

The top of the page features a large, stylized graphic of the letter 'N' composed of several overlapping triangles in various shades of red. To the right of this graphic, the word 'NOMURA' is written in a bold, white, sans-serif font.

NOMURA

Capital Nomura Securities Public Company Limited

Annual Report 2014

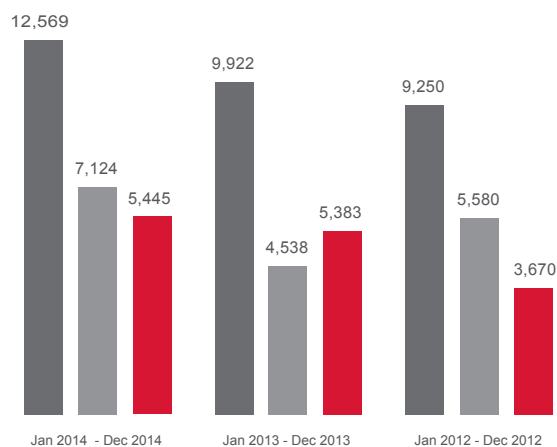
2014

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Financial Highlight

Financial Position

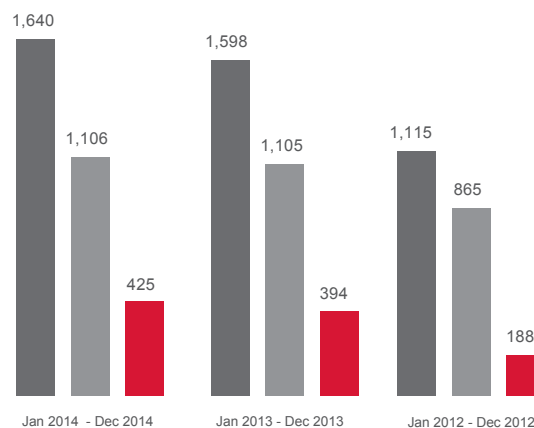
(Million Baht)



■ Assets
■ Liabilities
■ Equity

Performance

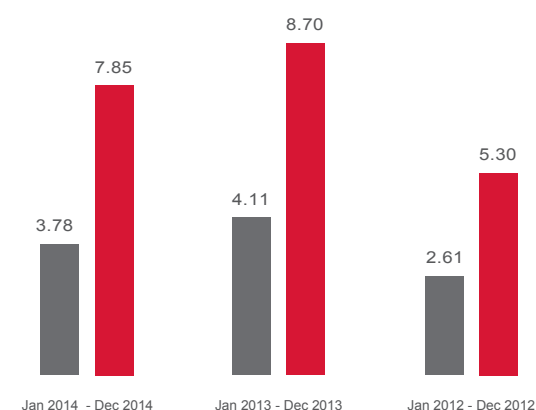
(Million Baht)



■ Total Revenues
■ Total Expenses
■ Net Income

Return on Assets & Equity

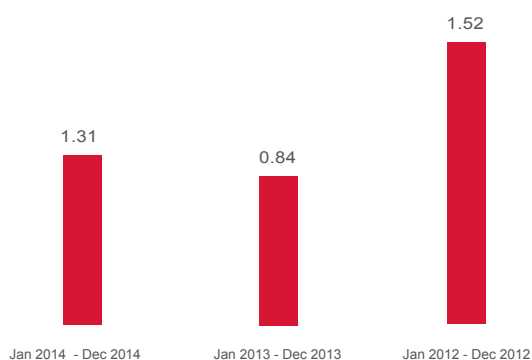
(%)



■ Return on Assets (ROA)
■ Return on Equity (ROE)

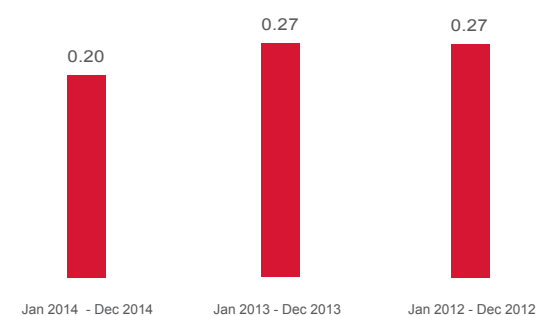
Debt to Equity Ratio

(Time)



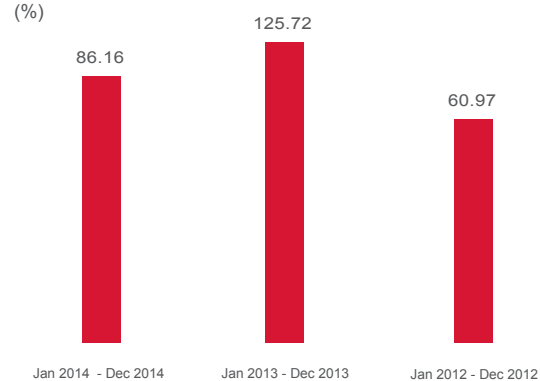
Earnings per share

(Baht)



Net Capital Ratio

(%)



Message from the Chairman

" CNS has continued to carefully expand our business together with revenue diversification in order to create sustainable growth. "



Dear Shareholders,

2014 was a volatile year for Thailand's stock market. Only the first three days of the year, the SET index hit the bottom of the year at 1,205.44 points from 1,298.71 points at the end of 2013, or a drop by 7.1% pressured from continued political turmoil and LTF's redemption. However, the substantial drop of the SET index drawn an attractive valuation of Thailand stock market. At that time, the SET index was traded at only 12 times for PER2014F which was lower than its long-term average at 14 times. Accordingly, mid and long-term investors started to accumulate strong fundamental stocks. Thai economy shown a positive sign after the National Council for Peace and Order (NCPO) took control of the national administration in the mid of the year. Additionally, several stimulus monetary policies were implemented by many countries. European central bank (ECB) cut its benchmark interest rate, followed by The People's Bank of China (PBOC) that lowered its benchmark lending rate. Also, the Bank of Japan (BoJ) stunned the financial markets by unexpectedly expanding its program of quantitative easing (QE). These factors caused fund flows to surge back to Thailand till Nov2014. The SET index, consequently, reached a peak of the year at 1,603.89 points in the early of Dec2014. However, there were both domestic and international negative factors which pressured Thailand stock market and caused a slow Thai economic recovery which was clearly seen by the small GDP growth for 2014 at only 0.7% compared to the previous year and also the sharp fall of the crude oil prices, caused by the oversupply and the US dollar appreciation. Therefore, the SET index dropped from its peak and closed at 1,497.67 points at the end of 2014 with the average daily turnover at Baht 45.5 billion, a drop by 9.6% compared to the previous year. Nevertheless, the overall market sentiment of 2014 was still positive for the investors.

One of the significant events occurring in 2014 was the Voluntary Tender Offer (VTO) made by Nomura Group to acquire all shares in CNS. After the completion of the VTO, Nomura Group became the major shareholder of CNS holding 85.78% of registered and paid up share capital, making CNS the consolidated subsidiary of Nomura Group.

During the past year, CNS continued to carefully expand our business together with revenue diversification in order to create long-term sustainable growth. For the securities brokerage business, we were able to develop, through 3 recruitment cycles, a total of 52 new staffs under the "Young Talent Financial Advisor" program. We also made a strategic change towards our up-country branch networks for better efficiency by closing down some branches with less potential and opening new branches with larger space in high potential areas under the concept of "Nomura Learning Center (NLC)" in order to provide education and knowledge about investment to potential investors. Our first up-country NLC was opened in Khon Kaen Province on December 1, 2014. This brought a total number of 24 branches at the end of 2014, including Head office, 5 branches in Bangkok, 17 branches in up-country and 1 representative office in Lao P.D.R.

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 and diversify revenue sources as well as enhance our client base. In 2014, outstanding margin loans increased by Baht 3,252 million or 56.2% from Baht 5,785 million at the end of 2013 to Baht 9,037 million at the end of 2014. The funding of the margin loan business expansion came from the capital, the borrowings and the issuance of bills of exchange.

The fixed income business, which was established in 2013, has continued to see an impressive record. We will continue to promote this business to be one of our key revenue sources. Regarding the fixed income underwriting business, CNS had underwritten 6 corporate bond mandates. Regarding the fixed income trading business, our market share among securities companies ranked the 2nd in corporate bond trading with market share 15.19% and trading volume of Baht 28,506 million followed by the 3rd rank of selling commercial paper (Bill of Exchange) with market share 20.27% and trading volume of Baht 54,384 million.

As for the investment banking business of 2014, CNS acted as financial advisors and lead underwriters for Initial Public Offerings (IPOs) of Power Solution Technologies Public Company Limited (PSTC) and J.S.P. Property Public Company Limited (JSP). CNS was also co-lead underwriters for IPOs of Smart Concrete Public Company Limited (SMART) and K.C. Metalsheet Public Company Limited (KCM) as well as co-underwriters of a further 11 IPOs. This made a total of 15 IPOs that CNS involved in 2014 out of a total of 46 IPOs for the market. Meanwhile, by the end of 2014, CNS also completed 3 merger and acquisition (M&A) transactions.

The mutual fund selling agent business, under the “Nomura iFUND” brand, has continued to see strong growth. The number of client accounts using this service rose by 5,417 accounts or 29% from 18,433 accounts at the end of 2013 to 23,850 accounts at the end of 2014. The total investment value also rose by Baht 2,106 million or 63% from Baht 3,355 million at the end of 2013 to Baht 5,461 million at the end of 2014.

As a result of the above factors, CNS's net profit for the fiscal year 2014 was Baht 425.21 million or a 7.91% increase from the previous year. Earnings per share stood at Baht 0.20.

For the fiscal year 2015, CNS will continue to focus on strategies and key initiatives that will enhance the business and service qualities leading to increased client satisfaction as well as improve cost control and efficiency. This will include the ongoing development of new talents and improvement of up-country branch networks and diversification of revenue sources through margin loan and fixed income business. We will also continue to develop new financial products, improve quality of research, upgrade our IT systems and trading platform as well as adhering to corporate social responsibility, transparency and good governance, anti-corruption policy and financial and risk management discipline, all of which will be key factors in creating long-term shareholder value and sustainable growth.

Finally, on behalf of the Board of Directors, I would like to express our sincerest gratitude to shareholders, clients and various organizations for their continuous support and trust throughout the year. Also, I would like to express my utmost gratitude to the management and valuable staff for their contribution and dedication helping to drive sustainable growth and fruitful development of the company and to maintain our status as “Your Best Investment Partner”.



Mr. Suthep Peetakanont

Chairman of the Board of Directors
and Chairman of the Board of Executive Directors

Board of Directors



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



Mr. Shinichi Mizuno
President



Mr. Naoki Sugaya
Executive Director



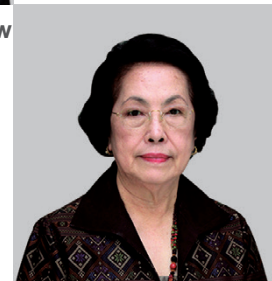
Mr. Nimit Wongjariyakul
Executive Director



Mrs. Chrisana Sae-Leiw
Executive Director



**Mr. Motoyuki
Komabayashi**
Director



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



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



Col. Ruangsub Kovindha
Audit Committee
and Independent Director



**Dr. Prasit
Kanchanasakdichai**
Independent Director

Policy and Business Overview

Capital Nomura Securities Public Company Limited (“CNS” or “the Company”) is a broker member number 14 of the Stock Exchange of Thailand (“the SET”) which engages in securities business, mainly in securities brokerage business, derivatives brokerage business, financial advisory business, underwriting business, securities borrowing and lending business, selling agent business and fixed income trading business.

Background

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). In 1975, CNS was one of the founding members of the SET. CNS changed its name to “Bangkok Nomura Finance and Securities Company Limited” on November 1, 1979 and subsequently changed its name to “Capital Finance and Securities Company Limited” on September 23, 1985.

CNS was listed on the SET on April 26, 1988. Afterwards, CNS returned its finance license to the Ministry of Finance and engaged only in securities business and registered the change in its name to “Capital Nomura Securities Company Limited” on June 28, 1991.

CNS was converted into a “Public Company Limited” on February 24, 1994 under the name of “Capital Nomura Securities Public Company Limited” with a Registration No. 0107537000653. CNS subsequently changed its Thai name to “บริษัทหลักทรัพย์ โนมูระ พัฒนสิน จำกัด (มหาชน)” on December 29, 2010.

Vision

CNS aims to be a client-driven financial services firm contributing the development of capital markets in Thailand.

Strategies

- Provide a range of products suitable for individual client needs, investment strategies and risk appetites.
- Deliver high value-added financial services by enhancing consulting-based approach.
- Develop an extensive client franchise by building up a solid retail channel across Thailand.
- Strengthen online functions by offering a full lineup of services through internet that meets the diverse needs of clients.
- Improve the quality of financial education programs to encourage clients to learn more about investing.
- Enhance wholesale operations by providing high-quality research and leveraging our strengths in Japanese business.
- Create an efficient and low cost operational base by improving IT systems.

Core Values

1. Customer Focus
2. Competent
3. Excellent Communication
4. Collaboration and Teamwork
5. Committed to comply with law & regulation and company policy

Major changes and developments

The major changes and developments regarding the changes in controlling persons and business profile in the previous three years were as follows;

Fiscal Year 2012 (Jan 1, 2012 – Dec 31, 2012)

- Expanded financial advisor teams (Retail Sales Division) and increased a number of financial advisors, focusing on new generations by launching a “Young Talent Financial Advisor” project to prepare for a future business expansion. This project has been continued to the current year.
- Opened 5 additional branches, located in the branch areas of SME Banks; Udonthani Branch, Lampang Branch, Rangsit Branch, Ladkrabang Branch and Omnoi Branch.
- Developed online trading applications through various investment channels to serve diverse investors' needs, including PC, iOS and Android platforms as follows;
 - ❖ Added SBL Real Time services through NomuraDirect on iOS application. Clients could place orders to borrow, short sell, cover and return securities from anywhere and anytime through iOS platforms.
 - ❖ Developed G2Express VIPTrade application, a securities online trading application on PC to facilitate clients for a display customization, technical charts, world indices and real-time news from reliable sources.
 - ❖ Developed i2Trade Plus application, a securities online trading application on PC. Clients could place orders both securities and derivatives through iOS and Android platforms.
 - ❖ Developed Nomura iGlobal application to serve overseas investment needs.

Fiscal Year 2013 (Jan 1, 2013 – Dec 31, 2013)

- Expanded financial advisor teams (Retail Sales Division) and increased a number of financial advisors, focusing on new generations by launching a “Young Talent Financial Advisor” project to prepare for a future business expansion. This project has been continued since 2012.
- Established Fixed Income Sales and Trading Department to provide over the counter (OTC) fixed income trading services in both primary and secondary market to retail clients and domestic institutional clients, aiming to add an investment choice to clients.

- Granted permission by the Ministry of Planning and Investment of Lao P.D.R. in February 2013 and the Securities and Exchange Commission Office of Lao P.D.R. in March 2013 to open a Representative Office at Lao P.D.R. with the registered capital of KIP 1 billion. The Representative Office locates at ANZ Building, Hatsady Village, Chanthabouly District, Vientiane Capital, Lao P.D.R. and has been operated since April 12, 2013 with the following scope of activities;
 - 1) Coordinating with the head office and undertaking a marketing study for its offshore head office.
 - 2) Promoting technical cooperation regarding the development of the securities market in Lao P.D.R.
- CNS changed its par value and increased its registered capital as the following details;
 - ❖ The Annual General Meeting of Shareholders No.1/2556 on 26 April 2013, resolved to change its par value and increase its registered capital as follows;
 - 1) Approved a share split by changing a par value of its ordinary shares from Baht 10 per share with a total number of 71,682,300 shares to Baht 1 per share with a total number of 716,823,000 shares.
 - 2) Approved an increase of Baht 1,433,646,000 in its registered capital, from Baht 716,823,000 to Baht 2,150,469,000 by issuing 1,433,646,000 newly ordinary shares with a par value of Baht 1 each. The newly issued shares were allotted and offered for sale to its existing shareholders in proportion to their existing shareholding ratio at the rate of 1 existing ordinary share to 2 newly issued ordinary shares at a price of Baht 1 each.
 - ❖ The change in its par value was registered with the Ministry of Commerce on May 2, 2013.
 - ❖ The increase in its capital was registered with the Ministry of Commerce on May 3, 2013.
 - ❖ The ordinary shares which a par value was changed to Baht 1 each were traded on the SET on May 10, 2013.
 - ❖ The newly issued share subscription period was June 17-21, 2013. After the subscription period ended, the 1,433,646,000 newly issued shares were completely sold at a price of Baht 1 and fully paid totaling Baht 1,433,646,000.
 - ❖ The fully paid-up capital was registered with the Ministry of Commerce on June 24, 2013.
 - ❖ The newly issued shares were traded on the SET on June 27, 2013.
- Developed online trading applications through various investment channels to serve diverse investors' needs, including PC, iOS and Android as well as Window Phone platforms as follows;
 - ❖ Added Technical Chart, Research Paper, SBL services (iOS platform only) on i2Trade Plus application through PC, iOS and Android platforms.
 - ❖ Developed i2Trade Plus application, a securities online trading application on Window Phone platform.
 - ❖ Added Bar Trade on eFinanceThai application to facilitate clients for an immediate order placing on PC.
- Set up NOMURA Margin Loan Trading Simulation in order to share knowledge and virtual experience to potential investors for an online investing in margin accounts.
- Opened 2 additional branches, located in the branch areas of SME Banks; Phetburi Branch and Saraburi Branch

Fiscal Year 2014 (Jan 1, 2014 – Dec 31, 2014)

- Changed the major shareholding structure. Nomura Group increased their shareholding in CNS shares from 38.02% of CNS's registered and paid-up capital in 2013 to 85.78% in 2014, making CNS the consolidated subsidiary of Nomura Group as the following details;

On March 19, 2014, Nomura Holdings, Inc. intended to make a voluntary tender offer through its designated entity to acquire all CNS's shares subject to and upon fulfillment of the precedent conditions which the 2014 annual general meeting of shareholder had resolved to approve the amendment to the Article 10 of CNS's Articles of Association to cancel the limitation on shareholding of foreigners to be in line with the amendment to Foreign Business Law.

The Annual General Meeting of Shareholders No. 1/2557 on April 25, 2014 approved the amendment to the Article 10 of CNS's Articles of Association to cancel the limitation on shareholding of foreigners which was the condition of the voluntary tender offer from Nomura Group as well as to make the limitation on shareholding of foreigners be in line with the amendment to Foreign Business Law by revoking the previous term and use the following term;

Previous term

"Article 10. The Company's shares can be transferred without restriction, except where:

- (1) The transfer would cause the Company to lose rights and benefits to which it should receive under the laws, or
- (2) The transfer would result in an alien or aliens holding shares in the Company in excess of 49 percent."

New term

"Article 10. The Company's shares can be transferred without restriction, except where the transfer would cause the Company to lose rights and benefits to which it should receive under the laws."

On April 25, 2014, CNS received a copy of the tender offer from Nomura Asia Investment (Singapore) Pte. Ltd., a designated entity of Nomura Holdings, Inc. as a tender offeror, to purchase all CNS's shares totaling 2,150,469,000 shares or 100% of CNS's total issued shares and voting rights. Nomura Holdings, Inc., an existing shareholder of CNS's share totaling 540,000,000 shares, gave its notice dated April 11, 2014 to Nomura Asia Investment (Singapore) Pte. Ltd. to show its intention not to sell its shares to this tender offer. As a result, total CNS's shares in the tender offer were 1,610,469,000 shares, representing 74.89% of CNS's total issued shares and voting rights. The tender offer period was 25 business days starting from April 30, 2014 and ending on June 6, 2014.

On June 12, 2014, CNS received a copy of the result of the tender offer from Nomura Asia Investment (Singapore) Pte. Ltd. as the tender offeror. The total tendered shares were 1,304,659,931 shares or 60.67% of CNS's total issued shares and voting rights. When considering with existing shares held by Nomura Holdings, Inc. totaling 540,000,000 shares or 25.11% of CNS's total issued shares and voting rights, Nomura Group became CNS's major shareholder holding 85.78% of CNS's total issued shares and voting rights, making CNS the consolidated subsidiary of Nomura Group under Nomura Asia Investment (Singapore) Pte. Ltd. and Nomura Holdings, Inc.

- Expanded financial advisor teams (Retail Sales Division) and increased a number of financial advisors, focusing on new generations by launching a "Young Talent Financial Advisor" project to prepare for a future business expansion. This project has been continued since 2012.
- Developed online trading applications through various investment channels to serve diverse investors' needs, including PC, iOS and Android as well as Window Phone platforms as follows;

- ❖ Added Nomura Direct services on both i2Trade Plus and Streaming applications to facilitate clients for deposit-withdrawal services, research papers and CNS's announcements through familiar applications.
- ❖ Added Scan and Trade services on eFinanceThai application to facilitate clients for stock searching upon their criteria and an instant order placing.
- ❖ Added Auto Trade services on i2Trade Plus application on PC to facilitate clients to set automatic trading orders as well as cut loss or lock profit that would trigger upon their criteria.
- Added Nomura Direct channel on YouTube, another communication channel to promote CNS's products and activities to create the awareness of CNS's products and services by providing investment knowledge and introducing research papers by Investment Research and Investor Service Division (IRIS).
- Arranged several activities to share investment information and knowledge to clients and investors through seminars, online contents and online applications; IRIS Blog and Nomura Margin Loan, as well as video clips.
- Closed 3 branches, located in the branch areas of SME Banks for more efficiency; Nonthaburi Branch, Singburi Branch and Rangsit Branch.
- Relocated Khon Kaen Branch from the branch area of SME Bank to a higher potential area.
- On October 9, 2014, Fitch Ratings (Thailand) Limited assigned CNS with National Long-Term Rating at AA-(tha), with a Stable Outlook and the National Short-Term Rating at F1+(tha). Fitch deemed CNS to be a strategically important subsidiary of the Nomura Group.
- Participated "Thailand's Private Sector Collective Action Coalition Against Corruption" with a strong intention against all forms of corruption in order to set the standard of practices on transparency and formulated the written "Anti-Corruption Policy" as an apparent guideline in conducting business for sustainable development with a plan to pass the certification in 2015.

Shareholding structure of the Group

CNS had neither subsidiaries nor affiliated companies.

Relationship with the Group of major shareholders

Regarding the latest book closing on June 12, 2014, Nomura Group was a major shareholder, holding 85.78% of CNS's registered and paid-up capital; 60.67% by Nomura Asia Investment (Singapore) Pte. Ltd. and 25.11% by Nomura Holdings, Inc.

Nomura Group is one of the leading financial services groups in Japan and has worldwide operations. Nomura Group operates offices in over 30 countries. Clients of Nomura Group include individuals, corporations, financial institutions, governments and governmental agencies. Business of Nomura Group consists of the following three divisions;

- 1) Retail - investment consultation services
- 2) Asset Management - development and management of investment trusts
- 3) Investment advisory services to Wholesale - serving corporations and institutional investors with a broad range of products and services

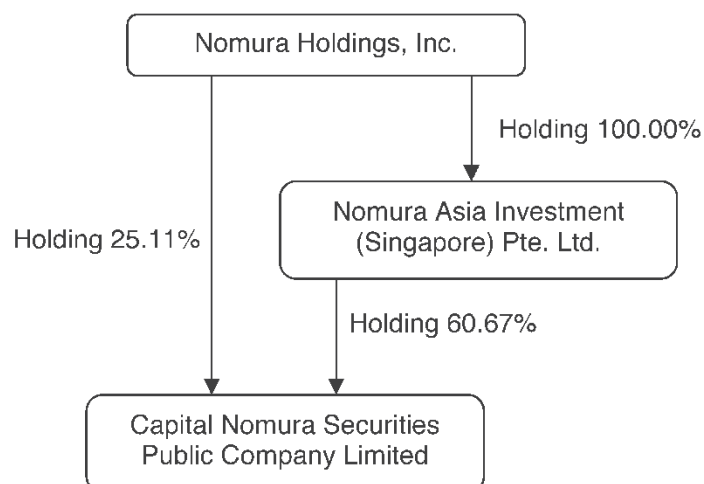
CNS engages in securities business, mainly in securities brokerage business, derivatives brokerage business, financial advisory business, underwriting business, securities borrowing and lending business, selling agent business and fixed income trading business, serving retail clients, domestic and foreign institutional clients.

CNS independently operates its business, without materially relying on client introduction or funding from Nomura Group.

Regarding the connected transactions in brokerage, financial advisory, securities borrowing and lending as well as other services, transactions between CNS and Nomura Group were agreed as arm's length transactions. All connected transactions were approved by the Board of Directors in accordance with the SET's rules.

Regarding the borrowings from Nomura Group for business supports, the interest rate was also at arm's length transactions.

Relationship with Nomura Group



Business Profile

CNS's main businesses in 2014 were securities brokerage business, derivatives brokerage business, financial advisory business, underwriting business, fixed income trading business, securities borrowing and lending business and selling agent business. The revenue structures in the previous three years were as the followings;

Type of Revenue	Fiscal Year 2014 (Jan 1, 2014- Dec 31, 2014)		Fiscal Year 2013 (Jan 1, 2013- Dec 31, 2013)		Fiscal Year 2012 (Jan 1, 2012- Dec 31, 2012)	
	Million Baht	%	Million Baht	%	Million Baht	%
Brokerage fees	929.53	56.66	1,056.59	66.11	725.20	65.05
Fees and service income	178.84	10.90	118.61	7.42	102.72	9.21
Gain on securities	40.80	2.49	19.30	1.21	2.14	0.19
Gain (loss) on derivatives	10.56	0.64	(13.60)	(0.85)	(0.02)	0.00
Interest and dividend	85.32	5.20	84.36	5.28	64.75	5.81
Interest on margin loans	390.76	23.82	328.05	20.53	216.15	19.39
Other income	4.69	0.29	4.87	0.30	3.89	0.35
Total revenue	1,640.50	100.00	1,598.18	100.00	1,114.83	100.00

Business Profiles

CNS's Business profiles of 2014 were as the followings;

(A) Securities Brokerage Business

CNS is a broker member number 14 of the SET, providing securities brokerage services to retail clients, domestic and foreign institutional clients.

CNS provides securities brokerage services of the listed securities in the overseas stock exchanges and/or the securities that the Office of the Securities and Exchange Commission ("the SEC") allows Thai investors to invest.

CNS provides high-quality services and research papers as well as highly experienced financial advisors. Clients can place orders by themselves through CNS's financial advisors at the head office and any branches throughout the country or through up-to-date online applications.

CNS has 3 types of securities trading accounts as the followings;

(1) Securities Trading Account – Cash Account

Securities trading account – cash account has to settle on T+3 (3 days after the trading date) through an automatic fund transfer only. Clients can place orders by themselves through CNS's financial advisors or through up-to-date online applications by opening an internet trading account. Clients can trade up to the approved limit.

Clients can place cash with CNS prior to placing orders then they are not requested to settle order by order. Interest on client's cash balance will be calculated on daily basis and will be deposited to their cash balance at each month end.

Such cash balance can be used as a tool of CNS's risk management. Clients whose financial status is not so strong are required to settle with cash balance. Clients are required to place cash with CNS prior to placing orders and the orders cannot exceed the clients' cash balance at CNS. Clients' assets are segregated from CNS's assets in accordance with the SEC's rule and regulations.

(2) Margin Loan under Credit Balance Account

Credit balance system is to finance the equity investment. Clients' investment status is considered as a portfolio regardless of the cost of each securities. Clients can place orders by themselves through CNS's financial advisors or through up-to-date online applications.

CNS encourages clients to use credit balance accounts as it will increase clients' purchasing power for investment which will affect the market liquidity. To place the first order, clients have to place either cash or securities at the amount not less than initial margin of the purchased amount as determined by the Marginable Securities List. The initial margin required for each securities in the marginable securities list is designated from its liquidity, risk and fundamental factor. If the balance is cash balance, clients will get interest from CNS on the net of cash collateral and loan balances and if the balance is credit balance, clients will be charged for interest on margin loans.

(3) Oversea Investment Trading Account

CNS provides securities brokerage services of the listed securities in the overseas stock exchanges to expand investment opportunity to clients. The guideline and condition of the account opening is similar to domestic investment. The SEC requires clients to place cash with CNS prior to placing order.

Clients have to follow the rules, conditions and regulation of the exchanges where they invest.

(B) Derivatives Brokerage Business

CNS started derivative business since 28 April 2006, the same date as the opening date of Thailand Futures Exchange (TFEX). This is to offer another investment alternative to clients and to support clients to have an opportunity to get returns on investment at all market situation.

CNS provides all derivative products in Thailand Futures Exchange (TFEX) which consist of Mini 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 has highly experienced and highly potential team as well as an effective supporting system which can enhance CNS's competitive advantages in the long run.

Regarding the high risk characteristic of derivative products, CNS considers appropriate credit limits to match clients' financial status and also allocates credit limits to each investment product to serve clients' needs and help clients manage their risks. Clients can place orders by themselves through CNS's financial advisors or through up-to-date online applications.

(C) Financial Advisory Business

CNS was granted an approval by the SEC to provide financial advisory services within the scope set by the SEC including the financial advisory in underwriting business, listing in the SET and the Market for Alternative Investment (“the mai”), tender offer and merger and acquisition (M&A) as well as the financial advisory services for shareholders in entering into various transactions of the listed companies.

In addition, CNS also provides various types of financial advisory services as follows;

- Business Restructuring and Financial Restructuring Services
- Mediator Services to establish Joint Ventures
- Feasibility Study Services
- Business Valuation Services
- Other Services such as Information report regarding a capital market, a money market, overall economic and industry condition including rules and regulation of the SEC, the SET and other relevant regulators.

(D) Underwriting Business

CNS provides issuers underwriting and firm underwriting services on both equities and fixed income securities such as common shares, debentures, warrants, unit trusts and etc.

(E) Fixed Income Trading Business

CNS has operated Fixed Income Trading Business since 2013 to serve clients' needs. CNS provides over the counter (OTC) fixed income trading services in both primary and secondary market to retail clients and domestic institutional clients. CNS sets up guidelines for account opening as well as allocates credit limit to each product according to clients' needs. Settlement method and settlement date are agreed upon each transaction. CNS also does trading on fixed income securities.

CNS's Board of Directors defines the investment policy, types of debt securities and also internal controls for the risk management of investment in debt securities to ensure the alignment with the investment policy.

(F) Securities Borrowing and Lending Business

Securities Borrowing and Lending Business (SBL) is an alternative investment tool or a risk management tool for investment in the SET. When the stock market is volatile or when the stock market is declining, investors (i.e. “borrowers”) can borrow shares from CNS for short selling, as well as buying the shares back when the price declines as expected. This will support price stability and liquidity in the SET.

CNS provides SBL to all types of clients including retail clients and institutional clients. CNS acts as a principal to clients who are the “borrowers” or “lenders” in order to ensure that all terms and conditions as stated in the SBL agreement will be followed accordingly. The details of services are as the followings;

- CNS lends securities to borrowers to short selling securities through their credit balance accounts under CNS. Borrowers shall place collateral to CNS prior to borrowing shares and maintain the collateral level according to CNS's rules. In addition, CNS also lends shares to institutional clients who have intention to re-lend the shares to their own clients or to manage the risk of their portfolios.
- CNS borrows securities from lenders who have securities in cash accounts under CNS. CNS shall place cash collateral to lenders and also maintain cash collateral to lenders at 100% of daily market value of securities.
- Borrowers are charged borrowing fees whereas lenders earn lending fees.
- Lenders are still entitled to the benefits of lent securities.

Clients can place SBL orders by themselves through CNS's financial advisors at the head office and any branches throughout the country or through up-to-date online applications.

(G) Selling Agent Business

CNS engages in selling agent services to all 22 asset management companies in Thailand, providing both omnibus account service and selling agent account service. The main objectives of this business are to support CNS's core business and to become a full-service provider which can help increase CNS's revenues in the long run.

CNS has developed Nomura iFund application, a one stop service online application, to facilitate clients in an asset allocation. This application provides the following benefits and advantages to clients.

- Mutual fund Trading Service Fees are free of additional charge.
- Mutual Fund One Stop Trading Service; Clients can buy, sell and switch mutual funds from all 22 asset management companies in Thailand.
- Mutual Fund Weekly Research Service; Weekly investment situation and recommendation for each type of mutual fund are summarized regarding the reference ratings from Morningstar.
- Performance Comparison Service; Clients can compare mutual fund performance among each asset management companies to select the funds that match their investment strategies.
- Automatic Constant Mutual Fund Investment Services (Nomura Dollar Cost Average); Clients can create an investment discipline and manage their investment by using Dollar Cost Average Strategy.
- Stock to Fund Service; Clients can seamlessly link their investment in stocks and mutual funds together to gain most benefits.
- Summary Investment Portfolio Service; Clients can monitor their investment portfolios with all asset management companies in one account.
- New IPOs; Clients can search for new IPOs through this application on daily basis.

Market and Competitive Conditions

CNS's marketing policy and competitive conditions of 2014 were as the followings;

Securities and derivatives brokerage business

CNS aims to be one of the country's leading securities firms providing fully-integrated, high-quality and state-of-the-art services with up-to-date information technology system. CNS has continuously developed the quality of financial advisors and research papers as well as the information technology system, as one of the competitive tools for tapping higher market shares on the continuing basis.

Industry condition

Overall securities trading on the SET of 2014 slightly dropped from 2013. Average daily turnover of the SET and the mai dropped 9.7% from Baht 50.33 billion in 2013 to Baht 45.47 billion in 2014. During the first 5 months of 2014, the average daily turnover sharply dropped due to the political turmoil. The average turnover rose after the National Council for Peace and Order (NCPO) took control of the national administration in the mid of the year 2014.

The SET index at the end of 2014 rose 15.3% from 1,298.71 points (as of December 27, 2013) to 1,497.67 points (as of December 30, 2014). During 2014, the SET index reached the highest point of the year at 1,603.89 points or rose 23.5% from the SET at the end of 2013. Accordingly, the average daily turnover of 2014 slightly dropped from 2013.

Factors having influenced on securities brokerage business in 2015 are as the followings;

1. Thailand's economy of 2014 and economic outlook of 2015

The GDP (Gross Domestic Product) Growth of 2014 was only 0.7% which was much slower than the rate of 2013 at 2.9%. The slow growth was due to domestic demand and weak exports. Private consumption grew just only 0.3% compared to 2013. Household debts were high, 84% of GDP. Farmers' income declined 5.3% from 2013. Overall investment continuously declined 2.8% from 2013 which was mainly affected from the decline of public investments at 6.1% from 2013 as well as the decline of private investment at 1.9% from 2013.

Exports of goods and services had no growth from the previous year. The exports of goods rose 0.9% from 2013 while the exports of services declined 2.8% regarding the decline of the number of tourists at 6.7% from 2013. Meanwhile, the economic stability was still positive regarding the slow growth in inflation rate at only 1.9% which was lower than 2.2% in 2013 and the surplus in current accounts at 3.8% of GDP, compared to the deficit of 0.6% of GDP in 2013.

2015 Economic outlook is forecasted to grow at 3.3% from 2014 from the rising domestic demand and the exports of goods and services. The private consumption would be positive from the declining o average crude oil prices (Dubai Market) at the forecast of 60 USD/barrel in 2015, compared to the average prices of 97 USD/barrel in 2014.

The public investment is forecasted to be positive from the stimulus of the reimbursement in the government budget. The private investment is also forecasted to be positive regarding the stimulus of the public investment in infrastructure development projects.

The exports of goods and services are forecasted to be positive from the growth of the world economy at 3.4% in 2015, compared to 3.3% in 2014, mainly driven by the growth of the U.S. economy.

Thailand's economic stability is forecasted to be positive from the forecasted growth of the inflation rate at only 0.3% and the surplus in current accounts at 2.2% of GDP.

2. Earnings of listed companies outlook of 2015

Public Investment is forecasted to be a main driver towards the domestic economic recovery in 2015 regarding the three-trillion-baht infrastructure development project. The slow consumption recovery as well as the low crude oil prices may also lead Monetary Policy Committee to consider to apply relaxed monetary policy to stimulate Thailand's economy in consumptions and investments in the second half of 2015. The policy interest rate is expected to be cut from the current rate at 2.00% to 1.50% (forecasted to reduce twice totaling 0.5% within the first half of 2015). Such measure will primarily help the economic recovery which will be the main factors to drive 2015 earnings per share (EPS) of the listed companies to be Baht 104 per share or 15% growth, comparing to the slow growth at only 4.4% in 2014.

3. Competition of securities brokerage business

In 2014, securities brokerage business encountered an intense competition. In 2013, there were new members into the industry, mainly caused from the liberalization of securities business licenses and the liberalization of brokerage fee announced by the SET and the SEC which was effective since 2012. The average daily turnover of the SET and the mai declined from Baht 50.33 billion in 2013 to Baht 45.47 billion in 2014. Mostly were from retail clients which the proportion also increased from the previous year. Accordingly, brokers focusing on retail clients have competed with others by enhancing the quality of information technology services, research papers and online trading applications as well as providing credit limits of margin accounts. Some brokers have recruited financial advisors from other brokers.

SET Data

	Fiscal Year 2014 Jan 1, 2014 – Dec 31, 2014	Fiscal Year 2013 Jan 1, 2013 – Dec 31, 2013	Change	
			Amount	%
SET Information				
Total Turnover				
Value (Baht of Billion)	10,193.18	11,777.21	(1,584.03)	(13.45)
Average Daily Turnover (Baht of Billion)	41.60	48.07	(6.47)	(13.46)
SET Index (Point)				
High (Close)	1,600.16	1,643.43	(43.27)	(2.63)
Low (Close)	1,224.62	1,275.76	(51.14)	(4.01)
Close at the end of the year	1,497.67	1,298.71	198.96	15.32
Average Dividend Yield	2.94	3.24	(0.30)	(9.26)
P/E Ratio (Time)	17.81	14.6	3.21	21.99
Market Capitalization (Baht of Billion)	13,856.28	11,496.77	2,359.51	20.52
Listed Securities				
No. of listed securities	1,592	1,099	493	44.86
No. of listed companies	502	489	13	2.66
No. of newly listed companies	17	13	4	30.77
mai Information				
Total Turnover				
Value (Baht of Billion)	946.11	553.46	392.65	70.94
Average Daily Turnover (Baht of Billion)	3.86	2.26	1.60	70.80
mai Index (Point)				
High (Close)	761.89	510.44	251.45	49.26
Low (Close)	332.85	323.36	9.49	2.93
Close at the end of the year	700.05	356.8	343.25	96.20
Average Dividend Yield	0.87	1.46	(0.59)	(40.41)
P/E Ratio (Time)	69.63	28.32	41.31	145.87
Market Capitalization (Baht of Billion)	383.08	177.36	205.72	115.99
Listed Securities				
No. of listed securities	150	127	23	18.11
No. of listed companies	111	95	16	16.84
No. of newly listed companies	20	15	5	33.33

Source: the Stock Exchange of Thailand; Figure as of December 31, 2014

Top five securities firms in term of market share

In 2014, total market shares of the top five members of securities firms in the SET and the mai were 32.44%, ranked by turnover, slightly decreased from 33.58% in 2013. This reflected the distribution of turnover among the members.

CNS's market share and types of clients of securities brokerage business

In 2014, CNS's market share of securities brokerage business ranked 14th out of total 34 securities firms at 2.84%. In 2013, CNS's market share ranked 19th out of total 33 securities firms at 2.69%. The increase in the market share reflected that CNS was still competitive in the market.

Turnover* (Million Baht)	Fiscal Year 2014 (Jan 1, 2014- Dec 31, 2014)	Fiscal Year 2013 (Jan 1, 2013- Dec 31, 2013)	Fiscal Year 2012 (Jan 1, 2012- Dec 31, 2012)
- SET**	10,172,620	10,775,616	6,886,046
- CNS**	578,083	580,094	375,994
CNS' s market share**	2.84%	2.69%	2.73%

* inclusive of SET and mai

** exclusive of Proprietary Trading

Considering turnover classified by types of clients of 2014, CNS's main client group was retail clients with the proportion of 69.55%, decreasing from 78.53% in 2013, followed by foreign institutional clients at 19.61%, increasing from 11.29% in 2013, and domestic institutional clients at 10.84%, increasing from 10.18% in 2013.

Turnover classified by types of clients* (Million Baht)	Fiscal Year 2014 (Jan 1, 2014- Dec 31, 2014)		Fiscal Year 2013 (Jan 1, 2013- Dec 31, 2013)		Fiscal Year 2012 (Jan 1, 2012- Dec 31, 2012)	
	Amount	%	Amount	%	Amount	%
- Retail clients	402,041	69.55	454,947	78.53	303,239	80.77
- Domestic institutional clients	62,653	10.84	59,000	10.18	41,911	11.16
- Foreign clients	113,389	19.61	65,413	11.29	30,299	8.07
Total**	578,083	100.00	579,360	100.00	375,449	100.00

* inclusive of SET and mai

** exclusive of Proprietary Trading

Considering turnover classified by categories of 2014, the proportion of the internet trading accounts was at 43.55%, slightly decreasing from 46.46% in 2013. The remainder was the normal accounts (through financial advisors).

Turnover classified by categories* (Million Baht)	Fiscal Year 2014 (Jan 1, 2014- Dec 31, 2014)		Fiscal Year 2013 (Jan 1, 2013- Dec 31, 2013)		Fiscal Year 2012 (Jan 1, 2012- Dec 31, 2012)	
	Amount	%	Amount	%	Amount	%
Internet trading						
- Cash account	165,533	28.61	193,710	33.39	87,224	23.20
- Margin account	86,460	14.94	75,817	13.07	86,807	23.09
Total	251,993	43.55	269,527	46.46	174,031	46.29
Normal - through financial advisors						
- Cash account	290,254	50.17	276,161	47.61	171,547	45.62
- Margin account	36,302	6.28	34,406	5.93	30,416	8.09
Total	326,556	56.45	310,567	53.54	201,963	53.71
Grand Total**	578,549	100.00	580,094	100.00	375,994	100.00

* inclusive of SET and mai

** exclusive of Proprietary Trading

Considering turnover classified by type of accounts of 2014, the proportion of trading of the cash accounts was at 78.78%, slightly decreasing from 81.00% in 2013. The remainder was the margin accounts at 21.22%, slightly increasing from 19.00% in 2013.

Turnover classified by type of accounts* (Million Baht)	Fiscal Year 2014 (Jan 1, 2014- Dec 31, 2014)		Fiscal Year 2013 (Jan 1, 2013- Dec 31, 2013)		Fiscal Year 2012 (Jan 1, 2012- Dec 31, 2012)	
	Amount	%	Amount	%	Amount	%
Cash account						
- Internet trading	165,533	28.61	193,710	33.39	87,224	23.20
- Normal - through financial advisor	290,254	50.17	276,161	47.61	171,547	45.62
Total	455,787	78.78	469,871	81.00	258,771	68.82
Margin account						
- Internet trading	86,460	14.94	75,817	13.07	86,807	23.09
- Normal - through financial advisor	36,302	6.28	34,406	5.93	30,416	8.09
Total	122,762	21.22	110,223	19.00	117,223	31.18
Grand Total**	578,549	100.00	580,094	100.00	375,994	100.00

* inclusive of SET and mai

** exclusive of Proprietary Trading

Market share of Derivatives Brokerage Business

In 2014, CNS's market share of derivatives brokerage business was 1.21%, slightly decreasing from 1.35% in 2013 as the followings;

Volume of derivatives (Contracts)	Fiscal Year 2014 (Jan 1, 2014- Dec 31, 2014)	Fiscal Year 2013 (Jan 1, 2013- Dec 31, 2013)	Fiscal Year 2012 (Jan 1, 2012- Dec 31, 2012)
- TFEX	36,021,150	16,664,126	10,457,928
- CNS	870,109	448,695	312,883
CNS' s market share	1.21%	1.35%	1.50%

Source: TFEX

Financial Advisory and Underwriting Business

Industry condition

In 2014, there were 46 Initial Public Offering (IPO) of listed companies and securities totaling Baht 304,797 million, decreasing 12.04% from 2013.

Market share of Financial Advisory and Underwriting Business

In 2014, CNS was financial advisors and lead underwriters for Power Solution Technologies Public Company Limited (PSTC) with a total value of Baht 292.50 million and J.S.P. Property Public Company Limited (JSP) with a total value of Baht 3,120.00 million. CNS was also lead underwriters of Smart Concrete Public Company Limited (SMART) with a total value of 218.50 million and K.C. Metalsheet Public Company Limited (KCM) with a total value of Baht 260.00 million as well as co-underwriters of a further 11 Initial Public Offerings (IPOs). This made a total of 15 IPOs that CNS involved in 2014 out of a total of 46 IPOs for the market. Meanwhile, by the end of 2014, CNS also completed 3 merger and acquisition (M&A) transactions.

Securities Borrowing and Lending Business

In 2014, CNS still retained its competitive rate of SBL fee. CNS had up-to-date SBL system that fulfilled clients' needs and facilitated clients in accessing to the SBL services from various channels including online securities borrowing applications on mobile devices. Such factors have driven the expansion in client bases both retail clients and institutional clients.

The outstanding point of CNS's services was a huge supply of lendable securities covering all securities in SET100. This resulted in the increase in the borrowing proportions of the institution clients. CNS, therefore, ranked among the top three major SBL service providers in the industry.

CNS retains its competitive rate of short selling fee. The rate is changeable depending on clients' needs on each SBL transaction.

For 2015, CNS has a plan to expand client bases who might be interested in SBL through seminars and trainings to clients and its financial advisors to perceive SBL for the investment strategies. In addition, CNS has a plan to improve SBL services to serve clients' increasing needs.

Fixed Income Trading Business (operated since 2013)

In 2014, CNS had more trading transactions both in primary and secondary markets compared to 2013. The main strategy was to provide debt securities according to clients' needs either the clients who raised funds by issuing and offering for sale of debt securities or the clients who switched from the investment in deposits to debt securities regarding the higher returns.

Industry Condition

In 2014, Interest rate in the market was quite low, leading to the growth and the high competition in fixed income trading business comparing to the previous year. Private sectors increasingly funded from debt securities in the forms of corporate debentures and bill of exchanges regarding the low interest rate in domestic market. The announcement of economic recovery roadmap by the National Council for Peace and Order (NCPO) in the mid of 2014 as well as the stimulus programs of European Central Bank and Bank of Japan also caused fund flows to surge back to Thailand's fixed income market.

In 2015, CNS forecasted that private sectors would continuously raise funds from corporate debentures regarding the low interest rate as well as the positive sign in the economic recovery after the relaxed political turmoil.

Market share of Fixed Income Trading Business

In 2014, CNS became more well-known and trustworthy in fixed income trading business, resulting in a sharp increase in market share both in corporate debenture and bill of exchange trading markets comparing to 2013 as the following details;

Corporate debenture

In 2014, CNS's trading volume of corporate debentures was Baht 28,506 billion, increasing 331% from Baht 6,614 billion in 2013.

In 2014, CNS's market share among securities firms ranked 2nd at 15.19%, increasing from the rank of 4th at 5.11% in 2013.

Corporate Debenture	Fiscal Year 2014 (Jan 1, 2014- Dec 31, 2014)	Fiscal Year 2013 (Jan 1, 2013- Dec 31, 2013)
Trading Volume	Baht 28,506 million	Baht 6,614 million
Ranking and Market Share among securities firms	Ranked 2 nd at 15.19%	Ranked 4 th at 5.11%

Source: The Thai Bond Market Association

Bill of Exchange

In 2014, CNS's trading volume of bill of exchanges was Baht 54,384 billion, increasing 111% from Baht 25,800 billion in 2013.

In 2014, CNS's market share among securities firms ranked 3rd at 20.27%, increasing from the rank of 4th at 15.66% in 2013.

Bill of Exchange	Fiscal Year 2014 (Jan 1, 2014- Dec 31, 2014)	Fiscal Year 2013 (Jan 1, 2013- Dec 31, 2013)
Trading Volume	Baht 54,384 million	Baht 25,800 million
Ranking and Market Share among securities firms	Ranked 3 rd at 20.27%	Ranked 4 th at 15.66%

Source: The Thai Bond Market Association

Funding Policy

1. Funding and Risk Management Policy

CNS has a funding policy concerning on the risks from interest rate, foreign exchange, repayment period as well as business relationship, needs of funds and financial conditions.

CNS has a policy to raise funds from both short-term and long-term borrowings to align with liquidity, financial conditions and financial costs.

In case CNS has borrowings in foreign currency, CNS has a risk management policy to fully hedge the borrowings in foreign currency.

As of 31 December 2014, CNS had shareholders' equity of Baht 5,445.13 million and borrowings from financial institutions of Baht 4,581.13 million for working capital and liquidity, dividing into borrowings from domestic financial institutions of Baht 4,250 million and borrowings in foreign currency from foreign financial institutions of USD 10 million or Baht 331.13 million which was fully hedged for the risk from foreign exchange rate. CNS still has available credit limit from domestic and foreign financial institutions as well as related parties.

Regarding the tender offer from Nomura Group in the mid of 2014, CNS became a subsidiary of Nomura Group. Subsequently, Fitch Ratings (Thailand) Limited assigned CNS a National Long-Term Rating at AA-(tha) on October 9, 2014, with a Stable Outlook and the National Short-Term Rating at F1+(tha) which were advantageous to CNS in funding from several sources. This also resulted in the lower financial costs as well as the increasing trustworthiness and credit limit from both domestic and foreign financial institutions.

Besides, CNS started to raise funds from issuance and offer for sale of bill of exchanges with the total amount of not exceeding Baht 1,500 million during October 31, 2014 to October 30, 2015, with a maximum tenor of 270 days from the issued date, to high net worth investors or institutional investors.

As of December 31, 2014, CNS had borrowings in the form of bill of exchanges with the face value of Baht 300 million and the net of discount of Baht 299 million with a maturity in 2015.

2. Creditor Policy

CNS's Board of Directors has a policy to fairly and equitably treat all types of creditors. CNS also commits to conduct its business to create trustworthiness from creditors with the following policy and guidelines.

- Strictly comply with conditions or requirements as agreed in the contract, including provisions and contingencies. In case CNS is not able to comply with any conditions or CNS encounters default situations, CNS shall inform creditors to consider and find reasonable solutions together with creditors.
- Properly manage a funding structure to support its business at appropriate risk level and cost to maintain creditors' confidence on CNS.
- Timely provide accurate and complete financial reports to creditors.
- Conduct its business to create sustainable growth in the long run and maintain good relationships with creditors.

3. Net Capital Ratio Maintenance Policy

CNS has a policy to maintain a minimum net liquid capital of Baht 25 million, together with the minimum net liquid capital ratio of 7% of general indebtedness regarding the SEC's requirements.

As of December 31, 2014, CNS's net liquid capital was Baht 4,948.22 million while net liquid capital ratio of 86.16% of general indebtedness. As a result, CNS met the SEC's minimum requirements.

Risk Factors and Legal Disputes

Business Risk

1. Risk from the SET's volatility

The world and domestic economic volatility may have an impact on the investors' confidence in the SET which may consequently affect the fund flows. In the situation that the SET becomes highly volatile and discourage investment, giving rise to a decline in average trading volume may tend to decline, therefore, CNS's brokerage fees as well as fee and service incomes from investment banking business, especially on the financial advisory and underwriting business, will be affected.

Nonetheless, CNS has a policy to restructure its business and service revenues by not depending heavily on any particular lines of businesses. In addition, CNS has an approach to diversify its business to several areas, apart from the brokerage business, to be suitable to various market circumstances such as financial advisory business, fixed income trading business or securities borrowing and lending business in order to offset the shortfall in securities brokerage revenues which are highly sensitive to the SET's volatility.

2. Risk from high competition in securities business

The announcement of the SET and the SEC on the liberalization of securities business licenses and the liberalization of brokerage fee which was effective since 2012, has directly impacted on the profitability of the entire securities industry as well as high competitions among securities firms.

CNS has been aware of such risk and has prepared to enhance competitive advantages both in terms of financial positions and business strategies such as diversifying the revenue structure to other businesses, apart from brokerage businesses, improving quality of research papers, restructuring the organization to improve the efficiency as well as developing financial advisors' competencies and services to cope with the changes in clients' needs.

3. Risk from underwriting and firm underwriting business

CNS may suffer losses from the investment in under-subscribed securities from the underwriting business. Such losses may arise from the firm underwriting as a result of an inappropriate quantity and share price or from the SET's volatility, as well as fluctuations in interest rate and foreign exchange rate; all of which could possibly undermine investors' interest in the newly listed companies.

To minimize such risk, CNS conducts preliminary studies to analyze and investigate the issuers' business profile, industry condition, company performance and future prospects. CNS also evaluates clients' or investors' interests in the quantity of the offered securities in order to support the decision in accepting the underwriting and firm underwriting transactions.

4. Risk from financial advisory business

In providing this kind of service, CNS and its clients must be mutually responsible to disclose accurate, sufficient and detailed information to the public for the following activities; the issuance and offer for sale of securities, the filing of listing applications, the acquisition of securities for business takeovers, as well as opinions provided to shareholders to support their decision making as requested by the SEC or the SET such as connected transactions, the acquisition or sale of securities, tender offers and merger and acquisition and etc.

CNS is prudently selective with respect to its clients and studies clients' preliminary information before accepting the deal. 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 regarding service providers and supervisors in order to ensure that the services provided are effective and in line with the relevant rules and regulations.

5. Personnel Risk

Securities brokerage business is highly vulnerable of expertise turnover, especially financial advisors.

CNS sets up a clear policy to determine appropriate compensation and remuneration in accordance with the SET's requirements as well as a policy to continually educate its financial advisors on investment knowledge and services.

6. 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 prohibiting clients from borrowings to purchase high-risk securities. CNS provides margin loans only for purchases of securities listed in the Marginable Securities List. CNS cautiously screens clients and provides appropriate credit lines corresponding to their financial status to avoid bad debt problems. CNS also recognizes the importance of debt collection by closely reviewing clients' financial status and controlling their credit lines. Simultaneously, all staffs are instructed to strictly follow the rules, regulations and laws relevant to CNS's business.

7. 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 relevant rules and regulations.

Complying with the aforementioned laws, rules and regulations, particularly the amendments or additions thereof, may affect CNS's performances. Many cases may significantly lead to the increase in cost of compliance. Some cases may lead to an intense competition and more competitors.

Financial Risk

1. Risk from funding

CNS provides margin loan services which will increase clients' purchasing power for investment and the market liquidity. Accordingly, CNS needs working capital for liquidity management and sufficient funds to serve the clients' needs in the margin loan business. The needs of funds depend on the overall market turnover.

CNS has a funding policy concerning the risks from interest rate, foreign exchange, repayment period as well as business relationship, needs of funds and the world and domestic financial conditions.

CNS has a funding policy from both short-term and long-term borrowings to align with liquidity, financial conditions and financial costs. CNS considers several funding sources to create flexibility in funding as well as business relationship.

In case CNS has borrowings in foreign currency, CNS has a risk management policy to fully hedge the borrowings in foreign currency.

2. Risk from interest rate

CNS sets a low interest rate on margin loan, which is the short-term loan, to be competitive whereas CNS funds both in short-term and long-term to align with financial conditions.

CNS is aware of the risk from interest rate and considers appropriate proportions of the funds to align with its business operation.

Risk over Shareholders' Right and Investment

1. Risk from majority shareholdings over than 75% of registered capital

As of the latest book closing date on June 12, 2014, Nomura Group was CNS's major shareholder, holding CNS's shares totaling 1,844,659,331 shares or 85.78% of CNS's registered and paid-up capital. Such shareholding proportion exceeded 3/4 of total shareholdings and made Nomura Group become a controlling person of CNS. Accordingly, Nomura Group may influence in decision making in every issue that requires the approval from shareholders' meetings and other shareholders may not be able to aggregate sufficient votes to balance and examine the issues which major shareholder proposes to the shareholders' meetings. In addition, in case other shareholders may see a takeover opportunity by other parties to add value to CNS, the takeover transaction may not incur without the consent of the major shareholder regarding such shareholding concentration.

Nonetheless, CNS's Board of Directors consists of internal management directors, representative directors from major shareholders and independent directors. All directors are competent and could perform effectively.

Also, CNS has appointed 4 independent directors out of 10 directors which are not less than 1/3 of total directors and not less than 3 directors as required by the SEC. Accordingly, 3 independents are appointed as audit committees to consider CNS's transactions with related parties or any transactions that may lead to conflict of interests to ensure that such transactions are reasonable and most beneficial to CNS.

2. Risk from low free float and trading liquidity

As of the latest book closing date on June 12, 2014, Nomura Group was CNS's major shareholder, holding CNS's shares totaling 1,844,659,331 shares or 85.78% of CNS's registered and paid-up capital; 60.67% by Nomura Asia Investment (Singapore) Pte. Ltd. and 25.11% by Nomura Holdings, Inc. Meanwhile, minority shareholders held the remaining shares of 14.22%. As a result, there was a free float of 14.22% traded in the market which may cause the trading liquidity in the secondary market be diminished and may affect general investors' access into the normal trading. Therefore, minority shareholders may face with difficulty in selling the securities in the market at the amount, price and time required.

3. Risk from lower free float than the SET's requirement in the distribution of minority shareholdings

Free float is beneficial to shareholders of listed companies and investors as to trading liquidity at proper prices. In addition, liquidity is important in maintaining a security's attractiveness and helping listed companies raise funds easily and successfully. Regarding to the SET's notification Re: Maintaining the Status of Listed Companies in the Exchange, a listed company shall maintain its qualification with respect to share distribution so that its ordinary shares shall be held by minority shareholders in a number not less than 150 and such shareholders shall hold shares in aggregate not less than 15 percent of the paid-up capital. The SET shall consider the share distribution report that a listed company shall submit to the SET from the shareholder list used for a company's annual general meeting of shareholders (AGM).

In case that a listed company has the number of minority ordinary shareholders and the aggregate number of minority ordinary shares held by them less than those stipulated above, the SET shall notify of such event in writing and a listed company shall proceed with the distribution of shareholdings to meet the full numbers stipulated above within 1 year from the end of the period which a listed company shall submit the share distribution report. If a listed company does not meet the free float requirement for two consecutive years or more, the SET will publicly release their names and initiate action to collect additional fees, above from normal annual fees, until the requirement is met. Additional fees are calculated based on the length of time in breach and the size of the shortfall in free float.

As of the latest book closing date on June 12, 2014, Nomura Group was CNS's major shareholder, holding CNS's shares totaling 1,844,659,331 shares or 85.78% of CNS's registered and paid-up capital. Minority shareholders held the remaining shares of 14.22%. Accordingly, there was a free float of 14.22% traded in the market which was lower than the SET's requirement which specified that minority shareholders should hold shares in aggregate not less than 15 percent of the paid-up capital. As a result, CNS encounters a risk from maintaining the status of listed companies in the SET.

In accordance with the guideline stipulated by the SET, CNS shall submit the share distribution report to the SET after the book is closed for AGM No. 1/2558 in April 2015. Therefore, at the end of 2014, CNS was not considered to be a listed company not satisfying the free float requirement.

Legal Disputes

As of December 31, 2014, CNS had no legal dispute cases which was higher than 5% of its shareholders' equity or significantly impacted its business operation.

General Information

The Company name:	Capital Nomura Securities Public Company Limited
Registration No.:	0107537000653
Type of Business:	CNS engages in securities business, mainly in securities brokerage business, derivatives brokerage business, financial advisory business, underwriting business, securities borrowing and lending business, selling agent business and fixed income trading business.
Registered Capital:	Baht 2,150,469,000
Paid-up Capital:	Baht 2,150,469,000
Type of Securities:	Ordinary shares
Total Number of Paid-up Shares:	2,150,469,000 shares
Telephone:	+66(0) 2638 5500 +66(0) 2287 6000
Facsimile:	+66(0) 2287 6001
Homepage:	http://www.nomuradirect.com and http://www.cns.co.th

Office Location

1. Head Office:	25 Bangkok Insurance Building, 15 th -17 th Floor, South Sathorn Road, Sathorn, Bangkok 10120
	Telephone: +66(0) 2638 5000 +66(0) 2287 6000
	Facsimile: +66(0) 2287 6001
2. Bangna Branch:	589/111 Central City Tower 1 Office, 19th Floor, Bangna-Trad Road, Bangna, Bangkok 10260
	Telephone: +66(0) 2725 8600
	Facsimile: +66(0) 2745 6220 +66(0) 2745 6221
3. Phra-Pinklao Branch:	7/129 Central Plaza Pinklao Office Building, 9th 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
4. Vibhavadi-Rangsit Branch:	123 Sun Towers Building B, 23rd 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

Investor Services Network

- 5. Esplanade Branch:** 99 Esplanade Building, 2nd Floor, Room 202-1, Ratchadaphisek Road, Din Daeng, Bangkok 10400

Telephone: +66(0) 2354 0760 +66(0) 2641 3250
Facsimile: +66(0) 2641 3249
- 6. Phaholyothin Branch:** 310 SME Bank Tower, 1st Floor, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok 10400

Telephone: +66(0) 2638 5051 +66(0) 2287 6051
Facsimile: +66(0) 2357 1255
- 7. 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
- 8. 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
- 9. Khon Khaen Branch:** 999, Srichan Road, Nai Muang, Muang, Khonkaen 40000

Telephone: +66(0) 4322 6540 +66(0) 4322 6541
Facsimile: +66(0) 4322 6542
- 10. 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
- 11. 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
- 12. 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
- 13. Chiangrai Branch:** 450/29-32 Moo 13, Phaholyothin Road, Rob Wiang, Muang, Chiangrai 57000

Telephone: +66(0) 5377 4823 +66(0) 5377 4873
Facsimile: +66(0) 5377 4821

- 14. Chiangmai Branch:** 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
- The address has been changed since February 1, 2015 as follows;*
- 30 Punna Place, Room 5, 1st Floor, Nimmanhaemin Road, Soi 6, Suthep, Muang Chiangmai, Chiangmai 50200
- Telephone: +66(0) 5321 0834 +66(0) 5321 0835
Facsimile: +66(0) 5321 0841
- 15. Had Yai Branch:** 434 Supasarn Rangsan Road, Had Yai, Songkla 90110
- Telephone: +66(0) 7422 1542 +66(0) 7422 1543
Facsimile: +66(0) 7422 1544
- 16. Chonburi Branch:** 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
- 17. Ubon Ratchathani Branch:** 756/4 Chayangkul Road, Nai-Muang, Muang, Ubon Ratchathani 34000
- Telephone: +66(0) 4531 5326 +66(0) 4531 5327
Facsimile: +66(0) 4531 5328
- 18. Udonthani Branch:** 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
- The address has been changed since March 16, 2015 as follows;*
- UD Town, Room N203 The Next Zone, 2nd Floor
88 Tongyai Road, Mak Khaeng, Muang Udonthani, Udonthani 41000
- Telephone: +66(0) 4213 6174 +66(0) 4213 6175
Facsimile: +66(0) 4213 6176
- 19. Lampang Branch:** 292-294 Highway Lampang-Ngaw Road, Phrabat, Muang, Lampang 52000
- Telephone: +66(0) 5482 1977 +66(0) 5482 1978
Facsimile: +66(0) 5482 1979
- 20. 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
- 21. 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

- 22. Saraburi Branch:** 88/24 Sudbuntad Road, Pak Priaw, Muang, Saraburi 18000
Telephone: +66(0) 3622 3448-9
Facsimile: +66(0) 3622 3450
- 23. Phetchburi Branch:** 45, 47 Shesraintr Road, Klong Krasaeng, Muang, Phetchburi 76000
Telephone: +66(0) 3240 0582-3
Facsimile: +66(0) 3240 0580
- 24. Representative Office at Lao P.D.R.** ANZ Building, Hatsady Village, Chanthabouly District, Vientiane Capital, Lao P.D.R.
Telephone: +66(0) 2638 5000 +66(0) 2287 6000
Facsimile: +66(0) 2287 6001

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

Auditors

EY Office Limited

By Miss Ratana Jala Certified Public Accountant (Thailand) No. 3734

33rd 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: EY.Thailand@th.ey.com
Website: <http://www.ey.com>

Other Significant Information over Investors' Decision Making

- none -

Securities and Shareholder Information

Number of Registered and Paid-up Capital

1. Registered and Paid-up Capital

CNS's registered capital was 2,150,469,000 ordinary shares listed in the SET at a par value of Baht 1, totaling Baht 2,150.47 million which was fully paid up totaling Baht 2,150.47 million.

As of the latest book closing date on June 12, 2014, CNS's shares were held by foreigners in total of 86.09% of CNS's registered and paid-up capital.

2. Other shares with different rights and conditions from ordinary shares

As of December 30, 2014, the Thai NVDR Company Limited, which is a subsidiary wholly owned by the SET, issued Non-Voting Depository Right (NVDR) of CNS's shares totaling 7,514,787 units or 0.35% of CNS's registered capital, decreasing from 167,356,631 units or 7.78% of CNS's registered capital as of December 27, 2013.

The NVDR holders receive the same financial rights and benefits as investing in CNS's ordinary shares but cannot exercise their voting rights in the shareholders' meeting, except the voting to delist CNS from the SET.

The amount of CNS's ordinary shares issued as NVDR may be changed and it is not under the control of CNS. The investors can check the amount of NVDR in the SET's website (www.set.or.th/nvdr).

Shareholders

1. Major Shareholders

(A) Top Shareholders

Top Shareholders as of June 12, 2014 (The latest book closing date)

Major Shareholders' Name	Number of shares	Holding Percentage (%)
1. Nomura Group ¹		
a. Nomura Asia Investment (Singapore) Pte. Ltd. ²	1,304,659,931	60.67
b. Nomura Holdings, Inc. ³	540,000,000	25.11
2. Mr. Wachira Tayanaraporn	35,237,300	1.64
3. Mrs. Khuntong Udommahuntisuk	20,000,000	0.93
4. Mr. Mongkol Udompetcharaporn	16,319,100	0.76
5. Mr. Chatri Sophonpanich	14,193,000	0.66
6. Mr. Peera Patamavorakulchai	14,061,000	0.65
7. Mr. Rabil Sophonpanich	13,563,000	0.63
Total Major Shareholders	1,958,033,331	91.05

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

¹ Nomura Group is one of the leading financial services groups in Japan and has worldwide operations. It operates offices in over 30 countries. (Based on the information disclosed in Tender Offer for Securities (Form 247-4) dated April 25, 2014 prepared by Advisory Plus Company Limited as a tender offer preparer.)

² Nomura Asia Investment (Singapore) Pte. Ltd. was incorporated in Singapore on March 24, 2014 to invest in CNS's shares. Its registered and paid-up capital was USD 1, wholly owned by Nomura Holdings, Inc. (Based on the list of the shareholders of Nomura Asia Investment (Singapore) Pte. Ltd. as of April 11, 2014 which was the information disclosed in Tender Offer for Securities (Form 247-4) dated April 25, 2014 prepared by Advisory Plus Company Limited as a tender offer preparer.)

³ Shareholder information of Nomura Holdings, Inc. as of September 30, 2014 (The latest information disclosed in its website.) was as the followings;

Shareholder information of Nomura Holdings, Inc. as of September 30, 2014

Listing	The common shares of Nomura Holdings, Inc. are listed on the Tokyo, Nagoya and the Singapore stock exchange. The shares are also listed on the NYSE in the form of American Depositary Shares (ADSs) evidenced by American Depositary Receipts (ADRs). Each ADS represents one share of Common Stock.
Issued Shares	Common Stock : 3,822,562,601 shares
Number of shareholders	470,093

Source: www.nomuraholdings.com

Ten Major Shareholders of Nomura Holdings, Inc.

	Name	Shares Held (thousand shares)	Percentage to Issued Shares (%)
1.	Japan Trustee Services Bank, Ltd. (Trust Account)	161,260	4.22
2.	The Master Trust Bank of Japan, Ltd. (Trust Account)	133,214	3.48
3.	The Bank of New York Mellon SA/NV 10	55,369	1.45
4.	The Chase Manhattan Bank, N.A. London S.L.Omnibus Account	45,104	1.18
5.	State Street Bank West Client-Treaty	43,987	1.15
6.	Japan Trustee Services Bank, Ltd. (Trust Account 1)	42,545	1.11
7.	Japan Trustee Services Bank, Ltd. (Trust Account 6)	42,456	1.11
8.	Japan Trustee Services Bank, Ltd. (Trust Account 5)	42,424	1.11
9.	Japan Trustee Services Bank, Ltd. (Trust Account 3)	41,865	1.10
10.	Japan Trustee Services Bank, Ltd. (Trust Account 2)	41,751	1.09

Remark: Nomura Holdings, Inc. had 181,184 thousand shares of treasury stock which was not included in the major shareholders list above.

(B) Major Shareholders' Influence over Management Policies or Significant Business Operation

As of the latest book closing date on June 12, 2014, Nomura Group was CNS's major shareholder under Nomura Asia Investment (Singapore) Pte. Ltd. and Nomura Holdings, Inc., holding CNS's shares totaling 1,844,659,331 shares or 85.78% of CNS's registered and paid-up capital. Three management representatives from Nomura Group were appointed as CNS's directors as the followings;

- 2 Executive Directors; Mr. Shinichi Mizuno and Mr. Naoki Sugaya
- 1 Non-Executive and Non-Independent Director; Mr. Motoyuki Komabayashi

2. Doing Business as a Holding Company

CNS was not a holding company.

3. Agreements between Major Shareholders over the Company's Issuance and Offer for Sale of Securities or Management and Significant Impact to Business Operation

- None -

Other Securities

1. Convertible Securities

- None-

2. Debt Securities

In 2014, CNS started to raise fund from issuance and offer for sale of debt securities in the form of short-term bill of exchanges with the total amount of not exceeding Baht 1,500 million during October 31, 2014 to October 30, 2015, with a maximum tenor of 270 days from the issued date, to high net worth investors or institutional investors. On October 9, 2014, Fitch Ratings (Thailand) Limited assigned CNS a National Long-Term Rating at AA-(tha), with a Stable Outlook and the National Short-Term Rating at F1+(tha).

As of December 31, 2014, CNS had borrowings in the form of bill of exchanges with the face value of Baht 300 million and the net of discount of Baht 299 million with a maturity in 2015.

Dividend Policy

CNS has a dividend policy at least 60% of its net profit on an annual basis, except for cases when CNS needs more fund for business expansion or other significant activities. However, CNS's dividend payment is subject to the resolutions of shareholders' meeting.

Historical data of dividend payments over the past 5 years

Dividend Payment for the Performance of*	Fiscal Year 2013*** (Jan 2013 - Dec 2013)	Fiscal Year 2012** (Jan 2012 - Dec 2012)	Four-month period** of Sep 2011 – Dec 2011	Fiscal Year 2011** (Sep 2010 - Aug 2011)	Fiscal Year 2010** (Sep 2009 - Aug 2010)
Dividend payment per share (Baht)*	0.17	1.60	0.50	3.10	1.70
Net income (Million Baht)	394.04	187.99	37.44	217.26	117.10
Dividend payout ratio (%)	92.78	61.01	91.34	97.59	99.29

* CNS changed the fiscal year from "September 1 to August 31 of every year" to "January 1 to December 31 of every year" with the objective to match the normal fiscal year for most of the SET-listed and brokerage firms, which would make it easier for shareholders, investors and all stakeholders to compare CNS's earnings performance with its peers in the industry.

** Dividend payment per share paid in the fiscal year 2010, 2011, the four-month period of September – December 2011 and the fiscal year 2013 were based on an ordinary share at a par value of Baht 10.

*** Dividend payment per share paid in the fiscal year 2013 was based on an ordinary share at a par value of Baht 1.

Management Structure

Board of Directors

As of December 31, 2014, CNS had 10 members of the Board of Directors which consisted of internal management directors, representative directors from major shareholders and independent directors, for the Board's effective performance as the followings;

- | | | |
|-----|--------------------------------|--|
| 1. | Mr. Suthep Peetakanont | Chairman of the Board of Directors and
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. Motoyuki Komabayashi | Director |
| 7. | Mrs. Wattanee Phanachet | Chairman of the Audit Committee and Independent Director |
| 8. | Col. Ruangsub Kovindha | Audit Committee and Independent Director |
| 9. | Mr. Prasert Virasathienpornkul | Audit Committee and Independent Director |
| 10. | Dr. Prasit Kanchanasakdichai | Independent Director |

Miss Kridsana Kulpanyalert was the secretary of the Board of Directors.

The Company's Authorized Directors

Regarding CNS's affidavit, a list of authorized directors signing on behalf of CNS is as the followings;

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

Any 2 directors of the above list are authorized to sign and bind CNS with CNS's seal.

The Number of Board of Directors' Meetings and the Attendance by Individual Members in 2014

Director Name	Position	Number of Meetings	Number of Attendance
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	14	14
2. Mr. Shinichi Mizuno	President	14	14
3. Mr. Nimit Wongjariyakul	Executive Director	14	14
4. Mr. Naoki Sugaya	Executive Director	14	14
5. Mrs. Chrisana Sae-Leiw	Executive Director	14	14
6. Mr. Motoyuki Komabayashi ¹	Director	14	11
7. Mrs. Wattanee Phanachet	Chairman of the Audit Committee and Independent Director	14	14
8. Col. Ruangsub Kovindha ²	Audit Committee and Independent Director	14	14
9. Mr. Prasert Virasathienpornkul	Audit Committee and Independent Director	14	12
10. Dr. Prasit Kanchanasakdichai ³	Independent Director	14	13

Remark:

¹ Mr. Motoyuki Komabayashi had other engagements so he could not attend the Meeting No. 1/2557, 6/2557 and 8/2557.

² Col. Ruangsub Kovindha had other engagements so he could not attend the Meeting No. 6/2557 and 7/2557.

³ Dr. Prasit Kanchanasakdichai had other engagements so he could not attend the Meeting No. 6/2557.

Top Management

As of December 31, 2014, CNS had 13 members of Top Management as the followings;

- | | | |
|-----|--------------------------------|--|
| 1. | Mr. Suthep Peetakanont | Chairman of the Board of Director and 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. Motoyuki Komabayashi | Director |
| 7. | Mrs. Wattanee Phanachet | Chairman of the Audit Committee and Independent Director |
| 8. | Col. Ruangsub Kovindha | Audit Committee and Independent Director |
| 9. | Mr. Prasert Virasathienpornkul | Audit Committee and Independent Director |
| 10. | Dr. Prasit Kanchanasakdichai | Independent Director |
| 11. | Mrs. Krittika Tharamart | Director of Retail Sales Division 2 |
| 12. | Miss. Kridsana Kulpanyalert | Division Head of Finance Division |
| 13. | Mr. Yasuhiro Terasa | Division Head of Investment Banking Division |

The above Top Management was under the SEC's notification.

Top Management Shareholding as of December 31, 2014

Name	Position	Number of shares
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and 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. Motoyuki Komabayashi	Director	-
7. Mrs. Wattanee Phanachet	Chairman of the Audit Committee and Independent Director	-
8. Col. Ruangsub Kovindha	Audit Committee and Independent Director	-
9. Mr. Prasert Virasathienpornkul	Audit Committee and Independent Director	-
10. Dr. Prasit Kanchanasakdichai	Independent Director	-
11. Mrs. Krittika Tharamart	Director of Retail Sales Division 2	800,000
12. Miss. Kridsana Kulpanyalert	Division Head of Finance Division	-
13. Mr. Yasuhiro Terasa	Division Head of Investment Banking Division	-
Total		800,000

Company Secretary

The Board of Directors resolved to appoint Miss. Kridsana Kulpanyalert, Division Head of Finance Division, as a company secretary since March 22, 2013.

Directors' and Top Management's Remuneration

1. Monetary Remuneration

(A) Directors' Remuneration

CNS's Director's remuneration paid in 2014 regarding the resolution of the annual general shareholder's meeting No. 1/2557 on April 25, 2014 as the following details;

Unit: Baht

Director Name	Position	One-time Remuneration	Audit Committee Remuneration	Meeting Allowance	Total
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	250,000	-	-	250,000
2. Mr. Shinichi Mizuno	President	220,000	-	-	220,000
3. Mr. Nimit Wongjariyakul	Executive Director	220,000	-	-	220,000
4. Mr. Naoki Sugaya	Executive Director	220,000	-	-	220,000
5. Mrs. Chrisana Sae-Leiw	Executive Director	220,000	-	-	220,000
6. Mr. Motoyuki Komabayashi	Director	220,000	-	-	220,000
7. Mrs. Wattanee Phanachet	Chairman of the Audit Committee and Independent Director	240,000	300,000	280,000	820,000
8. Col. Ruangsub Kovindha	Audit Committee and Independent Director	240,000	240,000	280,000	760,000
9. Mr. Prasert Virasathienpornkul	Audit Committee and Independent Director	240,000	240,000	240,000	720,000
10. Dr. Prasit Kanchanasakdichai	Independent Director	240,000	-	260,000	500,000
Grand Total		2,310,000	780,000	1,060,000	4,150,000

(B) Top Management's Remuneration

Top management's remuneration consisted of directors' remuneration, executive directors' remuneration and executives' remuneration as the following details;

- Directors' remuneration was paid as described in (A) Directors' Remuneration.
- Executive directors' remuneration, excluding salary, bonus and other benefits, was paid as described in (A) Directors' Remuneration.
- Executive directors' and executives' remuneration as salary, bonus and other benefits, was paid in comparison with peers in the industry, based on their duties and responsibilities as well as CNS's and their performance during the past year as the following details;

Top Management's Remuneration	Fiscal Year 2014 (Jan 1, 2014 – Dec 31, 2014)	
	Number of persons	Remuneration (Baht)
Salary and Bonus	10	85,311,273
Social security fund contributions, provident fund contributions and other benefits	10	32,571,791
Total	10	117,883,064

Remark: The above remuneration was paid to 5 executive directors and 5 executives, including 2 resigned executives and 1 newly appointed executive during the year.

2. Other remuneration

Provident fund

CNS and its employees have jointly registered a provident fund scheme under the Provident Fund Act B.E 2530. The fund has been contributed to by both the employees and CNS at the rate of 5% - 10% of the employee's salary. The fund has been managed by TISCO Asset Management Limited and shall be paid to the employees upon their termination in accordance with the rules of the fund. Foreign executive directors are prohibited to join the program. Please see details of other remuneration paid to Top Management as described in (B) Top Management's Remuneration.

Employee Joint Investment Program (Cancelled since June 9, 2014)

CNS established the Employee Joint Investment Program ("the EJIP"), one of the employee welfare benefits. This program supported the employees who voluntarily apply to be the EJIP members to create their wealth by holding CNS's shares. The EJIP members must contribute a certain amount or a certain portion, but not less than Baht 500 and not greater than 10% of their salary and average incentive, on a monthly basis. CNS contributed to the EJIP members at 10% of their contributions. Executive directors were prohibited to join the program. Regarding the tender offer made by Nomura Group in the mid of 2014, CNS cancelled the EJIP since June 9, 2014.

Personnel

1. Headcount

As of December 31, 2014, CNS had 548 employees.

Business Lines	Headcount
Chairman of the Board of Director and Chairman of the Board of Executive Directors	1
President	1
Executive Directors	3
Retail Division	12
Financial Advisory Department	230
Bangna Branch	13
Phra Pinklao Branch	13
Vibhavadi-Rangsit Branch	21
Direct Department	17
Investor Services Network	53
Domestic Institutions Department	7
Foreign Institutions Department	5
Overseas Investment Sales Department	2
Investment Banking Division	15
Fixed Income Sales and Trading Department	8
Wealth Management Department	1
Back offices	146
Total	548

CNS has 397 headcounts under line departments as followings; Retail Division Financial Advisory Department, Bangna Branch, Phra Pinklao Branch, Vibhavadi-Rangsit Branch, Direct Department, Investor Services Network, Domestic Institutions Department, Foreign Institutions Department, Overseas Investment Sales Department, Investment Banking Division, Fixed Income Sales and Trading Department and Wealth Management Department.

2. Labor dispute for the past 3 year

CNS had no significant labor dispute during the past 3 years.

3. Employees' Remuneration

In 2014, Employees' remuneration in the forms of salary, bonus, provident fund contributions and other benefits were as the followings;

Employees' Remuneration	Fiscal Year 2014 (Jan 1, 2014 – Dec 31, 2014)
	Remuneration (Baht)
Salary and Bonus	484,231,415
Social security fund contributions, provident fund contributions and other benefits	136,383,070
Total	620,614,485

4. Employee Development Policy

Employee development costs over the past 3 years was as the followings;

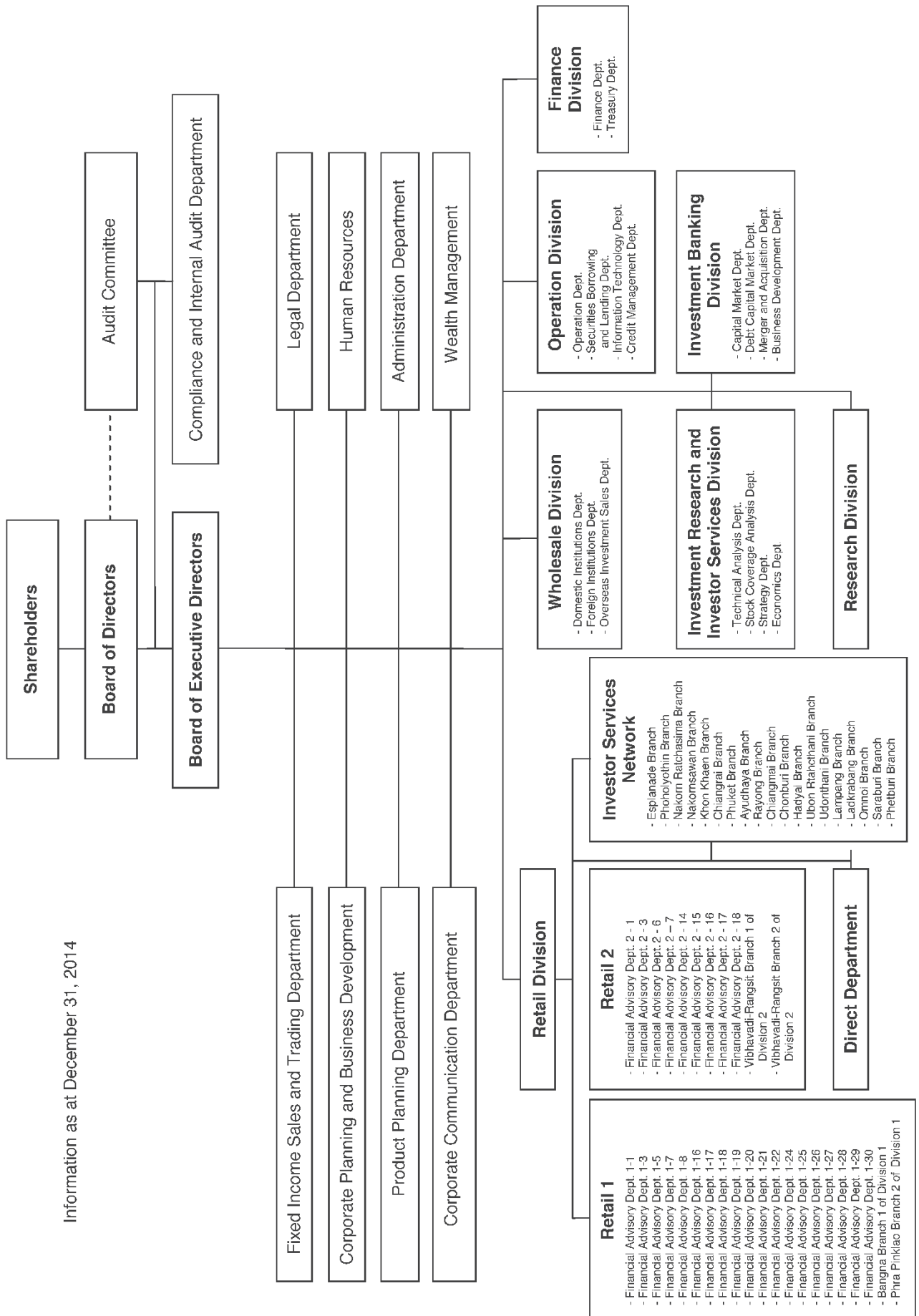
Employee Development Costs	Fiscal Year 2014 (Jan 1, 2014- Dec 31, 2014)	Fiscal Year 2013 (Jan 1, 2013- Dec 31, 2013)	Fiscal Year 2012 (Jan 1, 2012- Dec 31, 2012)
Training and seminar cost (Baht)	848,261	755,115	749,965

CNS allocates a budget of continual staff developments both in professional and general knowledge. CNS develops employees of all business lines to be competent and expertise under their areas. CNS also provides overseas trainings from the experts.

Besides, CNS also invites the experts from overseas to share their views on economic outlook and their investment knowledge in order to enhance the competency and competitiveness of CNS's employees in the long run.

Organization Chart

Information as at December 31, 2014



Management Profile

Profile of Directors, Management, Controllers and Company Secretary as of December 31, 2014

Name-Surname / Current Position	Age (Yrs)	Education Background	Shareholding in CNS (%)	Family Relationship Among Executives	Work Experiences			Training Program
					Period	Position	Name of the company / unit	
Mr. Suthep Peetakanont Chairman of the Board of Directors and Chairman of the Board of Executive Directors	53	Master of Business Administration, University of Missouri, Kansas City, U.S.A	-	-	Sep 2011 - Present	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	Capital Nomura Securities Plc.	<ul style="list-style-type: none"> Capital Market Academy, 2007, Leader Program (CMA) 4 Director Certification Program (DCP), 2000 / Thai Institute of Directors Association (IOD) Chairman 2000, 2002 / Thai Institute of Directors Association (IOD)
					Jun 2010 - Aug 2011	Chairman of the Board of Directors and Acting Chairman of the Board of Executive Directors	Capital Nomura Securities Plc.	
					Dec 2009 - May 2010	Chairman of the Board of Directors and Executive Directors	Capital Nomura Securities Plc.	
					Jun 2009 - Dec 2009	Honorary Chairman	Capital Nomura Securities Plc.	
					Sep 1997 - May 2009	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	Capital Nomura Securities Plc.	
Mr. Shinichi Mizuno President	48	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, Denendofu 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.	

Name-Surname / 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. Nimit Wongjatyakul Executive Director	50	Master of Engineering, Pennsylvania State University, U.S.A.	-	-	Dec 2007 - Present 1998 - Dec 2007	Executive Director Head of Investment Banking Division	Capital Nomura Securities Plc. Capital Nomura Securities Plc.	<ul style="list-style-type: none"> Leader Program 16, 2013, Capital Market Academy DCP Refresher Course, 2009, Thai Institute of Directors Association (IOD)
Mr. Naoki Sugaya Executive Director	49	Bachelor of Agriculture, Meiji University, Japan	-	-	2009 - Present 2003 - 2009 2001 - 2003	Executive Director Business Manager of Fixed Income Division - Asia Pacific Head of Administration	Capital Nomura Securities Plc. Nomura International (Hong Kong) Limited Nomura Italia SIM P.A., Milano, Italia	-
Mrs. Chrisana Sae-Leiw Executive Director	54	Bachelor of Science, Southern Adventist University, U.S.A.	-	-	2009 - Present 1996 - 2008	Executive Director Director	Capital Nomura Securities Plc. Capital Nomura Securities Plc.	<ul style="list-style-type: none"> Transformative Engagement Workshop, 2014, Prana Consulting 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

Name-Surname / 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. Motoyuki Komabayashi Director	54	The degree of Bachelor of Laws, Keio University, Japan	-	-	May 2013 – Present	Director	Capital Nomura Securities Plc.	-
					Apr 2013 – Present	Managing Director	Nomura Holdings, Inc.	
					Apr 2008 – Mar 2013	Managing Director	Nomura Securities Co., Ltd.	
					Jul 2005 – Mar 2008	Executive Director	Nomura Securities Co., Ltd.	
					Jul 2001 – Jun 2005	Deputy Head of Risk Management	Nomura International Plc., London	
					Jun 1999 – Jun 2001	Head of Asia Risk Management	Nomura International Plc., Hong Kong	
Mrs. Wattanee Phanachet Chairman of the Audit Committee and Independent Director	77	M.A.(Accounting), University of Alabama, U.S.A.	-	-	1998 - Present	Chairman of the Audit Committee and Independent Director	Capital Nomura Securities Plc.	<ul style="list-style-type: none"> • DCP Refresher Course, 4/2007, Thai Institute of Directors Association (IOD) • Audit Committee Program (ACP), 16/2007, Thai Institute of Directors Association (IOD) • Board Performance Evaluation, 2004, Thai Institute of Directors Association (IOD) • Director Certification Program (DCP), 15/2002, Thai Institute of Directors Association (IOD)
					2007 - Present	Audit Committee and Independent Director	Esso (Thailand) Plc.	
					2005 - Present	Specialist in the field of Finance and Accounting	Civil Service Commission	
					1999 - 2013	Audit Committee and Independent Director	Thai Poly Acrylic Plc.	
					2006 - Apr 2009	Audit Committee and Independent Director	Electricity Generating Plc.	
					2005 - 2008	Head, Sub-Committee on Certified Public Accountant's Qualification	Federation of Accounting Professions	
					2006 – 2007	Committee on Curriculum Quality Guarantee	Faculty of Commerce and Accountancy, Chulalongkorn University	
					1999 - 2006	Audit Committee and Independent Director	Delta Electronics (Thailand) Plc.	

Name-Surname / 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. Prasert Virasathienpompikul Audit Committee Member and Independent Director	54	Master of Business Administration, University of Wisconsin Madison, U.S.A.	-	-	1999 - Present	Audit Committee Member and Independent Director	Capital Nomura Securities Plc.	<ul style="list-style-type: none"> Director Certification Program (DCP), 2002, Thai Institute of Directors Association (IOD)
					Present	Chairman of the Audit Committee and Independent Director	Master Ad Plc.	
					Present	Chairman of the Audit Committee and Independent Director	Dail Group Plc.	
Col. Ruangsub Kovindha Audit Committee Member and Independent Director	62	Bachelor of Science in Engineering, University of Alabama, U.S.A.	-	-	2002 - Present	Audit Committee Member and Independent Director	Capital Nomura Securities Plc.	<ul style="list-style-type: none"> Director Accreditation Program (DAP), 2007, Thai Institute of Directors Association (IOD) Capital Market Academy Leader Program (CMA 14)
					2000 - Present	Managing Director	United Information Highway Co., Ltd.	
Dr. Prasit Kanchanasakdiichai Independent Director	50	DBA in Finance with highest score in the class as well as Beta, Gamma, Sigma Honor, Boston University, U.S.A.	-	-	Dec 2010 - Present	Independent Director	Capital Nomura Securities Plc.	<ul style="list-style-type: none"> Director Accreditation Program (DCP), 2004, Thai Institute of Directors Association (IOD)
					Present	President	Thai Const & Building Manufacturing Public Company Limited	
					Present	Managing Director	C.M. Manufacturing Company Limited	
					Present	Managing Director	T.C.B. Home Center Company Limited	
					2004 - 2008	President	Hory Engineering Corporation (Japan)	
					2004 - 2008	President	MK Industry Co., Ltd (Korea) or Hory Engineering Korea	
					2004 - 2008	President	Peri-Hory Asia Formwork Plc. Ltd. (Singapore)	

Name-Surname / Current Position	Age (Yrs)	Education Background	Shareholding in CNS (%)	Family Relationship Among Executives	Work Experiences			Training Program
					Period	Position	Name of the company / unit	
Mrs Kritika Tharamart Director of Retail Sales Division 2	54	Bachelor of Education, Phranakhon Rajabhat University	0.037% (800,000 shares)	-	May 2009 - Present 1986 - 2009	Director of Retail Sales Division 2 Head of Retail Sales Division 2	Capital Nomura Securities Plc. Capital Nomura Securities Plc.	-
Mrs.Kridsana Kulpanyalert Division Head of Finance Division and Company Secretary*	52	Master of Business Administration, Thammasat University Bachelor of Accounting, Thammasat University	-	-	2013 - Present 2012 2000 - 2011	Division Head of Finance Division Chief Operation Officer Department Head of Credit Management Department	Capital Nomura Securities Plc. Alphametrics Co., Ltd Capital Nomura Securities Plc.	<ul style="list-style-type: none"> • TFRS Update (revised 2014 and 2012), Federation of Accounting Professions • Update of Accounting Standard, 2013, NYC Management Co., Ltd. • Deferred Tax Accounting, 2013, NYC Management Co., Ltd. • Hedge Accounting, 2013, NYC Management Co., Ltd. • Update of Accounting Standard 8 issues, 2010, Ministry of Commerce • Update of Accounting Standard, 2010 (Property Plant and Equipment, Ministry of Commerce
Mr. Yasuhiro Terase Division Head of Investment Banking Division	41	The degree of Bachelor of Commerce Waseda University Japan	-	-	July 2014 - Present 2011 - June 2014 2009 - 2011	Division Head of Investment Banking Division Sales Representative - Kobe Branch Sales Promotion and Marketing Department	Capital Nomura Securities Plc. Nomura Securities Co., Ltd. Nomura Asset Management U.S.A. Inc.	-

Remarks:

*Company Secretary has to perform her duty under the Section 89/15 and 89/16 of the Securities Exchange Act (no.4) B.E.2551 (2008) effective from August, 2008 with responsibility, carefulness and integrity. She has to comply with related rule and regulation, Company's Article of Association. The Company Secretary's duties are as follows;

1. Preparing and keeping important document such as Directors Register, Invitation Letter to Board of Directors, Minute of the Board of Directors Meeting, Notification to shareholders for the Annual General Meeting of Shareholders and Minute of the Annual General Meeting of Shareholders etc.
2. Performing any duty as required by the Capital Market Supervisory Board
3. Performing any duty as required by the Company;
 - 3.1 Arranging meeting for the Board of Directors and the Annual General Meeting of Shareholders
 - 3.2 Coordinate with regulators to ensure that the Company discloses information as required by the rule and regulation.
 - 3.3 Providing Director briefing to newly appointed Directors
 - 3.4 Performing any duty as assigned by the Company

Corporate Governance Policy

The Company has recognized the importance of Good Corporate Governance to boost the Company's competitiveness, growth and long-term shareholder value and also to take into account the interests of other company's stakeholders.

The Company set up a policy on Good Corporate Governance in compliance with the 5 categories of Good Corporate Governance Principle outlined by the Stock Exchange of Thailand. The Board of Directors has approved the policy covering all principles as below:

1. Right of shareholders

The Company recognizes shareholders' rights and would encourage shareholders to exercise their rights properly.

2. Equitable treatment of shareholders

The Company respects all shareholders' right and would treat them fairly and equally. Shareholders who cannot vote in person can vote by proxy. The Company disallows all employees to use inside information for abusive self-dealing, such as insider trading or related party transactions. All Board members and employees are requested to disclose to the Company whether they and their related parties have any interest in any transaction or matter directly affecting the Company. Board Members who are connected persons on a particular issue are disallowed to participate in the decision-making process on such issues.

3. Role of stakeholders

The Company recognizes and respects stakeholders' legal right and would provide communication channels to promote cooperation between the Company and its stakeholders in order to create wealth, financial stability and sustainability of the Company. Stakeholders in this sense are shareholders, public, industry, clients, authorities, counter parties, creditors and employees. The Company will provide effective communication channels for stakeholders to communicate to the Company any concerns about illegal or unethical practices, incorrect financial reporting, insufficient internal control, etc. The rights of any person who communicates such concerns shall be protected. Management of the Company contributes to the sustainable development of its business and will consider the directly or indirectly effect of its operation to the environment or society.

4. Disclosure and transparency

The Company discloses all important information relevant to the Company as requested by SET and SEC, both financial and non-financial, correctly, accurately, on a timely basis and transparent through easy-to-access channels that are fair and trustworthy.

5. Responsibilities of the Board of Directors

The Company's Board of Directors is accountable to shareholders. The Board of Directors has leadership, vision, and independence in making decisions for the best interests of the Company and all shareholders. Other than Audit Committee and Risk Committee, the Company has also set up committees to consider credit issues and marginable securities to enhance the Company's brokerage business. Committees have a clear scope of their work, roles and responsibilities as well as working procedures. The Board of Directors Members performs their duties in good faith, with due diligence and care, in the best interests of the Company and all shareholders. The Company will provide the meeting schedule to facilitate all board members be able to attend the meeting.

The Company's Board of Directors was aware of the performance efficiency as a key factor by implementing the assessment for both the Board of Directors and each director. The Company's Board of Directors considered the assessment results of the past year and determined measures to improve its performance in the next year. The Company's Board of Directors also carefully considered the positions held in other companies of each director whether it would affect his/her performance as the Company's director or lead to any conflicts of interests or bias in decision making for the Company's benefits.

For the assessment for the Board of Directors of 2014, the average result was 95.08%, increasing 2.07% from 2013, resulted from the increasing average result of the self-development part by 3.50% from 2013.

For the assessment for each director of 2014, the average result was 93.69%, increasing 1.03% from 2013, resulted from the increasing average result of the board meetings part by 3.67% from 2013.

The Company 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, a number and nature of business that each director is in the position would not affect his/her performance as the Company's director. In addition, the Company also sets up clear policies that each director must declare his/her direct and indirect interest in any agreements which the Company enters into, and each director who has interest in such agreement must not be involved in consideration and voting process in such agreement.

Good Corporate Governance Policy

Capital Nomura Securities Public Company Limited

Section 1 Right of shareholders

Right of shareholders is to be protected and facilitated to exercise their rights, detailed as the followings;

1. Shareholders' meeting

- 1.1. The Company has policies to encourage all shareholders, including institutional ones, to attend the Company's shareholders meeting.
- 1.2. The Company provides shareholders, in advance of meetings, with the date, time, venue, and all agenda items with the rationale or explanation for each agenda item or resolution in the notice of the annual general meeting or extraordinary general meeting or circulars and/or the accompanying statement.
- 1.3. The Company facilitates shareholder participation and voting in meetings.
- 1.4. The Company provides proxy forms on which shareholders are able to specify their votes. The Company's shareholders can appoint an independent director as their proxy.

2. Procedures on the shareholders' meeting date

- 2.1. To have secured, fast, precise, and accurate technology in the shareholders meeting, the Company uses computer system for recording attendee registration, printing ballots and processing voting results.
- 2.2. The Company requires all directors to attend shareholders meetings. Shareholders can ask questions directly to the chairpersons of the committee responsible for any specific issue.
- 2.3. In the meetings, Shareholders votes for each agenda and especially for director nomination, shareholders vote for each person.
- 2.4. The Board of Directors shall appoint an independent party of scrutineers / inspectors to count and/or validate votes at the annual general meeting or extraordinary general meeting. This scrutineer shall be disclosed at the meeting and recorded in the minute.
- 2.5. For the sake of transparency and future reference, the Company uses voting cards for all agendas.
- 2.6. The Company provides adequate time for discussion and encourages shareholders to express their opinions and ask questions related to the Company's operations.

3. Writing and releasing of the minutes of shareholders' meetings

- 3.1. The minutes of shareholders meetings includes voting and counting procedures, an opportunity for shareholders to ask questions or raise issues, questions and answers, resolutions and detailed voting results of each agendas consisted of approving, dissenting, and abstaining votes, and list the Board of Directors members who attended or missed the meetings.

- 3.2. The Company publishes on its website by the next working day the result of voting during the annual general meeting or extraordinary general meetings for all resolutions.
- 3.3. The Company publishes the minutes of shareholders meetings on its website within 1 month from the meeting date.

Section 2 Equitable treatment of shareholders

1. Release of information before the shareholders' meeting

- 1.1. The Company releases its Notice of Summoning to attend the Annual General Meeting of Shareholders, with detailed agenda and explanatory circulars, at least 28 (twenty eight) days before the date of the meeting.
- 1.2. The Company sends the Company's Articles of Association relating the Shareholders meeting to inform shareholders of meeting procedures and voting criteria.
- 1.3. The Company's Notice of Summoning to attend the Annual General Meeting of Shareholders is fully translated into English and published at the same time as the local language version.

2. Protection of minor shareholders

- 2.1. The Company shall not add any agenda item without notifying all shareholders in advance.
- 2.2. In election process of directors, shareholders are allowed to vote on individual nominees.

3. Protection against abuse of inside information

- 3.1. The Company has established Insider Trading Rule and all employees are requested to acknowledge such rule.
- 3.2. Every director and executives are requested to submit a report on their ownership of the Company's shares and such information are disclosed in the Company's Annual Report.

4. Conflicts of interest by directors

- 4.1. The Company requires directors to inform to the Board of Directors of their conflicts of interest regarding each agenda item before consideration by the Board of Directors. Such conflicts are to be minuted.
- 4.2. The connected persons of each agenda are required to abstain from participating in the Board of Directors discussion on the agenda, he / she has a conflict of interest.

Section 3 Role of stakeholders

1. Policies affecting stakeholders

- 1.1. The Board of Directors identifies stakeholders as shareholders, public, industry, clients, authorities, counter parties, creditors and employees.
- 1.2. The Company realized that all stakeholders should be treated fairly in accordance with their legal rights as specified in relevant laws or commitments.
- 1.3. The Company shall not take any action to violate the right of such stakeholders. The Board of Directors recognizes and respects their legal rights as following:

Right of Shareholders

The basic rights of shareholders includes 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 the Company 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 the Company such as amendments to the Company's article of association and affidavit, capital increase or decrease.

The Company has the policy not to do any actions that limit or violate shareholders' rights which do not cover only rights as stated by law but also cover the right to study the Company'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 and no changes made to key information without prior notice to shareholders.

The Company has the policy 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.

The Company has a policy to encourage all members of the Board of Directors especially Chairmen of the Board of Directors, Board of Executive Directors and the Audit Committee to attend the shareholders' meeting to answer the questions posed by attending shareholders.

The Company assigned its corporate secretary to prepare minutes of the meeting of shareholders as well as recording important question and answer issues in the minutes for further verification by the shareholders.

The Company realizes an issue of misuse of inside information which will cause unfairness to shareholders. Therefore, the Company has set up a policy and requested that the directors, management and employees with access to inside information to oblige to the policy by not trading on the Company's stock for trading CNS share 45 days after closing of quarterly financial statement. Directors and management have a legal duty to report their stock holding to send the report to the Board of Directors regularly.

The Company has a policy to require any directors or management who have stake in any transactions to disclose such information to the Board of Directors immediately.

The Company intends to manage the business to make profit to create returns for shareholders. The Company has a dividend policy at least 60% of its net profit on an annual basis, except for cases when CNS needs more fund for business expansion or other significant activities. However, CNS's dividend payment is subject to the resolutions of shareholders' meeting.

Rights of other stakeholders

The Board of Directors respects the rights and benefit of all related groups as follows:

- **Society:** The Company puts emphasis on environmental awareness, helping social causes and to foster religion. The Company has the policy for anti-corruption, set up the guideline and procedures, including activities encouraging its employees to comply with anti-corruption laws and regulations.
- **Industry:** The Company will treat other companies in the industry equally, fairly and justly and will adhere to all agreements and agreements by member companies and to do business within the framework of related rule, laws and regulations. The Company shall kindly cooperate to the industry to improve efficiency of capital market of Thailand.
- **Clients:** The Company emphasizes to provide service with client centricity therefore the Company shall provide variety services to serve clients' needs, keep client satisfaction and maintain good relationship with clients. The Company intends to treat all clients equally with fairness and just by providing quality services and keep confidentiality of client's information.
- **Authorities:** The Company shall strictly follow the rule and regulation and kindly cooperate with the authorities.
- **Counter parties:** The Company intends to do business to create long term sustainability and maintain good relationship among the Company and business partners.
- **Creditors:** The Company has to comply to agreement and condition agreed with its creditors
- **Employees:** The Company realizes the employees as the most valuable resources bringing the great success to the Company. The Company treats employees equally, justly and provides suitable compensation. The Company then provides a good and safe working environment and encourages employees to develop their skill and knowledge for a progress of their career. The Company encourage team spirit, respect individual right and develop norm and culture to drive the competent of each employee.

The Company also set guideline of treatment to stakeholders in a Code of Conduct for several areas including corporate social responsibility, standard practice to clients, compliance with laws and regulations, staff investment, conflicts of interest, confidentiality, fair dealing, protection and proper use of corporate assets, respect for human rights, whistle blow and etc. The Company publishes the Code of Conduct on the Company's website.

The Company has clear procedures on whistle-blowing for related parties or stakeholders and publishes them on its website and annual report.

2. Disclosure on Policy implementation and Sustainability report

The Company had procedure to report significant information in which the stakeholders should be informed of in the annual report and/or the Company's website. Such information includes quarterly financial statements, year-end financial statements, other published information, internal control, list of the Company's Board of Directors, list of major shareholders, minutes of shareholder meeting, annual report and etc. Moreover, The Company 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 the Company's investor relations staff

The Company 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.

The Company assigns a person responsible of Investors Relations to communicate with shareholders, investors as well as analysts and general public. Information disclosure must be correct, complete and on time. The Company determines to promote relationship and encourage shareholders and stakeholders to join hand to add value to the Company.

The Company provides sustainability report on corporate social responsibility (CSR) as a part in the Company's annual report.

Section 4 Disclosure and transparency

1. Disclosure of information

- 1.1. The Company intends to disclose sufficient accurate information to investors for their decision-making.
- 1.2. The Company publishes a summary of the Company's Good Corporate Governance Policy, code of ethics or conduct, risk management policy, and corporate social responsibility policy as approved by the Board of Directors through the Company's annual reports and web site.
- 1.3. The Company's Board of Directors is responsible to approve the Company's audited financial statements for submission to the related authorities and publishing to third parties.
- 1.4. The Company makes a Management Discussion and Analysis (MD&A) for each quarterly financial statement, to summarize the financial position.
- 1.5. The Company discloses both audit and non-audit fee paid to audit firm.
- 1.6. The Company discloses in the annual report the information about roles and responsibilities of the Company's Board of Directors together with the number of meetings held, attendance record of each director.
- 1.7. The Company's remuneration policies for directors and executives are to consider remuneration for directors and executives correspond to the contributions and responsibilities of each person. The forms and the amounts of payment to each person are disclosed properly.

2. The Company discloses the information on the Company's website

In addition to disclose information as specified in regulations through the SET, annual statements (Form 56-1), and annual reports, the Company also disclose information, both in Thai and English, on the Company's website. The information consisted of the followings:

- (1) Vision and mission of the Company;
- (2) Business operations;
- (3) List of members of the Board of Directors and management team;
- (4) Financial statements or reports for the last 5 years
- (5) Downloadable annual statements (Form 56-1), and annual reports;
- (6) Materials provided in briefings to analysts;
- (7) Direct and indirect shareholding structure;
- (8) Direct and indirect shareholding of beneficial owners holding 5% or more of paid-up shares with voting rights;
- (9) Direct and indirect (deemed) shareholdings of major and/or substantial shareholders, directors, and senior management;
- (10) Notice of annual general meeting and extraordinary general meetings;
- (11) Company's articles of association, memorandum, and shareholders agreement (if any);
- (12) Company's corporate governance policy;
- (13) Company's risk management policy and its implementation;
- (14) Board charter, including the types of decisions requiring board approval;
- (15) Code of ethics or conduct for directors, employees;
- (16) Contact details (e.g., telephone, fax, and email) of the unit or officer responsible for investor relations.

Section 5 Responsibilities of the Board

1. Board structure

- 1.1. The Board of Directors is comprised of directors who as a group provide an appropriate balance and diversity of skills, experience and gender in the securities business to perform their duties efficiently.
- 1.2. The Board of Directors, with approval from a shareholders' meeting, is to be composed of at least 5 and no more than 12 directors.
- 1.3. The Board of Directors has independent directors who comment on the performance of the management independently. The number of independent directors meets SEC requirements.
- 1.4. The Company's definition of "independent director" shall be the minimum qualification specified by the SEC and the SET is appropriate for the Company.
- 1.5. In every Annual General Meeting of the Shareholders, 1/3 of directors shall be retired by rotation. Such directors can be re-elected to be board members by the Annual General Meeting of the Shareholders.

- 1.6. The Board of Directors considered and agreed that number, proportion and qualification of the Board of Directors as above are appropriate considering the size of the Company 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 the Company's Good Corporate Governance Policy and he has knowledge, capability and experience in the Company'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.
- 1.7. To ensure that directors have sufficient time to perform their duties, the Company set a limit of five board seats in listed companies, which an individual director can hold simultaneously. Also, the Company discloses information about board memberships of individual directors to the public.
- 1.8. The Company's Board of Executive Directors member can be appointed as board position in other firms up to the approval of the Board of Directors.
- 1.9. The Company secretary shall serve the Board of Directors by providing legal advice, taking care of the Board of Directors' activities, and monitoring compliance with board resolutions. Therefore, the Company secretary will be approved by the Board of Directors to ensure that qualifications, roles and functions and such qualifications, roles and functions are disclosed in the annual report and the Company's website.
- 1.10. The Company secretary is educated or trained in legal, accountancy, or company secretarial practices.

2. Committees

The Company has the Audit Committee, Credit Review Committee, Risk Management Committee and Marginable Securities Committee. The Company has no Remuneration committee and Nomination committee but the Board of Executive Directors performs the function of Remuneration committee and Nomination committee and proposes the result to the Board of Directors for consideration to propose to get approval from the shareholder. The criteria used in selecting and the process followed in appointing new directors and senior management is disclosed.

The Board of Executive Directors is responsible for setting the criteria and the form of payment to directors and top executives and presenting the results to the Board of Directors. The Board of Executive Directors approves executives' remuneration. The shareholders approve those of directors.

The Board of Executive Directors is responsible for setting the criteria and process of nominating board members and top executives, selecting qualified candidates according to the predetermined criteria and process, and presenting the results to the Board of Directors.

3. Roles and responsibilities of the Board

- 3.1. For transparency and accountability, the roles and responsibilities are clearly separated between each committee and Management staff as per the following details;

(a) Board of Directors

The Company's Board of Directors consisted of internal management directors, representative directors from major shareholders and independent directors, for the Board's effective performance.

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 the Company in order to make juristic acts for and on behalf of the Company;
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 the Company 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 the Company'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

The Company has policy to have independent directors at least 1/3 of the directors to comply with the SEC's notification.

(b) Board of Executive Directors***Authorities and Duties of the Board of Executive Directors***

1. To operate and oversee the Company'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 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;
 - 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 report promptly to the Board of Directors when there occurs any corruption, suspicion of corruption, illegal acts and other unusual acts, which may significantly affect to the reputation and financial status of the company;
- 1.9. To appoint or assign any person(s) to perform any duties on behalf of the Board of Directors as appropriate where the Board of 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;

(c) Audit Committee

The Company has the policy to set Audit Committee which consisted of at least 3 Independent Directors

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 independence of Compliance and Internal Audit Department, as well as approve appointment, promotion, rotation or termination of Head of Compliance and Internal Audit Department.
3. To review risk assessment and risk management with the Company's management and monitor risk management process.
4. To review the Company's operations in compliance with securities and exchanges laws, SET regulations, and regulations relating to the Company's business.
5. To consider, select and propose the appointment of an independent person to act as the external auditor, propose remuneration and meet with the external auditor privately without the management's presence at least once a year.
6. To consider the Company's transactions with related parties or any transactions that may lead to conflict of interests to comply with SET and SEC regulations and to ensure that such transactions are reasonable and are beneficial to the Company the most.
7. To prepare the Audit Committee Report to be disclosed in the Company's annual report. Such report shall be signed by the Chairman of Audit Committee and shall comprise of at least the following information:

- opinion on the accuracy, completeness and reliability of the Company's financial report
 - opinion on the adequacy of the Company's internal control systems
 - opinion on the compliance with the securities and exchanges laws, SET regulations, and regulations relating to the Company's business
 - opinion on the appropriateness of an external auditor
 - opinion on the transactions that may lead to conflicts of interests
 - the number of Audit Committee Meetings and attendance of each Audit Committee Member
 - overall opinion or notice that the Audit Committee obtained from operating according to the Charter of Audit Committee
 - any issue that the shareholders and general investors should acknowledge under the scope of duties and responsibilities assigned by the Company's Board of Directors
8. Inspect /Assign the inspection on any issue informed by the Company's external auditor in case the external auditor observes suspicious behavior that directors, management or the person who is responsible for the Company's operation might commit any offence against Securities and Exchange Act (No.4) B.E.2551, and report preliminary inspection result to the Office of SEC and the external auditor within thirty days after being informed by the external auditor.
 9. From operating the duties, in case the Audit Committee observes or suspects the following actions:
 - 1) transaction with conflict of interests
 - 2) fraud, irregularity or significant weakness of internal control system
 - 3) offence against securities and exchange laws, SET regulations or any regulations relating to the Company's business that would significantly affect the Company's financial position and operating result, the Audit Committee shall report the issue to the Board of Directors to correct within the period that the Audit committee deems appropriate. Unless the Board of Directors or the management takes action within the predetermined period, any Audit Committee Member may report such issue to the Office of SEC or SET.
 10. Perform any duties assigned by the Board of Directors with the approval of the Audit Committee

(d) Credit Review Committee

The Company has the policy to have Credit Review Committee which consisted of Board of Executive Directors and Department Head of Credit Department.

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

(e) Marginable Securities Committee

The Company has the policy to have Marginable Securities Committee which consisted of Executive Directors in charge of Credit Department, Department Head of Stock Coverage Analysis Department - Investment Research and Investor Services Division and Department Head of Credit Department.

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.

(f) Risk Management Committee

The Company has the policy to have Risk Management Committee which consisted of 2 Executive Directors who are in charge of Risk management Department and Operation Department/Information Technology Department, Department Head of Risk Management Department, Head of Finance Division, Department Head of Compliance and Internal Audit Department and Department Head of Legal Department.

The Members of the Committee might be replaced as appointed by the Board of Executive Directors. The Board of Executive Directors can also adjust a number of members 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.

- 3.2. The Company's corporate governance policy is reviewed and approved by the Board of Directors regularly, at least annually.
- 3.3. The Company's code of business conduct shall be in place so that all directors, executives and employees understand business ethical standards of the Company. Compliance and Internal Audit Department is assigned to monitor the compliance of the conduct and report the result to the Board of Directors accordingly.
- 3.4. The Board of Directors considers any conflict of interests thoroughly to ensure that the transactions are conducted for the best interests of the Company and all shareholders. Persons who have vested interests in a given transaction cannot participate in decision-making process.
- 3.5. To ensure that an internal control system is in place, including financial, compliance and policy controls, the Board of Directors assigns Compliance and Internal Audit Department to independently audit and report on the system and report to the Board of Directors at least annually. The result is disclosed in the annual report.
- 3.6. The Company establishes a risk management policy to cover the following risks; strategic risk, liquidity risk, credit risk, information technology risk, operation risk, market risk and compliance risk. The risk assessment is carried out annually and the report of risk assessment is reviewed by the Board of Directors and disclosed in the annual report.
- 3.7. The Company's annual report contains a statement from the Board of Directors on the adequacy of the Company's internal controls and risk management systems.
- 3.8. The Company has clear procedures on whistleblowing for related parties or stakeholders and publishes them on the Company's website or annual report.

4. Board meetings

- 4.1. The Company sets its tentative board meeting schedule for the whole year and notifies each director of the schedule for the Board member to manage time to attend meetings.
- 4.2. The Board of Directors meetings are scheduled on monthly and the Chairman may call for extraordinary meeting to consider urgent matter.
- 4.3. The Chairman of the Board of Directors sets the Board of Directors meeting agenda and ensures that all important issues are included. Each member of the Board of Directors is free to propose an issue for a meeting agenda.
- 4.4. The invitation letter, agenda and meeting documents are sent to each board member at least 5 working days in advance of the meeting.
- 4.5. The Chairman appropriately allocate the meeting time for complete management presentation and comprehensive discussion by directors.
- 4.6. The Board of Directors are able to access to additional information, under prearranged conditions, via company secretary or executive designated as a contact person. If necessary, the Board of Directors may provide the opinions from a professional consultant for an independent advisor at the Company's expense.
- 4.7. Non-executive directors should be able to meet, as necessary, among themselves without the management team in order for them to debate their concerns. The non-executive directors should notify the Board of Directors as to meeting outcomes.

5. Board self-assessment

- 5.1. Board self-assessment is conducted regularly, at least once a year, to allow all members of the Board of Directors to consider the Board of Directors' performance and solve any problems they may have.
- 5.2. Members of the Board of Directors assess the performance of the Board of Directors as a whole and on an individual basis. The Company discloses the process followed, the criteria used in conducting the Board of Directors assessment, and the summarized results thereof in the annual report.

6. Remuneration

- 6.1. The Company's policy for the Board of Directors remuneration is to be comparable to the securities industry and reflect the experience, obligations, scope of work, accountability and responsibilities and contributions of each director.
- 6.2. Remuneration of the management shall be in accordance with the Board of Directors policy. For the best interests of the Company, executives' salaries, bonuses, and other long-term compensation correspond to the performance of each given executive to create shareholders' benefit and the sustainability of the Company.

7. Board and management training

- 7.1. The Company encourages and facilitates training for all internal parties related to corporate governance such as directors, executives, company secretary, etc. Training will enable them to continuously improve their performance and can be either internal or external training.
- 7.2. New directors shall be provided with all documents and information useful to perform their duties, including an introduction to the nature of the business and the operations of the Company.

Whistleblowing Policy

Capital Nomura Securities Public Company Limited

Objective

To encourage all staff / clients / third party to comply with all applicable laws, rules, policies and regulations as well as enable them to report any activities they believe may be inconsistent with these requirements and standards information.

Scope of Whistleblowing

1. Questionable conduct of illegal activities including corruption and bribery.
2. Violation of the matters prescribed in the Company's Policies.
3. Business act in violation of the Company's internal rules or related rules and regulations of the regulators.
4. Questionable conduct regarding accounting or auditing matters.
5. Any other act deviating from social ethics or social justice.

Guidelines

- The staff or clients or third party ("Whistleblower") can raise the abovementioned matter, which is deemed reliable attached with specific and sufficient information given for further investigation, by showing his/her identity or anonymously in writing through one of the following persons:
 - Chairman of the Board of Directors and Chairman of the Board of Executive Directors
 - President
 - Chairman of Audit Committee
 - Head of Compliance and Internal Audit Department
 - Head of Human Resources Department
 - Head of Legal Department

Mailing Address	Capital Nomura Public Company Limited 25 Bangkok Insurance Building, 15th -17th Floor, South Sathorn Road, Sathorn, Bangkok 10120
Call Center	66 (0) 2638-5500
Fax	66 (0) 2287 6001
Email Address	AntiCorruption.communication@th.nomura.com

- The Company shall not perform any unfair treatment against any whistleblower. In case of staff, the Company will not change his/her position, job description or work place, suspending, threat, harassment, lay-off or any other matters of unfair treatment against such whistleblower. For the clients / third party, the Company will consider and investigate the matters with transparency by conducting fairly and equally to the stakeholders in order to be reliable and assured the fairness of investigation process.
- The whistleblower, who makes a report that is not done in good faith and/or which, at a later time is verified as being of malicious intent or made through wrong channels, the staff shall be liable to disciplinary action in accordance with the Rule of Employment. In the event of clients/ third party, who makes any damages to Company, shall be prosecuted under the laws.
- The Company shall maintain the confidentiality of all information regarding the reported matter such as the name of the whistleblower or the contents of the reported matters, except when needed for additional information or requested by laws. However, the Company will notify the whistleblower in prior to give such to any party.
- The abovementioned person, who receives the whistleblowing, shall consider, fairly, impartially and in good faith, whether or not it is necessary to investigate the reported matter, and in principle, shall notify the whistleblower whether or not the investigation shall be made. However, in case of anonymous submission which makes it difficult to notify the whistleblower, the foregoing shall not be applied.
- In case that the matter is needed to investigate, the recipient shall report such to the Board of Executive Directors for further consideration and/or assigning the investigation team (if necessary) on case-by-case basis to ensure not including the accused in such team. Nevertheless, in case the accused is one of the Board of Executive Directors, the matter shall be reported to Audit Committee instead.
- The assigned investigation team shall notify the result to the whistleblower. However, in case of anonymous submission which makes it difficult to notify the whistleblower, the foregoing shall not be applied.
- In case the reported matter is confirmed to be the fact as a result of the investigation, the Company shall promptly take corrective and preventive measures, and if necessary, shall carry out the punishment on the relevant person or carry out the report to the relevant authorities.
- All information received from all whistleblowers and all related evidences/findings/results shall be kept as confidential records at the Company's secretary.

Anti-Corruption Policy

Capital Nomura Securities Public Company Limited

Introduction

Capital Nomura Public Company Limited (“CNS”) is committed to conduct the business with integrity and transparency to be in compliance with the principles of good corporate governance. CNS has participated “Thailand’s Private Sector Collective Action Coalition Against Corruption” with a strong intention against all forms of corruption in order to set the standard of practices on transparency. In this regard, CNS has formulated the written “Anti-Corruption Policy” as an apparent guideline in conducting business and sustainable development.

CNS’s Board of Directors and Board of Executive Directors unanimously approved this Anti-Corruption Policy, as a part of CNS’s Code of Ethics.

Anti-Corruption Policy

CNS’s directors, management and employees including agents acting on behalf of CNS are prohibited to claim, commit, accept or support any forms of corruption, either directly or indirectly, in all geographical areas where CNS operates business except the permission prescribed by laws, rules & regulations, local culture and commercial tradition.

CNS officially identifies Definition, Duties and Responsibilities and Guidelines to be strictly complied by CNS’s directors, management and employees including agents acting on behalf of CNS. Any violations of the Anti-Corruption Policy or any actions considered as a breach of the Anti-Corruption Policy, the violators shall be subject to penalties as stipulated by Employee Regulations.

CNS shall annually review the Anti-Corruption Policy to ensure the alignment with the changes of business, rules, regulations and legal requirements.

Definition

Corruption refers to any forms of misuse of power for seeking undue benefits for business, themselves, families, friends, acquaintances as well as any persons or entities, for their actions or restraints or abstention of duties to obtain or retain undue business benefits, either improper giving or accepting cash, assets, gifts, entertainment, services, other benefits or bribe, to or from private entities, government authorities, public officials as well as any persons or entities.

Public Officials are “government authorities” including public servants, officials, state-owned enterprise employees, representatives or any other person acting on behalf of the following entities:

- Ministries, bureau, departments, government offices
- International organizations
- Political parties, persons holding political positions, candidates (either in government or in opposition) or local administration officers
- Regulatory or judicial bodies
- State-owned enterprises

Duties and Responsibilities

1. CNS's Board of Executive Directors and Board of Directors undertake their duties and responsibilities to approve the Anti-Corruption Policy as well as delegate clear authorities and responsibilities to directors, management and employees including agents acting on behalf of CNS to strictly follow the Anti-Corruption Policy.
2. CNS's Audit Committee undertakes its duties and responsibilities to review the Company's financial reporting whether it is accurate and adequate. The Audit Committee shall assist the Company to have an appropriate internal control, corporate good governance, and risk management related to the Anti-corruption.
3. The Internal Audit Section (Compliance & Internal Audit Department) undertakes its duties and responsibilities to audit the operation in order to ensure the sufficiency of internal control and to be correctly complied with the Anti-Corruption Policy. The Internal Audit Section is also responsible for continuously gathering audit evidences, periodically reviewing the Procedures and Guidelines, as well as presenting the audit results to the Audit Committee. The Audit Committee shall consider the audit results and further report to the Board of Directors.
4. CNS's directors, management and employees including agents acting on behalf of CNS shall strictly comply with the Anti-Corruption Policy and all related CNS's policies. Any violations of the Anti-Corruption Policy or any actions considered as a breach of the Anti-Corruption Policy, the violators shall be subject to penalties as stipulated by Employee Regulations.
5. CNS's directors, management and employees including agents acting on behalf of CNS shall not neglect to notify CNS any likelihood or actions of corruption related to CNS through the communication channels as specified in Whistleblowing Policy.

Guidelines

1. Any actions taken under the Anti-Corruption Policy shall be complied in accordance with the guidelines specified in CNS's Compliance Manual, Code of Ethics of Nomura Group, Employee Regulations, Good Corporate Governance Policy, Gift, Entertainment and Expenses policies including any future regulations and guidelines formulated by CNS. CNS has communicated to directors, management and employees including agents acting on behalf of CNS to strictly comply with CNS's the Anti-Corruption Policy and related guidelines.
2. CNS has Gifts, Entertainment and Expenses policies to stakeholders for acknowledgement. Employees shall not build up any special relationship with clients which would affect such employee's impartiality and would lead to biased client services. Employees shall refrain from accepting gifts of great value or accept other compensation/benefits from clients or outside parties related to clients or third parties related the Company. Where such cannot be avoided, the employees must comply with the Compliance Manual¹ and Code of Ethics².
3. CNS has clearly defined Personnel Management to align with the Anti-Corruption which includes Recruitment, Training, Performance Appraisal, Remuneration as well as Employee Promotions.

¹ Compliance Manual: Employee Relations with Clients or Outside Parties Related to Clients or Third Parties Related to the Company

² Code of Ethics: No.7 : Fair Dealing

4. CNS shall not demote, penalize or cause any negative consequences to directors, management and employees including agents acting on behalf of CNS, who act against corruption, despite the fact that their actions may lead to CNS's loss of business opportunities. CNS shall give fair treatment and protect the person who acts against corruption.
5. Any person who finds any likelihood or actions of corruption related to CNS must directly inform their superior and notify CNS through the communication channels provided in CNS's Whistleblowing Policy. In case that the superior is the accused, the whistleblower must directly notify CNS through the communication channels provided in CNS's Whistleblowing Policy.
6. The Anti-Corruption Policy has been publicly disclosed and communicated to CNS's directors, management and employees including agents acting on behalf of CNS, customers and public through CNS's internal and external communication channels.

Committees

Please see each board's structure and authorities and duties as described in "Good Corporate Governance Policy" under Section 5; Responsibilities of the Board.

(A) Board of Directors

As of December 31, 2014, CNS had 10 members of the Board of Directors which consisted of internal management directors, representative directors from major shareholders and independent directors, for the Board's effective performance; 5 executive directors, 1 non-executive and non-independent director and 4 independent directors. The list of the board's members was as the followings;

- | | | |
|-----|--------------------------------|--|
| 1. | Mr. Suthep Peetakanont | Chairman of the Board of Directors and
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. Motoyuki Komabayashi | Director |
| 7. | Mrs. Wattanee Phanachet | Chairman of the Audit Committee and Independent Director |
| 8. | Col. Ruangsub Kovindha | Audit Committee and Independent Director |
| 9. | Mr. Prasert Virasathienpornkul | Audit Committee and Independent Director |
| 10. | Dr. Prasit Kanchanasakdichai | Independent Director |

Miss Kridsana Kulpanyalert was the secretary of the Board of Directors.

The Company's Authorized Directors

Regarding CNS's affidavit, a list of authorized directors signing on behalf of CNS is as the followings;

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

Any 2 directors of the above list are authorized to sign and bind CNS with CNS's seal.

Independent Directors

As of December 31, 2014, CNS had 4 independent directors according to the SEC's notification which states that "at least 1/3 of the directors must be independent directors and the independent directors must be not less than three persons" as follows:

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

(B) Board of Executive Directors

As of December 31, 2014, CNS had 5 members of the Board of Executive Directors as follows;

- | | | |
|----|-------------------------|--|
| 1. | Mr. Suthep Peetakanont | 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 Kridsana Kulpanyalert is the secretary of the Board of Executive Directors.

(C) Audit Committee

For the fiscal year 2014, CNS had 3 members of the Audit Committee as follows;

- | | | |
|----|--------------------------------|---------------------------------|
| 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.

Mrs. Wattanee Phanachet is the Audit Committee who has expertise and experience in reviewing CNS's financial statements and the following financial statements;

Year	Position	Company
1998 - Present	Chairman of Audit Committee and Independent Director	Capital Nomura Securities Public Company Limited
2007 - Present	Audit Committee Member and Independent Director	Esso (Thailand) Public Company Limited
1999 - 2013	Audit Committee Member and Independent Director	Thai Poly Acrylic Public Company Limited
2006 - April 2009	Audit Committee Member and Independent Director	Electricity Generating Public Company Limited

(D) Credit Review Committee

As of December 31, 2014, CNS had 5 members of the Credit Review Committee as follows;

- | | | |
|----|------------------------|----------|
| 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.

(E) Marginable Securities Committee

As of December 31, 2014, CNS had 3 members of the Marginable Securities Committee as follows:

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

(F) Risk Management Committee

As of December 31, 2014, CNS had 5 members of the Risk Management Committee as follows:

- | | | |
|----|---|----------|
| 1. | Mr.Naoki Sugaya | Chairman |
| 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 a number of members as appropriate from time to time.

Nomination of Directors and the Management

(A) Directors

The Board of Directors shall select persons with suitable knowledge and attributes to become CNS's director by recommending such persons for nomination to a shareholders' meeting for approval in accordance with the following rules and procedures:

1. Each 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 2 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 3/4 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 CNS's business 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 1 month from the date of vacating the office, by sending a notice to inform shareholders of the meeting at least 14 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 1 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

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) CNS must have Independent Directors at least 1/3 of the total number of CNS'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 CNS, the parent company, subsidiary, associated company, major shareholder or controlling person of CNS, 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 CNS or the parent company, subsidiary, associated company, subsidiary in the same level, major shareholder or controlling person of CNS, 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 CNS.
- (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 CNS or subsidiary.
- (d) not have and have not had any business relationship with CNS, the parent company, subsidiary, associated company, major shareholder, or controlling person of CNS 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 CNS, the parent company, subsidiary, associated company, major shareholder or controlling person of CNS, 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 CNS or its counter parties having an obligation against the other a debt servicing worth 3% of the net tangible assets of CNS or more than Baht 20 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 CNS, the parent company, subsidiary, associated company, major shareholder or controlling person of CNS and not be a significant shareholder, a controlling person, or a partner of any audit firm which the auditor of CNS, the parent company, subsidiary, associated company, major shareholder, or controlling person of CNS 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 Baht 2 million per year from CNS, the parent company, subsidiary, associated company, major shareholder or controlling person of CNS 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 CNS's director, a major shareholder, or a shareholder who is a related person of CNS's major shareholder.
- (h) not engage in any business which has a same nature as CNS or subsidiary and which in any material respect, is competitive with the business of CNS or subsidiary, 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 CNS, or subsidiary and which in any material respect, is competitive with the business of CNS or subsidiary.

- (i) not have any other characteristics by which his/her independent comment/opinion on CNS's operation may be restricted.

(B) Executive of Directors

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

(C) Audit Committee

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

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

(D) Executives

The Board of Executive Directors had an authority to select and appoint suitable persons to be executives.

(E) Number of directors from Major Shareholders

As of December 31, 2014, CNS had 3 management representatives represented the major shareholder; Mr. Shinichi Mizuno, Mr. Naoki Sugaya and Mr. Motoyuki Komabayashi.

Supervision over Performance of Subsidiaries and Affiliated Companies

CNS had neither subsidiaries nor affiliated companies.

Monitoring the use of and access to inside information

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. All Staff is required to open trading account only at CNS. For Thai securities, CNS allows for opening such in cash account and for lending the staff's securities. For foreign securities, CNS allows all staff except the Board of Executive Directors and staff in the Compliance & Internal Audit Department, for opening foreign securities trading account in Cash Balance - FI account.
2. All Staff is required to submit the trading transaction report of their related persons to the Compliance and Internal Audit Department upon request.
3. All executives must prepare and disclose report of CNS securities holding to the Board of Directors.
4. All Staff is prohibited from trading CNS share 45 days after closing of quarterly financial statement. The directors are also not allowed to trade CNS share from the date of receiving supporting documents of Board of Directors' meeting for acknowledgment of quarterly or monthly financial statements, to the date of announcing financial statement to public.
5. All Staff is prohibited from trading the securities of the Nomura Holdings, Inc. ("NHI share") including the securities which are prohibited by Nomura Group.
6. In relation to the trading of securities of which the Company's research paper covers, it is required that:
 - 6.1 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.
 - 6.2 All Staff is 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.
 - 6.3 All staff in the related Division, all executive directors and all staff in the Compliance and Internal Audit Department are prohibited from trading securities within 3 business days from the date the research paper is published and distributed including the securities which are prohibited by Nomura Group.
7. All Staff 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.
8. 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.

"Staff" means all full-time staff, all temporary staff whose contract not less than 3 months, and full-time directors.

Auditor Remuneration

1. Audit Fee

For the fiscal year 2014, CNS paid the audit fee totaling Baht 1,200,000 for the audit of the fiscal year 2014 (starting from January 1, 2014 to December 31, 2014) to EY Office Limited, its external auditor.

Remark: CNS had no subsidiaries.

2. Non-Audit Fee

For the fiscal year 2014, CNS paid no other service fees, apart from the audit fee, to EY Office Limited, its external auditor, and paid no service fee to any affiliated companies of EY Office Limited.

Other Good Governance Practices

The Number of Audit Committee's Meetings and the Attendance by Individual Members in 2014

Name	Position	Number of Meetings	Number of Attendance
Mrs. Wattanee Phanachet	Chairman of the Audit Committee	8	8
Col. Ruangsub Kovindha	Audit Committee Member	8	8
Mr. Prasert Virasathienpornkul	Audit Committee Member	8	8

In the Audit Committee Meeting No. 7/2557 held on November 10, 2014, the Audit Committee had the meeting with the external auditor independently without the presence of CNS's staff.

Corporate Social Responsibility

CNS operates its business with the concern of social and environment responsibilities to achieve its business growth which will lead to the sustainable development.

CNS shall run its business in compliance with good corporate governance policy and corporate social responsibility guidelines set by the SET. In addition, CNS also sets a guideline for stakeholders as the followings;

Guideline for stakeholders

Shareholders

CNS shall operate its business to make profit with long-term growth of return by maximizing its capabilities which shall add value to CNS both shareholder values and interesting dividend payment.

CNS shall disclose sufficient accurate information to investors for decision making on a timely basis. Therefore, shareholders and investors will have the clear picture of operation performances as well as the future business operations.

CNS has a risk management policy and sets clear and transparent procedures to mitigate all areas of risks. Investors can ensure that CNS has no conflict with the business ethics.

Clients

CNS emphasizes to provide service with client centricity. CNS shall provide variety high-quality products and services to serve clients' needs, keep client satisfaction and maintain good relationship with clients.

CNS intends to create clients' benefits. CNS shall continuously develop high-standard products and services under the principle of client satisfaction with the following guidelines;

- (1) Recognize and understand clients' needs
- (2) Be expert on products and services to serve clients' needs
- (3) Provide prompt and convenient services to clients
- (4) Conduct its business fairly for the most benefits of clients
- (5) Protect clients' benefits as ourselves

Employees

CNS realizes the employees as the most valuable resources to bring the great success to CNS. Therefore, CNS encourages employees to develop their skill and knowledge. CNS also treats employees equally and justly for their career paths and provides suitable compensation for their skill. Employees' opinions and feedback are highly welcome.

CNS provides good welfare and safe working environment. CNS encourages team spirit, respect individual right. In addition, CNS fairly considers their employment, appointment and transfer and maximizes the resource utilization.

CNS develops norm and culture to drive the competent of each employee and to shape their attitudes to the same direction to achieve CNS's goal.

CNS has a human resource policy aiming to attract and retain employees for business continuity through the following processes; recruitment and selection, utilization, clear career, performance recognition, retention, best development and make the difference.

Counter parties

CNS intends to do business with counter parties to create mutual long-term sustainability and alliances. CNS sets clear policies to deal with counter parties such as procurement of materials and services, rental and all types of leasing. CNS strictly follows the rules with transparency and accountability in quality, pricing and conditions to create mutual benefits.

Creditors

CNS has a policy to follow creditors' conditions as the followings;

- Strictly comply with creditors' conditions by a timely repayment of principal and interest to all types of creditors
- Strictly comply with conditions on borrowings and appropriately use funds in line with the objectives
- Conduct its business to create creditors' trustworthiness on CNS's good financial position and repayment ability as well as timely provide accurate and complete information to creditors

Competitors

CNS shall compete on equally, fairly and justly basis within the framework of related rules.

CNS shall kindly cooperate to the industry to improve efficiency of capital market of Thailand.

Authorities

CNS aims to strictly follow relevant laws, rules and regulations and kindly cooperates with the authorities. CNS also aims to conduct its business against all kinds of corruption, e.g. such as the participation in "Thailand's Private Sector Collective Action Coalition against Corruption" in order to formulate the written "Anti-Corruption Policy".

8 Principles of Corporate Social Responsibility

1. Business Ethics

CNS has conducted business with fairness, integrity and rule and regulation compliance towards clients. CNS also concerns the benefits of all stakeholders and applies the equitable business practice and code of ethics.

2. Anti-Corruption

CNS is committed to conduct the business with transparency and integrity to be in compliance with the principles of good corporate governance. CNS has participated “Thailand's Private Sector Collective Action Coalition against Corruption” with a strong intention against all forms of corruption in order to set the standard of practices on transparency.

Please see “Anti-Corruption Policy” described in “Good Corporate Governance Policy”.

Remark: CNS has formulated the written “Anti-Corruption Policy” in February 2015 as an apparent guideline in conducting business and sustainable development. CNS's Board of Directors unanimously approved the Anti-Corruption Policy, as a part of CNS's Code of Ethics. CNS's directors, management and employees including agents acting on behalf of CNS must strictly comply with the Anti-Corruption Policy. CNS's Audit Committee undertakes its duties and responsibilities to review the adequacy of the relevant procedures to the Anti-Corruption Policy. In addition, the Anti-Corruption Policy has been communicated to employees through CNS's internal communication channels such as email, desktop screen, an intranet and employee trainings. It was also publicly disclosed through CNS's website.

3. Human Rights

CNS has always respected human rights and set its guidelines as follows:

- (1) Non-Discrimination: CNS understands the importance of human dignity, rights and liberty. CNS shall not discriminate people on the basis of gender, race, religion, society, nationality, economic status or social status.
- (2) CNS shall set up its policies and guidelines with regard to people's right.

4. Fairness and Labor Practices

CNS has conducted its operation with fairness and in compliance with Labor law. CNS has set its guidelines as follows:

- (1) Labor Practices: CNS shall not employ forced labors or child labors and shall prohibit a person who is under 18 years old to perform or work in a hazardous place.
- (2) Compensation and fringe benefits: CNS will pay wage, compensation and fringe benefits to staffs in compliance with labor law with fairness and accuracy.
- (3) Equal Treatment: CNS shall treat its employees equally and comply with Labor protection Act B.E.2541 which is the minimum standard for the following areas; hiring, wages, training, promotion, termination of employment, and lay off.

- (4) Humanity: CNS respects the rights of employee and prohibits any actions that cause harm to employees neither physically nor psychologically including threats of any kind.

5. Client Responsibility

CNS provides service with integrity and ethic in order to gain trust from our clients and relevant parties which will finally create sustainable growth to CNS. Therefore, CNS sets clear guideline and business framework as follows;

- (1) Suitability Test; Our financial advisors have to ask our clients to complete suitability test before starting to invest in order to understand clients' risk appetite and be able to provide suitable financial advices.
- (2) Product presentation; Our financial advisors will present our products and services with clear details including condition and fee to all groups of clients equally without discrimination between big and small clients to make clients understand risk and reward of the products they would like to invest.
- (3) Investment education: To improve investment capability and sustainability of investors, CNS has the policy to share investment knowledge to clients through seminar on monthly basis.
- (4) Reliable fact; All information provided CNS's financial advisors or other staffs in writing or verbal has to be accountable and reliable. Our clients will provide clients only facts without rumors.
- (5) All clients' information will be kept and classified as confidentiality and CNS won't disclose such information without clients' authorization.
- (6) CNS has provided several ways for clients to communicate or give feedback through our website www.nomuradirect.com or Call Center NOMURA DIRECT.
- (7) All Company employees possess high standard of knowledge and professional capability in order to provide competent service to clients.

6. Environmental Responsibilities

CNS had the concrete policy to take care of the environment and society as;

- (1) Strictly follow rules and regulation about environment by developing operation standard to conform to environmental regulation.
- (2) Support green products and services that have less impact to environment and people health.
- (3) Develop management policy and Company culture of environmental care. CNS had participated in "CNS Support Earth Hour 2014" by encouraging our employees to turn off electricity during 8.30 pm – 9.30 pm together with people around the world to save the world's energy. 78% of employee attended this project.
- (4) Provide proper and standard working environment with hygienic and safety.
- (5) Reduce waste of paper to save the world's resources by using emails for internal and external communications and deliver the messages to clients rapidly by encouraging clients to use e-dividend service. Clients can save transportation costs and timely get dividend. Such procedures can also save the Company's cost.

7. Community Improvement

CNS had vision to create the events and activities which could create long-term social development as the followings:

- (1) CNS developed the project “1 Like 1 Baht donate to Red Cross” through Nomuradirect Facebook Fanpage from October 20, 2013 to January 31, 2014 as CNS aimed to donate to Red Cross by Baht 1 on 1 Like of Nomuradirect Facebook Fanpage. Total donation after the end of project was Baht 13,906.
- (2) CNS developed the activity “Employee Volunteer” as CNS recognized the importance of the relationship between employees and the society. CNS aimed to create the awareness of social responsibility to employees, the employee relationship and the organization unity. CNS and employees together donated money, to buy stationary and student lunch, to the school “Baan Mai Klong Aung Wa”, in Uthathani Province and on March 1, 2014.
- (3) CNS coordinated with the SET under mutual fund called “Stock exchange help Thailand floating disaster” to develop the project “Return school to society”. This project supported budget over Baht 120 million to renovate the schools attacked by floating disaster year 2011. CNS was responsible for the school “Wat Khod Ke ma Ram”, in Ayutthaya province and delivered the recovered school building to them on March 6, 2014.
- (4) CNS coordinated with SME Bank to develop the project “Share the happiness” to support stationary, sport equipment, toys in order to develop children’s skill to the school “Baan Mai Tung Din Sor”, in Saraburi province on May 24, 2014.

8. Innovation from social and environment responsibility activity

CNS has provided the following online trading applications to cover clients’ needs and to support investments through internet which will partially save transportation time, energy consumptions as well as reduce global warming. It also provides equitable channels for clients to access information nationwide and worldwide.

- i2Trade Plus
- Streaming
- SBL Real Time
- NOMURA iFUND
- NOMURA iGlobal
- NOMURA Auto Trade

CNS still aims to enhance its strength to be a leading innovative securities firm and also has a policy to improve and develop its operations and information technology systems in order to provide high-quality services to meet clients’ needs.

Internal Control and Risk Assessment

CNS realizes the importance of good corporate governance by encouraging all departments to conduct their process in “Self-Regulatory Organization” (SRO), operational control, internal control as well as effective risk management to be in compliance with relevant laws and regulatory rules. CNS also enforces all departments to annually consider “Self Risk Assessment” to ensure the internal control adequacy of corruption risks and risk managements regarding five components of COSO framework (The Committee of Sponsoring Organization of the Treadway Commission) which consisted of the 5 areas as the followings;

Control Environment

CNS encourages management and all employees to realize the importance of internal control and has established organizational standard which causes effective management and business operations. Compliance and Internal Audit Department is independent and directly reports to Audit Committee. The Risk Management Committee also supports the internal control and risk management. Furthermore, CNS requires management and employees to strictly follow “*Code of Ethics*”.

CNS emphasizes on human resources, recruitment, hiring process as well as training and reconciliation process. The integrity and ethics values are communicated in new employee orientation. CNS also provides segregation of duties on maker and checker processes. CNS aims to enhance and develop the effectiveness of the internal control to be sufficiently and appropriately measured and implemented and also to align with the changeable environment.

Risk Assessment

CNS requires all departments to annually implement the risk assessment to realize the importance of internal control, as one of CNS’s culture, to efficiently and timely manage risks to achieve the business objectives.

Control Activities

CNS establishes clear guideline, approval limit, authority of management and related officers, scope of operations including segregation of duties such as reconciliation and verification. Control activities are performed at entity level, business process, and over the information technology environment.

CNS’s business contracts or agreements will be reviewed by Legal department to minimize legal risks. The Information technology policies are designated to provide right to access to authorized users commensurate with their responsibilities and adequate control. In addition, CNS also has ‘*Business Contingency Plan*’ (BCP) policy and procedure that will be tested at least once a year to prepare for predetermined incident to ensure the continuous business operations.

Information and Communication

CNS’s information system supports operating processes and management’s decision makings.

The Minutes of Board of Directors Meeting including all documents are recorded and kept for reference and further requests.

CNS has Whistleblowing policy for both insiders and outsiders to inform any suspicious incidents or complaints related to fraud or misconduct.

Monitoring Activities

The monitoring and reporting are carried out by the Compliance and Internal Audit Department which is structured to be independently to Audit Committee. Any deficiency of internal control will be reported, monitored, and managed in a timely manner.

Summary of Internal Control Deficiencies

In the Board of Directors' meeting no. 3/2015, held on March 13, 2015, The Board of Directors reviewed the 2014 result of internal control adequacy in five aspects: (1) Control Environment (2) Risk Assessment (3) Control Activities (4) Information and Communication and (5) Monitoring Activities. The Board of Directors concluded that CNS's internal control for connected transactions and other areas were proper and sufficient.

Audit Committee's opinion different from the Board of Directors' opinion

- None -

Head of Compliance and Internal Audit Department

CNS has appointed Miss Penphun Palungvitvatana Department Head of Compliance and Internal Audit Department to be CNS's Head of Compliance and Internal Audit Department as the Audit Committee has considered that she has suitable qualification and working experience in order to independently and efficiently perform the duties in Compliance and Internal Audit Department.

The Audit Committee has authorities and duties to consider and approve appointment, promotion, rotation or termination of Head of Compliance and Internal Audit Department as described in "Good Corporate Governance Policy".

Profile of Head of Compliance and Internal Audit Department

Profile of CNS's Head of Compliance and Internal Audit Department as of December 31, 2014

Name-Surname / Current Position	Age (Yrs)	Education Background	Work Experiences			Training Program
			Period	Position	Name of the company / unit	
Miss Penphun Palungvitvatana, Department Head of Compliance and Internal Audit Department*	55	Bachelor Degree in BBA (Accounting), Assumption University Master Degree in MBA (Finance), Thammasat University Diploma in English and Thai Translation, Thammasat University	2008 – Present	Compliance & Internal Audit Department	Capital Nomura Securities Plc.	• ASCO Compliance Training Program
			1999 - 2008	Compliance Department	Capital Nomura Securities Plc.	• Preparation for Bond Issuance
			1992 – 1999	Compliance & Internal Audit Department	United Securities Plc.	
			1985 – 1992	Bank Supervision and examination	Bank of Thailand	

Remark:

* Head of Compliance and Internal Audit Department's duties are as follows;

1) Regulations

- Prepare Compliance Manual together with gathering and studying related rules and regulations, giving advices or suggestions to related staff, in order to comply with the rules specified by authorities.
- Arrange knowledge training to staff, for better understanding of related rules specified by both authorities and the company, as well as inform staff when related laws and rules are changed.
- Issue rules / guidelines
- Coordinate with any relevant authorities, in order to perform the operation and receive any information correctly.

2) Monitoring and Supervision

- Supervise the staff's operation, to comply with rules of both the authorities and the company.
- Inform result of examination or review to related staff and his/her department head, in case of his/her operation not complying the authorities' rules or the company's procedure, and ask the staff for clarification. Then, the report shall be summarized to Board of Executive Directors and Board of Directors for acknowledgment and consideration.
- Identify and assess factor and risk that may cause non-compliance by the company as necessary and appropriate, as well as of when the company develops any new business activity. Then, any respective solution shall be proposed.
- Specify client's complaint procedure, associated with following up facts and reporting the result to Board of Executive Directors for further consideration.

3) Reporting

- Report the result of review and examination to Audit Committee for Internal Audit's issues, and to Board of Directors for Compliance's issues.
- Prepare and propose annual compliance report to the Board of Directors, then send such report to the SEC, the SET and related regulators within specific period.
- Coordinate with relevant departments and report to the Board of Directors on significant amendment of rules and regulations.
- Report CNS's punishment to staff who does not comply with related rules and regulations to the SEC and the SET.

Report of Audit Committee

The Audit Committee of Capital Nomura Securities Public Company Limited (“CNS”) consisted of the 3 independent directors, namely Assistant Professor Wattanee Phanachet, Chairman of Audit Committee, Col. Ruangsub Kovindha and Mr. Prasert Virasathienpornkul, the Audit Committee Members. All the Audit Committee Members possess the qualification required by the SEC. Head of Compliance and Internal Audit Department was the secretary of the Audit Committee.

During the fiscal year from January 1, 2014 to December 31, 2014, the Audit Committee held 8 meetings. All members of the Audit Committee attended all meetings. The Audit Committee performed the duties assigned by CNS as follows:

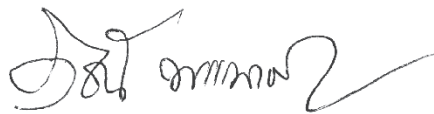
1. Reviewing CNS’s quarterly and year-ended financial statements before proposing to the Board of Directors that CNS’s financial statements were fairly presented in accordance with Thai Financial Reporting Standards and adequately disclosed, and independently considering audit results with the external auditors and Compliance and Internal Audit Department to acknowledge explanation, findings, recommendation and clarification of responsible parties.
2. Reviewing appropriateness of internal control system, of which the audit was conducted by the external auditors and Compliance and Internal Audit Department. The Audit Committee acknowledged the audit results from summarization and clarification of both parties, and expressing notices and recommendations as deemed appropriate.
3. Reviewing the operations of Compliance and Internal Audit Department, including audit planning, audit conduct, audit reporting and monitoring procedures. The Audit Committee also suggested recommendations to improve audit efficiency.
4. Reviewing risk assessment and risk management with CNS’s management and monitoring risk management process.
5. Reviewing CNS’s operations in compliance with securities and exchanges laws, SET regulations, and regulations relating to CNS’s business.
6. Considering CNS’s transactions with related parties or any transactions that may lead to conflict of interests to in compliance with SET and SEC regulations.
7. Preparing the Audit Committee Report to be disclosed in CNS’s annual report.
8. Selecting and proposing CNS’s external auditor and considering audit fee. In addition, the Audit Committee had a private meeting with the external auditor without the management team being present.

9. Reviewing the Whistleblowing Policy.

The Audit Committee considers that CNS's financial statements are fairly presented in accordance with Thai Financial Reporting Standards and adequately disclosed as expressed in the report of the external auditor. CNS has appropriate internal control system and complies with related regulations. The Audit Committee is assured that CNS's Board of Directors and managements adhere to business ethics, highly emphasize on good corporate governance, and attempt to administrate the business prudently in order to achieve CNS's goals.

The Audit Committee selected an external auditor and proposed to the Board of Directors to further propose to the annual shareholders' meeting to appoint EY Office Limited (Formerly known as Ernst & Young Office Limited) by anyone of Ms. Ratana Jala, and/or Mrs.Nonglak Pumnoi, and/or Ms. Rachada Yongsawadvanich to be CNS's external auditor for the fiscal year ended December 31, 2015.

The Audit Committee has the opinion that Ms. Penphun Palungvitvatana, Head of Compliance and Internal Audit Department, having suitable qualification and working experience can perform the duties independently and efficiently.



(Mrs.Wattanee Phanachet)

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

Connected Transactions

For the fiscal year ended December 31, 2014, CNS 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 CNS provided services and received service fees

1. CNS entered into the agreements with Nomura Singapore Limited ("NSL") to be an agent of securities trading. The terms and conditions in the agreements were similar to the agreements made to other clients who were not related to CNS which was in accordance with the notifications of the SET and the SEC.

The commission fee for the fiscal year 2014 was Baht 185,837. The commission fee was based on trade volume and the normal commission rate as CNS charged to other clients in accordance with the notifications of the SET and the SEC.

2. CNS entered into the agreement with Nomura International Plc. ("NIP") to be an agent of securities trading. The terms and conditions in the agreements were similar to the agreements made to other clients who were not related to CNS which was in accordance with the notifications of the SET and the SEC.

The commission fee for the fiscal year 2014 was Baht 2,142,081. The commission fee was based on trade volume and the normal commission rate as CNS charged to other clients in accordance with the notifications of the SET and the SEC.

3. CNS entered into the agreement with Instinet Pacific Limited ("Instinet") to be an agent of securities trading. The terms and conditions in the agreements were similar to the agreements made to other clients who were not related to CNS which was in accordance with the notifications of the SET and the SEC.

The commission fee for the fiscal year 2014 was Baht 33,895,467. The commission fee was based on trade volume and the normal commission rate as CNS charged to other clients in accordance with the notifications of the SET and the SEC.

4. CNS acted as an agent of the tender offeror for the tender offer in CNS shares. Nomura Asia Holding N.V. accepted the tender offer through CNS. The transaction was treated similarly as other offerees.

The commission fee for the fiscal year 2014 was Baht 1,820,820. The commission fee was based on trade volume and the normal commission rate as CNS charged to other clients in accordance with the notifications of the SET and the SEC.

5. CNS entered into *Investors Business Support Agreement* with NSL to provide information of potential clients in Thailand as requested by NSL.

The service fee for fiscal year 2014 was Baht 15,914,477. The service fee was based on actual costs plus 10% of margin.

6. CNS entered into *Introducing Broker Agreement* with NSL to introduce potential individual clients in Thailand who were interested in NSL's products to NSL.

The service fee for the fiscal year 2014 was Baht 1,024,919. The service fee was based on actual executed transactions of CNS's referred clients calculated by using the introducing credit rate as indicated in the agreement referred to the similar business.

7. CNS entered into *Securities Lending Agreement* with NIP for securities borrowing and lending. The terms and conditions in the agreements were similar to the agreements made to other clients who were not related to CNS.

The fee received for the fiscal year 2014 was Baht 2,321,758. The fee was the same rate as CNS charged to other clients.

8. CNS entered into *Securities Lending Agreement* with Instinet for securities borrowing and lending. The terms and conditions in the agreements were similar to the agreements made to other clients who were not related to CNS.

The fee received for the fiscal year 2014 was Baht 19,324. The fee was the same rate as CNS charged to other clients.

9. CNS entered into *Service Agreement* with Nomura Securities Co., Ltd. ("NSC") to provide NSC's financial advisory services to clients.

The fee received for the fiscal year 2014 was Baht 19,361,184 as service rendered within the scope and volume of work assigned.

10. CNS entered into *Service Agreement* with Nomura International (Hong Kong) Limited ("NIHK") to provide NIHK's financial advisory services to clients.

The fee received for the fiscal year 2014 was Baht 26,324,661 as service rendered within the scope and volume of work assigned.

11. CNS entered into *Service Agreement* with NSL and Nomura Securities Singapore Pte. Ltd. to provide securities trading and research services to them.

The service fee for fiscal year 2014 was Baht 32,006,414. The service fee was based on actual costs plus 10% of margin.

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

1. CNS entered into the *Hi-Speed Circuit Service* with United Information Highway Company Limited ("UIH") of which CNS's director was also the managing director of UIH. CNS received the same hi-speed circuit service in the same quality and service fee from other suppliers who were not related to CNS.

The service fee paid for the fiscal year 2014 was Baht 1,078,928. The service fee was the same rate as CNS paid to other suppliers who were not related to CNS.

2. CNS paid brokerage fee to NSL for execution of securities trading orders that listed in foreign securities markets for CNS's clients.

The commission paid for the fiscal year 2014 was Baht 198,261. The commission was calculated based on turnover and a referential rate charged from other foreign securities firms who were not related to CNS.

Other transactions

1. CNS paid interest on borrowings of USD 50,000,000 and USD 10,000,000 to Nomura Mauritius Limited for supporting CNS's liquidity.

The interest expense paid for the fiscal year 2014 was Baht 1,216,958. The interest was 1.11 -1.29 % per annum.

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

The interest income for the fiscal year 2014 was Baht 22,356. The 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.

Details of Connected Transactions

For the year ended December 31, 2014 and 2013, Connected Transactions with the related companies and connected persons were are the followings;

Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value of transaction (Baht)		Remarks
				For the year ended December 31, 2014	For the year ended December 31, 2013	
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 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	185,837	4,596,731	The commission fee was based on trade volume and the normal commission rate as the Company charged to other clients, in accordance with SET 's and SEC's notification.
2. Capital Nomura Securities Public Company Limited and Nomura International Plc.	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura International Plc.	Agency 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	2,142,081	4,350,047	The commission fee was based on trade volume and the normal commission rate as the Company charged to other clients, in accordance with SET 's and SEC's notification.
3. Capital Nomura Securities Public Company Limited and Instinet Pacific Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Instinet Pacific Limited	Agency 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	33,895,467	33,002,313	The commission fee was based on trade volume and the normal commission rate as the Company charged to other clients, in accordance with SET 's and SEC's notification.
4. Capital Nomura Securities Public Company Limited and Nomura Asia Holding N.V.	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura Asia Holding N.V.	The Company was acted as an agent of the tender offeror for the tender offer in the Company's shares. Nomura Asia Holding N.V. accepted the tender offer through the Company.	Tender offer period during April 30, 2014 to June 6, 2014	1,820,820	-	The commission fee was based on trade volume and the normal commission rate as the Company charged to other clients, in accordance with SET 's and SEC's notification.

Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value of transaction (Baht)		Remarks
				For the year ended December 31, 2014	For the year ended December 31, 2013	
5. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura Singapore Limited	Investors Business Support Agreement which the Company provided services and received fee in return	1 year	15,914,477	14,410,701	The service fee was calculated by reference to the actual cost plus 10% margin.
6. 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	-	4,550,000	The service fee was calculated by reference to the actual cost plus 10% margin.
7. 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	1,024,919	659,483	The service fee was calculated based on actual executed transactions of our referred customers and at the rate as indicate in the agreement referred to the similar business.
8. 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	19,361,184	15,195,456	The service fee was the contract rate determined by extent and amount of work assigned.

Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value of transaction (Baht)		Remarks
				For the year ended December 31, 2014	For the year ended December 31, 2013	
9. Capital Nomura Securities Public Company Limited and Nomura International (Hong Kong) Limited.	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura International (Hong Kong) Limited.	The Company provided services as required by Nomura International (Hong Kong) Limited in support of Nomura International (Hong Kong) Limited's financial advisory services to client. The Company provided services and received fee in return.	Depend on the pre-determined of each assignment	26,324,661	-	The service fee was the contract rate determined by extent and amount of work assigned.
10. Capital Nomura Securities Public Company Limited and Nomura Securities Singapore Pte. Limited and Nomura Singapore limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura Securities Singapore Pte. Limited and Nomura Singapore limited	Agreement for Provision of Securities Trading and 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	32,006,414	-	The service fee was calculated by reference to the actual cost plus 10% margin.
11. 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	2,321,758	3,368,752	At normal rate charged to other clients
12. Capital Nomura Securities Public Company Limited and Instinet Pacific Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Instinet Pacific Limited	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	19,324	127,451	At normal rate charged to other clients

Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value of transaction (Baht)		Remarks
				For the year ended December 31, 2014	For the year ended December 31, 2013	
13. Capital Nomura Securities Public Company Limited and United Information Highway 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	1,078,928	1,130,870	The service fee was at the same rate charged to other clients without dependent interest.
14. 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	198,261	1,358,525	The service fee was calculated based on trade volume and the preferential rate charged to other clients without dependent interest.
15. Capital Nomura Securities Public Company Limited and Nomura Mauritius Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura Mauritius Limited	The Company paid interest on borrowings.	1 year	1,216,958	19,571,193	At the rate 1.11-1.29 per annum
16. 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	22,356	35,096	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, 2014 and 2013

Transaction	Related companies / persons	Presented in Financial Statements as	December 31, 2014	December 31, 2013
Agency Agreement	Nomura Singapore Limited	Securities business receivable	-	327,324
Agency Agreement	Instinet Pacific Limited	Securities business receivable	265,290,783	13,033,191
Agency Agreement	Instinet Pacific Limited	Securities business payable	102,923,522	35,421,274
Global Master Securities Lending Agreement	Nomura International Plc.	Securities business receivable	89,615,000	121,500
Investors Business Support Agreement	Nomura Singapore Limited	Other assets	3,814,477	4,783,091
Introducing Broker Agreement	Nomura Singapore Limited.	Other assets	8,700	3,984
Agreement for Provision of Securities Trading and Research Services	Nomura Securities Singapore Pte. Ltd and Nomura Singapore Limited	Other assets	20,235,130	-
Financial Advisory Service Support Agreement	Nomura Securities Co., Ltd	Other assets	-	1,540,205
Global Master Securities Lending Agreement	Nomura International Plc.	Other assets	204,594	42,852
Global Master Securities Lending Agreement	Instinet Pacific Limited	Other assets	2,000	797
Agreement for email and internet software maintenance Services	Nomura International (Hong Kong) Limited	Other liabilities	-	46,459
Hi-speed Circuit Service	United Information Highway Company Limited	Other liabilities	104,260	88,644
Loans to Employee	Mrs. Chrisana Sae-Leiw	Other assets	1,037,469	1,327,003
Loan agreement	Nomura Mauritius Limited	Borrowings	-	1,647,470,000
Loan agreement	Nomura Mauritius Limited	Other liabilities	-	5,088,170
Others – Reimbursement	Nomura Holdings, Inc.	Other assets	7,625	-
Others – Reimbursement	Nomura Investments (Singapore) Private Limited	Other assets	-	668,304
Others – Reimbursement	Nomura International (Hong Kong) Limited	Other assets	26,749	222,903
Others – Reimbursement	Nomura Singapore Limited	Other assets	33,542	16,121
Others – Reimbursement	Nomura Securities Co., Ltd	Other assets	370,133	424,875

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 -

Key Financial Ratios

Financial Ratio	Fiscal Year 2014 (Jan 1, 2014 – Dec 31, 2014)	Fiscal Year 2013 (Jan 1, 2013 – Dec 31, 2013)	Fiscal Year 2012 (Jan 1, 2012 – Dec 31, 2012)
<u>Profitability Ratio</u>			
Gross Profit Margin	86.92%	84.87%	86.99%
Net Profit Margin	25.92%	24.66%	16.86%
Return on Equity	7.85%	8.70%	5.30%
Return on Investment	10.22%	11.76%	21.15%
<u>Efficiency Ratio</u>			
Return on Assets	3.78%	4.11%	2.61%
Assets Turnover	0.15 times	0.17 times	0.16 times
<u>Financial Ratio</u>			
Liquidity Assets on debt	0.22%	0.66%	0.20%
Asset Income on debt	2.50%	3.66%	3.78%
Liquidity Assets on Total Assets	8.39%	16.93%	4.85%
Asset Income on Total Assets	96.99%	93.92%	89.86%
Debt/Equity	1.31 times	0.84 times	1.52 times
Dividend Pay-Out	N/A	92.78%	61.00%
<u>Other Ratios</u>			
Investment in Securities to Assets	5.38%	10.63%	0.17%
Net Capital Ratio (calculation was based on the SEC's requirement.)	86.16%	125.72%	60.97%
<u>Data Per Share (Baht)</u>			
Book Value*	2.53	2.50	5.12
Profit for the period*	0.20	0.27	0.27
Dividend*	N/A	0.17	0.16
<u>Growth Rate</u>			
Total Assets	26.69%	7.26%	80.21%
Total Liabilities	56.98%	(18.67%)	225.62%
Income from Sales and Services	2.67%	43.42%	22.49%
Operating Expenses	3.33%	19.81%	10.94%
Profit for the period	7.91%	109.61%	67.37%

* On 26 April 2013, the Annual General Meeting of Shareholders No.1/2556 resolved to approve a share split by changing the par value of CNS's ordinary shares from Baht 10 each to Baht 1 each. The financial ratio presented above was calculated from the ordinary share at the par value of Baht 1 each.

Management Discussion and Analysis

Overview of Business Operations and Significant Changes

In 2014, the securities brokerage business slightly dropped as pressured from the continued political turmoil since 2013, even there was an economic recovery in the second half of 2014 from the ease of the political issues after the National Council for Peace and Order (NCPO) took control of the national administration together with several stimulus monetary policies implemented in many areas such as European Community, Japan and China. Nevertheless, CNS was able to increase market share from 2.69% in 2013 to 2.84% in 2014.

The significant events during the year was the voluntary tender offer made by Nomura Group to acquire all shares in CNS as Nomura group is enhancing its business in Asia and recognized the importance of Thailand from the perspective of expanding into surrounding countries. After the tender offer, CNS became the consolidated subsidiary of Nomura Group which consequently resulted in the improvement in the credit ratings and lower costs of fund.

Although the securities brokerage business slightly dropped, the margin loan business expanded due to the decreasing price of strong fundamental securities in the first half that attracted the cumulative investment by medium and long-term investors. Accordingly, medium and long-term investors started to accumulate strong fundamental stocks which resulted in not only the increase in the outstanding balance of margin loan receivables and but also the interest on margin loan.

The fixed income business has continuously grown with an impressive record both in the fixed income underwriting business and the fixed income trading business in the secondary market. CNS's market shares grew both corporate debenture and bill of exchange market. Additionally, this business also facilitated CNS's funding by the issuance and offer for sale of bill of exchange to high net worth individuals and institutional investors.

The investment banking business expanded sharply from the collaboration with Nomura group, the big transactions from financial advisory and underwriting services. CNS's revenues from this business significantly grew rapidly.

The mutual fund selling agent business under the "Nomura iFUND" brand was also warmly welcome by investors. Even though the revenue from this business was not much but it has continued to see strong growth both in number of accounts and asset under management (AUM).

In conclusion, the 2014 was still a good year for CNS.

Overview of Performance and Significant Change for the Fiscal Year 2014

Net profit for the fiscal year 2014 was Baht 425.21 million with earnings per share at Baht 0.20 (calculated from the weighted average number of shares at 2,150.47 million shares at a par value of Baht 1), increased Baht 31.17 million or grew 7.91% from the net profit of the fiscal year 2013 at Baht 394.04 million, with earnings per share at Baht 0.27 (calculated from the weighted average number of shares at 1,478.82 million shares at a par value of Baht 1).

Net profit of 2014 increased due to the increase of Baht 43.32 million in total revenue, or 2.65% from Baht 1,598.18 million in 2013 to Baht 1,640.50 million in 2014, and the slight increase of Baht 1 million in total expenses, which was quite stable compared to total expenses of 2013.

Gross profit margin grew from 84.87% for the fiscal year 2013 to 86.92% for the fiscal year 2014. Net profit margin for the same period grew from 24.66% to 25.92% which reflected the better profitability compared to the previous year. Meanwhile, return on equity slightly decreased from 8.70% in 2013 to 7.85% in 2014 although the net profit of 2014 increased from the previous year. This was the result of the capital increase in the mid of 2013 that caused the average equity of 2013 lower than 2014.

Total revenues increased from the growth in fee and service income of Baht 60.23 million due to the service fees from Nomura Group and the growth of Baht 62.71 million in interest on margin loans due to the margin loan business expansion during 2014. Meanwhile, brokerage fees decreased from 2013 due to the decline of overall market turnover. Total expenses were quite stable. Financial costs decreased Baht 17.08 million from the previous year due to the decline in premium on forward contract as CNS had changed the funding from foreign sources to domestic sources. Fees and service expenses decreased Baht 10.13 million due to the decline of overall market turnover. Both decreases were offset by the increase in operating expenses as a result of the business expansion and the computer upgrades during the year.

Return on assets dropped from 4.11% to 3.78% because the total assets as of the end of 2014 was significantly higher than the previous year due to the material increase in the net securities and derivatives business receivables regarding the market sentiment during the end of 2014.

Total revenues for the fiscal year 2014 increased from the fiscal year 2013

Brokerage fees from securities and derivatives brokerage business

Brokerage fees from securities and derivatives brokerage business for the fiscal year 2014 was Baht 929.53 million, decreased Baht 127.05 million or dropped 12.02% from 2013 due to the decline of overall market turnover at 9.66%, from Baht 50.33 billion in 2013 to Baht 45.47 billion in 2014. The common size ratio for brokerage fees sharply dropped from 66.11% of total revenues in 2013 to 56.66% in 2014, reflecting that CNS was less dependent on brokerage business regarding the management's policy in the revenue diversifications.

Fee and service incomes

Fee and service incomes for the fiscal year 2014 was Baht 178.84 million, increased Baht 60.23 million or substantially grew 50.78% from 2013. The main growth was from lead underwriting fees from big deals and service fees from Nomura Group for business support services. CNS became the consolidated subsidiary of Nomura Group during the mid of 2014. The common size ratio for fee and service incomes grew from 7.42% of total revenues in 2013 to 10.90% in 2014, reflecting CNS's capability in the underwriting and financial advisory business. The increasing demand for business to be listed as well as the uptrend of merger and acquisition in the region were the main factors to the growth of both businesses.

Interest on margin loans

Interest on margin loans for the fiscal year 2014 was Baht 390.76 million, increased Baht 62.71 million or grew 19.12% from 2013 due to the margin loan business expansion regarding the increasing investment needs in 2014. The outstanding margin loans significantly rose Baht 3,252 million or 56.2%, from Baht 5,785 million as at the end of 2013 to Baht 9,037 million as at the end of 2014. The common size ratio for interest on margin loans grew from 20.53% of total revenues in 2013 to 23.81% in 2014, showing the growth of CNS's margin loan business.

Gain on securities

Gain on securities for the fiscal year 2014 was Baht 40.80 million, increased Baht 21.50 million or substantially grew 111.40% from 2013 due to the fixed income trading business expansion both in the primary and secondary market since 2013. In the current year, debt securities were in great demand as investors tended to raise funds by debt securities. Also, low deposit interest rates as well as the limited coverage of insured deposit motivated investors to increase their risk exposures to get higher returns from debt securities. The common size ratio for gain in securities grew from 1.21% of total revenues in 2013 to 2.49% in 2014, showing the strong growth of CNS's fixed income trading business and investment.

Gain on derivatives

Gain on derivatives for the fiscal year 2014 was Baht 10.56 million compared to a loss of Baht 13.60 million in 2013. The gain was mainly due to a realized gain from the settlement of forward contract to hedge the foreign exchange risk on the borrowing in foreign currency.

Total expenses for the fiscal year 2014 was closed to that for the fiscal year 2013

Financial costs

Financial costs for the fiscal year 2014 was Baht 130.66 million, decreased Baht 17.08 million or dropped 11.56% from 2013 due to the decline of premium of forward contract to hedge the foreign exchange risk on the borrowing in foreign currency.

Fee and service expenses

Fee and service expenses for the fiscal year 2014 were Baht 83.26 million, decreased Baht 10.13 million or dropped 10.84% from 2013 due to the decline of overall market turnover.

Personnel expenses

Personnel expenses for the fiscal year 2014 were Baht 620.21 million, nearly to Baht 614.43 million in 2013. Although the decrease in incentives paid to financial advisors were in line with the decrease in brokerage fees, but other personnel expenses increased from the increasing number of employees to serve the business expansion both in brokerage and other businesses. The common size ratio for personnel expenses slightly dropped from 38.45% of total revenues in 2013 to 37.83% in 2014.

Income tax

Income tax for the fiscal year 2014 were Baht 108.97 million, increased Baht 9.59 million or grew 9.66% from 2013 due to the growth of net profit before income tax.

Overview of Financial Position and Significant Changes in the Fiscal Year 2014

As of December 31, 2014, CNS's total assets were Baht 12,569.39 million, increased Baht 2,647.80 million or grew 26.69% from Baht 9,921.59 million as of December 31, 2013. Net securities and derivatives business receivables were the biggest portion, at 88.37% of total assets. The growth of total assets were driven by the increasing average market turnover and higher liquidity needs for investment in the second half of the year while there was a political turmoil in the early of the year. As a result, the margin loan business rapidly expanded during the year, ended with the increase of Baht 3,252 million in margin loan outstanding or 56.2% from Baht 5,785 million as at the end of 2013 to Baht 9,037 million as at the end of 2014. CNS still continued to conduct the efficiency of credit and market risk management policy, causing the quality growth of margin loan without any additional allowance for doubtful accounts. The growth of margin loan business was in line with CNS's business plan.

As of December 31, 2014, CNS's total liabilities were Baht 7,124.27 million, increased Baht 2,586.07 million or sharply grew 56.98% from December 31, 2013. Borrowings from financial institutions were the biggest portion at 36.45% of total liabilities and equity. The increase in total liabilities were driven by the borrowings from financial institutions as CNS raised more funds from both short-term and long-term borrowings from financial institutions to serve the expansion in margin loan and fixed income trading business as well as the increasing working capital. CNS's funding policy concerned liquidity risks and financial costs matching to economic situations and the needs of funds.

As of December 31, 2014, CNS's debt to equity ratio and net book value stood at 1.31 times and Baht 2.53 per share, respectively. As of December 31, 2013, CNS's debt to equity ratio and net book value stood at 0.84 times and Baht 2.50 per share, respectively. The growth in debt to equity ratio was mainly driven by the increase in the total borrowing as mentioned above, however, the ratio was not high and did not impact the conditions set by debtors.

CNS had high financial liquidity. Net liquid capital as of December 31, 2014 was Baht 4,948.22 million while net liquid capital ratio was 86.16% of general indebtedness which was much higher than the SEC's requirements at the minimum capital of Baht 25 million and the minimum ratio of 7% of general indebtedness.

In conclusion, CNS was a security firm with a strong financial position, a high financial stability and liquidity as well as a great profitability.

Total assets as of December 31, 2014 increased when compared to December 31, 2013

Cash and cash equivalents

Cash and cash equivalents as of December 31, 2014 was Baht 384.25 million, decreased Baht 248.00 million or dropped 39.22% from 2013 which was in normal situation of the liquidity needs.

Net securities and derivatives business receivables

Net securities and derivatives business receivables as of December 31, 2014 was Baht 11,107.16 million, increased Baht 3,412.46 million or grew 44.35% from 2013 due to the increase in margin loan receivables from the market sentiment in the SET and the business expansion plan in the margin loan business as mentioned above.

CNS considers risk from doubtful debt and bad debt by assessing clients' financial status prior to approve account opening, screening clients and providing appropriate credit lines corresponding to clients' financial status to avoid bad debt problems. Doubtful debt is defined as the uncollateralized portion of the value of a debt. CNS has a policy to set up allowance for doubtful accounts by comparing loan balance and collateral balance. CNS has a policy to set aside allowance for doubtful debts at not less than 100 percent of the loan balance in accordance with the guideline set by the SEC governing accounting for the doubtful debts of securities firms.

As of December 31, 2014, total securities business receivables including related interest receivables was Baht 11,113 million. The balance of Baht 11,107 million was classified as normal. The remaining balance of Baht 6 million was classified as doubtful which CNS fully set the allowance for doubtful accounts. As of December 31, 2013, total securities business receivables including related interest receivables was Baht 7,701 million. The balance of Baht 7,695 million was classified as normal. The remaining balance of Baht 6 million was classified as doubtful which CNS fully set the allowance for doubtful accounts. The allowance for doubtful accounts as of the end of 2014 remained at the same amount as compared to the end of 2013.

Net investment

Net investment as of December 31, 2014 was Baht 676.30 million, decreased Baht 378.08 million or substantially dropped 35.86% from 2013 due to two factors; the decrease in unit trust at approximately Baht 600 million and the increase in investment in debt securities at Baht 322 million from the fixed income trading business expansion. As at the end of 2013, the unit trust was held for liquidity management to prepare for the borrowing repayment of USD 50 million in the early of 2014. Most of the outstanding balance as at the end of 2014 was the trading debt securities held for fixed income trading business which impressively grew in 2014.

Derivative assets

Derivative assets as of December 31, 2014 was Baht 3.35 million, decreased Baht 116.11 million or sharply dropped 97.20% from 2013. As at the end of 2013, a forward contract was hedged for foreign exchange risk of the borrowing incurred in the early of 2013 at USD 50 million. As at the end of 2014, a forward contract was hedged for foreign exchange risk of the borrowing incurred in the last quarter of 2014 at only USD 10 million. As a result, derivative assets from the hedging by forward contracts dropped significantly.

Total liabilities as of December 31, 2014 increased when compared to December 31, 2013

Borrowings from financial institutions

Borrowings from financial institutions as of December 31, 2014 were Baht 4,581.13 million, increased 3,681.13 million or sharply grew 409.01% from 2013. In 2014, CNS's demand for more funds was due to the business expansion in margin loan business, fixed income trading business and also the increasing working capital. The outstanding balance as at the end of 2014 was both the short-term and long-term borrowings. CNS had taken the risk management as mentioned above.

Securities and derivatives business payables

Securities and derivatives business payables as of December 31, 2014 was Baht 1,598.31 million, increased 212.02 million or grew 15.29% from 2013 due to the increase in overall market turnover during the end of 2014.

Other borrowings

Other borrowings as of December 31, 2014 were Baht 299.06 million, decreased 1,348.41 million, or substantially dropped 81.85% from 2013. In 2013, CNS had a borrowing in foreign currency from a related party totaling USD 50 million for the working capital and business expansion; however, such borrowing had been paid in 2014. Meanwhile, in the second half of 2014, CNS started to raise funds by issuance and offer for sale of debt securities in the form of short-term bill of exchanges with a maximum tenor of 270 days to high net worth individuals and institutional investors. The above mentioned outstanding balance of Baht 299.06 million was the net of discount of bill of exchanges with the face value of Baht 300 million and a maturity in 2015.

Considering the sum of borrowings from financial institutions and other borrowings, CNS's total borrowings increased Baht 2,333 million from the previous year due to the business expansion.

Total equity as of December 31, 2014 increased when compared to December 31, 2013

As of December 31, 2014, total equity was Baht 5,445.13 million or 43.32% of total liabilities and equity, increased Baht 61.74 million or grew 1.15% from December 31, 2013 due to the net profit of 2014 totaling Baht 425.21 million.

In 2014, CNS made the dividend payment to shareholders for the performance of the fiscal year 2013 totaling Baht 365.55 million and also added statutory reserves of Baht 21.3 million for the performance of the fiscal year 2014.

Factors or Influences on Future Financial Position and Performance

The economic and political situation, the domestic and international turmoil, the oil price fluctuation, the interest rate change in Thailand and major financial markets in the world as well as the government policies are the main factors that will impact the business decision, investment needs, the growth and the profitability of listed companies in the SET. Such factors will also have an impact on investors' confidence both local investors and foreigners and the fund flow which consequently affect the market turnover as well as inevitably impact on CNS's brokerage fees and performance. In addition to the impact on brokerage business, the investment banking business as well as the business in issuing and offering for sale of debt securities may be affected. Nonetheless, as a subsidiary of Nomura Group, CNS may be able to expand its business from the closer relationship and co-operation with Nomura Group

The regulator's policy on the liberalization of securities business licenses and the liberalization of brokerage fee which was effective since 2012 may also bring new brokers into the industry and result in high competitions among securities firms as well as a scarcity of personnel which may have an impact on its operation to achieve its business plan.

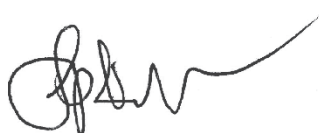
CNS will continue to focus on strategies and key initiatives that will enhance the quality of its business and services. This will include the ongoing development of information technology and financial advisors' competencies and services as well as the improvement of up-country branch networks under the concept of "Nomura Learning Center (NLC)" and Investor Service Network to expand client bases and to create sustainable growth.

Report of the Board of Directors' Responsibility for Financial Statements

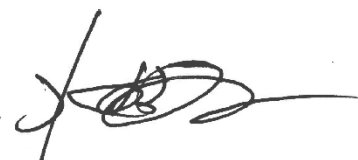
The Board of Directors of Capital Nomura Securities Public Company Limited ("the Company") is responsible for the Company's financial statements, including financial information appearing in the 2014 Annual Report. The financial statements have been prepared in accordance with Thai Financial Reporting Standards 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 EY 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.

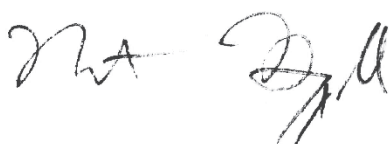
The Board of Directors believed that the Company has a satisfactory level of internal control and the financial report as of December 31, 2014 are presented fairly in accordance with Thai Financial Reporting Standards and complied with related rules and regulations.




Mr. Suthep Peetakanont
Chairman of the Board of Directors and
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 2014, 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 2014, and their financial performance and cash flows the year then ended in accordance with Thai Financial Reporting Standards.



Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 25 February 2015

Financial Statements and Notes to Financial Statements

Capital Nomura Securities Public Company Limited

Statement of financial position

As at 31 December 2014

		(Unit: Baht)	
	Note	2014	2013
Assets			
Cash and cash equivalents	6	384,254,287	632,251,180
Deposits at financial institutions	7	-	-
Receivables from Clearing House	8	30,633,964	64,995,414
Securities and derivatives business receivables - net	9	11,107,161,197	7,694,699,270
Derivatives assets	10	3,353,000	119,465,000
Investments - net	11	676,302,034	1,054,381,107
Premises and equipment - net	12	63,442,889	96,916,474
Intangible assets - net	13	7,605,541	15,751,429
Deferred tax assets	14	60,851,265	51,281,926
Other assets - net	15	235,789,418	191,851,108
Total assets		12,569,393,595	9,921,592,908

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

Capital Nomura Securities Public Company Limited

Statement of financial position (Continued)

As at 31 December 2014

		(Unit: Baht)	
	Note	2014	2013
Liabilities and equity			
Liabilities			
Borrowings from financial institutions	16	4,581,132,000	900,000,000
Payables to Clearing House	17	219,331,680	328,108,786
Securities and derivatives business payables - net	18	1,598,313,591	1,386,289,678
Borrowings	19	299,058,936	1,647,470,000
Provisions for long-term employee benefits	20	64,441,460	52,903,963
Other liabilities	21	361,988,202	223,434,237
Total liabilities		7,124,265,869	4,538,206,664
Equity			
Share capital			
Registered, issued and paid-up			
2,150,469,000 ordinary shares of Baht 1 each	22	2,150,469,000	2,150,469,000
Premium on share capital		2,131,833,600	2,131,833,600
Premium on treasury stock		1,487,250	1,487,250
Other components of equity - revaluation			
surplus on investments	11.3	2,136,045	56,989
Retained earnings			
Appropriated - statutory reserve	23	113,300,000	92,000,000
- general reserve		215,000,000	215,000,000
Unappropriated		830,901,831	792,539,405
Total equity		5,445,127,726	5,383,386,244
Total liabilities and equity		12,569,393,595	9,921,592,908

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

Capital Nomura Securities Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2014

		(Unit: Baht)	
	Note	2014	2013
Profit or loss:			
Revenue			
Brokerage fees	25	929,529,568	1,056,583,127
Fees and service income	26,31	178,839,600	118,612,936
Gain on securities	11.4	40,799,092	19,302,066
Gain (loss) on derivatives/exchange rate		10,562,240	(13,598,300)
Interest and dividend		85,316,476	84,363,373
Interest on margin loans		390,757,909	328,049,136
Other income		4,694,097	4,871,801
Total revenue		1,640,498,982	1,598,184,139
Expenses			
Financial costs		130,654,978	147,737,848
Fees and services expenses		83,256,573	93,381,953
Operating expenses			
Personnel expenses		620,614,485	614,431,513
Premises and equipment expenses		179,468,584	162,025,945
Directors' remuneration	27	4,150,000	3,721,000
Other expenses		88,171,913	83,474,750
Total operating expenses		892,404,982	863,653,208
Total expenses		1,106,316,533	1,104,773,009
Profit before income tax		534,182,449	493,411,130
Income tax	14	(108,968,343)	(99,367,409)
Profit for the year		425,214,106	394,043,721

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

Capital Nomura Securities Public Company Limited
Statement of comprehensive income (Continued)
For the year ended 31 December 2014

			(Unit: Baht)
	Note	2014	2013
Other comprehensive income:			
Gain on re-measuring			
available-for-sale investments		2,598,820	146,281
Income tax relating to gain on re-measuring			
available-for-sale investments	14	(519,764)	(29,256)
Other comprehensive income		2,079,056	117,025
Total comprehensive income for the year		427,293,162	394,160,746
Basic earnings per share	29		
Profit for the year		0.20	0.27
Weighted average number of ordinary shares (Shares)		2,150,469,000	1,478,815,668

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

Capital Nomura Securities Public Company Limited
Statement of changes in equity
For the year ended 31 December 2014

	Other components							(Unit: Baht)
	Issued and paid-up share capital	Premium on share capital	Premium on treasury stock	revaluation surplus of equity - (deficit) on investments	Retained earnings		Total	
					Appropriated	General reserve		
Balance - as at 1 January 2013	716,823,000	2,131,833,600	1,487,250	(60,036)	72,000,000	215,000,000	533,160,964	3,670,244,778
Profit for the year	-	-	-	-	-	-	-	394,043,721
Other comprehensive income for the year	-	-	-	117,025	-	-	-	117,025
Total comprehensive income for the year	-	-	-	117,025	-	-	-	394,043,721
Increase share capital (Note 22)	1,433,646,000	-	-	-	-	-	-	1,433,646,000
Dividend paid (Note 30)	-	-	-	-	-	-	(114,665,280)	(114,665,280)
Statutory reserve (Note 23)	-	-	-	-	20,000,000	-	(20,000,000)	-
Balance - as at 31 December 2013	2,150,469,000	2,131,833,600	1,487,250	56,989	92,000,000	215,000,000	792,539,405	5,383,386,244
Balance - as at 1 January 2014	2,150,469,000	2,131,833,600	1,487,250	56,989	92,000,000	215,000,000	792,539,405	5,383,386,244
Profit for the year	-	-	-	-	-	-	425,214,106	425,214,106
Other comprehensive income for the year	-	-	-	2,079,056	-	-	-	2,079,056
Total comprehensive income for the year	-	-	-	2,079,056	-	-	425,214,106	427,293,162
Dividend paid (Note 30)	-	-	-	-	-	-	(365,551,680)	(365,551,680)
Statutory reserve (Note 23)	-	-	-	-	21,300,000	-	(21,300,000)	-
Balance - as at 31 December 2014	2,150,469,000	2,131,833,600	1,487,250	2,136,045	113,300,000	215,000,000	830,901,831	5,445,127,726

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

Capital Nomura Securities Public Company Limited

Statement of cash flows

For the year ended 31 December 2014

	(Unit: Baht)	
	2014	2013
Cash flows from operating activities		
Profit before income tax	534,182,449	493,411,130
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	51,497,652	55,714,867
Gain on disposal of securities	(1,055,679)	(18,984,567)
Loss on reclassification of investments	-	913,911
Gain on revaluation of investments	(736,002)	(1,349,870)
Loss on written-off computer software	2,885,877	-
Loss on written-off equipment	3,694,018	-
Gain on disposal of equipment	(755,582)	(109,908)
Loss (gain) on derivatives/exchange rate	(10,562,240)	13,580,000
Long-term employee benefits	11,537,497	3,077,692
Interest and dividend income	(85,316,476)	(84,363,373)
Interest income from margin loans	(390,757,909)	(328,049,136)
Others interest income	(1,341,676)	(1,827,203)
Financial costs	130,654,978	147,737,848
Cash received from interest	32,408,040	37,788,927
Cash received from interest on margin loans	377,955,983	322,722,955
Cash received from other interest	1,343,908	1,827,737
Cash paid for interest expenses (included other financial costs)	(123,466,391)	(117,136,616)
Cash paid for income tax	(59,971,307)	(120,944,660)
Profit from operating activities before changes in operating assets and liabilities	472,197,140	404,009,734
Operating assets (increase) decrease		
Receivables from Clearing House	34,361,450	425,610,794
Securities and derivatives business receivables	(3,399,612,782)	280,522,347
Trading securities	(220,867,959)	(338,208,379)
Other assets	(41,302,123)	(26,411,841)

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

Capital Nomura Securities Public Company Limited**Statement of cash flows (Continued)****For the year ended 31 December 2014**

	(Unit: Baht)	
	2014	2013
Operating liabilities increase (decrease)		
Borrowings from financial institutions	3,681,132,000	(1,300,000,000)
Payables to Clearing House	(108,777,106)	(223,507,085)
Securities and derivatives business payables	211,023,984	(1,183,860,260)
Borrowings	(1,221,736,824)	1,484,500,000
Other liabilities	76,594,897	29,133,662
Net cash used in operating activities	(516,987,323)	(448,211,028)
Cash flows from investing activities		
Cash paid for purchase of available-for-sale securities	(402,097,212)	(17,661,502,165)
Cash received from disposal of available-for-sale securities	1,003,157,583	16,980,488,274
Net cash received from held-to maturity debt securities	1,215,815	144,714
Cash received from interest and dividend	47,095,885	43,780,744
Cash paid for acquisition of equipment	(13,498,895)	(34,057,900)
Cash received from sales of equipment	755,607	118,455
Cash paid for acquisition of intangible assets	(2,086,673)	(7,761,603)
Net cash from (used in) investing activities	634,542,110	(678,789,481)
Cash flows from financing activities		
Proceed from increase in share capital	-	1,433,646,000
Cash paid for dividend	(365,551,680)	(114,665,280)
Net cash from (used in) financing activities	(365,551,680)	1,318,980,720
Net increase (decrease) in cash and cash equivalents	(247,996,893)	191,980,211
Cash and cash equivalents at the beginning of the year	632,251,180	440,270,969
Cash and cash equivalents at the end of the year	384,254,287	632,251,180

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

Capital Nomura Securities Public Company Limited

Notes to financial statements

For the year ended 31 December 2014

1. General information

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

The registered office of the Company is at 25 Bangkok Insurance Building, 15th - 17th Floor, South Sathorn Road, Tungmahamak, Sathorn, Bangkok. As at 31 December 2014, the Company has 24 branches including a headquarter, 22 branches in Bangkok and up country and a Representative office in Laos.

2. Basis of the preparation of the financial statements

These financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 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 financial reporting standards

Below is a summary of financial reporting standards that become effective in the current accounting year and those that will become effective in the future.

3.1 Financial reporting standards that become effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue

TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of them were made to amend wording and terminology, or to provide interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

3.2 Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

At present, the immediately recognise actuarial gains and losses in profit or loss in the period in which they occur. The assessment of the management of the Company is that when the revised standard is applied in 2015 and the method of recognising those gains and losses is changed to immediately recognise them in other comprehensive income, there will be no impact to provision for long-term employee benefit liabilities and retained earnings in the financial statements.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company believes that this standard will not have any significant impact on the Company's financial statements.

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 issued by financial institutions with an ordinary 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 100 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 year, the balance of securities borrowing payables and securities borrowing receivables are adjusted based on the close price quoted on the Stock Exchange of Thailand of the last working day of the year. Gains or losses arising from such adjustment are included in 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 year as quoted on the Stock Exchange of Thailand. The fair value of debt instruments is determined based on the required rate of return or the yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.
- 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.
- h) In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other comprehensive income in the statements of comprehensive income, depending on the type of investment that is reclassified.

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

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

The financial statements are presented in Baht, which is also the Company's functional currency.

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

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 (if any).

4.19 Derivatives - Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Gains and losses from the translation are included in profit or loss. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

4.20 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, and mortality rate.

6. Cash and cash equivalents

	(Unit: Baht)	
	2014	2013
Cash	80,200	83,000
Current deposits and savings deposits	794,214,535	573,152,701
Time deposits with maturity date not more than 3 months		
from acquisition date	100,000,000	390,000,000
Promissory notes at call	372,000,000	552,000,000
Total cash and cash equivalents	1,266,294,735	1,515,235,701
Less: Deposits for customers' account	(882,040,448)	(882,984,521)
Cash and cash equivalents	384,254,287	632,251,180

7. Deposits at financial institutions

	(Unit: Baht)	
	2014	2013
Time deposits with maturity date more than 3 months from acquisition date	1,170,000,000	200,000,000
Less: Deposits for customers' account	(1,170,000,000)	(200,000,000)
Deposits at financial institutions	-	-

8. Receivables from Clearing House

	(Unit: Baht)	
	2014	2013
Receivables from Thailand Clearing House		
Equity and debt securities	-	64,729,514
Derivatives	31,813,004	31,004,281
Receivables from foreign companies	30,380,544	-
Total receivables from Clearing House	62,193,548	95,733,795
Less: Receivables from Clearing House for customers' accounts	(31,559,584)	(30,738,381)
Receivables from Clearing House	30,633,964	64,995,414

9. Securities and derivatives business receivables

	(Unit: Baht)	
	2014	2013
<u>Securities business receivables</u>		
Cash accounts	1,388,045,776	1,128,630,599
Credit balances receivables	9,036,650,829	5,785,335,306
Guaranteed deposit receivables	336,063,481	425,295,070
Receivables under securities borrowing and lending business	303,886,705	325,391,043
Other receivables	6,620,531	6,538,770
Total securities business receivables	11,071,267,322	7,671,190,788
Add: Accrued interest receivables	42,047,988	29,198,843
Less: Allowance for doubtful accounts	(6,335,398)	(6,335,398)
Net securities business receivables	11,106,979,912	7,694,054,233
<u>Derivatives business receivables</u>		
Derivatives business receivables	181,285	645,037
Total derivatives business receivables	181,285	645,037
Net securities and derivatives business receivables	11,107,161,197	7,694,699,270

- 9.1** As at 31 December 2014, the Company has securities business receivables of approximately Baht 7 million on which the recognition of income on an accrual basis has been suspended (2013: Baht 7 million).
- 9.2** As at 31 December 2014 and 2013, 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)

	2014		
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal	11,107,161	-	11,107,161
Doubtful	6,335	6,335	-
Total	11,113,496	6,335	11,107,161

(Unit: Thousand Baht)

	2013		
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal	7,694,699	-	7,694,699
Doubtful	6,335	6,335	-
Total	7,701,034	6,335	7,694,699

- 9.3** As at 31 December 2014, guaranteed deposit receivables of approximately Baht 336 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 304 million (2013: Baht 425 million and Baht 325 million, respectively).

9.4 Allowance for doubtful accounts

(Unit: Baht)

	For the years ended 31 December	
	2014	2013
Balance - beginning of the year	6,335,398	6,335,398
Change during the year	-	-
Balance - end of the year	6,335,398	6,335,398

10. Derivatives assets

(Unit: Baht)

	2014		2013	
	Fair value	Notional	Fair value	Notional
		amount		amount
Forward exchange contract	3,353,000	324,775,000	119,465,000	1,514,425,000
Total derivatives assets	3,353,000	324,775,000	119,465,000	1,514,425,000

As at 31 December 2014 and 2013, derivatives assets relate to the differences between the fair values and the original values of the forward foreign exchange contracts, amounting to USD 10 million and USD 50 million, respectively.

11. Investments

11.1 Classify by type of investments

(Unit: Baht)

	2014		2013	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<u>Trading securities</u>				
Investments in debt securities	559,634,431	560,248,299	337,294,468	338,644,338
Total	559,634,431	560,248,299	337,294,468	338,644,338
Add: Allowance for revaluation	613,868		1,349,870	
Net trading securities	560,248,299		338,644,338	
<u>Available-for-sale securities</u>				
Listed equity securities	30,210	-	30,210	-
Unit trusts	100,624,873	103,294,929	700,629,565	700,700,801
Total	100,655,083	103,294,929	700,659,775	700,700,801
Add: Allowance for revaluation	2,670,056		71,236	
Less: Allowance for impairment	(30,210)		(30,210)	
Net available-for-sale securities	103,294,929		700,700,801	
<u>Held-to-maturity debt securities</u>				
Treasury bill	1,328,606,101		1,151,571,872	
Less: Investments for customer's accounts	(1,322,319,163)		(1,143,007,772)	
Net held-to-maturity debt securities	6,286,938		8,564,100	
<u>Other investments</u>				
Non-marketable equity securities	15,665,250		15,665,250	
Less: Allowance for impairment	(9,193,382)		(9,193,382)	
Net other investments	6,471,868		6,471,868	
Net investments	676,302,034		1,054,381,107	

11.2 Debt securities classified by remaining periods to maturity

As at 31 December 2014 and 2013, the Company classified investments in held-to-maturity debt securities by remaining periods to maturity as follows:

(Unit: Baht)				
2014				
	Due within			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity debt securities				
Treasury bill	1,328,606,101	-	-	1,328,606,101
Less: Investments for customer's accounts	(1,322,319,163)	-	-	(1,322,319,163)
Total investments in held-to-maturity debt securities	6,286,938	-	-	6,286,938
(Unit: Baht)				
2013				
	Due within			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity debt securities				
Treasury bill	1,151,571,872	-	-	1,151,571,872
Less: Investments for customer's accounts	(1,143,007,772)	-	-	(1,143,007,772)
Total investments in held-to-maturity debt securities	8,564,100	-	-	8,564,100

11.3 Other components of equity - revaluation surplus on investments

(Unit: Baht)		
	For the years ended 31 December	
	2014	2013
Balance - beginning of the year	56,989	(60,036)
Changes during the year from		
Revaluation	3,654,499	18,050,095
Disposal	(1,055,679)	(18,984,567)
Reclassification from available-for-sale to trading	-	1,080,753
Deferred income tax	(519,764)	(29,256)
Balance - end of the year	2,136,045	56,989

11.4 Gain on securities

	(Unit: Baht)	
	For the years ended 31 December	
	2014	2013
Realised gain on trading in securities		
Trading securities	40,479,415	48,382
Available-for-sale securities	1,055,679	18,984,567
Loss on reclassification of available-for-sale securities		
to trading securities	-	(1,080,753)
Unrealised gain (loss) on trading securities	(736,002)	1,349,870
Total gain on securities	40,799,092	19,302,066

11.5 Interest and dividend income

	(Unit: Baht)	
	For the years ended 31 December	
	2014	2013
Interest income from debt securities	45,228,780	43,926,823
Dividend income from equity securities	3,168,725	685,911
Total interest and dividend income	48,397,505	44,612,734

12. Premises and equipment

	(Unit: Baht)					
	For the year ended 31 December 2014					
	Condominium units	Office equipment	Furniture and fixtures	Motor vehicles	Work in progress	Total
Cost						
1 January 2014	22,704,701	216,797,204	132,306,055	27,954,034	2,859,316	402,621,310
Additions	-	15,059,063	996,640	-	1,113,930	17,169,633
Disposals	-	(17,908,505)	(100,571)	(3,580,000)	-	(21,589,076)
Transfer in/out	-	2,731,829	1,241,417	-	(3,973,246)	-
31 December 2014	22,704,701	216,679,591	134,443,541	24,374,034	-	398,201,867
Accumulated depreciation						
1 January 2014	18,441,571	176,186,483	91,852,245	19,224,537	-	305,704,836
Depreciation for the year	-	23,049,957	19,024,413	4,874,805	-	46,949,175
Depreciation on disposals	-	(14,227,619)	(87,416)	(3,579,998)	-	(17,895,033)
31 December 2014	18,441,571	185,008,821	110,789,242	20,519,344	-	334,758,978
Net book value						
31 December 2014	4,263,130	31,670,770	23,654,299	3,854,690	-	63,442,889
Depreciation for the year ended 31 December 2014						46,949,175

(Unit: Baht)

For the year ended 31 December 2013						
	Condominium units	Office equipment	Furniture and fixtures	Motor vehicles	Work in progress	Total
Cost						
1 January 2013	22,704,701	187,151,181	131,286,546	27,954,034	2,694,024	371,790,486
Additions	-	26,629,880	325,792	-	7,093,284	34,048,956
Disposals	-	(701,280)	(2,516,852)	-	-	(3,218,132)
Transfer in/out	-	3,717,423	3,210,569	-	(6,927,992)	-
31 December 2013	22,704,701	216,797,204	132,306,055	27,954,034	2,859,316	402,621,310
Accumulated depreciation						
1 January 2013	18,441,571	149,927,219	75,392,425	14,349,732	-	258,110,947
Depreciation for the year	-	26,952,461	18,976,208	4,874,805	-	50,803,474
Depreciation on disposals	-	(693,197)	(2,516,388)	-	-	(3,209,585)
31 December 2013	18,441,571	176,186,483	91,852,245	19,224,537	-	305,704,836
Net book value						
31 December 2013	4,263,130	40,610,721	40,453,810	8,729,497	2,859,316	96,916,474
Depreciation for the year ended 31 December 2013						50,803,474

As at 31 December 2014, condominium units for a total of Baht 4 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 167 million (2013: Baht 4 million and Baht 150 million, respectively).

13. Intangible assets

(Unit: Baht)

For the year ended 31 December 2014						
	Remaining amortisation period	Balance beginning of the year	Increase/ transfer in	Amortised	Disposals/ transfer out	Balance end of the year
Computer software	0 - 4.92 years	81,042,380	3,048,213	(71,314,631)	-	12,775,962
Software in progress		4,761,200	1,223,699	-	(5,944,165)	40,734
Total intangible assets		85,803,580	4,271,912	(71,314,631)	(5,944,165)	12,816,696
Less: Accumulated amortisation		(70,052,151)	-	(3,587,758)	68,428,754	(5,211,155)
Net intangible assets		15,751,429	4,271,912	74,902,389	62,484,589	7,605,541
Amortisation expenses for the year ended 31 December 2014						3,587,758

(Unit: Baht)

	Remaining amortisation period	For the year ended 31 December 2013				Balance end of the year
		Balance beginning of the year	Increase/ transfer in	Amortised	Disposals/ transfer out	
Computer software	0 - 4.92 years	76,367,663	4,674,717	-	-	81,042,380
Software in progress		1,670,588	4,650,005	-	(1,559,393)	4,761,200
Total intangible assets		78,038,251	9,324,722	-	(1,559,393)	85,803,580
Less: Accumulated amortisation		(66,202,714)	-	(3,849,437)	-	(70,052,151)
Net intangible assets		11,835,537	9,324,722	(3,849,437)	(1,559,393)	15,751,429
Amortisation expenses for the year ended 31 December 2013						3,849,437

As at 31 December 2013, 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 61 million.

14. Deferred tax assets/liabilities and income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

(Unit: Baht)

	For the years ended 31 December	
	2014	2013
Current income tax:		
Current income tax charge for the year	119,014,923	105,862,918
Deferred tax:		
Relating to origination and reversal of temporary differences	(10,046,580)	(6,421,374)
Effects of changes in the prior year's adjustments	-	(74,135)
Income tax expense reported in the statement of comprehensive income	108,968,343	99,367,409

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

(Unit: Baht)

	For the years ended 31 December	
	2014	2013
Deferred tax relating to loss on re-measuring available-for-sale investments	(519,764)	(29,256)
	(519,764)	(29,256)

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2014 and 2013 are as follows:

(Unit: Baht)

	For the years ended 31 December	
	2014	2013
Accounting profit before tax	534,182,449	493,411,130
Applicable tax rates	20 percent	20 percent
Accounting profit before tax multiplied by applicable tax rates	106,836,490	98,682,226
Effects of changes in the prior year's adjustment	-	(74,135)
Effects of:		
Non-deductible expense	2,943,603	1,118,541
Non-taxable income	(797,003)	(280,886)
Additional expense deductions allowed	(14,747)	(78,337)
Total	2,131,853	759,318
Income tax expenses reported in the statement of comprehensive income	108,968,343	99,367,409

As of 31 December 2014 and 2013, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Baht)

	2014	2013
Deferred tax assets		
Allowance for impairment of investments	1,844,719	1,844,719
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	12,888,292	10,580,793
Accrued employee expenses	37,704,869	27,883,162
Others	2,176,033	4,207,351
Total deferred tax assets	61,466,112	51,368,224
Deferred tax liabilities		
Others	(614,847)	(86,298)
Total deferred tax liabilities	(614,847)	(86,298)
Net deferred tax assets	60,851,265	51,281,926

15. Other assets

	(Unit: Baht)	
	2014	2013
Loans to employees	65,902,689	69,859,939
Contribution for Securities Clearing Fund	44,924,583	40,810,173
Prepaid expenses	37,958,194	17,988,702
Deposits	17,308,752	16,936,186
Deferred premium on forward exchange contract	421,926	514,470
Property foreclosed		
(net of allowance for impairment of Baht 28 million)	15,000,000	15,000,000
Accrued interest receivables	10,617,667	3,793,219
Deposit for derivative business	5,000,000	5,000,000
Fees and service income receivables	34,406,277	13,200,299
Others	4,249,330	8,748,120
Total other assets	235,789,418	191,851,108

16. Borrowings from financial institutions

As at 31 December 2014 and 2013, borrowings from financial institutions, comprising domestic and foreign borrowings are classified as follows:

(Unit: Thousand Baht)

	2014				
	Interest rate	Remaining period to maturity			
	per annum		Less than		
	(percent)	At call	1 year	1 - 5 years	Total
Promissory notes	2.35 - 2.65	2,800,000	1,050,000	-	3,850,000
Borrowings					
Borrowings (THB)	4.08 - 4.33	-	400,000	-	400,000
Borrowing (Foreign)	0.84	-	331,132	-	331,132
Total borrowings from financial institutions		2,800,000	1,781,132	-	4,581,132

(Unit: Thousand Baht)

	2013				
	Interest rate	Remaining period to maturity			
	per annum		Less than		
	(percent)	At call	1 year	1 - 5 years	Total
Borrowings	3.85 - 4.33	-	500,000	400,000	900,000
Total borrowings from financial institutions					

As at 31 December 2014 and 2013, the above borrowings of Baht 400 million and Baht 900 million, respectively are borrowings from the branch of an overseas bank, with maturities of 2 - 3 years counting from contract date. 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.

As at 31 December 2014, borrowings of Baht 331 million are 10 million US dollar borrowing from an overseas bank and carrying interest at 0.84 percent fixed rate per annum, payable at the maturity date. However, the Company has purchased a forward contract to mitigate the related foreign exchange risk.

17. Payables to Clearing House

	(Unit: Baht)	
	2014	2013
Payables to Clearing House		
Equity and debt securities	218,915,549	324,740,034
Derivatives	416,131	620,188
Payables to foreign companies	-	2,748,564
Total payables to Clearing House	219,331,680	328,108,786

18. Securities and derivatives business payables

	(Unit: Baht)	
	2014	2013
<u>Securities business payables</u>		
Cash accounts	978,030,917	692,133,009
Guarantee deposit payables	311,916,484	365,286,850
Payable under securities borrowing and lending business	303,886,705	325,391,042
Total securities business payables	1,593,834,106	1,382,810,901
Accrued interest payables	4,469,105	3,469,177
Total securities business payables	1,598,303,211	1,386,280,078
<u>Derivatives business payables</u>		
Derivatives business payables	10,380	9,600
Total derivatives business payables	10,380	9,600
Net securities and derivatives business payables	1,598,313,591	1,386,289,678

19. Borrowings

As at 31 December 2014, net of discount for borrowing of Baht 299 million are unsecured borrowing from bill of exchange and carrying interest at 2.6 percent fixed rate per annum, payable at the maturity date 3 month.

As at 31 December 2013, borrowings of Baht 1,648 million are 50 million US dollar borrowing from a related party and carrying interest at LIBOR+1.05 percent per annum, payable quarterly. However, the Company has purchased a forward exchange contract to mitigate the related foreign exchange risk. The Company made repayment in January 2014.

20. Provisions for long-term employee benefits

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

(Unit: Baht)		
For the years ended		
31 December		
	2014	2013
Provisions for long-term employee benefits at beginning of year	52,903,963	49,826,271
Current service cost	4,875,946	4,236,840
Interest cost	2,247,125	1,986,755
Benefits paid during the year	-	(3,145,903)
Actuarial loss	4,414,426	-
Provisions for long-term employee benefits at end of year	64,441,460	52,903,963

Long-term employee benefit expenses included in the profit or loss for the years ended 31 December 2014 and 2013 are as follows:

(Unit: Baht)		
	2014	2013
Current service cost	4,875,946	4,236,840
Interest cost	2,247,125	1,986,755
Actuarial loss recognised during the year		
- Assumptions changing adjustments	722,859	-
- Experience adjustments	3,691,567	-
Total expenses recognised in profit or loss	11,537,497	6,223,595

Amounts of defined benefit obligation and experience adjustments on the obligation for the current year and previous three years are as follows:

		(Unit: Baht)
	Defined benefit obligation	Experience adjustments on the obligation
31 December 2014	64,441,460	3,691,567
31 December 2013	52,903,963	-
31 December 2012	49,826,271	-
31 December 2011	45,330,655	-

Principal actuarial assumptions at the valuation date were as follows:

	2014	2013
Discount rate	3.9 percent per annum	4.1 percent per annum
Average future salary increase	5 - 6 percent per annum	5 - 8 percent per annum
Average turnover rate	2.5 - 35 percent per annum based on employee's age	5 - 35 percent per annum based on employees' age

21. Other liabilities

		(Unit: Baht)
	2014	2013
Accrued employee expenses	196,631,861	141,913,105
Accrued interest expenses	9,137,285	6,176,170
Accrued expenses	32,389,571	22,179,758
Corporate income tax payable	89,564,183	30,478,043
Others	34,265,302	22,687,161
Total other liabilities	361,988,202	223,434,237

22. Share capital

On 26 April 2013, the Annual General Meeting of the Company's shareholders No.1/2556 passed the following resolutions.

- a. Approved a share split by changing the par value of the Company's ordinary shares from Baht 10 per share (71,682,300 shares) to Baht 1 per share (716,823,000 shares).
- b. Approved an increase of Baht 1,433,646,000 in the Company's registered share capital, from Baht 716,823,000 to Baht 2,150,469,000, through the issuance of 1,433,646,000 new ordinary shares with a par value of Baht 1 each. All new ordinary shares are to be allotted to the existing shareholders in proportion to their existing shareholding (Rights Offering) at a rate of 2 new shares for each existing share, and an offer price of Baht 1 per share. The Company registered the increase in its registered share capital with the Ministry of Commerce on 24 June 2013 and share capital has been fully paid up.

23. 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.

As at 31 December 2014, the Company allotted profit of Baht 21 million to the statutory reserve (2013: Baht 20 million).

24. 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.

25. Brokerage fee income

	(Unit: Baht)	
	For the years ended 31 December	
	2014	2013
Brokerage fee from securities business	885,176,552	991,506,405
Brokerage fee from derivatives business	44,353,016	65,076,722
Total brokerage fees income	929,529,568	1,056,583,127

26. Fees and service income

	(Unit: Baht)	
	For the years ended 31 December	
	2014	2013
Underwriting fee	60,897,233	46,843,736
Financial advisory	5,880,000	9,892,575
Securities borrowing and lending	16,959,088	26,815,334
Business support	93,606,736	29,606,157
Others	1,496,543	5,455,134
Total fees and service income	178,839,600	118,612,936

27. 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.

28. 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 2014, Baht 22 million has been contributed to the Fund by the Company (2013: Baht 21 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".

29. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares outstanding during the year. The number of ordinary shares has been adjusted to reflect the proportionate change in the number of ordinary shares as a result of the share split mentioned in Note 22 to financial statements, with the calculation assuming that the share split took place at the beginning of the reporting period.

	For the years ended 31 December	
	2014	2013
Profit for the year (Baht)	425,214,106	394,043,721
Weighted average number of ordinary shares (shares)	2,150,469,000	1,478,815,668
Earnings per share (Baht/share)	0.20	0.27

30. Dividends

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

	Approved by	Total dividend declaration	Dividend declaration per share
		(Million Baht)	(Baht)
Dividends from the operating results for the year ended 31 December 2013	The annual ordinary meeting of the Company's shareholders No. 1/2557 on 25 April 2014	366	0.17 (from 2,150,469,000 ordinary shares at par value of Baht 1 each)
Dividends from the operating results for the year ended 31 December 2012	The annual ordinary meeting of the Company's shareholders No. 1/2556 on 26 April 2013	115	1.60 (from 71,682,300 ordinary shares at par value of Baht 10 each)

31. Related party transactions

During the years, 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
Nomura Mauritius Limited	Having common major shareholders
Nomura Asia Holding N.V.	Having common major shareholders
Instinet Pacific Limited	Having common major shareholders
United Information Highway Co., Ltd.	Having common director
Nomura Holding, INC.	Major shareholder

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.

	For the years ended 31 December		(Unit: Baht)
	2014	2013	Pricing policies (for the year 2014)
Transactions occurred during the years			
Brokerage fees income			
- Nomura Singapore Limited	185,837	4,596,731	At normal rate charged to other clients, in accordance with SET's and SEC's notification
- Nomura International Plc.	2,142,081	4,350,047	At normal rate charged to other clients, in accordance with SET's and SEC's notification
- Instinet Pacific Limited	33,895,467	33,002,313	At normal rate charged to other clients, in accordance with SET's and SEC's notification
- Nomura Asia Holding N.V.	1,820,820	-	At normal rate charged to other clients, in accordance with SET's and SEC's notification
Fees income from business support services			
- Nomura Singapore Limited	15,914,477	14,410,701	At actual costs plus a margin of 10 percent

(Unit: Baht)

	For the years ended 31 December		Pricing policies
	2014	2013	(for the year 2014)
Transactions occurred during the year			
(continued)			
Fees income from research services			
- Nomura Securities Co., Ltd.	-	4,550,000	At actual costs plus a margin of 10 percent
Fees income from introducing broker			
- Nomura Singapore Limited	1,024,919	659,483	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 other services			
- Nomura Securities Co., Ltd.	19,361,184	15,195,456	At the contract rate determined by extent and amount of work assigned
- Nomura International (Hong Kong) Limited	26,324,661	-	At the contract rate determined by extent and amount of work assigned
Fees income from securities trading and research			
- Nomura Singapore Limited	32,006,414	-	At actual costs plus a margin of 10 percent
Fee income from securities borrowing and lending			
- Nomura International Plc.	2,321,758	3,368,752	At normal rate charged to other clients
- Instinet Pacific Limited	19,324	127,451	At normal rate charged to other clients
Fee expenses from Hi-speed circuit service			
- United Information Highway Co., Ltd.	1,078,928	1,130,870	At the same rate charged to other clients without dependent interest
Brokerage fees expense from foreign securities trading			
- Nomura Singapore Limited	198,261	1,358,525	Calculated base on trade volume and at the referential rate charged to other clients without dependent interest
Interest on borrowings			
- Nomura Mauritius Limited	1,216,958	19,571,193	At the rate 1.11 - 1.29 per annum
Interest income from loans to employees			
- Director	22,356	35,096	At the same rate charged to other Company's staffs

As at 31 December 2014 and 2013, the outstanding balances of the related party transactions are as follows:

	(Unit: Baht)	
	2014	2013
Securities business receivables		
- Nomura Singapore Limited	-	327,324
- Nomura International Plc.	89,615,000	121,500
- Instinet Pacific Limited	265,290,783	13,033,191
Other assets - accrued income receivables		
- Nomura Singapore Limited	24,058,307	4,787,075
- Nomura Securities Co., Ltd.	-	1,540,205
Other assets - loan to employees		
- Director	1,037,469	1,327,003
Other assets - Securities borrowing and lending receivables		
- Nomura International Plc.	204,594	42,852
- Instinet Pacific Limited	2,000	797
Other assets - others		
- Nomura Holding, INC.	7,625	-
- Nomura Investments (Singapore) Private Limited	-	668,304
- Nomura International (Hong Kong) Limited	26,749	222,903
- Nomura Singapore Limited	33,542	16,121
- Nomura Securities Co., Ltd.	370,133	424,875
Securities business payables		
- Instinet Pacific Limited	102,923,522	35,421,274
Borrowings		
- Nomura Mauritius Limited	-	1,647,470,000
Other liabilities		
- Nomura International (Hong Kong) Limited	-	46,459
- Nomura Mauritius Limited	-	5,088,170
- United Information Highway Co., Ltd.	104,260	88,644

The movements of the balance of borrowings between the Company and those related companies for the year ended 31 December 2014 are as follows:

(Unit: Baht)

	For the year ended 31 December 2014			
	Balance as at 1 January 2014	Increase during the year	Decrease during the year	Balance as at 31 December 2014
Borrowings				
Nomura Mauritius Limited	1,647,470,000	329,541,000	(1,977,011,000)	-

Management's remuneration

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

(Unit: Baht)

	For the years ended 31 December	
	2014	2013
Short-term employee benefits	114,493,099	107,165,349
Post-employment benefits	3,389,965	1,979,926
	<u>117,883,064</u>	<u>109,145,275</u>

32. Operating information by segment

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker (the Board of Executive Directors) in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company is organised into business units based on its products and services and have four reportable segments as follows:

- Securities business segment, which provide service according to brokering, derivative brokering and securities borrowing and lending.
- Investment banking segment, which provide service according to underwriting, investment advisory and financial advisory.
- Fixed Income segment, which provide service according to trading debt securities.
- Other segments, which provide support services and operating management.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

Below is the financial information as at 31 December 2014 and 2013, and for the years ended 31 December 2014 and 2013 of the Company by segment.

(Unit: Million Baht)

	For the years ended 31 December									
	Securities and		Investments banking		Fixed income		Other segments		Total	
	derivatives brokerage		segment		segment		segment		segment	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Total revenue	975	1,082	113	70	56	16	21	23	1,165	1,191
Segment operating profit	380	491	63	31	29	2	9	8	481	532
Unallocated income(expenses)										
Gain (loss) on investments/										
Derivatives/exchange rate									22	(3)
Interest and dividend income									68	80
Interest on margin loans									391	328
Other income									5	5
Financial costs									(131)	(148)
Operating expenses									(302)	(301)
Income tax									(109)	(99)
Profit for the year									425	394

(Unit: Million Baht)

	As at 31 December									
	Securities and		Investments banking		Fixed income		Other segments		Total	
	derivatives		segment		segment		segment		segment	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Premises and equipment - net									63	97
Unallocated assets									12,506	9,825
Total assets									12,569	9,922

Geographic information

The Company is operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

Major customers

For the years 2014 and 2013, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

33. Commitments and contingent liabilities

As at 31 December 2014 and 2013, the Company has the following outstanding commitments and contingent liabilities.

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

	(Unit: Million Baht)	
	2014	2013
Within 1 year	35	46
In 1 - 2 years	19	26
Over 2 years	11	11

The Company also has commitment under a rental agreement, which were expired on 7 February 2014. However, subsequent to the financial reporting date, the Company still has to receive those services and are in the process of drawing up new service agreements.

- 33.2** 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.
- 33.3** 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.
- 33.4** 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.

33.5 Employee Joint Investment Program

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

During the year, the amount contributed to the EJIP members by the Company as mentioned portion was presented under the caption of "Personnel expenses". However, the EJIP was terminated effective from 9 June 2014 onward.

34. 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 2014 and 2013, 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, derivatives assets, investments, loans to employees, borrowings from financial institutions and other borrowings. The financial risks associated with these financial instruments and how they are managed is described below.

34.1 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 receivable from Clearing House, securities and derivatives business receivables and loans to employees as stated in the statements of financial position.

34.2 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 2014 and 2013 classified by type of interest rates are summarised in the table below.

(Unit: Million Baht)

2014							
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	
		Within 1 year	1 - 5 years			Floating	Fixed
						interest rate	interest rate
						% p.a.	% p.a.
<u>Financial assets</u>							
Cash and cash equivalents	379	-	-	5	384	1.72	-
Receivable from Clearing House	-	-	-	31	31	-	-
Securities and derivatives							
business receivables	9,037	304	-	1,730	11,071	5.43	3.50
Derivatives assets	-	-	-	3	3	-	-
Investments	-	567	-	109	676	-	5.07
Loans to employees	66	-	-	-	66	1.75	-
<u>Financial liabilities</u>							
Borrowings from financial							
institutions	2,800	1,781	-	-	4,581	2.37	2.63
Payables to Clearing House	-	-	-	219	219	-	-
Securities and derivatives							
business payables	-	304	-	1,294	1,598	-	2.50
Borrowings	-	299	-	-	299	-	2.60

(Unit: Million Baht)

2013							
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	
		Within 1 year	1 - 5 years			Floating interest rate	Fixed interest rate
						% p.a.	% p.a.
<u>Financial assets</u>							
Cash and cash equivalents	621	-	-	11	632	1.90	-
Receivable from Clearing House	-	-	-	65	65	-	-
Securities and derivatives							
business receivables	5,785	326	-	1,561	7,672	5.42	3.51
Derivatives assets	-	-	-	119	119	-	-
Investments	-	347	-	707	1,054	-	3.51
Loans to employees	70	-	-	-	70	2.25	-
<u>Financial liabilities</u>							
Borrowings from financial							
institutions	-	500	400	-	900	-	4.06
Payables to Clearing House	-	-	-	328	328	-	-
Securities and derivatives							
business payables	-	325	-	1,061	1,386	-	3.50
Borrowings	1,648	-	-	-	1,648	1.29	-

34.3 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 2014 and 2013, the periods to the maturity dates of financial instruments are as follows.

(Unit: Million Baht)

	2014					
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<u>Financial assets</u>						
Cash and cash equivalents	384	-	-	-	-	384
Receivable from Clearing House	-	31	-	-	-	31
Securities and derivatives business						
receivables - net	640	1,430	-	-	9,037	11,107
Derivatives assets	-	3	-	-	-	3
Investments - net	103	567	-	-	6	676
Loans to employees	-	1	5	60	-	66
<u>Financial liabilities</u>						
Borrowings from financial institutions	2,800	1,781	-	-	-	4,581
Payables to Clearing House	-	219	-	-	-	219
Securities and derivatives business						
payables	616	982	-	-	-	1,598
Borrowings	-	299	-	-	-	299

(Unit: Million Baht)

	2013					
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<u>Financial assets</u>						
Cash and cash equivalents	632	-	-	-	-	632
Receivable from Clearing House	-	65	-	-	-	65
Securities and derivatives business						
receivables - net	751	1,159	-	-	5,785	7,695
Derivatives assets	-	119	-	-	-	119
Investments - net	701	347	-	-	6	1,054
Loans to employees	-	1	7	62	-	70
<u>Financial liabilities</u>						
Borrowings from financial institutions	-	500	400	-	-	900
Payables to Clearing House	-	328	-	-	-	328
Securities and derivatives business						

34.4 Foreign exchange risk

As at 31 December 2014, the Company has liabilities in foreign currency by Baht 331 million, and has entered into forward exchange contract to mitigate the foreign currency risk (2013: Baht 1,648 million).

34.5 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 or the value of financial assets.

34.6 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 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 and derivatives asset 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 market, such as investments, are determined by the quoted market price. In addition, the fair values of securities and derivative business receivables and loans to employees are determined based on their book value less allowance for doubtful accounts.

b) Financial liabilities

Borrowings from financial institutions, payables to Clearing House, securities and derivatives business payables and borrowings are presented at their book values, since they mature in the short-term or are subject to interest at the rates that approximate market interest rates.

As at 31 December 2014 and 2013, there were no material differences between the book value of financial instruments and their fair value.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's board of directors on 25 February 2015.

*Investors can further study the information of
Capital Nomura Securities Public Company Limited
from the Annual Information (Form 56-1) posted in
www.sec.or.th or www.cns.co.th or www.nomuradirect.com*

Head Office:

25 Bangkok Insurance Building,
15th-17th 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,
19th 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, 9th Floor,
Room 902, Baromrajchonnee Road,
Arun-Amarin, Bangkok Noi,
Bangkok 10700

Telephone: +66(0) 2638 5950

+66(0) 2287 6950

Facsimile : +66(0) 2884 9064

+66(0) 2884 9067

Vibhavadi-Rangsit Branch:

123 Sun Towers Building B, 23rd 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

Investor Services Network

Esplanade Branch:

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

Telephone : +66(0) 2354 0760

+66(0) 2641 3250

Facsimile : +66(0) 2641 3249

Phaholyothin Branch:

310 SME Bank Tower, 1st Floor,
Phaholyothin Road, Samsen Nai,
Phyathai, Bangkok 10400

Telephone : +66(0) 2638 5051

+66(0) 2287 6051

Facsimile : +66(0) 2357 1255

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:

999, Srichan Road, Nai Muang,
Muang, Khonkaen 40000

Telephone : +66(0) 4322 6540

+66(0) 4322 6541

Facsimile : +66(0) 4322 6542

Rayong Branch:

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

Telephone : +66(0) 3861 4283

+66(0) 3861 4284

Facsimile : +66(0) 3861 4285

Ayudhaya Branch:

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

Telephone : +66(0) 3533 5414

+66(0) 3533 5415

Facsimile : +66(0) 3533 5416

Phuket Branch:

32/175-176 Poonpol Road, Talad
Nua, Muang, Phuket 83000

Telephone : +66(0) 7621 4422

+66(0) 7621 4423

Facsimile : +66(0) 7621 4424

Chiangrai Branch:

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

Telephone : +66(0) 5377 4823

+66(0) 5377 4873

Facsimile : +66(0) 5377 4821

Chiangmai Branch:

30 Punna Place, Room 5, 1st
Floor, Nimmanhaemin Road, Soi
6, Suthep, Muang Chiangmai,
Chiangmai 50200

Telephone : +66(0) 5321 0834

+66(0) 5321 0835

Facsimile : +66(0) 5321 0841

Had Yai Branch:

434 Supasarn Rangsan Road,
Had Yai, Songkla 90110

Telephone : +66(0) 7422 1542

+66(0) 7422 1543

Facsimile : +66(0) 7422 1544

Chonburi Branch:

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

Ubon Ratchathani Branch:

756/4 Chayangkul Road,
Nai-Muang, Muang, Ubon
Ratchathani 34000

Telephone : +66(0) 4531 5326

+66(0) 4531 5327

Facsimile : +66(0) 4531 5328

Udonthani Branch:

UD Town, Room N203
The Next Zone, 2nd Floor
88 Tongyai Road, Mak Khaeng,
Muang Udonthani, Udonthani
41000

Telephone : +66(0) 4213 6174

+66(0) 4213 6175

Facsimile : +66(0) 4213 6176

Lampang Branch:

292-294 Highway
Lampang-Ngaw Road, Phrabat,
Muang, Lampang 52000

Telephone : +66(0) 5482 1977

+66(0) 5482 1978

Facsimile : +66(0) 5482 1979

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

Saraburi Branch:

88/24 Sudbuntad Road,
Pak Priaw, Muang, Saraburi
18000

Telephone : +66(0) 3622 3448-9

Facsimile : +66(0) 3622 3450

Phetburi Branch:

45, 47 Shesraintr Road, Klong
Krasaeng, Muang, Phetchburi
76000

Telephone : +66(0) 3240 0582-3

Facsimile : +66(0) 3240 0580

Representative Office at Lao P.D.R.

ANZ Building, Hatsady Village,
Chanthabouly District, Vientiane
Capital, Lao P.D.R.

Telephone : +66(0) 2638 5000

+66(0) 2287 6000

Facsimile : +66(0) 2287 6001



0-2638-5500



www.nomuradirect.com



nomuradirect



Capital Nomura Securities Public Company Limited

25 Bangkok Insurance Building, 15th - 17th Floor, South Sathorn Road, Sathorn, Bangkok 10120

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

NOMURA DIRECT +66 (0) 2638 5500

Website : www.cns.co.th, www.nomuradirect.com