.

### Earnings of listed companies

The budget reimbursement by the government, coupled with the government's populist policies, has benefited the industries that linked to investment in infrastructure projects. In addition, higher purchasing power for consumer products helped to stimulate domestic economy amid the global economic slowdown environment. Meanwhile, the cost cut at many listed companies caused these companies to book better gross profit margins. Finally, for an outlook for 2013, we expect all SET-listed companies to see earnings recovery following the global economic recovery and we also anticipate that their financial positions will remain strong, which should be evidenced by the expected continual declines in their debt to equity ratios.

### Trading value classified by types of investors\*

(Unit : Baht of Million)

Fiscal Year 2012 (Jan 1 - Dec 31, 2012)	Buy		Sell		Total Buy & Sell		Net Buy (Sell)
	Amount	%	Amount	%	Amount	%	Amount
Local institutes	602,946	7.62	627,862	7.93	1,230,808	7.77	(24,916)
Proprietary trading	1,032,113	13.04	1,024,928	12.95	2,057,041	13.00	7,185
Foreign investors	1,956,725	24.72	1,879,828	23.75	3,836,553	24.24	76,897
Local investors	4,322,783	54.62	4,381,949	55.37	8,704,732	54.99	(59,166)
<b>Total</b>	<b>7,914,567</b>	<b>100.00</b>	<b>7,914,567</b>	<b>100.00</b>	<b>15,829,134</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

For fiscal year 2012 (January 1, 2012 to December 31, 2012), 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 and brokerage fee liberalization afterwards.

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 3.0% 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 2012 (Jan - Dec 31, 2012)	September 1, 2011 - December 31, 2011	Change	
			Amount	%
SET Information				
Total Turnover				
Value (Baht of Billion)	7,615.64	2,002.81	5,612.83	280.25**
Average Daily Turnover (Baht of Billion)	31.08	23.84	7.24	30.37
SET Index (Point)				
High (Close)	1,397.19	1,072.21	324.98	30.31
Low (Close)	1,036.21	855.45	180.76	21.13
Close at the end of the year	1,391.93	1,025.32	366.61	35.76
Average Dividend Yield (%) *	2.98	3.72	(0.74)	(19.89)
P/E Ratio (Time) *	18.25	12.07	6.18	51.20
Market Capitalization (Baht of Billion) *	11,831.45	8,407.70	3,423.75	40.72
Listed Securities				
No. of listed securities *	948	755	193	25.56
No. of listed companies *	477	471	6	1.27
No. of newly listed companies	8	2	6	300.00
MAI Information				
Total Turnover				
Value (Baht of Billion)	298.93	40.55	258.38	637.19**
Average Daily Turnover (Baht of Billion)	1.22	0.48	0.74	154.17
MAI Index (Point)				
High (Close)	415.89	300.61	115.28	38.35
Low (Close)	266.91	225.05	41.86	18.60
Close at the end of the year	415.68	264.23	151.45	57.32
Average Dividend Yield (%) *	1.58	2.97	(1.39)	(46.80)
P/E Ratio (Time) *	22.80	16.36	6.44	39.36
Market Capitalization (Baht of Billion) *	133.02	77.31	55.71	72.06
Listed Securities				
No. of listed securities *	100	93	7	7.53
No. of listed companies *	81	73	8	10.96
No. of newly listed companies	10	3	7	233.33

Source : The Stock Exchange of Thailand (SET)

\* Figures of Jan - Dec 12 was figures of December 2012, Figures of Sep 11 - Dec 11 (4 months) was figures of December 2011

\*\* Changing of total turnover is for data's comparison between Jan - Dec 12 (one year) and Sep 11 - Dec 11 (4 months)

### 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 for the fiscal year 2012 (January 1, 2012 - December 31, 2012) accounted for 34.92% of total turnover vs. 33.87% recorded for the four month period (September 1, 2011 - December 31, 2011).

### CNS's market share and types of clients

CNS's market share of the securities business for the fiscal year 2012 (January 1, 2012 - December 31, 2012) stood at 2.73% of the total market turnover, which ranked 19<sup>th</sup> out of total 32 brokerage firms and reflected a decrease relative to the four month period (September 1, 2011 - December 31, 2011) when CNS's market share stood at 2.82%.

Classified by types of clients for the fiscal year 2012 (January 1, 2012 - December 31, 2012), CNS's main client group remained individual retail category which accounted for 80.77% of CNS's total trading turnover, followed by domestic institutional clients at 11.16% and foreign institution clients at 8.07%. Overall, for the fiscal year 2012 (January 1, 2012 - December 31, 2012) the clients from individual retail and domestic institutional categories increased from the figure reported for the four month period (September 1, 2011 — December 31, 2011) while the number of foreign investors decreased.

Trading values classified by types of investors	Fiscal Year 2012 (Jan 1, 2012 - Dec 31, 2012)		September 1, 2011 - December 31, 2011		Fiscal Year 2011 (Sep 1, 2010 - Aug 31, 2011)	
	Million Baht	%	Million Baht	%	Million Baht	%
Individual Retails	303,239	80.77	74,207	77.49	289,094	80.49
Domestic Institutions	41,911	11.16	8,876	9.27	35,011	9.75
Foreign Investors	30,299	8.07	12,675	13.24	35,058	9.76
<b>Total*</b>	<b>375,449</b>	<b>100.00</b>	<b>95,758</b>	<b>100.00</b>	<b>359,163</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%. For the fiscal year 2012 (January 1, 2012 - December 31, 2012), the cash trading clients still represented the largest share of 68.82%, with the remaining 31.18% from the credit balance clients. The proportion of credit balance clients were continuously increased from the four month period (September 1, 2011 to December 31, 2011), which represented 28.89%.

Company's total trading turnover classified by category	Fiscal Year 2012 (Jan 1, 2012 - Dec 31, 2012)		September 1, 2011 - December 31, 2011		Fiscal Year 2011 (Sep 1, 2010 - Aug 31, 2011)	
	Million Baht	%	Million Baht	%	Million Baht	%
<u>Normal - via Financial Advisor</u>						
- Cash Account	171,547	45.62	46,975	49.01	182,971	50.87
- Margin Loan Account	30,416	8.09	8,402	8.76	38,862	10.80
<u>Internet Trading</u>						
- Cash Account	87,224	23.20	21,181	22.10	81,671	22.70
- Margin Loan Account	86,807	23.09	19,296	20.13	56,226	15.63
<b>Total</b>	<b>375,994</b>	<b>100.00</b>	<b>95,854</b>	<b>100.00</b>	<b>359,730</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 2012 (January 1, 2012 - December 31, 2012), CNS's market share from its stock brokerage business stood at 2.73% vs. 2.82% reported for the four month period (September 1, 2011 to December 31, 2011). The decline of CNS's market share was made possible by a decrease in number of foreign clients.

### Market share of derivative market

Thailand futures market has continued to grow since it first launched in 2006. Currently there are 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, Silver Futures and Oil Futures. For the fiscal year 2012 (January 1, 2012 - December 31, 2012), CNS gained 1.50% market share, decreasing from 1.56% in the four month period (September 1, 2011 to December 31, 2011).

### 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

From the announcement of the SET and the SEC on brokerage fee liberalization from January 1, 2012 onwards, the new rates of minimum fees and trading fee liberalization has directly impacted the Company's profitability. CNS is well aware of this risk and has prepared to enhance its competitive advantage after the brokerage fee liberalization came into effect both in term of financial status and business strategies. For example CNS has diversified 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 source of funding

CNS provides margin loan to buy securities which is short term loan in order to provide liquidity for customers buying/selling securities, therefore the Company requires short term capital fund flow depending on the value of total buying/selling securities. Currently the Company takes majority of the loans from local financial institutions and has started taking loan from related company overseas in 2013. The Company acknowledges the risk and is in the process of finding other source of funding both short and long term loans in the proportion that the funding will be utilized most efficiently and effectively.

## Risk from interest rate

CNS sets policy on margin loan interest rate for short-term margin loan customers rather low rate in order to be competitive while part of funding is from long term loan, therefore, the Company is at risk from the change of the market interest rate.

## 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 which results 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 December 28, 2012 the Thai NVDR Company Limited, a subsidiary of the SET, had issued Non-Voting Depository Rights (NVDR) of CNS's shares totaling 2,746,800 units. This was equivalent to 3.83% of CNS's registered shares, down 10.37% from 3,064,700 units as of December 30, 2011 which was equal to 4.28% 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 May 29, 2012 (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. Capital Nomura Securities Public Company Limited.	3,287,200	4.59
4. The Thai NVDR Co., Ltd.	2,893,400	4.04
5. Mr. Watshira Tayanaraporn	2,628,100	3.67
6. UOB KAY HIAN PRIVATE LIMITED	2,606,000	3.64
7. Mrs. Kunthong Udommahuntisuk	2,400,000	3.35
8. Mr. Prasart Mahakijisiri	1,600,100	2.23
9. Mr. Charlie Sophonpanich	930,600	1.30
10. Mrs. Juntana Anakatham	812,500	1.13

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 May 29, 2012 (latest book closing date)

Shareholder	Number of Shareholders	Number of Shares	Percentage
Thai	3,037	40,252,328	56.15
Foreigner	36	31,429,972	43.85
<b>Total</b>	<b>3,073</b>	<b>71,682,300</b>	<b>100.00</b>

## 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 May 29, 2012) 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 : 3,822,562,601 shares (As of September 30, 2012)

Listings : As of September 30, 2012 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 : 477,424 (As of September 30, 2012)

### Top Ten Major Shareholders of Nomura Holdings, Inc. (As of September 30, 2012)

Shareholder's Name	Number of shares (Thousands)	Percentage
1. Japan Trustee Services Bank, Ltd. (Trust Account)	200,982	5.25
2. The Master Trust Bank of Japan, Ltd. (Trust Account)	157,413	4.11
3. SSBT OD05 Omnibus Account Treaty Clients	93,142	2.43
4. Northern Trust Company (AVFC) Sub-account American Client	49,889	1.30
5. The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	45,336	1.18
6. Japan Trustee Services Bank, Ltd. (Trust Account 1)	39,073	1.02
7. Japan Trustee Services Bank, Ltd. (Trust Account 6)	37,565	0.98
8. Nomura Group Employee's Stock Ownership Association	37,442	0.97
9. Japan Trustee Services Bank, Ltd. (Trust Account 4)	36,435	0.95
10. Japan Trustee Services Bank, Ltd. (Trust Account 3)	35,373	0.92

Note : As of September 30, 2012, Nomura Holdings, Inc had 124,300 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
Nomura Holdings, Inc.	1,400,000	100.00
<b>Total</b>	<b>1,400,000</b>	<b>100.00</b>

**Management Shareholding as of December 31, 2012**

Name		Number of shares	Change during December 31, 2011 - December 31, 2012 Increase/(Decrease)
Mr. Suthep	Peetakanont	0	-
Mr. Shinichi	Mizuno	0	-
Mr. Nimit	Wongjariyakul	0	-
Mr. Naoki	Sugaya	0	-
Mrs. Chrisana	Leiw	0	-
Mrs. Wattanee	Phanachet	0	-
Mr. Prasert	Virasathienpornkul	0	-
Col. Ruangsub	Kovindha	0	-
Dr. Prasit	Kanchanasakdichai	0	-
Mr. Koki	Miura	0	-
Mrs. Krittika	Tharamast	40,325*	13,277*
Mr. Nithi	Wanikpun	0	-
Miss. Varangkna	Wasuwanich	0	-
Mr. Thanomsak	Saharatchai	0	(3,055)*
Mr. Yoshikazu	Yonenaga	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 (Sep-Aug)	2007	2008	2009	2010	2011	Sep 11 -Dec11
Dividend payment per share (Baht)	1.20	1.50	0.95	1.70	3.10	0.50
Net income (Baht of million)	102.39	123.13	68.61	117.10	217.26	37.44
Dividend payout ratio (%)	84.01	87.33	99.25	99.29	97.59	91.34

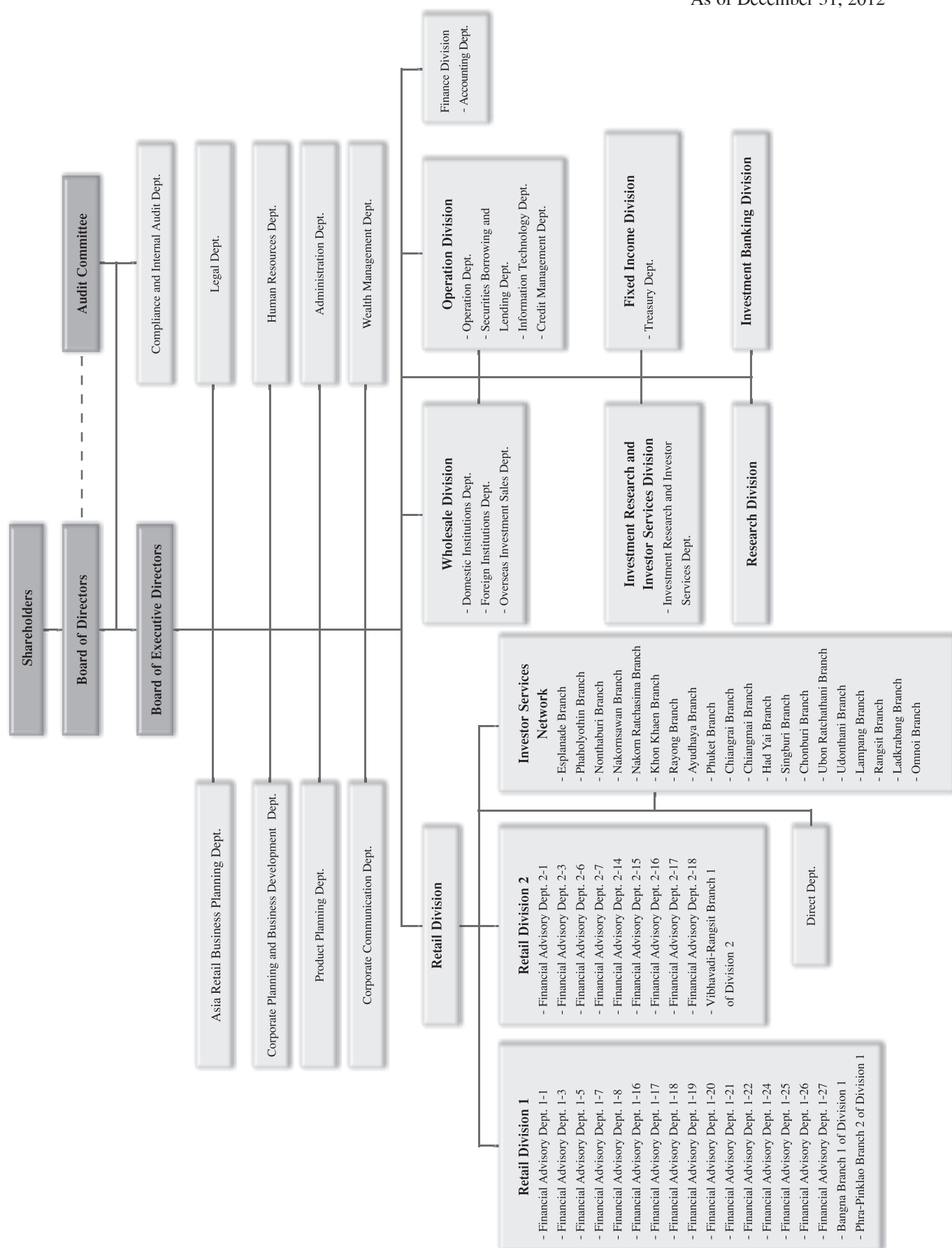
#### Legal Disputes

At December 31, 2012, 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

**NOMURA**

As of December 31, 2012



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, Risk Management 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 December 31, 2012, there were ten 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.	Mrs. Wattanee	Phanachet	Independent Director
8.	Mr. Prasert	Virasathienpornkul	Independent Director
9.	Col. Ruangsub	Kovindha	Independent Director
10.	Dr. Prasit	Kachanasakdichai	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

1. 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.
2. 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.
3. To perform their duties in accordance with the principle of good corporate governance as outlined by the SET.
4. To notify, without delay, any members of the Board of Directors of the following cases:
  - 4.1 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;
  - 4.2 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 December 31, 2012, 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   |

Miss Varangkna 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, which shall include:
  - 1.1 To set business policies, goals, operating plans, strategies and annual budget in order for the approval of the Board of Directors;
  - 1.2 To govern and ensure that the Company's operations are in accordance with applicable laws, the objectives and article and association of the Company as well as are corresponding with the business policies, goals, operating plans, business strategies and budget that have been approved by the Board of Directors;
  - 1.3 To approve the operating expenses that exceed authorized limit of the management under the approval authorities of the Company or the annual budget approved by the Board of Directors;

- 1.4 To approve trading limit for securities trading, credit limit for credit balance/margin accounts and credit limit for securities borrowing and lending accounts as well as to approve other transactions related to securities businesses that exceed the authorized limits of the management under the approval authorities of the Company;
- 1.5 To approve underwriting transactions and other transactions in relation to investment banking businesses under the approval authorities of the Company;
- 1.6 To set the organizational structure and management authorities in order to cope with the recruitment, the employment, the remuneration, the transfer, the training and the dismissal of the Company's personnel from the Senior Vice President downwards;
- 1.7 To sell, transfer or dispose the Company's assets that are unused, out of date or below standard as well as to set the allowance for bad debts, asset impairment and to write off bad debts under the general accepted accounting principles and the recommendations of the Company's auditor;
- 1.8 To appoint or assign any person(s) to perform any duties on behalf of the Board of Executive Directors as appropriate where the Board of Executive Directors may at any time terminate such appointment; Provided however that such delegation of duties and responsibilities to the Board of Executive Directors shall not be the delegation or sub-delegation which would enable the Board of Executive Directors and/or their agents to approve any transactions that may result in conflict of interest (as defined by the SEC) except for the normal business transactions which are clearly stipulated.
2. To perform any other duties as may be delegated by the Board of Directors.

## Audit Committee

As of December 31, 2012, the Audit Committee was comprised of three members:

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



**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 the period of January 1 - December 31, 2012, the Audit Committee Meeting was held six times to acknowledge company progression with the Head of Finance Division, the Head of Compliance & Internal Audit Department and evaluate internal control and review financial statements with the external auditor.

## Credit Review Committee

As of December 31, 2012, 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. Ampika Saringkarnboriboon 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 December 31, 2012, 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 Securities 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.

## Risk Management Committee

As of December 31, 2012, there were five members in the Risk Management Committee as follows:

- |  |                            |
|--|----------------------------|
| 1. Mr. Naoki Sugaya  | Chief Risk Officer ("CRO") |
| 2. Executive Director - IT/Operation Division Head             | Member                     |
| 3. Head of Finance Division                                    | Member                     |
| 4. Department Head of Compliance and Internal Audit Department | Member                     |
| 5. Department Head of Legal Department                         | Member                     |

The Members of the Committee might be replaced as appointed by the Board of Executive Directors. The Board of Executive Directors can also adjust member number as appropriate from time to time.

### Authorities and Duties of Risk Management Committee

1. To establish and enforce risk management policies.
2. To establish and operate risk management processes.
3. To verify the effectiveness of risk management methods.
4. To report the Board of Executive Directors and the Board of Directors.

## The Number of Board of Directors Meetings and Audit Committee Meetings and The Attendance by Individual Members for the period from January 1 - December 31, 2012

### Board of Directors Meetings

Meeting No. / Year		1/12	2/12	3/12	4/12	5/12	6/12	7/12	8/12	9/12	10/12	11/12	12/12	13/12	Total
Name / Date		Jan10	Feb23	Mar20	Apr25	May11	Jun27	Jul23	Aug23	Sep23	Oct26	Nov9	Nov29	Dec21	Times
Mr. Suthep	Peetakanont	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13/13
Mr. Shinichi	Mizuno	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13/13
Mr. Nimit	Wongjariyakul	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13/13
Mr. Naoki	Sugaya	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13/13
Mrs. Chrisana	Sae-Leiw	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13/13
Mr. Koki	Miura <sup>(1)</sup>	✓	✓	✓	✓	✓	✓	-	-	-	✓	✓	-	✓	9/13
Mr. Pisit	Tesabamroong <sup>(2)</sup>	-	-	-	-	-	-	-	-	-	-	-	-	-	0/5
Mrs. Wattanee	Phanachet <sup>(3)</sup>	✓	✓	✓	✓	✓	-	✓	✓	-	✓	✓	✓	✓	11/13
Mr. Prasert	Virasathienpornkul <sup>(4)</sup>	✓	✓	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	12/13
Col. Ruangsub	Kovindha	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13/13
Dr. Prasit	Kanchanasakdichai	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13/13
Total Attendants		10/11	10/11	10/11	10/11	9/11	9/10	9/10	9/10	8/10	10/10	10/10	9/10	10/10	

#### Remarks :

- <sup>(1)</sup> Mr. Koki Miura could not attend the Meetings from no. 7/2012 to no. 9/2012 because of the health reason, and Mr. Koki Miura had other business activity, therefore he could not attend the Meeting no. 12/2012.
- <sup>(2)</sup> Mr. Pisit Tesabamroong could not attend the Meetings from no. 1/2012 to no. 5/2012 because of the health reason, and Mr. Pisit Tesabamroong was one of the directors who retired by rotation in the annual general meeting of shareholders no. 1/2012 held on June 27, 2012 and he decided not to accept the Company's director position after the retirement in this Shareholders' Meeting.
- <sup>(3)</sup> Mrs. Wattanee Phanachet had an overseas trip, therefore she could not attend the Meeting no. 6/2012 and no. 9/2012.
- <sup>(4)</sup> Mr. Prasert Virasathienpornkul had an overseas trip, therefore he could not attend the Meeting no. 5/2012.

### Audit Committee Meetings

Meeting No. / Year		1/2012	2/2012	3/2012	4/2012	5/2012	6/2012	Total
Name / Date		Jan10	Feb23	Apr25	May10	Aug17	Nov5	(Times)
Mrs. Wattanee	Phanachet	✓	✓	✓	✓	✓	✓	6/6
Col. Ruangsub	Kovindha	✓	✓	✓	✓	✓	✓	6/6
Mr. Prasert	Virasathienpornkul	✓	✓	✓	✓	✓	✓	5/6

In the Audit Committee Meeting No. 2/2012 on February 23, 2012, 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 persons with suitable knowledge and attributes to become directors of the Company by recommending such persons for nomination to a shareholders' meeting for approval in accordance with the following rules and procedures:

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, but in voting to pass a resolution, the shareholders shall vote using all the votes under (1) which cannot be divided for any particular candidates 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.

**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.

#### **Executive of Directors**

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

#### **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 levels, 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.

## 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 December 31, 2012, 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 December 31, 2012, 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. Mrs. Wattanee	Phanachet	Chairman of the Audit Committee and Independent Director
8. Mr. Prasert	Virasathienpornkul	Audit Committee Member and Independent Director
9. Col. Ruangsub	Kovindha	Audit Committee Member and Independent Director
10. Dr. Prasit	Kachanasakdichai	Independent Director
11. Mrs. Krittika	Tharamart	Director of Retail Sales Division 2
12. Mr. Nithi	Wanikpun	Head of Research Division
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 & Acting Division Head of Investment Banking 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 remuneration paid to the Board of Directors, including for their role as directors and members of the audit committee, for the fiscal year 2012 was as follows:

Unit : Baht

No.	Name		One-time remuneration*	Audit Committee	Meeting Allowance	Total
1	Mr. Suthep	Pectakanont	83,333	-	-	83,333
2	Mr. Shinichi	Mizuno	73,333	-	-	73,333
3	Mr. Nimit	Wongjariyakul	73,333	-	-	73,333
4	Mr. Naoki	Sugaya	73,333	-	-	73,333
5	Mrs. Chrisana	Sae-Leiw	73,333	-	-	73,333
6	Mr. Koki	Miura	73,333	-	135,000	208,333
7	Mr. Pisit	Tesabamroong <sup>(1)</sup>	73,333	-	-	73,333
8	Mrs. Wattanee	Phanachet	73,334	286,000	165,000	524,334
9	Mr. Prasert	Virasathienpornkul	73,334	220,000	180,000	473,334
10	Col. Ruangsub	Kovindha	73,334	220,000	195,000	488,334
11	Dr. Prasit	Kanchanasakdichai	73,334	-	195,000	268,334
<b>Total</b>			<b>816,667</b>	<b>726,000</b>	<b>870,000</b>	<b>2,412,667</b>

**Note :** <sup>(1)</sup> Mr. Pisit Tesabamroong was one of the directors who retired by rotation in the annual general meeting of shareholders no. 1/2012 held on June 27, 2012 and he decided not to accept the Company's director position after the retirement in this Shareholders' Meeting.

**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	Year 2012 (January - December 2012)	
	No.of person	Remuneration (Baht)
Salary and Bonus	11	74,824,685
Social security fund, provident fund and other benefits	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, which one of the Management Staff had been resigned during the Year. In addition, one Management Staff has been appointed during the Year.

**Other remuneration**

- None -

# Profile of Directors and Management

**NOMURA**

## Profile of Directors, Management and Executives as of December 31, 2012

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 Peetkanont Chairman of the Board of Director Chairman of the Board of Executive Directors	50	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	<ul style="list-style-type: none"> <li>Director Certification Program (DCP), 2000 / Thai Institute of Directors Association (IOD)</li> <li>Chairman 2000, 2002 / Thai Institute of Directors Association (IOD)</li> </ul>
					Jun 2010-Aug 2011	Chairman and Acting Executive Directors	Capital Nomura Securities Plc	
					Dec 2009-May 2010	Chairman and Executive Directors	Capital Nomura Securities Plc	
					Jun - Dec 2009	Honorary Chairman	Capital Nomura Securities Plc	
					1996 - May 2009	Chairman and Chairman of the Board of Executive Directors	Capital Nomura Securities Plc	
Mr. Shinichi Mizuno President	44	The degree of Bachelor of Commerce, Kansai University, Japan	-	-	Jun 2010 - Present	President	Capital Nomura Securities Plc	-
					Apr - May 2010	Managing Director, Head of Global Business Department	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, Denchofu 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.	
Mr. Nimit Wongjariyakul Executive Director	48	Master of Engineering, Pennsylvania State University, U.S.A.	-	-	Dec 2007 - Present	Executive Director	Capital Nomura Securities Plc	<ul style="list-style-type: none"> <li>DCP Refresher Course, 2009, Thai Institute of Directors Association (IOD)</li> </ul>
					1998 - Dec 2007	Head of Investment Banking Division	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	
Mr. Naoki Sugaya Executive Director	47	The degree of Bachelor of Agriculture, Meiji University, Japan	-	-	2009 - Present 2003 - 2009	■ Executive Director ■ Business Manager of Fixed Income Division - Asia Pacific	■ Capital Nomura Securities Plc ■ Nomura International (Hong Kong) Limited	-
					2001 - 2003	■ Head of Administration	■ Nomura Italia SIM P.A., Milano, Italia	
Mrs. Chrisana Sae-Leiw Executive Director	52	Bachelor of Science, Southern Adventist University, U.S.A.	-	-	2009 - Present 1996 - 2008	■ Executive Director ■ Director	■ Capital Nomura Securities Plc ■ Capital Nomura Securities Plc	■ Efficient Human Resource Operation by the HR Scorecard, 2011, The Thai Chamber of Commerce ■ Sale creation and development (Sale management), 2011, The Thai Chamber of Commerce ■ Negotiation skills and debt collection, 2011, The Thai Institute of Banking and Finance Association
Mr. Koki Miura Director	49	Bachelor's Degree, Faculty of Political Science & Economics, Waseda University, Japan	-	-	Feb 2011 - Present 2012	■ Director ■ Senior Managing Director ■ Director ■ Chairman	■ Capital Nomura Securities Plc ■ Nomura Holdings, Inc. ■ Nomura Asia Investment (Viet Nam) Plc Ltd ■ Members' Council of Nomura-Haiphong Industrial Zone Development Corp.	-
					Nov 2010	■ Senior Managing Director Head of Wealth Management and Retail, Asia ex-Japan ■ Vice Chairman	■ Nomura Securities Co., Ltd.	
					Apr 2010	■ Senior Managing Director Business Development	■ Nomura Singapore Limited ■ Nomura Securities Co., Ltd.	
					Apr 2008	■ Managing Director	■ Nomura Securities Co., Ltd., Fukuoka Branch Office	
					Jul 2007	■ Managing Director, Head of Wealth Management Department, Deputy Head of Sales Strategy Department	■ Nomura Securities Co., Ltd., Head Quarters	
					Apr 2003	■ President, CEO ■ President, CEO ■ Director ■ Commissioner	■ Nomura Singapore Limited ■ Nomura Futures (Singapore) Plc.Ltd. ■ Nomura Securities Singapore Plc.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	
<b>Mrs. Wattanee Phanachet</b> Chairman of the Audit Committee and Independent Director	75	M.A.(Accounting), University of Alabama, U.S.A.	-	-	1998 - Present  2007 - Present  1999 - Present  2005 - Present  2006 - Apr 2009  1999 - 2006  2005 - 2008  2006 - 2007	<ul style="list-style-type: none"> <li>Chairman of the Audit Committee and Independent Director</li> <li>Audit Committee and Independent Director</li> <li>Audit Committee and Independent Director</li> <li>Specialist in the field of Finance and Accounting</li> <li>Audit Committee and Independent Director</li> <li>Audit Committee and Independent Director</li> <li>Head, Sub-Committee on Certified Public Accountant's Qualification</li> <li>Committee on Curriculum Quality Guarantee</li> </ul>	<ul style="list-style-type: none"> <li>Capital Nomura Securities Plc</li> <li>Esso (Thailand) Plc</li> <li>Thai Poly Acrylic Plc</li> <li>Civil Service Commission</li> <li>Electricity Generating Plc</li> <li>Delta Electronics (Thailand) Plc</li> <li>Federation of Accounting Professions</li> <li>Faculty of Commerce and Accountancy, Chulalongkorn University</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>
<b>Mr.Prasert Virasathienpornkul</b> Audit Committee Member and Independent Director	52	Master of Business Administration, University of Wisconsin Madison, U.S.A.	-	-	1999 - Present  1997 - Present  Present	<ul style="list-style-type: none"> <li>Audit Committee Member and Independent Director</li> <li>Managing Director</li> <li>Audit Committee and Independent Director</li> </ul>	<ul style="list-style-type: none"> <li>Capital Nomura Securities Plc</li> <li>Concept Training &amp; Consultant Co.,Ltd.</li> <li>Master Ad Public Company Limited</li> </ul>	<ul style="list-style-type: none"> <li>Director Certification Program (DCP), 2002, Thai Institute of Directors Association (IOD)</li> </ul>
<b>Col. Ruangsub Kovindha</b> Audit Committee Member and Independent Director	60	Bachelor of Science in Engineering, University of Alabama, U.S.A.	-	-	2002 - Present  2000 - Present	<ul style="list-style-type: none"> <li>Audit Committee Member and Independent Director</li> <li>Managing Director</li> </ul>	<ul style="list-style-type: none"> <li>Capital Nomura Securities Plc</li> <li>United Information Highway Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Director Accreditation Program (DAP), 2007, Thai Institute of Directors Association (IOD)</li> <li>Capital Market Academy Leader Program (CMA14)</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>Dr. Prasit Kanchanasakditchai</b> Independent Director	48	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	<ul style="list-style-type: none"> <li>Independent Director</li> <li>President</li> <li>Managing Director</li> <li>Managing Director</li> <li>President</li> <li>President</li> <li>President</li> </ul>	<ul style="list-style-type: none"> <li>Capital Nomura Securities Plc</li> <li>Thai Const &amp; Building Manufacturing Public Company Limited</li> <li>C.M. Manufacturing Company Limited</li> <li>T.C.B. Home Center Company Limited</li> <li>Hory Engineering Corporation (Japan)</li> <li>MK Industry Co., Ltd (Korea) or Hory Engineering Korea</li> <li>Pert-Hory Asia Formwork Pte. Ltd. (Singapore)</li> </ul>	<ul style="list-style-type: none"> <li>Director Certification Program (DCP), 2004, Thai Institute of Directors Association (IOD)</li> </ul>
<b>Mrs. Kritika Tharamart</b> Director of Retail Sales Division 2	51	Bachelor of Education, Phranakhon Rajabhat University	40,325 shares **	-	May 2009 - Present 1986 - 2009	<ul style="list-style-type: none"> <li>Director of Retail Sales Division 2</li> <li>Head of Retail Sales Division 2</li> </ul>	<ul style="list-style-type: none"> <li>Capital Nomura Securities Plc</li> <li>Capital Nomura Securities Plc</li> </ul>	-
<b>Mr. Nithi Wanikpun</b> Director of Research Division	45	Master of Business Administration, Suffolk University, U.S.A.	-	-	July 2012 - Present	<ul style="list-style-type: none"> <li>Director of Research Division</li> </ul>	<ul style="list-style-type: none"> <li>Capital Nomura Securities Plc</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	
Miss Varangkna Wasuwanich Head of Finance Division	45	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	■ Company Reporting Program, 2011, Thai Institute of Directors Association (IOD) ■ Update of Accounting Standard, 2011, Federation of Accounting Professions ■ Accounting Standard, class 3 ■ Update of Accounting Standard, 2010, Federation of Accounting Professions ■ Accounting Standard, class 12 ■ Changing in TAS and TFRS
Mr. Thanomsak Saharatchai Head of Investment Research and Investor Services Division	47	Master of Business Administration, Angelo State University, U.S.A.	-	-	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	38	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.	-

## Remarks :

\* Number of shares and % of shareholding as of December 31, 2012

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

CNS has always realized the importance 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. 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 2012, 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 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.

In year 2012, 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 2012, CNS held the Annual General Meeting of Shareholders ("AGM") on June 27, 2012. Nine directors from totaling Eleven directors (1 director had been abroad and another 1 director had health problem so could not attend), 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 2012 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. 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 2012 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 2012 AGM on June 27, 2012 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 ([www.cns.co.th](http://www.cns.co.th)) under "Corporate Governance" topic.

CNS had procedure to report significant information in which the stakeholders should be informed of in the annual 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 2012, from January 1 - December 31, 2012, 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.

In fiscal year 2012, from January 1 - December 31, 2012, 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 December 31, 2012, CNS's Board of Directors comprised eleven members.

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

Non-Executive directors were:

- |                         |           |
|-------------------------|-----------|
| ■ Independent directors | 4 persons |
| ■ Outside directors     | 1 persons |

As of December 31, 2012, The Company's independent directors were four persons from ten persons of total Board of Directors' members which the proportion of independent director was not 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.

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 year 2012, 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, Risk Management 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 Intranet 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 regulations 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.

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 the period from January 1 - December 31, 2012" 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 year 2012, 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.



## Policy on Inside 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.



Capital Nomura Securities PCL (CNS) realizes the value of being an essential part of the Thai community and in compliance with the Corporate Social Responsible (CSR) policy along with our aspiration to contribute to Thai society growing sustainably, we therefore have take parts in many CSR programs including environmental activities, social work, and ethical business practices. With strong social responsible commitment, we are moving forward by initiating many valuable CSR programs, especially for young people who are future leaders by implanting their potential capability and creativity to be able to help the society as well as the country in the long run. The 3 major CSR events that we have successfully done are Walk Rally for Future Investors, Computers for Kids, and Donation of Money and Water Vending Machines.

## 1. Donation of Money and Water Vending Machines



On March 31, 2012, CNS and DBS Vickers organized a CSR program to help Koh Tepo Temple in Uthaithani Province that was badly affected by the devastating floods in 2011. The flood relief effort was done by financial donation to the temple and students, employees involvement in temple cleaning and donation of 2 water vending machines. The donation goes to renovating the leftover parts of the temple that had not been done, while the 2 water vending machines are for the monks and local residents to use.

## 2. Walk Rally for Future Investors



CNS plays an essential role in expanding the out-of-the-box knowledge of finance and investment to young people. On June 30, 2012, we organized a CSR activity called Walk Rally for Future Investors to provide financial education and knowledge for 10<sup>th</sup> grade students of Triem Udomsuxsa Pattanakarn Lamlukka School in Pathumthani Province. Other than bank savings, students also learned more about investing in securities and mutual funds that they can apply for their future. Using the edutainment strategy, the education was delivered through financial investment games including Bank, Securities, and Nomura iFund under imitated political, economic, and social situations that had impact on the rise and fall of investment. After the activity, students showed greater understanding and broader knowledge of financial management.

## 3. Computers for Kids



With our continuous support for education, CNS donated 15 computers to Bann Sai Thong Samakkee School, a small school in Nakorn Sawan Province, that did not have enough computers for students to use for more advanced education. The donation event was held on November 30, 2012 at the CNS office. This donation will broaden the students more learning opportunity from the online world for greater knowledge.

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## Internal Control

**NOMURA**

In the Board of Directors' meeting no. 1/2013, held on February 20, 2013, The Board of 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 Directors viewed that CNS's internal control is proper and sufficient in such mentioned aspects.

The Audit Committee of Capital Nomura Securities Public Company Limited comprise 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 January 1 - December 31, 2012, the Audit Committee held six meetings, which five of them were presented by all of the Audit Committee members and the rest were presented without one Audit Committee member. The Audit Committee 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 year ended December 31, 2013.



(Mrs. Wattanee Phanachet)

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

# Connected Transactions

**NOMURA**

February 20, 2013

Subject: Opinions on connected transactions

To: Shareholders

Capital Nomura Securities Public Company Limited

We, Wattanee Phanachet, Col. Ruangsub Kovindha, Prasert Virasathienpornkul, as Audit Committee and Independent Directors of Capital Nomura Securities Public Company Limited ("the Company"), would like to report that for the fiscal year ended December 31, 2012, 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 2012 was Baht 24,866,011. 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 fiscal year 2012 was Baht 10,860,296. The service fee was based on actual costs plus 10% of margin.
3. The Company entered into Agreement for Provision of Research Services with Nomura Securities Co., Ltd. to provide research services.  
The service fee for the fiscal year 2012 was Baht 6,500,000. The service fee was based on actual costs plus 10% of margin.
4. 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 2012 was Baht 1,453,002. 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.
5. The Company entered into Service Agreement with Nomura International Plc to act as selling agent for securities offering. The service fee for the fiscal year 2012 was Baht 13,436,782 calculated from the service fee received from securities offering as indicated in the Service Agreement.

6. The Company entered into Securities Lending Agreement with Nomura International Plc for securities borrowing and lending. The fee received for the fiscal year 2012 was Baht 2,618,905 which is the normal fee rate applied to other customers.
7. The Company entered into Service Agreement with Nomura Securities Co., Ltd for providing advisory service for business acquisition. The remuneration received for the fiscal year 2012 was Baht 39,507,122 as service rendered within the scope and volume of work assigned and indicated in the Service Agreement.

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 2012 was Baht 1,385,885. 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 2012 was Baht 160,000. 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 2012 was Baht 761,031. The commission was calculated base on trade volume and a referential rate charged to other clients.
4. The Company paid for referral fee to Nomura Securities Co., Ltd. for introducing customers in Thailand.  
The fee expense paid for the fiscal year 2012 was Baht 104,907. The fee was calculated at the rate of 20% of service fee charged to clients.



## 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 2012 was Baht 47,346. 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.

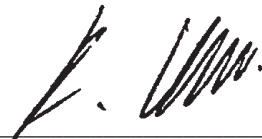
We had an opinion on the connected transactions among the Company and related companies and/or connected persons for the fiscal year ended December 31, 2012 as stated above that all transactions specified the exact fees and procedures of termination, which were clear and equitable. The above connected 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

For the year ended December 31, 2012 and for the 4-month period of September 1 - December 31, 2011, 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
				For the year ended December 31, 2012	For the 4-month period of September 1 - December 31, 2011	
1. 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	24,866,011	15,409,100	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. 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	10,860,296	3,760,000	The service fee was calculated by reference to the actual cost plus 10% margin
3. 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.	Agreement for Provision of Research Services 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	6,500,000	1,950,000	The service fee was calculated by reference to the actual cost plus 10% margin
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	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	1,453,002	212,435	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



Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value of transaction (Baht)		Remarks
				For the year ended December 31, 2012	For the 4-month period of September 1 -December 31, 2011	
5. 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	39,507,122	-	The service fee was the rate based on scope and quantity of required transactions
6. Capital Nomura Securities Public Company Limited and Nomura International Plc.	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura International Plc.	Service Agreement	No expiry date, however, the Agreement can be terminated by giving written advanced notice to other party	13,436,782	-	The service fee was indicated from fee received from securities' offering
7. Capital Nomura Securities Public Company Limited and Nomura International Plc.	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura International Plc.	Global Master Securities Lending 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 15 days written notice to other party	2,618,905	-	The applied fee rate was the same as other customers
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 not less than 30 days written notice to other party	1,385,885	471,202	The service fee was the same rate as what other customers that did not have a connected relationship paid

Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value of transaction (Baht)		Remarks
				For the year ended December 31, 2012	For the 4-month period of September 1 -December 31, 2011	
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	160,000	80,000	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 not less than 30 days written notice to other party	761,031	123,932	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 Securities Co., Ltd.	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura Securities Co., Ltd.	The Company paid for referral fee for introducing customers in Thailand. The Company received service and paid fee for service.	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party	104,907	251,777	The fee was calculated at the rate of 20% of service fee charged to clients
12. 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	47,346	17,490	The interest rate was the same rate as the Company charged to other Company's staffs

## Outstanding balance of connected transactions as of December 31, 2012 and December 31, 2011

Transaction	Related companies / persons	Presented in Financial Statements as	Balance as of	
			31 Dec 2012	31 Dec 2011
Agency Agreement	Nomura Singapore Limited	Securities business receivable	9,320,866	27,293,293
Agency Agreement	Nomura Singapore Limited	Securities business payable	106,284,420	679,972
Global Master Securities Lending Agreement	Nomura International Plc.	Securities business receivable	234,600,000	-
Global Master Securities Lending Agreement	Nomura International Plc.	Securities business payable	201,972,433	-
Investors Business Support Agreement	Nomura Singapore Limited	Other assets	1,172,390	-
Agreement for Provision of Research Services	Nomura Securities Co., Ltd	Other assets	-	1,950,000
Introducing Broker Agreement	Nomura Singapore Limited	Other assets	-	167,472
Company's Services in support of Nomura Securities Co., Ltd.'s financial advisory services to client.	Nomura Securities Co., Ltd	Other assets	3,511,010	-
Agreement for email and internet software maintenance services	Nomura International (Hong Kong) Limited	Other liabilities	46,459	46,459
Loans to Employee	Mrs. Chrisana Sae-Laiw	Other assets	1,603,766	1,868,266
Others — Reimbursement	Nomura Investments (Singapore) Private Limited	Other assets	1,386,993	-
Others — Reimbursement	Nomura International (Hong Kong) Limited	Other assets	234,267	-
Others — Reimbursement	Nomura Singapore Limited	Other assets	37,020	-
Others — Reimbursement	Nomura Securities Co., Ltd	Other assets	4,000	-

## 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 -

## Performance Analysis

For the fiscal year 2012 (January 1, 2012 to December 31, 2012), CNS's total revenues amounted to Baht 1,114.83 million, of which 65.05% came from its brokerage fee income, 19.39% from the revenue from interest on margin loans, 9.21% from the revenue from fees and service and 5.81% from interest and dividend income.

CNS's brokerage fee income for the fiscal year 2012 (January 1, 2012 to December 31, 2012) amounted to Baht 725.20 million accounted for 65.05% of its total revenue vs. 64.69% of total revenue in the four month period (September 1, 2011 – December 31, 2011), which these proportions were found in line.

Revenue from interest on margin loans and revenue from interest and dividend for the fiscal year 2012 (January 1, 2012 to December 31, 2012) amounted to Baht 216.15 million accounted for 19.39% of total revenue vs. 16.56% of total revenue in the four month period (September 1, 2011 - December 31, 2011). This increase was mainly attributable to the increase of a securities business receivables account in line with the increase of average turnover per day.

CNS's fees and service income in the fiscal year 2012 (January 1, 2012 to December 31, 2012), which were earned from financial advisory services as well as securities borrowing and lending, accounted for 9.21% of total revenue vs. 4.76% of total revenue in the four month period (September 1, 2011 - December 31, 2011). This increase was mainly earned revenue from financial advisory services, underwriting services due to 18 new companies listed in the SET (including MAI) and service fees received from Nomua group.

CNS's interest and dividend income in the fiscal year 2012 (January 1, 2012 to December 31, 2012) amounted to Baht 64.75 million accounted for 5.81% of total revenue vs. 9.18% of total revenue in the four month period (September 1, 2011 - December 31, 2011). This decline was in line with the decrease of investments - net account, together with average interest rate in the market in the fiscal year 2012 (January 1, 2012 to December 31, 2012) lowering than the average interest rate in the four month period (September 1, 2011 – December 31, 2011).

Meanwhile, CNS's total expenses for the fiscal year 2012 (January 1, 2012 to December 31, 2012) amounted to Baht 864.97 million or accounted for 77.59% of its total revenue, decreasing from 80.25% of total revenue for the four month period (September 1, 2011 - December 31, 2011). Note that some of CNS's expense was fixed cost, such as personnel expenses, premises and equipment expenses which was not varied by CNS's revenue and saved its scale. Another interesting issue, was that the financial costs were increased from 6.75% to 8.50% of CNS's total expenses, due to the increase of borrowings from financial institutions, for supporting the working capital as well as CNS's business expansion.

Income tax for the fiscal year 2012 (January 1, 2012 to December 31, 2012) amounted to 24.76% of CNS's profit before income tax, decreasing from 40.46% of CNS's profit before income tax for the four month period (September 1, 2011 – December 31, 2011) due to the reduction of the corporate income tax rate from 30% of taxable profit to 23% and the adjusted transaction of deferred tax.

In summary, CNS's profit for the fiscal year 2012 (January 1, 2012 to December 31, 2012) amounted to Baht 187.99 million. This profit was equivalent to earnings per share (EPS) of Baht 2.74. For the fiscal year 2012 (January 1, 2012 to December 31, 2012), CNS recorded a net profit margin of 16.86% of its total revenue vs. 11.76% reported for the four month period (September 1, 2011 - December 31, 2011). Finally, a return on equity (ROE) for the fiscal year 2012 (January 1, 2012 to December 31, 2012) stood at 5.12% vs. 3.28% in the four month period (September 1, 2011 - December 31, 2011).

### Financial Position Analysis

As of December 31, 2012, CNS had total assets of Baht 9,250.11 million for an increase of Baht 4,117.08 million or 80.21% from its total assets of Baht 5,133.04 million as of December 31, 2011. The improvement was mainly from an increase of receivables from clearing house by high securities trading turnover during last three days before the end of the accounting period, and an increase of securities and derivatives business receivables by higher average trading turnover per day.

The significant components of CNS's assets as of December 31, 2012 included the following: a) cash and cash equivalents (4.76% of total assets); b) receivables from clearing house (5.30% of total assets); c) securities and derivatives business receivables (86.16% of total assets); and d) other assets (3.78% of total assets).

As of December 31, 2012, cash and cash equivalents stood at Baht 440.270 million, for an increase of Baht 204.385 million or 86.65% from the level seen at December 31, 2011. This was largely attributable to the booking of borrowings from financial institutions, for supporting the clients' expansion of margin loan.

As of December 31, 2012, receivables from clearing house amounted to Baht 490.61 million, compared with Baht 151.43 million as of December 31, 2011. Furthermore, securities and derivatives business receivables totaled Baht 7,969.48 million, compared with Baht 4,089.48 million as of December 31, 2011. The increase was attributed to the increase in securities trading turnover in the last three days before the end of the accounting period, and the increase in average trading turnover per day.

Meanwhile, as of December 31, 2011, CNS's total liabilities amounted to Baht 5,579.87 million, for an increase of Baht 3,866.23 million or 225.62%, compared with its total liabilities of Baht 1,713.64 million as of December 31, 2011. The main reason of higher amount in total liabilities was the increase in borrowings from financial institutions amounting to Baht 1,750.00 million for supporting the clients' expansion of margin loans, and the increase in securities and derivatives business payables, based on the higher trading turnover in the last three days before the end of the accounting period.

As of December 31, 2012, CNS's shareholders' equity stood at Baht 3,670.24 million, for an increase of Baht 250.84 million or 7.34%, when compared with its shareholders' equity of Baht 3,419.40 million as of December 31, 2011. The increase was attributable to the retained earnings.

In conclusion, CNS was one of the securities companies that had sound financial status, and high financial liquidity. As of December 31, 2012, CNS's liquidity assets on total assets ratio remained at 4.85%, while its debt to equity (D/E) ratio was 1.52 times (It was mainly short-term liabilities for supporting the increase of average trading turnover per day) and its unappropriated retained earnings amounted to Baht 533.16 million, while its shareholders' equity stood at Baht 3,670.24 million that was equivalent to a book value of Baht 53.45 per share.

# NOMURA

## Key Financial Ratios

Financial Ratio	Fiscal Year 2012 (Jan 1, 2012 - Dec 31, 2012)	Sep 1, 2011 - Dec 31, 2011	Fiscal Year 2011 (Sep 1, 2010 - Aug 31, 2011)
<b><u>Profitability Ratio</u></b>			
Gross Profit Margin (%)	86.99%	87.12%	92.13%
Net Profit Margin (%)	16.86%	11.76%	21.64%
Return on Equity (%)	5.30%	3.19%	6.05%
Return on Investment (%)	21.15%	(0.44%)	8.86%
<b><u>Efficiency Ratio</u></b>			
Return on Assets (%)	2.61%	2.06%	3.84%
Assets Turnover (Times)	0.16	0.18	0.18
<b><u>Financial Ratio</u></b>			
Liquidity Assets on debt (%)	0.20%	0.53%	1.08%
Asset Income on debt (%)	3.78%	10.08%	8.57%
Liquidity Assets on Total Assets (%)	4.85%	4.67%	10.37%
Asset Income on Total Assets (%)	89.86%	88.37%	81.97%
Debt/Equity (Times)	1.52	0.50	0.59
Dividend Pay-Out (%)	N/A	91.34%	97.59%
<b><u>Other Ratios</u></b>			
Investment in Securities to Assets (%)	0.17%	4.93%	0.19%
Net Capital Ratio (based on the SEC's regulation) (%)	60.97%	256.78%	195.06%
<b><u>Data Per Share (Baht)</u></b>			
Book Value	53.45	49.99	53.02
Profit for the period	2.74	0.55	3.18
Dividend	N/A	0.50	3.10
<b><u>Growth Rate (%)</u></b>			
Total Assets	80.21	(10.79)	3.40
Total Liabilities	225.62	(19.45)	5.86
Income from Sales and Services	22.49	(8.98)	34.75
Operating Expenses	10.94	2.82	19.25
Profit for the period	67.37	(48.30)	85.53

# Report of the Board of Directors'

## Responsibility for Financial Statements

**NOMURA**

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 2012 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.

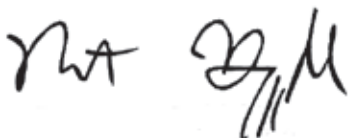
The Board of Directors believed that the Company has a satisfactory level of internal control and the financial report as of December 31, 2012 are presented fairly in accordance with generally accepted accounting principles and complied with related rules and regulations.



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

**Independent Auditor's Report**

To the Shareholders of Capital Nomura Securities Public Company Limited

I have audited the accompanying financial statements of Capital Nomura Securities Public Company Limited, which comprise the statement of financial position as at 31 December 2012, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

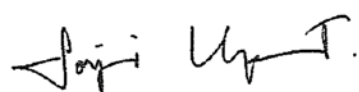
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**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 December 2012, and their financial performance and cash flows the year then ended in accordance with Thai Financial Reporting Standards.



Somjai Khunapasut

Certified Public Accountant (Thailand) No. 4499

Ernst & Young Office Limited

Bangkok: 20 February 2013



## Statement of financial position

**NOMURA****Capital Nomura Securities Public Company Limited**

As at 31 December 2012

		(Unit: Baht)	
	Note	2012	2011
<b>Assets</b>			
Cash and cash equivalents	6	440,270,969	235,885,610
Deposits at financial institutions	7	-	-
Receivables from Clearing House	8	490,606,208	151,430,024
Securities and derivatives business receivables - net	9	7,969,481,467	4,089,476,458
Investments - net	10	15,597,246	253,271,770
Premises and equipment - net	11	113,679,539	145,708,661
Intangible assets - net	12	11,835,537	12,414,412
Deferred tax assets	13	44,893,598	33,182,811
Other assets - net	14	163,747,053	211,665,751
<b>Total assets</b>		<b>9,250,111,617</b>	<b>5,133,035,497</b>

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

# NOMURA

## Statement of financial position (Continued)

### Capital Nomura Securities Public Company Limited

As at 31 December 2012

		(Unit: Baht)	
	Note	2012	2011
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Borrowings from financial institutions	15	2,200,000,000	450,000,000
Payables to Clearing House	16	551,615,871	113,764,779
Securities and derivatives business payables	17	2,570,197,639	942,979,044
Provisions for long-term employee benefits	18	49,826,271	45,330,655
Deferred tax liabilities	13	129,080	416,965
Other liabilities	19	208,097,978	161,143,921
<b>Total liabilities</b>		<b>5,579,866,839</b>	<b>1,713,635,364</b>
<b>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
Premium on treasury stock	22	1,487,250	-
Other components of equity - revaluation			
surplus (deficit) on investments	10.2	(60,036)	1,377,046
Retained earnings			
Appropriated - statutory reserve	21	72,000,000	72,000,000
- general reserve		215,000,000	215,000,000
- treasury stock reserve	22	-	96,993,325
Unappropriated		533,160,964	282,366,487
Total equity before treasury stock		3,670,244,778	3,516,393,458
Less: Treasury stock	22	-	(96,993,325)
<b>Total equity</b>		<b>3,670,244,778</b>	<b>3,419,400,133</b>
<b>Total liabilities and equity</b>		<b>9,250,111,617</b>	<b>5,133,035,497</b>

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

## Statement of comprehensive income

**NOMURA****Capital Nomura Securities Public Company Limited**

For the year ended 31 December 2012

(Unit: Baht)

		For the year ended 31 December 2012	For the period as from 1 September 2011 to 31 December 2011
	Note		
<b>Profit or loss:</b>			
<b>Revenue</b>			
Brokerage fees	23	725,203,695	205,969,301
Fees and service income	24	102,715,070	15,149,993
Gain (loss) on securities	10.3	2,145,663	(716,571)
Loss on derivatives		(21,880)	(33,100)
Interest and dividend		64,752,475	29,228,301
Interest on margin loans		216,146,663	52,730,336
Other income		3,884,412	16,066,450
<b>Total revenue</b>		<b>1,114,826,098</b>	<b>318,394,710</b>
<b>Expenses</b>			
Financial costs		73,544,139	17,259,423
Fees and services expenses		71,012,750	21,678,518
Operating expenses			
Personnel expenses		487,715,173	140,889,852
Premises and equipment expenses		149,557,696	46,420,523
Directors' remuneration	25	2,412,667	2,962,000
Other expenses		81,141,139	26,303,281
Total operating expenses		720,826,675	216,575,656
Reversal of bad debt and doubtful account		(414,018)	-
<b>Total expenses</b>		<b>864,969,546</b>	<b>255,513,597</b>
<b>Profit before income tax</b>		<b>249,856,552</b>	<b>62,881,113</b>
Income tax	13	(61,866,100)	(25,442,061)
<b>Profit for the period</b>		<b>187,990,452</b>	<b>37,439,052</b>

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

# NOMURA Statement of comprehensive income (Continued)

## Capital Nomura Securities Public Company Limited

For the year ended 31 December 2012

		(Unit: Baht)	
		For the year ended	For the period
		31 December 2012	as from
			1 September 2011
	Note		to 31 December 2011
<b>Other comprehensive income:</b>			
Gain (loss) on re-measuring			
available-for-sale investments		(1,863,416)	449,908
Income tax relating to gain (loss) on re-measuring			
available-for-sale investments	13	426,334	(76,709)
Other comprehensive income (loss)		(1,437,082)	373,199
<b>Total comprehensive income for the period</b>		<b>186,553,370</b>	<b>37,812,251</b>
<b>Basic earnings per share</b>	27		
Profit for the period		2.74	0.55
Weighted average number of ordinary shares (Shares)		68,672,001	68,395,100

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

## Statement of cash flows

**NOMURA****Capital Nomura Securities Public Company Limited**

For the year ended 31 December 2012

	(Unit: Baht)	
	For the year ended	For the period
	31 December 2012	as from
		1 September 2011
		to 31 December 2011
<b>Cash flows from operating activities</b>		
Profit before income tax	249,856,552	62,881,113
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortization	53,989,050	17,501,347
Loss on disposal of securities	774,345	458,841
Reversal of bad debt and doubtful account	(414,018)	-
Reversal of loss on impairment of securities	(6,636,797)	-
Gain on disposal of equipment	(9,196)	-
Interest and dividend income	(64,752,475)	(29,228,301)
Interest income from margin loans	(216,146,663)	(52,730,336)
Others interest income	(1,981,213)	(610,211)
Financial costs	73,544,139	17,259,423
Cash received from interest	39,182,793	27,838,838
Cash received from interest on margin loans	206,223,814	53,138,071
Cash received from other interest	1,995,378	612,847
Cash paid for interest expenses (included other financial costs)	(75,829,948)	(10,965,323)
Cash paid for income tax	(67,935,091)	(832,957)
Profit from operating activities before changes in operating assets and liabilities	191,860,670	85,323,352
Operating assets (increase) decrease		
Receivables from Clearing House	(339,176,184)	447,451,805
Securities and derivatives business receivables	(3,869,900,830)	110,952,960
Other assets	(15,836,410)	(1,224,193)
Operating liabilities increase (decrease)		
Borrowings from financial institutions	1,750,000,000	(100,000,000)
Payables to Clearing House	437,851,092	113,394,918
Securities and derivatives business payables	1,626,680,117	(454,241,570)
Provisions for long-term employee benefits	4,495,616	1,553,459
Other liabilities	46,553,542	(30,276,435)
<b>Net cash from (used in) operating activities</b>	<b>(167,472,387)</b>	<b>172,934,296</b>

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

## Statement of cash flows (Continued)

**Capital Nomura Securities Public Company Limited**

For the year ended 31 December 2012

	(Unit: Baht)	
	For the year ended 31 December 2012	For the period as from 1 September 2011 to 31 December 2011
<b>Cash flows from investing activities</b>		
Cash paid for purchase of available-for-sale securities	-	(310,000,000)
Cash received from disposal of available-for-sale securities	310,237,875	7,837,545
Cash paid for purchase of held-to maturity debt securities	(2,145,026)	-
Cash received from disposal of other investments	5,000	-
Cash received from interest and dividend	22,354,450	99,220
Cash paid for acquisition of equipment	(19,072,917)	(13,938,537)
Cash received from sales of equipment	9,346	-
Cash paid for acquisition of intangible assets	(3,822,257)	(1,487,586)
<b>Net cash from (used in) investing activities</b>	<b>307,566,471</b>	<b>(317,489,358)</b>
<b>Cash flows from financing activities</b>		
Cash received from resale of treasury stock	98,480,575	-
Cash paid for dividend	(34,189,300)	(211,973,660)
<b>Net cash from (used in) financing activities</b>	<b>64,291,275</b>	<b>(211,973,660)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>204,385,359</b>	<b>(356,528,722)</b>
Cash and cash equivalents at the beginning of the period	235,885,610	592,414,332
<b>Cash and cash equivalents at the end of the period</b>	<b>440,270,969</b>	<b>235,885,610</b>
	-	
<b>Supplemental cash flows information</b>		
Non-cash transactions		
Accounts payable for purchase of fixed assets and intangible assets	149,597	2,428,141

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

# Statement of changes in equity

## Capital Nomura Securities Public Company Limited

### For the year ended 31 December 2012

	Other components of equity - revaluation surplus	Retained earnings				Treasury stock	Total	(Unit: Baht)
		Appropriated			Unappropriated			
		Statutory reserve	General reserve	Treasury stock reserve				
<b>For the period as from 1 September 2011 to 31 December 2011</b>								
Balance - as at 1 September 2011		Premium on treasury stock	Premium on share capital					
Balance - as at 1 September 2011	1,003,847	-	2,131,833,600	72,000,000	215,000,000	96,993,325	456,901,095	3,593,561,542
Dividend paid (Note 28)	-	-	-	-	-	-	(211,973,660)	(211,973,660)
Total comprehensive income for the period	373,199	-	-	-	-	-	37,439,052	37,812,251
Balance - as at 31 December 2011	1,377,046	-	2,131,833,600	72,000,000	215,000,000	96,993,325	282,366,487	3,419,400,133
<b>For the year ended 31 December 2012</b>								
Balance - as at 1 January 2012	1,377,046	-	2,131,833,600	72,000,000	215,000,000	96,993,325	282,366,487	3,419,400,133
Dividend paid (Note 28)	-	-	-	-	-	-	(34,189,300)	(34,189,300)
Resale of treasury stock with premium (Note 22)	-	1,487,250	-	-	-	-	-	98,480,575
Reversal of treasury stock reserve	-	-	-	-	-	(96,993,325)	96,993,325	-
Total comprehensive income (loss) for the period	(1,437,082)	-	-	-	-	-	187,990,452	186,553,370
Balance - as at 31 December 2012	(60,036)	1,487,250	2,131,833,600	72,000,000	215,000,000	-	533,160,964	3,670,244,778

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

**Capital Nomura Securities Public Company Limited**

For the year ended 31 December 2012

**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, 15<sup>th</sup> - 17<sup>th</sup> Floor, South Sathorn Road, Tungmahamak, Sathorn, Bangkok. As at 31 December 2012, the Company has 23 branches in Bangkok and up country.

The Annual General Meeting of the Company's shareholders held on 14 December 2011 approved a change in the Company's accounting period from "starting on 1 September and ending on 31 August of every year" to "starting on 1 January and ending on 31 December". In addition, on 3 May 2012, the Company obtained approval from the Revenue Department to change its fiscal year-end date, with the first accounting period to run from 1 September 2011 to 31 December 2011, and other accounting periods to run from 1 January to 31 December of each year. Therefore the statement of financial position as at 31 December 2012 is presented in comparison with the statement of financial position as at 31 December 2011, and the statements of comprehensive income, changes in equity and cash flows for the year ended 31 December 2012 are presented in comparison with the statements of comprehensive income, changes in equity and cash flows for the period as from 1 September 2011 to 31 December 2011.

**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, with early adoption of Thai Accounting Standard No. 12 "Income Tax", and they are presented in compliance with the requirement of the Notification of the Office of the Securities and Exchange Commission relating to the format of the financial statements of securities companies No. Sor. Thor/Kor/Nor. 53/2553 dated 15 December 2010.

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

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



**3. New accounting standards not yet effective**

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal year beginning on or after 1 January 2013.

Accounting standards:

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

Financial Reporting Standard:

TFRS 8                      Operating Segments

Accounting Standard Interpretations:

SIC 10                      Government Assistance - No Specific Relation to Operating Activities

SIC 21                      Income Taxes - Recovery of Revalued Non-Depreciable Assets

SIC 25                      Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied.

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

	<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets	1 January 2013
Accounting Standard Interpretation:	
SIC 29                      Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 4                      Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12                      Service Concession Arrangements	1 January 2014
TFRIC 13                      Customer Loyalty Programmes	1 January 2014

The management of the Company is evaluating the first-year impact to the financial statements of the accounting treatment guidance and accounting standard interpretations and has yet to reach a conclusion.

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

##### **4.1 Revenue recognition**

a) Brokerage fees

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

b) Fees and service income

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

c) 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.

d) Interest and dividend

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

e) 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.
- 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 Expense recognition**

### **a) Interest on borrowings**

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

### **b) Fees and service expenses**

Fees and service expenses are charged to expenses on an accrual basis.

## **4.3 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, all bank deposit accounts maturing within 3 months or less from the date of acquisition, and including 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**

Assets 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 end of the reporting 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 is engaged in securities borrowing and lending, whereby the Company acts as a principal or an agent of the 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 balance accounts they have with the Company. These types of transaction are limited to securities listed on the SET 50 Index and on the list of securities which the Company allows 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 statement of financial position. At the end of the period, 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 period. Gains or losses arising from such adjustment are included in profit or loss. 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 period.

**4.6 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of those securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as gain (loss) on remeasuring investments in other comprehensive income in the statements of comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investment in held-to-maturities debt securities are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/ accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities which are classified as other investments are valued at cost net of allowance of impairment (if any).
- e) The fair value of marketable securities is based on the latest bid price of the last working day of the period as quoted on the Stock Exchange of Thailand. 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.
- f) Losses on impairment of the investments (if any) are included in profit or loss when there is a factor indicating that such investments might be impaired.
- g) 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 in profit or loss.

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

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

#### **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 for which the securities purchased are used as collateral, securities borrowing and lending 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.

- a) Assets classified as doubtful loss are to satisfy the following criteria.
  - (1) 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.
  - (2) Loans balance which the Company has forgiven.
- b) Doubtful debt is defined as the uncollateralised portion of the value of a debt which meets the following criteria.
  - (1) General loans and other loans for which the collateral value is less than the loan balance.
  - (2) Installment loans with repayments scheduled less frequently than every 3 months and for which principal or interest is overdue by more than 3 months.
  - (3) 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.

- c) Substandard debt is defined as the collateralised portion of loans which meet the criteria in b).

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 Premises and equipment/Depreciation**

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

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

Condominium units	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 construction in progress.

Depreciation is included in determining income.

An item of 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 recognised in profit or loss when the asset is derecognised.

#### **4.10 Intangible assets and amortisation**

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

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

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

#### **4.11 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current 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.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences, to the extent it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to 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 the end of each reporting period, 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 profit or loss.

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 periods. Such reversal is recognised in profit or loss.

**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 profit or loss on a straight-line basis over the period of the lease.

**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 end of reporting date.

Gains and losses on exchange are included in determining income.

**4.18 Employee benefits****a) Short-term employee benefits**

Salaries, wages, bonuses, contribution to the social security fund, contribution under Employee Joint Investment Program and annual leave are recognised as expenses when incurred.

**b) Post-employment benefits (Defined contribution plans)**

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company contributions are recognised as expenses when incurred.

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## c) Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit is determined by a professionally qualified independent actuary, based on actuarial techniques, using the Projected Unit Credit Method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

## 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 judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures, and actual results could differ from these estimation. The significant judgements and accounting estimates are as follows:

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

Allowances for doubtful accounts for securities and derivatives business receivables are intended to adjust the values of receivables for probable credit losses. The management uses the SEC's regulations regarding the provision of allowance for doubtful accounts and judgement to establish reserves for estimated losses for each outstanding receivable when there is any doubt about the receivable's capability to repay the debt. The allowances for doubtful accounts are determined through a combination of specific reviews, probability of default and the value of the securities 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 judgement 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 judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### **5.4 Recognition and derecognition of assets and liabilities**

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

### **5.5 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 judgement, 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 Premises and equipment/Depreciation**

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

In addition, the management is required to review premises and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **5.7 Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

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## 6. Cash and cash equivalents

	(Unit: Baht)	
	2012	2011
Cash	77,075	71,150
Current deposits and saving deposits	281,354,495	227,899,340
Time deposits with maturity date not more than 3 months from acquisition date	370,000,000	1,130,000,000
Promissory notes at call	320,000,000	130,000,000
Total cash and cash equivalents	971,431,570	1,487,970,490
Less: Deposits for the customers' account	(531,160,601)	(1,252,084,880)
Cash and cash equivalents	440,270,969	235,885,610

## 7. Deposits at financial institutions

	(Unit: Baht)	
	2012	2011
Time deposits with maturity date more than 3 months from acquisition date	100,000,000	400,000,000
Less: Deposits for the customers' account	(100,000,000)	(400,000,000)
Deposits at financial institutions	-	-

## 8. Receivables from Clearing House

	(Unit: Baht)	
	2012	2011
Receivables from Thailand Clearing House		
Equity and debt securities	453,653,472	148,779,882
Derivatives	32,630,609	36,390,284
Receivables from foreign companies	35,249,039	2,405,782
Total receivables from Clearing House	521,533,120	187,575,948
Less: Receivables from Clearing House for customers' accounts	(30,926,912)	(36,145,924)
Receivables from Clearing House	490,606,208	151,430,024

**9. Securities and derivatives business receivables**

	(Unit: Baht)	
	2012	2011
<u>Securities business receivables</u>		
Cash accounts	1,501,671,757	551,400,072
Credit balances receivables	5,264,562,046	3,015,815,017
Guaranteed deposit receivables	618,898,140	257,121,899
Receivables under securities borrowing and lending business	560,657,700	250,896,899
Other receivables	6,391,839	6,725,843
Total securities business receivables	7,952,181,482	4,081,959,730
Add: Accrued interest receivables	23,458,693	13,768,532
Less: Allowance for doubtful accounts	(6,335,398)	(6,749,416)
Net securities business receivables	7,969,304,777	4,088,978,846
<u>Derivatives business receivables</u>		
Derivatives business receivables	176,690	497,612
Total derivatives business receivables	176,690	497,612
Net securities and derivatives business receivables	7,969,481,467	4,089,476,458

**9.1** As at 31 December 2012, the Company has securities business receivables of approximately Baht 6.4 million on which the recognition of income on an accrual basis has been suspended (2011: Baht 6.7 million).

**9.2** As at 31 December 2012 and 2011, 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: Thousand Baht)

	2012		
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal	7,969,481	-	7,969,481
Substandard	-	-	-
Doubtful	6,335	6,335	-
Total	7,975,816	6,335	7,969,481

(Unit: Thousand Baht)

	2011		
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal	4,089,476	-	4,089,476
Substandard	-	-	-
Doubtful	6,749	6,749	-
Total	4,096,225	6,749	4,089,476

**9.3** As at 31 December 2012, guaranteed deposit receivables of approximately Baht 618.9 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 560.7 million (2011: Baht 257.1 million and Baht 250.9 million, respectively).

#### **9.4 Allowance for doubtful accounts**

(Unit: Baht)

	For the year ended 31 December 2012	For the period as from 1 September 2011 to 31 December 2011
Balance - beginning of the period	6,749,416	6,749,416
Change during the period	(414,018)	-
Balance - end of the period	6,335,398	6,749,416

**10. Investments****10.1 Classify by type of investments**

(Unit: Baht)

	2012		2011	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b><u>Available-for-sale securities</u></b>				
Listed equity securities	30,210	-	9,333,816	3,811,500
Unit trusts	631,108	556,063	242,334,722	242,988,402
Total	661,318	556,063	251,668,538	246,799,902
Add: Allowance for revaluation	(75,045)		1,788,371	
Less: Allowance for impairment	(30,210)		(6,657,007)	
Net available-for-sale securities	556,063		246,799,902	
<b><u>Held-to-maturity debt securities</u></b>				
Treasury bill	8,569,315		-	
Held-to-maturity debt securities	8,569,315		-	
<b><u>Other investments</u></b>				
Non-marketable equity securities	15,665,250		15,675,250	
Less: Allowance for impairment	(9,193,382)		(9,203,382)	
Net other investment	6,471,868		6,471,868	
<b>Net investments</b>	<b>15,597,246</b>		<b>253,271,770</b>	

As at 31 December 2012, the Company has investment in treasury bill, classified as held-to-maturity debt securities, totaling Baht 1,313.4 million, part of which is customer's portion under the Company's name totaling Baht 1,304.8 million. Therefore, the remaining balance of Baht 8.6 million is the Company's portion.

**10.2 Other components of equity - revaluation surplus (deficit) on investments**

(Unit: Baht)

	For the year ended 31 December 2012	For the period as from 1 September 2011 to 31 December 2011
Balance - beginning of the period	1,377,046	1,003,847
Changes during the period from		
- revaluation	(2,632,761)	(8,933)
- disposal	769,345	458,841
- deferred income tax	426,334	(76,709)
Balance - end of the period	(60,036)	1,377,046

**10.3 Gain (loss) on securities**

(Unit: Baht)

	For the year ended 31 December 2012	For the period as from 1 September 2011 to 31 December 2011
Realised gain (loss) on trading in securities		
Trading securities	(3,716,789)	(257,730)
Available-for-sale securities	(769,345)	(458,841)
Other investments	(5,000)	-
Reversal of loss on impairment	6,636,797	-
Total gain (loss) on securities	2,145,663	(716,571)

**10.4 Interest and dividend income**

(Unit: Baht)

	For the year ended 31 December 2012	For the period as from 1 September 2011 to 31 December 2011
Interest income from debt securities	28,251,625	-
Dividend income from equity securities/Unit trusts	527,113	99,220
Total interest and dividend income	28,778,738	99,220



**11. Premises and equipment**

(Unit: Baht)

For the year ended 31 December 2012						
	Condominium units	Office equipment	Furniture and fixtures	Motor vehicles	Construction In progress	Total
<b>Cost</b>						
1 January 2012	22,704,701	183,696,167	119,844,186	27,954,034	4,110,268	358,309,356
Additions	-	5,723,262	1,410,896	-	9,801,314	16,935,472
Disposals	-	(3,234,861)	(219,481)	-	-	(3,454,342)
Transfer in/out	-	966,613	10,250,945	-	(11,217,558)	-
31 December 2012	22,704,701	187,151,181	131,286,546	27,954,034	2,694,024	371,790,486
<b>Accumulated depreciation</b>						
1 January 2012	18,441,571	128,495,132	56,813,658	8,850,334	-	212,600,695
Depreciation for the year	-	24,666,836	18,798,210	5,499,398	-	48,964,444
Depreciation on disposals	-	(3,234,749)	(219,443)	-	-	(3,454,192)
31 December 2012	18,441,571	149,927,219	75,392,425	14,349,732	-	258,110,947
<b>Net book value</b>						
31 December 2012	4,263,130	37,223,962	55,894,121	13,604,302	2,694,024	113,679,539

Depreciation for the year ended 31 December 2012 48,964,444

(Unit: Baht)

For the period as from 1 September 2011 to 31 December 2011						
	Condominium units	Office equipment	Furniture and fixtures	Motor vehicles	Construction In progress	Total
<b>Cost</b>						
1 September 2011	22,704,701	171,963,581	118,820,971	27,954,034	2,050,065	343,493,352
Additions	-	10,473,702	741,894	-	3,600,408	14,816,004
Transfer in/out	-	1,258,884	281,321	-	(1,540,205)	-
31 December 2011	22,704,701	183,696,167	119,844,186	27,954,034	4,110,268	358,309,356
<b>Accumulated depreciation</b>						
1 September 2011	18,441,571	120,547,997	50,929,898	6,986,732	-	196,906,198
Depreciation for the period	-	7,947,135	5,883,760	1,863,602	-	15,694,497
31 December 2011	18,441,571	128,495,132	56,813,658	8,850,334	-	212,600,695
<b>Net book value</b>						
31 December 2011	4,263,130	55,201,035	63,030,528	19,103,700	4,110,268	145,708,661

Depreciation for the period as from 1 September 2011 to 31 December 2011 15,694,497

As at 31 December 2012, condominium units 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 110.0 million (2011: Baht 4.3 million and Baht 107.2 million, respectively).

## 12. Intangible assets

(Unit: Baht)

		For the year ended 31 December 2012				
	Remaining year	Balance beginning of the year	Increase/ transfer in	Amortised	Disposals/ transfer out	Balance end of the year
Computer software	0 - 4.95 years	71,814,645	4,553,018	-	-	76,367,663
Software in progress		2,542,449	3,208,929	-	(4,080,790)	1,670,588
Total intangible assets		74,357,094	7,761,947	-	(4,080,790)	78,038,251
Less: Accumulated amortisation		(61,942,682)	-	(4,260,032)	-	(66,202,714)
Net intangible assets		12,414,412	7,761,947	(4,260,032)	(4,080,790)	11,835,537
Amortisation expenses for the year ended 31 December 2012						4,260,032

(Unit: Baht)

		For the period as from 1 September 2011 to 31 December 2011				
	Remaining year	Balance beginning of the period	Increase/ transfer in	Amortised	Disposals/ transfer out	Balance end of the period
Computer software	0 - 4.90 years	71,084,305	730,340	-	-	71,814,645
Software in progress		1,554,407	1,375,992	-	(387,950)	2,542,449
Total intangible assets		72,638,712	2,106,332	-	(387,950)	74,357,094
Less: Accumulated amortisation		(60,372,864)	-	(1,569,818)	-	(61,942,682)
Net intangible assets		12,265,848	2,106,332	(1,569,818)	(387,950)	12,414,412
Amortisation expenses for the period as from 1 September 2011 to 31 December 2011						1,569,818

As at 31 December 2012, 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 57.6 million (2011: Baht 50.8 million).

**13. Deferred tax assets/liabilities and income tax**

Income tax expenses for the year ended 31 December 2012 and for the period ended 31 December 2011 are made up as follows:

	(Unit: Baht)	
	For the year ended 31 December 2012	For the period as from 1 September 2011 to 31 December 2011
<b>Current income tax:</b>		
Current income tax charge for the period	73,427,815	4,113,095
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(14,494,366)	15,678,506
Effects of changes in the applicable tax rates/ prior period's adjustment	2,932,651	5,650,460
<b>Income tax expenses reported in the statement of comprehensive income</b>	<b>61,866,100</b>	<b>25,442,061</b>

The amounts of income tax relating to each component of other comprehensive income for the year ended 31 December 2012 and for the period ended 31 December 2011 are as follows:

	(Unit: Baht)	
	For the year ended 31 December 2012	For the period as from 1 September 2011 to 31 December 2011
Deferred tax relating to gain (loss) on re-measuring available-for-sale investments	428,586	(112,477)
Effects of changes in the applicable tax rates	(2,252)	35,768
	<b>426,334</b>	<b>(76,709)</b>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the year ended 31 December 2012 and for the period ended 31 December 2011 are as follows:

	(Unit: Baht)	
	For the year ended 31 December 2012	For the period as from 1 September 2011 to 31 December 2011
Accounting profit before tax	249,856,552	62,881,113
Applicable tax rate	23 percent	30 percent
Accounting profit before tax multiplied by applicable tax rate	57,467,007	18,864,334
Effects of changes in the applicable tax rates / prior period's adjustment	2,932,651	5,650,460
Effects of:		
Non-deductible expense	1,702,296	964,836
Non-taxable income	(232,334)	(29,766)
Additional expense deductions allowed	(3,520)	(7,803)
Total	1,466,442	927,267
Income tax expenses reported in the statement of comprehensive income	61,866,100	25,442,061

As of 31 December 2012 and 2011, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Baht)	
	31 December 2012	31 December 2011
<b>Deferred tax assets</b>		
Allowance for impairment of investments	1,844,719	3,172,078
Allowance for impairment of property foreclosed	5,570,240	5,570,240
Allowance for doubtful accounts/allowance for other receivables	1,281,959	1,281,959
Provisions for long-term employee benefits	9,965,254	9,066,131
Accrued employee expenses	21,869,544	9,484,488
Revaluation deficit on investments	15,009	-
Others	4,346,873	4,607,915
Total deferred tax assets	44,893,598	33,182,811
<b>Deferred tax liabilities</b>		
Revaluation surplus on investments	-	(411,325)
Others	(129,080)	(5,640)
Total deferred tax liabilities	(129,080)	(416,965)
Net deferred tax assets	44,764,518	32,765,846

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013 onwards. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company reflected the changes in tax rates in its deferred tax calculation, as presented above.

#### 14. Other assets

	(Unit: Baht)	
	2012	2011
Loans to employees	66,684,608	67,447,947
Receivables from disposal of securities	-	60,000,000
Contribution for Securities Clearing Fund	35,737,458	32,287,322
Deposits	16,749,276	16,398,389
Property foreclosed (net of allowance for impairment of Baht 28 million)	15,000,000	15,000,000
Prepaid expenses	11,087,794	7,383,494
Deposit for derivative business	5,000,000	5,000,000
Fees and service income receivables	4,809,401	2,433,818
Accrued interest receivables	1,553,519	4,544,052
Others	7,124,997	1,170,729
Total other assets	163,747,053	211,665,751

#### 15. Borrowings from financial institutions

As at 31 December 2012 and 2011, borrowings from financial institutions comprising only domestic borrowings and are classified as follows:

		(Unit: Thousand Baht)			
		2012			
	Interest rate per annum (percent)	Remaining period to maturity			Total
		At call	Less than 1 year	1 - 5 years	
Promissory notes	3.15 - 3.40	900,000	400,000	-	1,300,000
Borrowings	3.85 - 4.33	-	-	900,000	900,000
Total borrowings from financial institutions		900,000	400,000	900,000	2,200,000

(Unit: Thousand Baht)

	2011				
	Interest rate per annum (percent)	Remaining period to maturity			
		At call	Less than 1 year	1 - 5 years	Total
Promissory notes	3.98 - 4.05	-	450,000	-	450,000
Total borrowings from financial institutions		-	450,000	-	450,000

As at 31 December 2012, the above borrowings of Baht 900 million are borrowings from the branch of an overseas bank, with maturities of next 2-3 years. The interest is carried at fixed rates per annum, payable monthly. The loan agreements contain conditions whereby the Company is obliged to pay unwinding fees or compensation for losses arising as a result of the Company terminating the agreements or prepaying the borrowings before the maturity date, which is calculated based on the conditions as specified in the loan agreements. Moreover, the Company has to comply with certain terms and conditions such as the maintenance of an interest bearing debt to equity ratio of not exceeding 1.5:1 and dividend payout ratio.

## 16. Payables to Clearing House

	(Unit: Baht)	
	2012	2011
Payables to Clearing House		
Equity and debt securities	551,398,156	113,214,864
Derivatives	217,715	549,915
Total payables to Clearing House	551,615,871	113,764,779

## 17. Securities and derivatives business payables

	(Unit: Baht)	
	2012	2011
<u>Securities business payables</u>		
Cash accounts	1,487,045,188	431,011,340
Guarantee deposit payables	517,520,177	258,092,406
Payable under securities borrowing and lending business	560,657,700	250,896,899
Total securities business payables	2,565,223,065	940,000,645
Accrued interest payables	3,516,877	2,978,399
Total securities business payables	2,568,739,942	942,979,044
<u>Derivatives business payables</u>		
Derivatives business payables	1,457,697	-
Total derivatives business payables	1,457,697	-
Total securities and derivatives business payables	2,570,197,639	942,979,044

**18. Provisions for long-term employee benefits**

Provision for long-term employee benefits, which is compensations on employees' retirement, are as follows:

	(Unit: Baht)	
	For the year ended 31 December 2012	For the period as from 1 September 2011 to 31 December 2011
<b>Provisions for long-term employee benefits</b>		
<b>at beginning of period</b>	45,330,655	43,777,196
Current service cost	3,939,591	1,299,662
Interest cost	1,826,120	591,367
Benefits paid during the period	(1,270,095)	(337,570)
<b>Provisions for long-term employee benefits</b>		
<b>at end of period</b>	49,826,271	45,330,655

Long-term employee benefit expenses included in the profit or loss are as follows:

	(Unit: Baht)	
	For the year ended 31 December 2012	For the period as from 1 September 2011 to 31 December 2011
Current service cost	3,939,591	1,299,662
Interest cost	1,826,120	591,367
<b>Total expense recognised in profit or loss</b>	<b>5,765,711</b>	<b>1,891,029</b>

Principal actuarial assumptions at the valuation date were as follows:

Discount rate	4.1 percent per annum
Average future salary increase	5 - 8 percent per annum
Average turnover rate	5 - 35 percent per annum based on employees' age

**19. Other liabilities**

	(Unit: Baht)	
	2012	2011
Accrued employee expenses	111,937,267	44,367,985
Accrued expenses	25,749,167	29,901,828
Corporate income tax payable	45,508,630	40,005,283
Others	24,902,914	46,868,825
Total other liabilities	208,097,978	161,143,921

**20. 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.

**21. 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 profit 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.

**22. Treasury stock****1) Changes in treasury stock**

	31 December 2011	Resale	31 December 2012
Shares	3,287,200	3,287,200	-
Amount (Baht)	96,993,325	96,993,325	-

**2) Changes in premium on treasury stock**

	(Unit: Baht)	
	31 December 2011	31 December 2012
Premium on treasury stock	-	1,487,250



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 was from 1 April 2011 - 30 September 2013, and the selling price was to be not less than the average closing price for the preceding 5 business days, less 15 percent of such price. During the year ended 31 December 2012, the Company gradually resold all treasury stock, in compliance with the guideline as approved by the board of directors, with gains totaling Baht 1.5 million from the sales recognised in equity as premium on treasury stock.

### 23. Brokerage fee income

	(Unit: Baht)	
	For the year ended 31 December 2012	For the period as from 1 September 2011 to 31 December 2011
Brokerage fee from securities business	664,412,041	178,739,809
Brokerage fee from derivatives business	60,791,654	27,229,492
Total brokerage fees income	725,203,695	205,969,301

### 24. Fees and service income

	(Unit: Baht)	
	For the year ended 31 December 2012	For the period as from 1 September 2011 to 31 December 2011
Underwriting fee	17,301,164	498,281
Financial advisory	7,430,000	4,230,000
Securities borrowing and lending	19,453,130	4,432,408
Business support	50,367,418	3,760,000
Others	8,163,358	2,229,304
Total fees and service income	102,715,070	15,149,993

**25. Directors' remuneration**

Directors' remuneration represents the benefits paid to directors of the Company in accordance with Section 90 of the Public Limited Companies Act., exclusive of salaries, bonuses and related benefits paid to directors who hold executive positions.

**26. 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 December 2012, Baht 17.9 million has been contributed to the Fund by the Company (for the period ended 31 December 2011: Baht 6.5 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".

**27. Earnings per share**

Basic earnings per share is calculated by dividing profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares outstanding during the period, netting of treasury stock held by the Company.

	For the year ended 31 December 2012	For the period as from 1 September 2011 to 31 December 2011
Profit for the period (Baht)	187,990,452	37,439,052
Weighted average number of ordinary shares (shares)	68,672,001	68,395,100
Earnings per share (Baht/share)	2.74	0.55

**28. Dividends**

During the period, 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 period as from 1 September 2011 to 31 December 2011	The annual ordinary meeting of the Company's shareholders No. 1/2555 on 27 June 2012	34	0.50
Dividends from the operating results for the year ended 31 August 2011	The annual ordinary meeting of the Company's shareholders No. 1/2554 on 14 December 2011	212	3.10

**29. Related party transactions**

During the year ended 2012 and for the period as from 1 September 2011 to 31 December 2011, the Company had significant business transactions with the following related parties.

Related parties	Relationship
Nomura Singapore Limited	Having common major shareholders
Nomura Securities Co., Ltd.	Having common major shareholders
Nomura International (Hong Kong) Limited	Having common major shareholders
Nomura International Plc.	Having common major shareholders
Nomura Investments (Singapore) Private Limited	Having common major shareholders
United Information Highway Co., Ltd.	Having common director

Such transactions with its related companies 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)

	For the year ended 31 December 2012	For the period ended 31 December 2011	Pricing policies
<b><u>Transactions occurred during the period</u></b>			
Brokerage fees income			
- Nomura Singapore Limited	24,866,011	15,409,100	At normal rate charged to other clients and Exclusive Partner, in accordance with the SET's and SEC's notification
Fees income from business support services			
- Nomura Singapore Limited	10,860,296	3,760,000	At actual costs plus a margin of 10 percent
Fees income from research services			
- Nomura Securities Co., Ltd.	6,500,000	1,950,000	At actual costs plus a margin of 10 percent
Fees income from introducing broker			
- Nomura Singapore Limited	1,453,002	212,435	Based on actual executed transactions of our referred customers and at the rate as indicate in the agreement referred to similar business
Fees income from underwriting			
- Nomura International Plc.	13,436,782	-	At the rate of fees income from underwriting
Fee income from securities borrowing and lending			
- Nomura International Plc.	2,618,905	-	At normal rate charged to other clients
Fees income from other services			
- Nomura Securities Co., Ltd.	39,507,122	-	At the rate determined by extend and amount of work assigned
Fee expenses from Hi-speed circuit service			
- United Information Highway Co., Ltd.	1,385,885	471,202	At the same rate charged to other clients without dependent interest
Brokerage fees expense from foreign securities trading			
- Nomura Singapore Limited	761,031	123,932	Calculated base on trade volume and at the referential rate charged to other clients without dependent interest

(Unit: Baht)

	For the year ended 31 December 2012	For the period ended 31 December 2011	Pricing policies
<b><u>Transactions occurred during the period</u></b>			
<b><u>(continue)</u></b>			
Fee expenses from referral			
- Nomura Securities Co., Ltd.	104,907	251,777	Calculated at the percentage of service fee charged to clients
Interest received from loans to employees			
- Director	47,346	17,490	At the same rate charged to other Company's staffs
Legal advisory fees			
- Director	160,000	80,000	At the reasonable fixed price

As at 31 December 2012 and 2011, the outstanding balances of the related party transactions are as follows:

	(Unit: Baht)	
	2012	2011
Securities business receivables		
- Nomura Singapore Limited	9,320,866	27,293,293
- Nomura International Plc.	234,600,000	-
Other assets - accrued income receivables		
- Nomura Singapore Limited	1,172,390	167,472
- Nomura Securities Co., Ltd.	3,511,010	1,950,000
Other assets - others		
- Nomura Investments (Singapore) Private Limited	1,386,993	-
- Nomura International (Hong Kong) Limited	234,267	-
- Nomura Singapore Limited	37,020	-
- Nomura Securities Co., Ltd.	4,000	-
Securities business payables		
- Nomura Singapore Limited	106,284,420	679,972
- Nomura International Plc.	201,972,433	-
Other liabilities		
- Nomura International (Hong Kong) Limited	46,459	46,459
Loan to employees		
- Director	1,603,766	1,868,266

## Management's remuneration

Benefits paid to directors and management of the Company both monetary and non-monetary were as follows:

(Unit: Baht)

	For the year ended 31 December 2012	For the period ended 31 December 2011
Short-term employee benefits	85,537,178	32,652,952
Post-employment benefits	1,845,903	601,676
	<b>87,383,081</b>	<b>33,254,628</b>

## 30. 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 December 2012 and 2011, and for the year ended 31 December 2012 and for the period as from 1 September 2011 to 31 December 2011 of the Company by segment.

(Unit: Million Baht)

	Securities and derivatives brokerage segment		Investments banking segment		Other segments		Total	
	For the year ended 31 December 2012	For the period ended 31 December 2011	For the year ended 31 December 2012	For the period ended 31 December 2011	For the year ended 31 December 2012	For the period ended 31 December 2011	For the year ended 31 December 2012	For the period ended 31 December 2011
Total revenue	744	210	63	5	21	6	828	221
Segment operating profit (loss)	275	74	40	(3)	7	1	322	72
Unallocated income (expenses)								
Interest and dividend income							65	29
Interest on margin loans							216	53
Other income							6	15
Financial costs							(74)	(17)
Operating expenses							(285)	(90)
Income tax							(62)	(25)
Profit for the period							<b>188</b>	<b>37</b>

(Unit: Million Baht)

	As at 31 December							
	Securities and derivatives brokerage segment		Investments banking segment		Other segments		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Premises and equipment - net							114	146
Unallocated assets							9,136	4,987
Total assets							9,250	5,133

### 31. Commitments and contingent liabilities

As at 31 December 2012 and 2011, the Company has the following outstanding commitments and contingent liabilities.

- 31.1** 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 period end date, as follows.

	(Unit: Million Baht)	
	2012	2011
Within 1 year	45.2	18.6
In 1-2 years	40.8	6.0
Over 2 years	28.1	1.9

- 31.2** 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.
- 31.3** 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.
- 31.4** 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.

**31.5 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 voluntarily 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 period, the amount contributed to the EJIP members by the Company as mentioned portion was presented under the caption of "Personnel expenses".

**32. 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 December 2012 and 2011, 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, receivables/payables from clearing house, securities and derivatives business receivables/payables, investments, loans to employees, and borrowings from financial institutions. The financial risks associated with these financial instruments and how they are managed is described below.

**32.1 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 statements of financial position.



## 32.2 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. Significant financial assets and liabilities as at 31 December 2012 and 2011 classified by type of interest rates are summarised in the table below.

(Unit: Million Baht)

2012							
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	1 - 5 years			% p.a.	% p.a.
<b>Financial assets</b>							
Cash and cash equivalents	417	-	-	23	440	2.27	-
Receivable from Clearing House	-	-	-	491	491	-	-
Securities and derivatives business receivables	5,265	561	-	2,127	7,953	5.42	4.00
Investments	-	9	-	7	16	-	2.80
Loans to employees	67	-	-	-	67	2.50	-
<b>Financial liabilities</b>							
Borrowings from financial institutions	900	400	900	-	2,200	3.15	3.84
Payables to Clearing House	-	-	-	552	552	-	-
Securities and derivatives business payables	-	561	-	2,009	2,570	-	3.00

(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	1 - 5 years			% p.a.	% p.a.
<b><u>Financial assets</u></b>							
Cash and cash equivalents	210	-	-	26	236	2.32	-
Receivables from Clearing House	-	-	-	151	151	-	-
Securities and derivatives business receivables	3,016	251	-	816	4,083	5.54	5.54
Investments	-	-	-	253	253	-	-
Loans to employees	67	-	-	-	67	2.75	-
<b><u>Financial liabilities</u></b>							
Borrowings from financial institutions	-	450	-	-	450	-	4.03
Payables to Clearing House	-	-	-	114	114	-	-
Securities and derivatives business payables	-	251	-	692	943	-	3.50

## 32.3 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 reporting date, as at 31 December 2012 and 2011, the periods to the maturity dates of financial instruments are as follows.

(Unit: Million Baht)

2012						
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	440	-	-	-	-	440
Receivable from Clearing House	-	491	-	-	-	491
Securities and derivatives business						
receivables - net	1,180	1,525	-	-	5,265	7,970
Investments - net	1	9	-	-	6	16
Loans to employees	-	1	8	58	-	67
<b><u>Financial liabilities</u></b>						
Borrowings from financial institutions	900	400	900	-	-	2,200
Payables to Clearing House	-	552	-	-	-	552
Securities and derivatives business						
payables	1,078	1,492	-	-	-	2,570

(Unit: Million Baht)

2011						
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	236	-	-	-	-	236
Receivables from Clearing House	-	151	-	-	-	151
Securities and derivatives business						
receivables - net	508	566	-	-	3,016	4,090
Investments - net	247	-	-	-	6	253
Loans to employees	-	1	8	58	-	67
<b><u>Financial liabilities</u></b>						
Borrowings from financial institutions	-	450	-	-	-	450
Payables to Clearing House	-	114	-	-	-	114
Securities and derivatives business						
payables	509	434	-	-	-	943

**32.4 Foreign exchange risk**

As at 31 December 2012 and 2011, the Company has no significant net assets or liabilities denominated in foreign currencies.

**32.5 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.

**32.6 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, 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 values, since they mature in the short-term and are subject to interest at the rates that approximate market interest rates.

As at 31 December 2012 and 2011, there were no material differences between the book value of financial instruments and their fair value.

**33. Approval of financial statements**

These financial statements were authorised for issue by the Company's board of directors on 20 February 2013.

Unit : Baht

No.	Company	Auditor's Name	Audit Fee
1.	Capital Nomura Securities Public Company Limited (For the fiscal year from January 1, 2012 - December 31, 2012)	Ernst & Young Office Limited (By Miss Somjai Khunapasut)	1,250,000
2.	Capital Nomura Securities Public Company Limited (For the 6-month period ended February 29, 2012)	Ernst & Young Office Limited (By Miss Somjai Khunapasut)	200,000
<b>Audit Fee - Total</b>			<b>1,450,000</b>

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

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# NOMURA

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