

- Translation -

Ref. CNS 488/2019

April 30, 2019

Subject: Management Discussion and Analysis for the 1st quarter ended March 31, 2019 not yet reviewed by auditor.

To: President
The Stock Exchange of Thailand

We, Capital Nomura Securities Public Company Limited (referred to as "the Company" hereinafter), in compliance with regulations and to follow the Principles of Good Corporate Governance, would like to submit our unreviewed financial statements for the 1st quarter and for the 3-month period ended March 31, 2019 to the Stock Exchange of Thailand. Therefore, the Company would like to provide clarifications for the major changes of the Company's operating results for the 3-month period ended March 31, 2019 compared to the corresponding period of last year as below.

Comparison of the operating results for the 1st quarter and 3-month period ended March 31, 2019 and 2018

- 1) Total revenues decreased by Baht 208.82 million, mainly due to
 - o Brokerage fees from securities business and derivative business decreased by Baht 108.46 million (or 45.58%) which was mainly driven by the decrease of the average daily trading volume of stock market decreased from Baht 62,319 million for the 1st quarter of last year to Baht 40,051 million for the same quarter of this year.
 - o Fee and service income decreased by Baht 71.58 million (or 51.71%) which was mainly driven by the decrease of selling agent fee, fee from financial advisory business and fee from Securities Borrowing and Lending business.
 - o Interests on margin loans decreased by Baht 32.89 million (or 31.84%) which was driven by the decrease of margin loan business.
 - o Gain and return on financial instruments increased by Baht 3.44 million (or 20.98%) which was mainly driven by the increase of gain from Block Trade Business – Single Stock Futures.
 - o Other income increased by Baht 0.65 million (or 23.42%)
- 2) Total expenses decreased by Baht 119.65 million (or 28.25%), mainly due to
 - o Personnel expenses increased by Baht 18.64 million (or 10.68%), mainly due to the provision of additional legal severance pay by Baht 33.09 million affected from the Labor Protection Act (No.7) B.E.2562 which was announced in the Royal Gazette on 5 April 2019.

This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days compensation at the latest wage rate. However, the personnel expenses which was in line with the decrease of income from brokerage business decreased by Baht 21.19 million.

- Fees and service expenses decreased by Baht 51.24 million (or 62.19%) which was mainly resulted from the decrease of service fee paid, aligning with the decrease of service fee income from selling agent business and securities business.
 - Finance costs decreased by Baht 13.45 million (or 51.41%) which was resulted from the decrease of borrowings to support the margin loan business.
 - Bad debt and Doubtful decreased by Baht 65.07 million (or 100%), due to the allowance for doubtful account amount of Baht 65.07 million was set up in the 1st quarter of last year regarding one client whose asset was frozen by a government agency. The Company is on the legal process to claim for the whole receivable amount and there was no further set up of the allowance for doubtful account in the corresponding period of this year.
 - Other expense decreased by Baht 8.54 million (or 11.31%)
- 3) Income tax decreased by Baht 15.14 million because the Company got profit before tax for the 1st quarter of last year of Baht 75.24 million, while got loss before income tax for the corresponding period of this year of Baht 13.94 million. Income tax rate is fixed at 20%.

In summary, the Company generated a net loss for the 1st quarter ended March 31, 2019 of Baht 10.36 million, loss per share of Baht 0.005 compared to the net income of Baht 63.67 million and earnings per share of Baht 0.03, for the corresponding period of last year.

Sincerely yours,

- Signed -

(Kridsana Kulpanyalert)
Head of Finance Division

Finance Department: Tel 0-2081-2840