

Daiwa Capital Markets Hong Kong Limited
大和資本市場香港有限公司

Unaudited Interim Financial Report
for the six months ended 30 September 2013

Statement of comprehensive income for the six months ended 30 September 2013

(Expressed in United States dollars)

	<i>Note</i>	<i>Six months ended 30 September</i>	
		<i>2013</i>	<i>2012</i>
Turnover	4	\$ 52,482,940	\$ 37,330,168
Other revenue	5	23,688,449	29,394,613
Other net income	5	1,439,504	885,195
Staff costs	6	(32,981,328)	(40,112,875)
Depreciation	10	(4,770,373)	(4,710,408)
Other operating expenses		<u>(50,162,144)</u>	<u>(49,694,616)</u>
Loss from operations		\$ (10,302,952)	\$ (26,907,923)
Finance costs	7(a)	<u>(2,078,588)</u>	<u>(1,714,796)</u>
Loss before and after taxation for the period	7	\$ (12,381,540)	\$ (28,622,719)
Other comprehensive income for the period			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Available-for-sale securities: net movement in the investment valuation reserve		<u>240,468</u>	<u>62,259</u>
Total comprehensive income for the period		<u>\$ (12,141,072)</u>	<u>\$ (28,560,460)</u>

The notes on pages 6 to 21 form part of this interim financial report.

Balance sheet at 30 September 2013

(Expressed in United States dollars)

	<i>Note</i>	<i>30 September 2013</i>	<i>31 March 2013</i>
Non-current assets			
Intangible assets	9	\$ 383,786	\$ 383,377
Fixed assets	10	21,076,338	25,207,295
Investment in a subsidiary		-	2,284,581
Available-for-sale securities	11	2,781,393	2,538,044
Other non-current deposits		5,068,409	5,036,698
		\$ 29,309,926	\$ 35,449,995
Current assets			
Financial assets at fair value through profit or loss	12	\$ 17,945,907	\$ 16,573,912
Receivables from reverse repurchase agreements	13	30,154,555	31,342,456
Accounts receivable	14, 23	1,581,462,735	1,487,518,270
Other receivables and prepayments	23	17,033,603	24,930,309
Cash and cash equivalents	16	510,647,549	551,768,772
		\$ 2,157,244,349	\$ 2,112,133,719
Current liabilities			
Financial liabilities at fair value through profit or loss	17	\$ 16,244,997	\$ 16,573,086
Amount due to a fellow subsidiary	15	30,117,422	31,305,010
Amount due to a subsidiary	15	-	2,898,865
Subordinated loan	18	35,000,000	35,000,000
Accounts payable	19, 23	1,574,406,439	1,488,547,707
Accruals and other payables	23	49,864,912	80,197,469
		\$ 1,705,633,770	\$ 1,654,522,137
Net current assets		\$ 451,610,579	\$ 457,611,582
Total assets less current liabilities		\$ 480,920,505	\$ 493,061,577

Statement of changes in equity for the six months ended 30 September 2013 *(Expressed in United States dollars)*

	<i>Share capital</i>	<i>General reserve</i>	<i>Investment revaluation reserve</i>	<i>Accumulated losses</i>	<i>Total</i>
At 1 April 2013	\$ 557,860,644	\$ 12,008,165	\$ 478,535	\$ (182,285,767)	\$ 388,061,577
Loss for the period	\$ -	\$ -	\$ -	\$ (12,381,540)	\$ (12,381,540)
Other comprehensive income	-	-	240,468	-	240,468
Total comprehensive income for the period	\$ -	\$ -	\$ 240,468	\$ (12,381,540)	\$ (12,141,072)
At 30 September 2013	<u>\$ 557,860,644</u>	<u>\$ 12,008,165</u>	<u>\$ 719,003</u>	<u>\$ (194,667,307)</u>	<u>\$ 375,920,505</u>
At 1 April 2012	\$ 557,860,644	\$ 12,008,165	\$ 280,586	\$ (133,297,191)	\$ 436,852,204
Loss for the period	\$ -	\$ -	\$ -	\$ (28,622,719)	\$ (28,622,719)
Other comprehensive income	-	-	62,259	-	62,259
Total comprehensive income for the period	\$ -	\$ -	\$ 62,259	\$ (28,622,719)	\$ (28,560,460)
At 30 September 2012	<u>\$ 557,860,644</u>	<u>\$ 12,008,165</u>	<u>\$ 342,845</u>	<u>\$ (161,919,910)</u>	<u>\$ 408,291,744</u>

The notes on pages 6 to 21 form part of this interim financial report.

**Condensed cash flow statement
for the six months ended 30 September 2013**
(Expressed in United States dollars)

	<i>Note</i>	<i>Six months ended 30 September</i>	
		<i>2013</i>	<i>2012</i>
Net cash used in operating activities		\$ (38,986,089)	\$ (80,367,754)
Net cash used in investing activities		(56,546)	(6,794,211)
Net cash used in financing activities		<u>(2,078,588)</u>	<u>(6,824,388)</u>
Net decrease in cash and cash equivalents		\$ (41,121,223)	\$ (93,986,353)
Cash and cash equivalents at 1 April	16	<u>516,768,772</u>	<u>501,793,227</u>
Cash and cash equivalents at 30 September	16	<u>\$ 475,647,549</u>	<u>\$ 407,806,874</u>
Analysis of balance of cash and cash equivalent			
Bank balance and cash - general accounts	16	<u>\$ 475,647,549</u>	<u>\$ 407,806,874</u>

The notes on pages 6 to 21 form part of this interim financial report.

Notes to the unaudited interim financial report (Expressed in United States dollars)

1 Basis of preparation

The unaudited interim financial report of Daiwa Capital Markets Hong Kong Limited (the “Company”) has been prepared in accordance with the Hong Kong Accounting Standard (“HKAS”) 34 Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

No consolidated financial statements are prepared for the current period as the Company disposed of its only subsidiary during the current period. The comparative figures in the financial statements represent the unconsolidated figures of the Company, which were derived from the Company’s unaudited management accounts.

2 Accounting policies

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the Company’s financial statements for the year ended 31 March 2013.

3 Changes in accounting policies

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Company. Of these, the following development is relevant to the Company’s financial statements:

- HKFRS 13, *Fair value measurement*

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The Company has provided those disclosures in note 23. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Company’s assets and liabilities.

The Company has not applied any new standard or interpretation that is not effective for the current accounting period. These developments do not have any material impacts on the Company’s financial statements.

4 Turnover

	<i>Six months ended 30 September</i>	
	<i>2013</i>	<i>2012</i>
Commission and brokerage income	\$ 44,790,655	\$ 28,977,630
Underwriting and other commission income	5,289,335	6,493,410
Financial advisory fee income and other commission income	<u>2,402,950</u>	<u>1,859,128</u>
	<u>\$ 52,482,940</u>	<u>\$ 37,330,168</u>

5 Other revenue and other net income

	<i>Six months ended 30 September</i>	
	<i>2013</i>	<i>2012</i>
Other revenue		
Dividend income on proprietary trading positions	\$ 19,848	\$ -
Research fees income from group companies	4,623,139	4,492,792
Management fees and services fees income from group companies	17,273,028	20,411,283
Interest income	1,042,385	4,165,377
Rental income from related companies	<u>730,049</u>	<u>325,161</u>
	<u>\$ 23,688,449</u>	<u>\$ 29,394,613</u>
Other net income		
Net trading gain on securities and foreign currency transactions	\$ 245,373	\$ 977,787
Net exchange gain	451,516	180,887
Loss on disposal of fixed assets	-	(437,097)
Others	<u>742,615</u>	<u>163,618</u>
	<u>\$ 1,439,504</u>	<u>\$ 885,195</u>

6 Staff costs

	<i>Six months ended 30 September</i>	
	<i>2013</i>	<i>2012</i>
Salaries, wages and other benefits	\$ 32,051,866	\$ 39,309,131
Contributions to defined contribution plan	929,462	803,744
	<u>\$ 32,981,328</u>	<u>\$ 40,112,875</u>

7 Loss before taxation

Loss before taxation is arrived at after charging:

	<i>Six months ended 30 September</i>	
	<i>2013</i>	<i>2012</i>
(a) Finance costs		
Interest expenses on bank loans	\$ 115	\$ 72
Interest expenses paid to the ultimate holding company	1,887,161	522,626
Interest expenses paid to a fellow subsidiary	73,350	954,131
	<u>\$ 1,960,626</u>	<u>\$ 1,476,829</u>
Other financing expenses	117,962	237,967
	<u>\$ 2,078,588</u>	<u>\$ 1,714,796</u>
(b) Other items		
Commission and brokerage charges	\$ 28,402,736	\$ 19,670,875
Underwriting expenses	122,161	18,214
Operating lease charges on properties	7,084,204	7,829,040
Auditors' remuneration	242,636	151,833
	<u>\$ 35,851,737</u>	<u>\$ 27,679,962</u>

8 Income tax in the statement of comprehensive income

- (a)** No provision for Hong Kong Profits Tax has been made for both periods as the Company sustained a loss for taxation purposes.

8 Income tax in the statement of comprehensive income (continued)

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	<i>Six months ended 30 September</i>	
	<i>2013</i>	<i>2012</i>
Loss before taxation	\$ (12,381,540)	\$ (28,622,719)
Notional tax on loss before taxation, calculated at 16.5%	\$ (2,042,954)	\$ (4,722,749)
Tax effect of non-deductible expenses	311,715	794,365
Tax effect of non-taxable revenue	(149,703)	(239,258)
Tax effect of unused tax losses and other deductible temporary differences not recognised	1,880,942	4,167,642
Actual tax expense	\$ -	\$ -

9 Intangible assets

	<i>Trading rights</i>	<i>Club debentures</i>	<i>Total</i>
Cost:			
At 1 April 2013	\$ 419,448	\$ 383,373	\$ 802,821
Exchange differences	-	409	409
At 30 September 2013	\$ 419,448	\$ 383,782	\$ 803,230
Accumulated impairment loss:			
At 1 April 2013 and 30 September 2013	419,444	-	419,444
Net book value:			
At 30 September 2013	\$ 4	\$ 383,782	\$ 383,786

9 Intangible assets (continued)

	<i>Trading rights</i>	<i>Club debentures</i>	<i>Total</i>
Cost:			
At 1 April 2012	\$ 419,448	\$ 380,544	\$ 799,992
Exchange differences	-	3,154	3,154
	<hr/>	<hr/>	<hr/>
At 30 September 2012	\$ 419,448	\$ 383,698	\$ 803,146
Accumulated impairment loss:			
At 1 April 2012 and 30 September 2012	<hr/> 419,444	<hr/> -	<hr/> 419,444
Net book value:			
At 30 September 2012	<u>\$ 4</u>	<u>\$ 383,698</u>	<u>\$ 383,702</u>

10 Fixed assets

	<i>Leasehold improvements</i>	<i>Furniture, fixtures and office equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
Cost:				
At 1 April 2013	\$ 9,252,194	\$ 43,277,864	\$ 315,379	\$ 52,845,437
Additions	4,343	1,114,436	-	1,118,779
Disposals	(626,273)	(886,158)	-	(1,512,431)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2013	\$ 8,630,264	\$ 43,506,142	\$ 315,379	\$ 52,451,785
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation:				
At 1 April 2013	\$ 2,074,901	\$ 25,247,862	\$ 315,379	\$ 27,638,142
Charge for the period	728,852	4,041,521	-	4,770,373
Written back on disposals	(147,870)	(885,198)	-	(1,033,068)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2013	<u>\$ 2,655,883</u>	<u>\$ 28,404,185</u>	<u>\$ 315,379</u>	<u>\$ 31,375,447</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:				
At 30 September 2013	<u>\$ 5,974,381</u>	<u>\$ 15,101,957</u>	<u>\$ -</u>	<u>\$ 21,076,338</u>

10 Fixed assets (continued)

	<i>Leasehold improvements</i>	<i>Furniture, fixtures and office equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
Cost:				
At 1 April 2012	\$ 10,394,216	\$ 39,654,034	\$ 315,379	\$ 50,363,629
Additions	-	1,322,248	-	1,322,248
Disposals	-	(758,413)	-	(758,413)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2012	<u>\$ 10,394,216</u>	<u>\$ 40,217,869</u>	<u>\$ 315,379</u>	<u>\$ 50,927,464</u>
Accumulated depreciation:				
At 1 April 2012	\$ 596,313	\$ 17,839,719	\$ 315,379	\$ 18,751,411
Charge for the period	866,185	3,844,223	-	4,710,408
Written back on disposals	-	(321,316)	-	(321,316)
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2012	<u>\$ 1,462,498</u>	<u>\$ 21,362,626</u>	<u>\$ 315,379</u>	<u>\$ 23,140,503</u>
Net book value:				
At 30 September 2012	<u>\$ 8,931,718</u>	<u>\$ 18,855,243</u>	<u>\$ -</u>	<u>\$ 27,786,961</u>

11 Available-for-sale securities

	<i>30 September 2013</i>	<i>31 March 2013</i>
Club debentures	<u>\$ 2,781,393</u>	<u>\$ 2,538,044</u>

12 Financial assets at fair value through profit or loss

	<i>30 September 2013</i>	<i>31 March 2013</i>
Long positions in listed equity securities	\$ 1,694,001	\$ 826
Positive fair value of derivatives (note 24)		
– with a fellow subsidiary	16,189,708	16,573,086
– others	62,198	-
	<hr/>	<hr/>
	<u>\$ 17,945,907</u>	<u>\$ 16,573,912</u>

12 Financial assets at fair value through profit or loss (continued)

As at 30 September 2013, the market value of securities placed by a fellow subsidiary to the Company for over-the-counter derivatives transactions as collateral amounted to \$69,504,883 (31 March 2013: \$188,053,338).

The above financial assets were classified as held for trading.

13 Receivables from reverse repurchase agreements

	<i>30 September 2013</i>	<i>31 March 2013</i>
Receivables from reverse repurchase agreements	\$ <u>30,154,555</u>	\$ <u>31,342,456</u>

As of 30 September 2013, the fair value of collaterals accepted in respect of the reverse repurchase transactions was \$41,372,967 (31 March 2013: \$40,642,959), the Company has not recognised these collaterals in the statement of financial position.

These transactions are conducted under terms that are usual and customary to securities repurchase transactions and borrowing and lending activities.

14 Accounts receivable

The Company maintains segregated accounts with The Hong Kong Futures Exchange Clearing Corporation Limited as a result of its normal business transactions. As of 30 September 2013, segregated accounts not otherwise dealt with in these financial statements amounted to \$1,824,367 (31 March 2013: \$4,272,999).

The carrying amount of accounts receivable approximates their fair values.

All of the accounts receivable are expected to be recovered within one year.

15 Amounts due to group companies

Amounts due to group companies are unsecured, non-interest bearing and repayable on demand, except for amount due to a fellow subsidiary, which is unsecured, interest-bearing and have fixed terms of repayment.

The carrying amount of amounts due to group companies approximates their fair values.

16 Cash and cash equivalents

	<i>30 September 2013</i>	<i>31 March 2013</i>
Deposits with bank	\$ 463,923,623	\$ 445,170,483
Cash at bank and in hand	<u>46,723,926</u>	<u>106,598,289</u>
Cash and cash equivalents in the balance sheet	\$ 510,647,549	\$ 551,768,772
Less: pledged deposit	<u>(35,000,000)</u>	<u>(35,000,000)</u>
Cash and cash equivalents in the cash flow statement	<u>\$ 475,647,549</u>	<u>\$ 516,768,772</u>

The Company maintains segregated accounts with authorised institutions as a result of its normal business transactions. At 30 September 2013, segregated accounts not otherwise dealt with in these financial statements amounted to \$38,649,006 (31 March 2013: \$50,914,140). The carrying amount of cash and cash equivalents approximates their fair value.

17 Financial liabilities at fair value through profit or loss

	<i>30 September 2013</i>	<i>31 March 2013</i>
Negative fair value of derivatives (note 24)		
– with a fellow subsidiary	\$ 16,189,708	\$ 16,573,086
– others	<u>55,289</u>	<u>-</u>
	<u>\$ 16,244,997</u>	<u>\$ 16,573,086</u>

The above financial liabilities were classified as held for trading.

18 Subordinated loan

The subordinated loan is due to the ultimate holding company. It is unsecured, interest bearing and repayable as follows:

	<i>30 September 2013</i>	<i>31 March 2013</i>
Repayable within one year	\$ 35,000,000	\$ 35,000,000
Repayable after one year but within five years	<u>105,000,000</u>	<u>105,000,000</u>
	<u>\$ 140,000,000</u>	<u>\$ 140,000,000</u>

Details of the terms of the subordinated loan at 30 September 2013 are as follows:

<i>Principal</i>	<i>Interest rate</i>	<i>Maturity date</i>
US\$35,000,000	LIBOR + 2.2%	1 March 2014
US\$105,000,000	LIBOR + 2.2%	20 December 2014

19 Accounts payable

The carrying amount of the accounts payable approximates their fair values.

20 Income tax in the balance sheet

The Company has not recognised deferred tax assets in respect of tax losses and other deductible temporary differences of \$317,131,698 (31 March 2013: \$305,942,647) as it is not probable that future taxable profits against which the losses can be utilised will be available. The tax losses do not expire under current tax legislation.

21 Share capital

	<i>30 September 2013</i>		<i>31 March 2013</i>	
	<i>No. of shares</i>	<i>Amount</i>	<i>No. of shares</i>	<i>Amount</i>
Authorised:				
Ordinary shares of HK\$10 each	10,000,000	\$ 21,126,414	10,000,000	\$ 21,126,414
Ordinary shares of US\$10 each	53,673,423	536,734,230	53,673,423	536,734,230
	<u>63,673,423</u>	<u>\$ 557,860,644</u>	<u>63,673,423</u>	<u>\$ 557,860,644</u>
Issued and fully paid:				
Ordinary shares of HK\$10 each				
– At 30 September and 31 March	10,000,000	\$ 21,126,414	10,000,000	\$ 21,126,414
Ordinary shares of US\$10 each				
– At 30 September and 31 March	53,673,423	536,734,230	53,673,423	536,734,230
	<u>63,673,423</u>	<u>\$ 557,860,644</u>	<u>63,673,423</u>	<u>\$ 557,860,644</u>

22 Reserves

(a) *General reserve*

The general reserve was established in accordance with the Hong Kong Banking Ordinance when the Company was a restricted license bank.

(b) *Investment revaluation reserve*

The investment revaluation reserve comprises the cumulative change in the fair value of available-for-sale securities held at balance sheet date and is dealt with in accordance with the accounting policies in note 2.

23 Group companies

The following balances with ultimate holding and fellow subsidiary companies are included in the indicated balance sheet captions in addition to those balances with group companies indicated elsewhere in these financial statements:

	<i>30 September 2013</i>	<i>31 March 2013</i>
Accounts receivable	\$ 754,164,539	\$ 580,357,518
Other receivables and prepayments	6,791,506	11,642,230
Accounts payable	(923,259,091)	(899,401,507)
Accruals and other payables	<u>(3,862,758)</u>	<u>(4,959,173)</u>

24 Derivatives

The major derivative financial instruments traded by the Company are equity derivative contracts which are over-the-counter and exchange-traded derivative contracts. For financial reporting purposes, all derivative instruments are classified as held for trading.

	<i>30 September 2013</i>		<i>31 March 2013</i>	
	<i>Assets</i>	<i>Liabilities</i>	<i>Assets</i>	<i>Liabilities</i>
Fair value of derivatives				
Equity derivatives	\$ 16,189,708	\$ 16,189,708	\$ 16,573,086	\$ 16,573,086
Foreign exchange derivatives	<u>62,198</u>	<u>55,289</u>	<u>-</u>	<u>-</u>
	<u>\$ 16,251,906</u>	<u>\$ 16,244,997</u>	<u>\$ 16,573,086</u>	<u>\$ 16,573,086</u>

25 Fair values of financial instruments

(a) *Financial instruments carried at fair value*

Fair value estimates are generally subjective in nature, and are made at a specific point in time based on the characteristics of the financial instruments and relevant market information. The Company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 - Fair values measured using quoted prices (unadjusted) in active markets.
- Level 2 - Fair value measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.
- Level 3 - Fair values measured using valuation techniques in which any significant input is not based on observable market data.

25 Fair values of financial instruments (continued)

(a) Financial instruments carried at fair value (continued)

Fair values of financial instruments that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments that are not traded in the active markets, the Company determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models and various market widely recognised option pricing models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, equity prices, foreign currency exchange rates, index prices, and historical or implied volatilities. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length.

The table below analyses financial instruments, measured at fair value at the balance sheet date, by the level in the fair value hierarchy into which the fair value treatment is categorised:

	<u>Fair value measurements as at 30 September 2013</u>			
	<i>Fair value at 30 September 2013</i>	<i>Quoted prices in active market for identical assets (Level 1)</i>	<i>Significant other observable inputs (Level 2)</i>	<i>Significant unobservable input (Level 3)</i>
Assets				
Available-for-sale				
– Club debentures	\$ 2,781,393	\$ -	\$ 2,781,393	\$ -
Financial assets at fair value through profit or loss	<u>17,945,907</u>	<u>1,694,001</u>	<u>16,251,906</u>	<u>-</u>
	<u>\$ 20,727,300</u>	<u>\$ 1,694,001</u>	<u>\$ 19,033,299</u>	<u>\$ -</u>
Liabilities				
Financial liabilities at fair value through profit or loss	<u>\$ 16,244,997</u>	<u>\$ -</u>	<u>\$ 16,244,997</u>	<u>\$ -</u>

25 Fair values of financial instruments (continued)

(a) Financial instruments carried at fair value (continued)

	<i>Fair value measurements as at 31 March 2013</i>			
	<i>Fair value at 31 March 2013</i>	<i>Quoted prices in active market for identical assets (Level 1)</i>	<i>Significant observable inputs (Level 2)</i>	<i>Significant unobservable inputs (Level 3)</i>
Assets				
Available-for-sale				
– Club debentures	\$ 2,538,044	\$ -	\$ 2,538,044	\$ -
Financial assets at fair value through profit or loss	<u>16,573,912</u>	<u>826</u>	<u>16,573,086</u>	<u>-</u>
	<u>\$ 19,111,956</u>	<u>\$ 826</u>	<u>\$ 19,111,130</u>	<u>\$ -</u>
Liabilities				
Financial liabilities at fair value through profit or loss	<u>\$ 16,573,086</u>	<u>\$ -</u>	<u>\$ 16,573,086</u>	<u>\$ -</u>

During the six months ended 30 September 2013, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (31 March 2013: Nil). The Company's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.

26 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Company entered into the following material related party transactions:

	<i>Six months ended 30 September</i>	
	<i>2013</i>	<i>2012</i>
Brokerage commission earned from fellow subsidiaries	\$ 2,051,268	\$ 1,807,570
Underwriting and selling commission earned from fellow subsidiaries	1,836,196	4,489,749
Rental income earned from fellow subsidiaries	730,049	325,161
Research fee income earned from fellow subsidiaries	4,623,139	4,492,792
Management fees income and services fees earned from fellow subsidiaries	17,273,028	20,411,283
Brokerage commission paid to fellow subsidiaries	(14,874,802)	(5,227,835)
Interest expenses paid to		
– a fellow subsidiary	(73,350)	(954,131)
– the ultimate holding company	(1,887,161)	(705,355)
Research fee paid to a fellow subsidiary	<u> -</u>	<u> (1,523)</u>

27 Credit facilities

The Company has aggregate credit facilities provided by authorised institutions and group companies amounting to \$292,078,000 (31 March 2013: \$294,688,000) and \$1,203,007,000 (31 March 2013: \$1,243,237,000) respectively. Among these credit facilities, \$195,839,000 (31 March 2013: \$195,632,406) provided by authorised institutions and \$1,023,007,000 (31 March 2013: \$1,063,236,441) provided by a group company were shared with a fellow subsidiary in Hong Kong. The Company has not utilised any credit facilities provided by authorised institutions (31 March 2013: \$Nil) while \$170,080,000 (31 March 2013: \$171,262,871) of the credit facility provided by the group companies was utilised by the Company as at 30 September 2013.

28 Commitments

At 30 September 2013, the Company had the following commitments in the ordinary course of business:

- (a) The total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	<i>30 September 2013</i>	<i>31 March 2013</i>
From fellow subsidiaries:		
Within one year	\$ 335,428	\$ 608,783
After one year but within five years	162,729	284,474
More than five years	-	-
	<u>\$ 498,157</u>	<u>\$ 893,257</u>
From others:		
Within one year	\$ 1,808,654	\$ 1,053,931
After one year but within five years	8,562,077	8,278,654
More than five years	785,983	1,962,876
	<u>\$ 11,156,714</u>	<u>\$ 11,295,461</u>
	<u>\$ 11,654,871</u>	<u>\$ 12,188,178</u>

- (b) The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<i>30 September 2013</i>	<i>31 March 2013</i>
Within one year	\$ 13,895,215	\$ 14,345,613
After one year but within five years	46,558,943	46,813,102
More than five years	3,852,173	9,620,231
	<u>\$ 64,306,331</u>	<u>\$ 70,778,946</u>

28 Commitments (continued)

- (c) Committed facilities under reverse repurchase agreements entered into with counterparties are as follows:

	<i>30 September 2013</i>	<i>31 March 2013</i>
Within one year	<u>\$ 327,771,745</u>	<u>\$ 234,337,302</u>

At 30 September 2013, the counterparties have not utilised any of the facilities.

29 Parent and ultimate holding company

The directors consider the immediate parent and ultimate holding company at 30 September 2013 to be Daiwa Capital Markets Asia Holding, B.V, which is incorporated in Netherlands, and Daiwa Securities Group Inc., which is incorporated in Japan respectively. Daiwa Securities Group Inc. produces financial statements available for public use.