

Capital Nomura Securities Public Company Limited

# Annual Report 2019

**NOMURA**

# Contents

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Capital Nomura Securities Public Company Limited (“CNS” or “the Company”) is the broker member No.14 of the Stock Exchange of Thailand (“the SET”) and the member of Thailand Futures Exchange (“TFEX”).

CNS engages in the securities business, mainly in securities brokerage business, derivatives brokerage business, financial advisory business, underwriting business, fixed income trading business, securities borrowing and lending business and selling agent business.

## **CNS’s Vision and Mission**

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CNS adopted Nomura Group Corporate Philosophy for the Company’s business.

### **Mission**

#### **Contributing to Society**

The Company helps to enrich society through its expertise in capital markets

### **Vision**

#### **Trusted Partner**

As a leading financial institution, the Company aims to be the most trusted partner for its clients

### **Values**

#### **Entrepreneurial Leadership**

With passion and courage, the Company continually innovates to meet the needs of its stakeholders

#### **Teamwork**

To build the Company’s values and ‘Deliver Together, the Company promotes diversity and collaboration across divisions and by Nomura Group’s regions

#### **Integrity**

Personal integrity is paramount to us. The Company acts honestly, fairly and openly.

## Business Profile

CNS conducts the securities business, a broker member No. 14 of the SET and the member of TFEX, having the following main businesses; securities brokerage business, derivatives brokerage business, financial advisory business, underwriting business, fixed income trading business, securities borrowing and lending business and selling agent business.

CNS's income structures over the previous 3 fiscal years were as follows;

Type of Income	Fiscal Year 2019 (Jan 1, 2019 - Dec 31, 2019)		Fiscal Year 2018 (Jan 1, 2018 - Dec 31, 2018)		Fiscal Year 2017 (Jan 1, 2017 - Dec 31, 2017)	
	million Baht	%	million Baht	%	million Baht	%
Brokerage fees <sup>1</sup>	544.72	42.44	730.83	46.12	812.78	43.88
Fees and service income <sup>2</sup>	368.68	28.72	392.35	24.76	428.60	23.14
Interest on margin loans <sup>1</sup>	286.47	22.32	367.03	23.16	363.88	19.64
Gain and return on financial instruments	74.91	5.84	88.12	5.56	240.27	12.97
Other income <sup>2</sup>	8.69	0.68	6.29	0.40	6.83	0.37
<b>Total Income</b>	<b>1,283.47</b>	<b>100.00</b>	<b>1,584.62</b>	<b>100.00</b>	<b>1,852.36</b>	<b>100.00</b>

<sup>1</sup> The comparative figures of brokerage fees and interest on margin loans were changed due to the reclassification for the disclosure in 2018 and 2019. However, the reclassification had impact on the total income but no impact on the net profit of the year.

<sup>2</sup> The comparative figures of fee and service income and other income were changed due to the reclassification for the disclosure in the financial statement of the year ended 2019. However, the reclassification had no impact on the total revenue.

## Business Profiles

CNS's business profiles are as follows;

### (1) Securities Brokerage Business

CNS provides securities brokerage services of the securities listed in the SET and the MAI to retail clients, domestic and foreign institutional clients.

CNS provides securities brokerage services of the securities listed in the overseas stock exchanges and/or the securities that the SEC allows domestic investors to invest.

CNS provides high-quality services and research papers as well as experienced financial advisors (“FA”). Clients can place orders through FAs or by themselves through online trading applications and mobile application.

CNS has 3 types of securities trading accounts as follows;

**(1.1) Securities Trading Account – Cash Account**

Securities trading account – cash account has a Two-day settlement cycle (T+2) which clients must settle within a due through an automatic fund transfer only. (The SET has moved from a three-day settlement and securities delivery cycle (T+3), starting from orders placed on March 2, 2018 to reduce risks across industry and operation costs and enhance the competitive edge.)

Clients can place orders through FAs or by themselves through online trading applications. 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 every month. 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.

**(1.2) 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 through FAs or by themselves through online trading applications.

CNS encourages clients to use credit balance accounts as it will increase clients’ purchasing power for investment which will affect the SET’s liquidity. To place the first order, clients have to place either cash or securities at the amount not less than initial margin requirement of the purchased amount as determined in the Marginable Securities List.

The initial margin required for each security 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 cash balance every month and if the balance is credit balance, clients will be charged for interest on margin loans every month. The interest would be calculated on daily basis from both cash balance and credit balance and clients will receive interest if interest from cash balance is

higher than from margin loan. On vice versa, the client will be charged if the interest from margin loan is higher than cash balance.

### **(1.3) Trading Account in the Overseas stock exchanges**

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 the domestic investment.

CNS requires clients to place cash with CNS in full amount prior to place order as requested by the SEC.

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

## **(2) Derivatives Brokerage Business**

CNS started derivative business since April 28, 2006, the same date as the opening date of TFEX 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 TFEX which consist of SET50 Index Futures, SET50 Index Options, Gold Futures, Mini Gold Futures, Gold D Futures, Gold Online Futures, Single Stock Futures, Interest Rate Futures, Sector Index Futures, USD Futures and RSS3 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 derivative orders through FAs or by themselves through online trading applications and mobile application.

On December 9, 2016, CNS got approval from the SEC to operate Block Trade Business - Single Stock Futures which were big lot transactions. CNS would do proprietary trading to serve Block Trade Business - Single Stock Futures as well as buy or short selling the borrowed underlying securities to hedge such positions.

CNS has assigned Risk Management Department to periodically review securities that clients can place in Block Trade Business - Single Stock Futures.

### **(3) 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 on the SET and the Market for Alternative Investment (“the mai”), tender offer, merger and acquisition (M&A) as well as the financial advisory services to shareholders entering into various transactions of the listed companies.

The financial advisory services provided by CNS are as follows;

- Fund raising through Debt Capital Markets
- Business Restructuring and Financial Restructuring Advisory Services
- Mediator Services to establish Joint Ventures
- Project Feasibility Study Services
- Business Valuation Services
- Other Advisory 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.

### **(4) Underwriting Business**

CNS provides underwriting and firm underwriting services to corporates who would like to issue both equities and fixed income securities such as common shares, debentures, warrants, unit trusts and etc. for sale to investors.

### **(5) Fixed Income Trading Business**

CNS provides over the counter (OTC) for Fixed Income trading services in both primary and secondary market to retail clients and domestic institutional clients. CNS have internal guidelines for account opening as well as set up the credit limit to each client based on requirement and potential volume of transactions. CNS shall hold some debt securities mostly in short term period (no longer than 1 months).

The Board of Executive Directors sets up the investment policy, types of debt securities, debt holding period and internal controls for risk management of CNS’s investment in debt securities. Risk Management Department monitors and controls the investment portfolio in accordance with the investment policy approval.

## **(6) 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 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 service 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 them that all terms and conditions as stated in the SBL agreement will be followed accordingly. The details of services are as follows;

- CNS lends securities to borrowers to short selling securities through their credit balance accounts under CNS. Borrowers shall place collateral to CNS prior to borrow shares and maintain the collateral level according to CNS’s rules. In addition, CNS 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 or institution who may have securities deposited with Trustee or Custodian Banks then the settlement date will be up to the agreed date which doesn’t exceed 2 days. CNS shall place cash collateral to lenders and also maintain cash collateral to lenders at 100% of market value of securities on daily basis.
- Borrowers are charged with the borrowing fees whereas the lenders earn lending fees.
- Lenders are still entitled to the benefits of lent securities.

Clients can place SBL orders through FAs or by themselves through online trading applications and mobile application.

## **(7) Selling Agent Business**

CNS engages in selling agent services to all asset management companies (“the AMC”) in Thailand, providing both omnibus account service and selling agent service. The objectives of this business are to create more opportunities for clients for their investment and also to support CNS’s core business and to become a full-service provider which can help increase CNS’s income in the long run.

Clients can place mutual fund orders through FAs or by themselves through online trading applications. Mutual fund trading Service fees are free of additional charge.

CNS has developed the “Nomura iFund” on mobile application, a full-service through online trading applications, to facilitate clients in the mutual funds investment with the following functions;

- To buy, sell and switch mutual funds among all asset management companies in Thailand.
- Mutual Fund Weekly Research is a weekly summary of the investment situation and recommendation for each type of mutual funds with reference to Morningstar Rating.
- Performance Comparison is a service to facilitate client in choosing good performance fund fit to their suitability or interest.
- “Nomura Dollar Cost Average” Service; To provide another channel to facilitate clients who would like to do saving through the investment in mutual funds and for their retirement financial planning.
- “Nomura iFund Basket” Service; To facilitate clients to select their investment in mutual funds match their expected returns and risk appetite.
- “Consolidated Portfolio” Service; To monitor the investment portfolios of the mutual funds of all the AMCs in one account.
- “New Initial Public Offering (IPO)” Service; To search new IPO of the mutual funds on daily basis.
- Nomura IWealth is investment planning program. It will advise the saving plan, objective achievement plan and active portfolio planning

## General Information

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**Company name:** Capital Nomura Securities Public Company Limited

**Public Company Registration No.:** 0107537000653

**Type of Business:** Securities business which is the member No. 14 of the SET and the member of TFEX; mainly in securities brokerage business, derivatives brokerage business, financial advisory business, underwriting business, fixed income trading business, securities borrowing and lending business, selling agent business

**Head Office Location:** 25 Bangkok Insurance Building, 15<sup>th</sup>-17<sup>th</sup> Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120

**Registered Capital:** Baht 2,150,469,000

**Paid-up Capital:** Baht 2,150,469,000

**Type of Paid-up Shares:** Ordinary shares

**Total Number of Paid-up Shares:** 2,150,469,000 shares

**Telephone:** +66(0) 2638 5000 +66(0) 2081 2000

**Facsimile:** +66(0) 2081 2001

**NOMURA DIRECT:** +66(0) 2638 5500

**Website:** <https://www.nomuradirect.com>

### CNS Convention Center

21/3 Thai Wah Tower, G Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok 10120

**Telephone:** +66(0) 2638 5200 +66(0) 2081 2200

## **Branch**

### **Bangkok Region**

<b>Bangna Branch:</b>	589/111 Central City Tower 1 Office, 19 <sup>th</sup> Floor, Bangna-Trad Road, Bangna, Bangkok 10260 Telephone: +66(0) 2725 8600 Facsimile: +66(0) 2745 6220 +66(0) 2745 6221
<b>Phra-Pinklao Branch:</b>	7/129 Central Plaza Pinklao Office Building, 9 <sup>th</sup> Floor, Room 902, Borommaratchachonnani Road, Arun-Amarin, Bangkok Noi, Bangkok 10700 Telephone: +66(0) 2638 5950 +66(0) 2081 2950 Facsimile: +66(0) 2884 9064 +66(0) 2884 9067
<b>Vibhavadi-Rangsit Branch:</b>	123 Suntowers Building B, 23 <sup>rd</sup> Floor, Unit B-2304, Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900 Telephone: +66(0) 2638 5920 +66(0) 2081 2920 Facsimile: +66(0) 2617 7800
<b>Bangkhae Branch**:</b>	1871 Victoria Gardens, 2 <sup>nd</sup> Floor, A205, Phetkasem Road, Laksong, Bangkhae, Bangkok 10160 Telephone: +66(0) 2638 5280 +66(0) 2081 2280 Facsimile: +66(0) 2421-6025

### **Northeastern Region**

<b>Khon Kaen Branch*:</b>	109 Hugz Mall Tower, Room 207, 2 <sup>nd</sup> Floor, Sri Chant Road., Nai Muang, Muang, Khon Khaen 40000 Telephone: +66(0) 4300 9628 +66(0) 4300 9629 Facsimile: +66(0) 4300 9630
<b>Udonthani Branch*:</b>	88 UD Town, Room N203 THE NEXT ZONE, 2 <sup>nd</sup> Floor, Thongyai Road, Mak Khaeng, Muang, Udonthani 41000 Telephone: +66(0) 4213 6174 +66(0) 4213 6175 Facsimile: +66(0) 4213 6176
<b>Nakhonratchasima Branch*:</b>	1184 Hip Park Community Mall, Room 26 Zone C, 2 <sup>nd</sup> Floor, Mittraphap Road, Nai Muang, Muang, Nakhonratchasima 30000 Telephone: +66(0) 4424 8526 +66(0) 4424 8527 Facsimile: +66(0) 4424 8528

Remark:

\* Nomura Learning Center

\*\* Nomura Service Center

**Northern Region**

<b>Chiangrai Branch*:</b>	353/19 Moo 4, Rim Kok, Muang, Chiangrai 57100 Telephone: +66(0) 5371 1972 +66(0) 5371 1973 Facsimile: +66(0) 5371 1974
<b>Chiangmai Branch*:</b>	30 Punna Place, Room A5-A6, 1 <sup>st</sup> Floor, Nimmanhaemin Road, Soi 6, Suthep, Muang, Chiangmai 50200 Telephone: +66(0) 5321 0834 +66(0) 5321 0835 Facsimile: +66(0) 5321 0841

**Central Region**

<b>Ayutthaya Branch*:</b>	126 Ayutthaya City Park, Room GC-11, Moo 3, Asia Road, Klong Suan Plu, Ayutthaya, Ayutthaya 13000 Telephone: +66(0) 3580 1920 +66(0) 3580 1921 Facsimile: +66(0) 3580 1922
<b>Nakornsawan Branch*:</b>	26/3-4, Vitheethep Citywalk, Room 2F003-004, 2 <sup>nd</sup> Floor, Suchada Road, Pak Nam Pho, Muang, Nakornsawan 60000 Telephone: +66(0) 5622 3947 +66(0) 5622 3948 Facsimile: +66(0) 5622 3949

**Southern Region**

<b>Phuket Branch*:</b>	262/9 Yaowarat Road, Talat Yai, Muang, Phuket 83000 Telephone: +66(0) 7621 4422 +66(0) 7621 4423 Facsimile: +66(0) 7621 4424
<b>Hat Yai Branch*:</b>	2 Soi 19, Phetkasem Road, Hatyai, Hatyai, Songkhla 90110 Telephone: +66(0) 7422 1542 +66(0) 7422 1543 Facsimile: +66(0) 7422 1544

**Eastern Region**

<b>Rayong Branch**:</b>	351-351/1 TSK Park, Sukhumvit Road, Noenpra, Muang, Rayong 21000 Telephone: +66(0) 3802 0030 +66(0) 3802 0031 Facsimile: +66(0) 3802 0032
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*Remark:*

\* *Nomura Learning Center*

\*\* *Nomura Service Center*

**Share Registrar**

**Thailand Securities Depository Company Limited**

The Stock Exchange of Thailand Building,  
93 14<sup>th</sup> floor, Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400

Telephone: +66(0) 2009 9000  
Facsimile: +66(0) 2009 9992  
SET Call Center: +66(0) 2009 9999  
E-Mail: SETContactCenter@set.or.th  
Website: www.set.or.th/tsd

**Auditors**

**EY Office Limited**

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

33<sup>rd</sup> Floor, Lake Rajada Office Complex, 193/136-137 Ratchadaphisek Road, KlongToey,  
Bangkok 10110

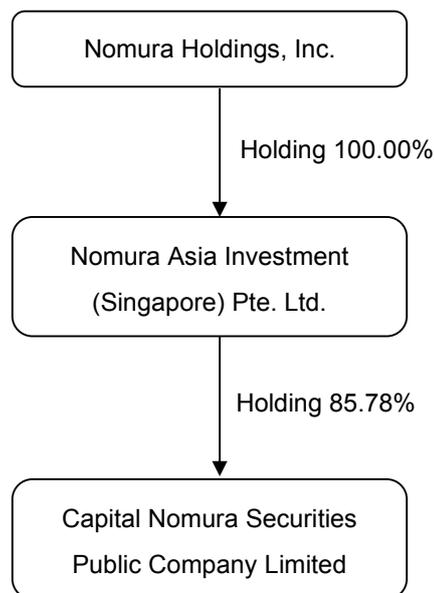
Telephone: +66 (0) 2264 0777 +66 (0) 2264 9090  
Facsimile: +66 (0) 2264 0789  
E-Mail: EY.Thailand@th.ey.com  
Website: www.ey.com

## Shareholder structure

As at December 31, 2019, CNS's registered capital was 2,150,469,000 ordinary shares listed in the SET at a par value of Baht 1, totaling Baht 2,150,469,000 which was fully paid up totaling Baht 2,150,469,000.

As at the latest record date on October 18, 2019, Nomura Group has been a major shareholder, under the shareholding by Nomura Asia Investment (Singapore) Pte. Ltd., the company in Nomura Group, holding 85.78% of CNS's registered and paid-up capital.

### ***Relationship with Nomura Group regarding the latest record date on October 18, 2019.***



Reference is also made to the Report on the Result of the Securities Acquisition (Form 256-2) dated March 10, 2020, following the end of Tender Offer Period on March 5, 2020 to delist the Company's securities from the Stock Exchange of Thailand. The report showed that Nomura Asia Investment (Singapore) Pte. Ltd. held the Company's shares stake at 99.10% Stock Exchange of Thailand announced on March 13, 2020 that the Company has been granted by the Board of Governors of the SET the approval to delist the Company's common shares from being listed securities with effect from March 20, 2020. The last trading date of CNS' securities was March 19, 2020.

## Board of Directors

As at December 31, 2019, for the effectiveness of the Board of Directors' performance, CNS had 10 board members consisting of 4 Executive Directors, 2 Non-Executive Directors and 4 Independent Directors, as follows;

Director Name	Position	Type of Director
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	Executive Director
2. Mr. Katsuya Imanishi	President	Executive Director
3. Mr. Shinya Yokoyama	Executive Director	Executive Director
4. Mrs. Chrisana Sae-Leiw	Executive Director	Executive Director
5. Mr. Yuji Hibino	Director	Non-Executive Director
6. Mr. Philip Wing Lun Chow	Director	Non-Executive Director
7. Associate Professor Dr. Danuja Kunpanitchakit <sup>1</sup>	Chairperson of the Audit Committee and Independent Director	Independent Director
8. Col. Ruangsub Kovindha	Audit Committee and Independent Director	Independent Director
9. Mr. Prasert Virasathienpornkul	Audit Committee and Independent Director	Independent Director
10. Dr. Prasit Kanchanasakdichai	Independent Director	Independent Director

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

Remark:

<sup>1</sup> The Board of Directors' Meeting No. 3/2562 held on March 15, 2019 resolved to elect Associate Professor Dr. Danuja Kunpanitchakit to be CNS's Independent Director, as a replacement director of Mr. Nimit Wongjariyakul whom resigned from the position of Director and Executive Director with effect on March 7, 2019. Associate Professor Dr. Danuja Kunpanitchakit was approved by the SEC on April 4, 2019 and CNS registered the change in director with the Ministry of Commerce on April 5, 2019. Moreover, the Board of Directors' Meeting No. 4/2562 held on April 26, 2019 resolved to elect Associate Professor Dr. Danuja Kunpanitchakit to be CNS's Audit Committee and the Board of Audit Committee passed unanimously agreed to appoint Associate Professor Dr. Danuja Kunpanitchakit to be CNS's Chairperson of the Audit Committee. As a result, CNS had 10 board members since April 26, 2019.

The Board of Directors Meeting No. 4/2563 held on March 10, 2020 resolved as follows;

1. For Mr. Yuji Hibino who is due in the Annual General Meeting of Shareholders No. 1/2563 to retire by rotation and has declared his intention not to be re-appointed, the Board of directors approved to propose to the Shareholders meeting to acknowledge such retirement and that no person should be appointed as his replacement.
2. 3 Directors namely Mr. Shinya Yokoyama, Mrs. Chrisana Sae-Leiw and Dr. Prasit Kanchanasakdichai would like to resign from Directorship with effect from April 27, 2020. The Board of Directors agreed to propose to the Meeting of Shareholders to approve that no person shall be appointed to replace those directors.

However, due to the outbreak of Coronavirus 2019 (COVID-19), the Annual General Meeting of Shareholders No.1/2563 was postponed until further notice therefore on the effective date of those 3 Directors' resignation, the Board of Directors after April 27, 2020 comprised of Therefore, if the Meeting of Shareholders approves, the Company's directors shall comprise of

Director Name	Position	Type of Director
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	Executive Director
2. Mr. Katsuya Imanishi	President	Executive Director
3. Mr. Yuji Hibino	Director	Non-Executive Director
4. Mr. Philip Wing Lun Chow	Director	Non-Executive Director
5. Associate Professor Dr. Danuja Kunpanitchakit	Chairperson of the Audit Committee and Independent Director	Independent Director
6. Col. Ruangsub Kovindha	Audit Committee and Independent Director	Independent Director
7. Mr. Prasert Virasathienpornkul	Audit Committee and Independent Director	Independent Director

The Board of Directors Meeting No. 7/2563 held on May 7, 2020 resolved to schedule the Annual General Meeting of Shareholders No.1/2563 on May 22, 2020 therefore, if the Meeting of Shareholders approves, the Company's Board of directors shall comprise of

Director Name	Position	Type of Director
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	Executive Director
2. Mr. Katsuya Imanishi	President	Executive Director
3. Mr. Philip Wing Lun Chow	Director	Non-Executive Director
4. Associate Professor Dr. Danuja Kunpanitchakit	Chairperson of the Audit Committee and Independent Director	Independent Director
5. Col. Ruangsub Kovindha	Audit Committee and Independent Director	Independent Director
6. Mr. Prasert Virasathienpornkul	Audit Committee and Independent Director	Independent Director

## Management

As at December 31, 2019, CNS had 9 members of Management according to the SEC's notification as follows;

Director Name	Position	Type of Management
1. Mr. Suthep Peetakanont	Chairman of the Board of Directors and Chairman of the Board of Executive Directors	Executive Director
2. Mr. Katsuya Imanishi	President	Executive Director
3. Mr. Shinya Yokoyama	Executive Director	Executive Director and the person taking the highest responsibility in finance and accounting
4. Mrs. Chrisana Sae-Leiw	Executive Director	Executive Director
5. Mr. Somchai Thongchai	Managing Director – International Investment Banking Division	Executive Officer
6. Mr. Natthapon Lohachitpitak	Chief Information Officer	Executive Officer
7. Mrs. Krittika Tharamart	Director of Retail Sales Division 2	Executive Officer
8. Miss Kridsana Kulpanyalert	Division Head of Finance Division	Executive Officer and the person supervising accounting
9. Mr. Somchai Wongkittikraivan	YTFA Division Head	Executive Officer

## **Directors' and Management's Remuneration**

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### **1. Monetary Remuneration**

#### **(A) Directors' Remuneration**

The Board of Directors has a policy to propose the Shareholders' Meeting the appropriate and reasonable rate of directors' and Audit Committee's remuneration to align with the below factors.

1. Duties and responsibilities of each director
2. Director's and Audit Committee's remuneration rate paid by other companies in the same industry
3. Director's and Audit Committee's remuneration rate paid by other listed companies
4. Other related factors

CNS considers the director's annual remuneration following to the resolution of the Annual General Meeting of Shareholders as follows;

#### **1. Director's annual remuneration**

Considered from the performance of the previous, calculated proportionately to the term of annual remuneration.

#### **2. Meeting allowance for the year**

Paid to each Independent Director attending the board meetings.

#### **3. Audit Committee's annual remuneration**

Calculated proportionately to the term of annual remuneration

Remark: CNS has no other benefits for Non-Executive Directors.

CNS has the directors' remunerations in 2019 following to the resolution of the Annual General Meeting of Shareholders No. 1/2562 held on April 26, 2019 totaling Baht 4,661,781 with the following details;

1. Director's annual remuneration in 2019 considered from the performance of the year ended December 31, 2018 (the previous year) were calculated proportionately to the term in position based on annual remuneration.
  1. Chairman of the Board of Directors 250,000 Baht annually
  2. Each Executive Director 220,000 Baht annually
  3. Each Independent Director 260,000 Baht annually
  4. Each other Non-Executive Director 220,000 Baht annually
2. Meeting allowance for each Independent Director attending the board meetings for the year ended December 31, 2019 were paid at the rate of Baht 20,000 per meeting.
3. Audit Committee's annual remuneration for the year ended December 31, 2019 were calculated proportionately to the term of annual remuneration as below.
  1. Chairperson of the Audit Committee 320,000 Baht annually
  2. Each other member of the Audit Committee 260,000 Baht annually

Director Name	Position	Directors' Remuneration (Baht)			
		Director's annual remuneration	Meeting Allowance	Audit Committee's annual remuneration	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. Katsuya Imanishi	President	220,000	-	-	220,000
3. Mr. Nimit Wongjariyakul <sup>1</sup>	Executive Director	220,000	-	-	220,000
4. Mr. Shinya Yokoyama	Executive Director	220,000	-	-	220,000
5. Mrs. Chrisana Sae-Leiw	Executive Director	220,000	-	-	220,000
6. Mr. Shinichi Mizuno <sup>2</sup>	Director	29,534	-	-	29,534
7. Mr. Philip Wing Lun Chow	Director	220,000	-	-	220,000
8. Mr. Yuji Hibino <sup>3</sup>	Director	142,247	-	-	142,247
9. Mrs. Wattanee Phanachet <sup>4</sup>	Chairperson of the Audit Committee and Independent Director	260,000	60,000	101,699	421,699
10. Associate Professor Dr. Danuja Kunpanitchakit <sup>5</sup>	Chairperson of the Audit Committee and Independent Director	-	260,000	218,301	478,301
11. Col. Ruangsub Kovindha	Audit Committee and Independent Director	260,000	320,000	260,000	840,000
12. Mr. Prasert Virasathienpornkul	Audit Committee and Independent Director	260,000	320,000	260,000	840,000
13. Dr. Prasit Kanchanasakdichai	Independent Director	260,000	300,000	-	560,000
<b>Total</b>		<b>2,561,781</b>	<b>1,260,000</b>	<b>840,000</b>	<b>4,661,781</b>

Remark: CNS had no other benefits for Non-Executive Directors.

<sup>1</sup> Mr. Nimit Wongjariyakul resigned from the position of director, executive director and authorized director signing on behalf of CNS with effect from March 7, 2019.

<sup>2</sup> Mr. Shinichi Mizuno resigned from the position of director with effect from March 16, 2018.

<sup>3</sup> The Board of Directors' Meeting No. 4/2561 held on April 27, 2018 resolved to elect Mr. Yuji Hibino to be CNS's director, as a replacement director of Mr. Shinichi Mizuno who resigned from the position of director with effect from March 16, 2018. He was approved by the SEC on May 3, 2018 and CNS submitted the registration of the change in director with the Ministry of Commerce on May 10, 2018.

<sup>4</sup> The Board of Directors' Meeting No. 3/2562 held on March 15, 2019 acknowledged the retirement of Mrs. Wattanee Phanachet, and she stated that she does not wish to be re-elected.

<sup>5</sup> The Board of Directors' Meeting No. 3/2562 held on March 15, 2019 resolved to elect Associate Professor Dr. Danuja Kunpanitchakit to be CNS's Independent Director, as a replacement director of Mr. Nimit Wongjariyakul whom resigned from the position of Director and Executive Director with effect on March 7, 2019. Associate Professor Dr. Danuja Kunpanitchakit was approved by the SEC on April 4, 2019 and CNS registered the change in director with the Ministry of Commerce on April 5, 2019. Moreover, the Board of Directors' Meeting No. 4/2562 held on April 26, 2019 resolved to elect Associate Professor Dr. Danuja Kunpanitchakit to be CNS's Audit Committee and the Board of Audit Committee passed unanimously agreed to appoint Associate Professor Dr. Danuja Kunpanitchakit to be CNS's Chairperson of the Audit Committee. As a result, CNS had 10 board members since April 26, 2019.

## (B) Management's Remuneration

Management's remuneration are remuneration of salary, bonus and other benefits paid to Executive Directors and Executive Officers based on their duties and responsibilities, performance, and CNS's performance of the previous year, in comparison with their peers' remuneration rate paid by other companies in the same industry, as well as other employees' benefit such as provident fund contributions, group insurance (life, accidental and medical insurance), staff loan, social security fund contributions and annual medical checkup and etc.

In 2019, CNS paid management's remuneration in total amount of Baht 87,494,349 with the following detail;

Management's remuneration (Baht)	Fiscal Year 2019 (Jan 1, 2019 – Dec 31, 2019)
Salary and Bonus	71,364,126
Provident fund contributions	4,020,263
Social security fund contributions and other benefits	12,109,960
<b>Grand Total</b>	<b>87,494,349</b>

Remark: The above remuneration was paid to 5 Executive Directors and 6 Executive Officers which inclusive of 1 resigned Executive Director and 1 resigned Executive Officer during the year.

## 2. Other remuneration

### *Provident fund*

CNS and its employees have jointly established a provident fund in accordance with the Provident Fund Act B. E 2530. CNS's employees and Thai Executive Directors are able to voluntarily join this program. The Fund is currently managed by TISCO Asset Management Limited. The payment of fund contributions upon a member termination will be in accordance with the fund rules.

Such provident fund consists of;

- **Member contribution** – the member is eligible to contribute at the rate of 5% or 7% or 10% or 15% of basic salary. Any changes of the contribution rate will be in accordance with the condition and method defined by the employer committee of the fund.

- **Employer contribution** – The employer contributes in compliance with the condition of the fund article but not exceeding 10% of basic salary.

In 2019, CNS paid management's provident fund contributions in total amount of Baht 4.02 million.

## Connected Transactions

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For the fiscal year ended December 31, 2019, 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 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.

The commission fee for the fiscal year 2019 was Baht 215,703. The commission fee was based on trade volume and the normal commission rate as CNS charged to other clients.

2. 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.

The commission fee for the fiscal year 2019 was Baht 32,421,943. The commission fee was based on trade volume and the normal commission rate as CNS charged to other clients.

3. CNS entered into the agreement with Dr. Prasit Kanchanasakdichai, CNS’s Independent Director 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.

The commission fee for the fiscal year 2019 was Baht 67,100. The commission fee was based on trade volume and the normal commission rate as CNS charged to other clients.

4. CNS entered into Investors Business Support Agreement with Nomura Singapore Limited (“NSL”) to provide information of potential clients in Thailand as requested by NSL.

The service fee for the fiscal year 2019 was Baht 14,168,063. The service fee was based on actual costs plus 10% of margin.

5. CNS entered into Service Agreement with NSL to provide information to NSL relating to international investment banking activities and development as required by NSL

The service fee for the fiscal year 2019 was Baht 25,144,546. 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 2019 was Baht 1,523,136. 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.

7. CNS entered into Securities Lending Agreement with Nomura International Plc. ("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 2019 was Baht 353,890. 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 2019 was Baht 62,046. 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 2019 was Baht 5,655,975 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 2019 was Baht 964,742 as service rendered within the scope and volume of work assigned.

11. CNS entered into Service Agreement with NSL to provide NSL's financial advisory services to clients.

The fee received for the fiscal year 2019 was Baht 987,789 as service rendered within the scope and volume of work assigned.

12. 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 that received from only NSL for the fiscal year 2019 was Baht 23,185,067. The service fee was based on actual costs plus 10% of margin net with the brokerage commission received.

13. CNS received fee income from late delivery from INSTINET for the late delivery securities.

The fee received for the fiscal year 2019 was Baht 1,282,034. The fee was the normal rate as CNS charged to other clients.

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

1. CNS entered into the Service Agreement with NSL for support brokerage referral service.

The service fee paid for the fiscal year 2019 was Baht 2,742,476. The service fee was calculated based on service rendered within the scope and volume of work assigned.

2. 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. 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 2019 was Baht 2,277,896. The service fee was the same rate as CNS paid to other suppliers who were not related to CNS.

3. CNS paid brokerage fee to NSL for execution of securities trading orders in foreign securities exchanges for CNS’s clients.

The commission paid for the fiscal year 2019 was Baht 30,651. The commission was calculated based on turnover and a referential rate charged from other foreign securities firms who were not related to CNS.

For the year ended December 31, 2019 and 2018, Capital Nomura Securities Public Company Limited (“the Company”) has connected transactions with the related companies and connected persons as follows;

Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value of transaction (Baht)		Remarks
				For the year ended December 31, 2019	For the year ended December 31, 2018	
1. Capital Nomura Securities Public Company Limited and Nomura International Plc.	Nomura Holdings, Inc. is the ultimate parent company 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	215,703	111,955	The commission fee was based on trade volume and the normal commission rate as the Company charged to other clients.
2. Capital Nomura Securities Public Company Limited and Instinet Pacific Limited	Nomura Holdings, Inc. is the ultimate parent company 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	32,421,943	55,659,087	The commission fee was based on trade volume and the normal commission rate as the Company charged to other clients.
3. Capital Nomura Securities Public Company Limited and Dr. Prasit Kanchanasakdichai	Dr. Prasit Kanchanasakdichai is the independent director of the Company	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	67,100	114,634	The commission fee was based on trade volume and the normal commission rate as the Company charged to other clients.
4. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura Singapore Limited	Investors Business Support Agreement which the Company provided services and received fee in return	1 year	14,168,063	14,582,818	The service fee was calculated by reference to the actual cost plus 10% margin.

Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value of transaction (Baht)		Remarks
				For the year ended December 31, 2019	For the year ended December 31, 2018	
5. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura Singapore Limited	Service agreement which the Company provided information of international investment banking 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	25,144,546	32,006,950	The service fee was calculated by reference to the actual cost plus 10% margin.
6. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the ultimate parent company 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	1,523,136	611,960	The service fee was calculated based on actual executed transactions of our referred customers and at the rate as indicated in the agreement referred to the similar business.
7. Capital Nomura Securities Public Company Limited and Nomura International Plc.	Nomura Holdings, Inc. is the ultimate parent company 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	353,890	72,495	At normal rate charged to other clients
8. Capital Nomura Securities Public Company Limited and Instinet Pacific Limited	Nomura Holdings, Inc. is the ultimate parent company 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	62,046	400,364	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, 2019	For the year ended December 31, 2018	
9. Capital Nomura Securities Public Company Limited and Nomura Securities Co., Ltd.	Nomura Holdings, Inc. is the ultimate parent company 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 period of each assignment	5,655,975	13,256,164	The service fee was the contract rate determined by extent and amount of work assigned.
10. Capital Nomura Securities Public Company Limited and Nomura International (Hong Kong) Limited	Nomura Holdings, Inc. is the ultimate parent company 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 period of each assignment	964,742	12,314,358	The service fee was the contract rate determined by extent and amount of work assigned.
11. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura Singapore Limited	The Company provided services as required by Nomura Singapore Limited's financial advisory services to client. The Company provided services and received fee in return.	Depend on the pre-determined period of each assignment	987,789	3,840,065	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, 2019	For the year ended December 31, 2018	
12. Capital Nomura Securities Public Company Limited and Nomura Securities Singapore Pte. Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the ultimate parent company 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	23,185,067	22,385,521	The service fee was calculated by reference to the actual cost plus 10% margin net with the brokerage commission received. The service fee was received only from Nomura Singapore Limited
13. Capital Nomura Securities Public Company Limited and Instinet Pacific Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Instinet Pacific Limited	Other fee from late delivery securities	-	1,282,034	731,812	At normal rate charged to other clients
14. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the ultimate parent company of the Company and Nomura Singapore Limited	Service Agreement for referral fee which the Company received service and paid fee for service	-	2,742,476	-	The service rendered within the scope and volume of work assigned.
15. Capital Nomura Securities Public Company Limited and United Information Highway Co., Ltd.	The Company's director is Chief Executive Officer of United Information Highway Co., Ltd.	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	2,277,896	2,199,360	The service fee was at the same rate charged to other clients without dependent interest.

Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value of transaction (Baht)		Remarks
				For the year ended December 31, 2019	For the year ended December 31, 2018	
16. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the ultimate parent company 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	30,651	24,866	The service fee was calculated based on trade volume and the referential rate charged by others without dependent interest.
17. 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) as staff welfare	Not over than 100 months	-	479	The interest rate was the same rate as the Company charged to other Company's staffs.

Capital Nomura Securities Public Company Limited  
Report and financial statements  
31 December 2019

## Independent Auditor's Report

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To the Shareholders of Capital Nomura Securities Public Company Limited

### Report on Audit of Financial Statements

#### Opinion

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 2019, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 2019, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

#### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the *Code of Ethics for Professional Accountants* as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Emphasis of Matter

I draw attention to Note 1 to the financial statements, which related to the proposed for delisting of the Company shares from the Stock Exchange of Thailand. My conclusion is not qualified in respect of this matter.

## **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures responded to each matter are described below.

### **1. Recognition of brokerage fees and interest on margin loans**

The Company's income mainly consisted of brokerage fees and interest on margin loans, amounting to Baht 545 million and Baht 286 million, respectively, representing 42 percent and 22 percent of the Company's total revenue. The Company charges brokerage fees at variable percentages of trading volume, based on the type of customer and their trading volume, whereas interest on margin loans is charged at rates that are adjusted periodically based on market conditions. Because the size and volume of transactions, the number of customers and the fees charged to customers depend on various factors, and the recognition of revenue from brokerage fees and interest on margin loans relies primarily on data processing by information systems, I addressed the correct measurement and occurrence of brokerage fees and interest on margin loans as a key audit matter.

Key audit procedures I performed were as follows. Assessed, and tested on a sample basis, the Company's internal controls relevant to the recognition of brokerage fees and interest on margin loans, including information and technology system controls relevant to the calculation of brokerage fees and interest on margin loans. I also tested, on a sample basis, the brokerage fee rates, interest rates, calculation and account recording. In addition, I performed substantive analytical procedures relating to the brokerage fees and interest on margin loans.

## **2. Allowance for doubtful accounts for securities and derivatives business receivables**

As discussed in Note 4.8 to the financial statements, the allowance for doubtful accounts for securities and derivatives business receivables is determined through consideration of the status of accounts receivables and the value of the collateral. The estimation of the allowance for doubtful accounts for securities and derivatives business receivables is significant because the significance of the amount of the receivables to the Company's financial statements, with securities and derivatives business receivables amounting to Baht 6,761 million as at 31 December 2019, representing 85 percent of the Company's total assets. Therefore, I addressed the adequacy of the allowance for doubtful accounts for such receivables as a key audit matter.

Key audit procedures I performed were as follows:

- Assessed, and tested on a sample basis, the Company's internal controls relevant to the status of account receivables, calculation of collateral value, calculation of allowance for doubtful debts and the recording of allowance for doubtful accounts. I also assessed the Company's method applied to the determination and calculation of the allowance, and compared the Company's policy with regulatory requirements and tested certain controls over the IT systems relevant to the calculation of the collateral value and revaluation adjustments of the fair value of collateral.
- Examined the allowance for doubtful accounts as at the period-end date by testing the status of outstanding debts, valuation of collateral, debt collection made after the period-end date and the calculation of the allowance.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report



Ratana Jala  
Certified Public Accountant (Thailand) No. 3734

EY Office Limited  
Bangkok: 26 February 2020

**Capital Nomura Securities Public Company Limited**

**Statements of financial position**

**As at 31 December 2019**

		(Unit : Baht)	
	Note	2019	2018
<b>Assets</b>			
Cash and cash equivalents	6	526,308,087	388,056,406
Receivables from Clearing House and broker-dealers	7	35,057,248	29,377,403
Securities and derivatives business receivables	8	6,760,893,909	8,347,760,863
Investments	10	182,252,454	702,610,769
Premises and equipment	11	76,363,964	88,899,381
Intangible assets	12	32,685,606	26,520,898
Deferred tax assets	13	85,230,762	83,881,699
Other assets	14	273,761,610	285,106,411
<b>Total assets</b>		<b>7,972,553,640</b>	<b>9,952,213,830</b>

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

**Capital Nomura Securities Public Company Limited**

**Statements of financial position (Continued)**

As at 31 December 2019

		(Unit : Baht)	
	Note	2019	2018
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Borrowings from financial institutions	15	850,000,000	1,250,000,000
Payables to Clearing House and broker-dealers	16	281,999,419	478,196,476
Securities and derivatives business payables	17	1,152,014,681	2,157,293,769
Corporate income tax payables		14,239,655	37,867,940
Debt issued and other borrowings	18	-	299,532,046
Provisions for long-term employee benefits	19	145,078,901	97,412,287
Other liabilities	20	268,141,416	321,648,018
<b>Total liabilities</b>		<b>2,711,474,072</b>	<b>4,641,950,536</b>
<b>Equity</b>			
Share capital - Registered, issued and paid-up			
2,150,469,000 ordinary shares of Baht 1 each		2,150,469,000	2,150,469,000
Premium on share capital and treasury stock		2,133,320,850	2,133,320,850
Retained earnings			
Appropriated - statutory reserve	21	194,200,000	187,700,000
- general reserve		215,000,000	215,000,000
Unappropriated		568,089,718	623,773,444
<b>Total equity</b>		<b>5,261,079,568</b>	<b>5,310,263,294</b>
<b>Total liabilities and equity</b>		<b>7,972,553,640</b>	<b>9,952,213,830</b>

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 2019**

		(Unit : Baht)	
	Note	2019	2018
<b>Profit or loss:</b>			
<b>Revenue</b>			
Brokerage fees	23	544,721,570	730,825,750
Fees and service income	24, 29	368,678,836	392,348,827
Interest on margin loans		286,473,878	367,035,287
Gain and return on financial instruments	25	74,904,982	88,116,411
Other income		8,686,994	6,296,860
<b>Total revenue</b>		<b>1,283,466,260</b>	<b>1,584,623,135</b>
<b>Expenses</b>			
Personnel expenses		642,794,265	651,483,597
Fees and services expenses		154,062,834	203,289,539
Financial costs		50,687,003	88,763,445
Bad debt and doubtful accounts (reversal)		(113,264)	106,221,776
Other expenses		278,703,343	317,115,233
<b>Total expenses</b>		<b>1,126,134,181</b>	<b>1,366,873,590</b>
<b>Profit before income tax</b>		<b>157,332,079</b>	<b>217,749,545</b>
Income tax	13	(28,517,465)	(40,232,276)
<b>Profit for the year</b>		<b>128,814,614</b>	<b>177,517,269</b>

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 2019

		(Unit : Baht)	
	Note	2019	2018
<b>Other comprehensive income:</b>			
Other comprehensive income to be reclassified			
to profit or loss in subsequent periods:			
Loss on change in value of available-for-sale investments		-	(34,143)
Income tax relating to loss on change			
in value of available-for-sale investments	13	-	6,829
Net other comprehensive income to be reclassified			
to profit or loss in subsequent periods		-	(27,314)
Other comprehensive income not to be reclassified			
to profit or loss in subsequent periods:			
Actuarial gain (loss)	19	(12,827,197)	11,541,530
Income tax relating to actuarial gain (loss)	13	2,565,439	(2,308,306)
Net other comprehensive income not to be			
reclassified to profit or loss in subsequent periods		(10,261,758)	9,233,224
Total other comprehensive income (loss) for the year		(10,261,758)	9,205,910
<b>Total comprehensive income for the year</b>		<b>118,552,856</b>	<b>186,723,179</b>
<b>Basic earnings per share</b>			
Profit for the year	27	0.06	0.08

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 2019**

(Unit : Baht)

	Issued and paid-up share capital		Premium on share capital and treasury stock		Retained earnings			Other components of equity - revaluation surplus (deficit) on investments		Total
	share capital	paid-up	share capital	and treasury stock	Appropriated	General reserve		Unappropriated		
						Statutory reserve	reserve			
<b>Balance - as at 1 January 2018</b>	2,150,469,000	-	2,133,320,850	-	178,800,000	215,000,000	897,521,441	27,314	5,575,138,605	
Profit for the year	-	-	-	-	-	-	177,517,269	-	177,517,269	
Other comprehensive income (loss) for the year	-	-	-	-	-	-	9,233,224	(27,314)	9,205,910	
Total comprehensive income for the year	-	-	-	-	-	-	186,750,493	(27,314)	186,723,179	
Dividend paid (Note 28)	-	-	-	-	-	-	(451,598,490)	-	(451,598,490)	
Statutory reserve (Note 21)	-	-	-	-	8,900,000	-	(8,900,000)	-	-	
<b>Balance - as at 31 December 2018</b>	2,150,469,000	-	2,133,320,850	-	187,700,000	215,000,000	623,773,444	-	5,310,263,294	
<b>Balance - as at 1 January 2019</b>	2,150,469,000	-	2,133,320,850	-	187,700,000	215,000,000	623,773,444	-	5,310,263,294	
Profit for the year	-	-	-	-	-	-	128,814,614	-	128,814,614	
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(10,261,758)	-	(10,261,758)	
Total comprehensive income for the year	-	-	-	-	-	-	118,552,856	-	118,552,856	
Dividend paid (Note 28)	-	-	-	-	-	-	(167,736,582)	-	(167,736,582)	
Statutory reserve (Note 21)	-	-	-	-	6,500,000	-	(6,500,000)	-	-	
<b>Balance - as at 31 December 2019</b>	2,150,469,000	-	2,133,320,850	-	194,200,000	215,000,000	568,089,718	-	5,261,079,568	

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 2019

	(Unit: Baht)	
	2019	2018
<b>Cash flows from operating activities</b>		
Profit before income tax	157,332,079	217,749,545
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	52,206,364	50,653,398
Doubtful accounts (reversal)	(113,264)	106,221,776
(Gain) loss on revaluation of investments	(637,024)	20,163,804
Gain on disposal securities	-	(50,735)
(Gain) loss on disposal and written-off equipment	(218,172)	189,635
Gain on revaluation of derivatives	(721,480)	(14,019,958)
Financial costs	50,687,003	88,763,445
Interest and dividend income	(59,894,725)	(65,352,871)
Interest income from margin loans	(286,473,878)	(367,035,287)
Others interest income	(1,177,811)	(1,238,294)
Long-term employee benefits	41,891,597	8,910,536
Income (loss) from operating activities before changes in operating assets and liabilities	(47,119,311)	44,954,994
Operating assets (increase) decrease		
Receivables from Clearing House and broker-dealers	(4,958,365)	763,572,098
Securities and derivatives business receivables	1,584,708,479	2,237,826,389
Trading securities	525,722,545	(13,741,485)
Other assets	3,266,996	651,185
Operating liabilities increase (decrease)		
Borrowings from financial institutions	(400,000,000)	(2,550,000,000)
Payables to Clearing House and broker-dealers	(196,197,057)	(164,787,158)
Securities and derivatives business payables	(1,011,419,590)	(217,977,078)
Debt issued and other borrowings	(299,532,046)	299,532,046
Provision for long-term employee benefits	(7,052,180)	-
Other liabilities	(60,303,272)	10,738,468
Cash received from operating activities	87,116,199	410,769,459

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 2019**

	(Unit: Baht)	
	2019	2018
Cash received from dividend	5,194,705	14,000,020
Cash paid for interest expenses (included other financial costs)	(51,859,458)	(96,028,066)
Cash received from interest	19,968,761	5,678,323
Cash received from interest on margin loans	288,745,101	377,127,713
Cash received from other interest	1,356,203	1,063,275
Cash paid for income tax	(50,929,374)	(69,003,348)
<b>Net cash from operating activities</b>	<b>299,592,137</b>	<b>643,607,376</b>
<b>Cash flows from investing activities</b>		
Cash received from disposal of available-for-sale securities	-	1,582,615
Net cash received (paid) from held-to-maturity debt securities	673,294	(84,730,707)
Cash paid for purchase of other investment	(410,880)	(256,800)
Cash paid for acquisition of equipment	(35,391,540)	(19,796,025)
Cash received from sales of equipment	2,258,237	196,168
Cash paid for acquisition of intangible assets	(3,963,308)	(16,720,487)
Cash received from interest	42,694,075	35,135,078
Cash received from dividend	536,248	351,151
<b>Net cash from (used in) investing activities</b>	<b>6,396,126</b>	<b>(84,239,007)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(167,736,582)	(451,598,490)
<b>Net cash used in financing activities</b>	<b>(167,736,582)</b>	<b>(451,598,490)</b>
<b>Net increase in cash and cash equivalents</b>	<b>138,251,681</b>	<b>107,769,879</b>
Cash and cash equivalents at the beginning of the year	388,056,406	280,286,527
<b>Cash and cash equivalents at the end of the year</b>	<b>526,308,087</b>	<b>388,056,406</b>

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 2019**

**1. Company information**

Capital Nomura Securities Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Nomura Asia Investment (Singapore) Pte. Ltd., which is incorporated in Singapore. The ultimate parent company of the Group is Nomura Holdings, Inc. The Company is principally engaged in the securities and derivatives with business of securities brokerage, derivatives brokerage, selling agent, securities dealing, securities borrowing and lending services, investment and financial advisory and securities underwriting.

The registered office of the Company is at 25 Bangkok Insurance Building, 15th - 17th Floor, South Sathorn Road, Thungmahamek, Sathorn, Bangkok. As at 31 December 2019, the Company has 16 branches including a headquarter, 15 branches in Bangkok and up country.

The Extraordinary General Meeting of Shareholders No. 1/2562 held on 27 November 2019, approved the delisting of the Company’s securities from the Stock Exchange of Thailand (The “SET”), through a tender offer by Nomura Asia Investment (Singapore) Pte. Ltd. (NAIS) of the remaining shares, which are not owned by NAIS, at the number of 305,809,069 ordinary shares representing 14.22 percent of the total issued shares of the Company with an offering price of Baht 2.51 per share. On 12 December 2019, the SET has approved the request to delist the Company’s common shares from being listed securities in the SET with the condition that the Company has to ask NAIS as a Tender Offeror, to do the tender offer according to regulation stipulated by the Securities and Exchange Commission with the tender offer period of 45 business days prior to the announcement to delist the Company’s common shares from being listed securities in the SET.

On 26 December 2019 the Company received a copy of the Tender Offer to Purchase Securities of the Company (Form 247-4) by NAIS as a Tender Offeror. The tender offer shall make a tender offer of the entire ordinary shares of the Company, which are not held by NAIS for totaling 308,809,069 ordinary shares, representing 14.22% of the total issued and paid up shares and total voting rights of the Company at 2.51 Baht per share, which is not lower than the highest price calculated based on procedures as specified under TorChor. 12/2554 Re. Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeover. The tender offer period is 45 business days starting from 2 January 2020 to 5 March 2020.

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

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and the presentation of the financial statement has been made in compliance with requirement of the Notification of the Office of the Securities and Exchange Commission relating to the format of the financial statements of securities companies (version 2), No. Sor. Thor. 22/2559 dated 2 June 2016.

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**

### **a) Financial reporting standards that became effective in the current year**

During the year, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are summarised below:

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Company's financial statements.

**b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

#### **IFRS 16 Leases**

IFRS 16 supersedes IAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under IAS 17.

The management of the Company is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

### **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 and return on financial instruments

Gain (loss) on trading in securities and derivatives

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

#### Interest and dividend

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

#### d) Interest on margin 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 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 base on the close price quoted on the Stock Exchange of Thailand of the last working day of the year.

The Company adjust the balance of securities borrowing payables for which the borrowed securities have been sold short based on the latest offer price quoted on the Stock Exchange of Thailand on the last working day of the year. The change in value are recorded 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 interest 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 or the first in - first out (FIFO) 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 and broker-dealers**

Receivables from/payables to Clearing House and broker-dealers 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 plus any additional specific loans which may not be fully recovered. The above guideline is in accordance with Notification No. Kor. Thor. 33/2543 dated 25 August 2000 which is updated by Notification No. Kor. Thor. 5/2544 dated 15 February 2001 of the Office of the Securities and Exchange Commission.

#### **4.9 Premises and equipment/Depreciation**

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

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

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

No depreciation is provided on construction in progress.

Depreciation is included in determining income.

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

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

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

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

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

#### **4.11 Income tax**

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

##### **Current tax**

Current tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legalisation.

##### **Deferred tax**

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

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

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

The Company records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

#### **4.12 Property foreclosed**

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

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

At the end of each reporting period, the Company performs impairment reviews in respect of the assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

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

#### **4.14 Borrowings from financial institution**

Borrowings from financial institution are recognised initially at the fair value of the proceeds received. borrowings from financial institution are subsequently stated at amortised cost, using the effective interest method. Any difference between proceeds and the redemption value is recognised in the statements of comprehensive income over the period of the borrowings.

#### **4.15 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.

#### **4.16 Debt issued**

Debt issued is recognised initially at the fair value of the proceeds received. Debt issued is subsequently stated at amortised cost, using the effective interest method. Any difference between proceeds and the redemption value is recognised in the statements of comprehensive income over the period of the borrowings.

#### **4.17 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.

#### **4.18 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.

#### **4.19 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.

#### **4.20 Employee benefits**

a) Short-term employee benefits

Salaries, wages, bonuses, contribution to the social security fund 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 post-employment benefit plan.

The obligation under the post-employment benefit plan 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 other comprehensive income.

#### **4.21 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.

#### **4.22 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.

#### **4.23 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categories within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

### **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 doubtful accounts 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 Office of the Securities and Exchange Commission'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 and 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 variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and discloses of fair value hierarchy.

## **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)	
	2019	2018
Cash	68,000	68,000
Current deposits and saving deposits	844,150,218	1,108,210,434
Promissory notes at call	403,000,000	322,000,000
Total cash and cash equivalents	1,247,218,218	1,430,278,434
Less: Deposits for customers' accounts	(720,910,131)	(1,042,222,028)
Cash and cash equivalents	526,308,087	388,056,406

	(Unit: Baht)	
	For the years ended 31 December	
	2019	2018
<u>Supplemental cash flows information</u>		
Non-cash transactions		
Accounts payable for purchase of equipment and intangible assets	7,588,806	550,640

## 7. Receivables from Clearing House and broker-dealers

	(Unit: Baht)	
	2019	2018
Receivables from Clearing House		
Equity and debt securities	13,048,197	-
Derivatives	72,628,500	60,739,930
Receivables from foreign broker-dealers	2,532,872	-
Total receivables from Clearing House and broker-dealers	88,209,569	60,739,930
Less: Receivables from Clearing House for customers' accounts	(53,152,321)	(31,362,527)
Receivables from Clearing House and broker-dealers	35,057,248	29,377,403

## 8. Securities and derivatives business receivables

	(Unit: Baht)	
	2019	2018
<u>Securities business receivables</u>		
Cash accounts	847,423,199	1,587,809,217
Credit balances receivables	5,210,172,612	5,602,956,803
Guaranteed deposit receivables	397,175,987	643,489,847
Receivables under securities borrowing and lending business	282,203,687	487,100,192
Other receivables	113,322,581	113,967,095
Total securities business receivables	6,850,298,066	8,435,323,154
Add: Accrued interest receivables	22,960,271	25,232,010
Less: Allowance for doubtful accounts	(113,079,253)	(113,192,517)
Net securities business receivables	6,760,179,084	8,347,362,647
<u>Derivatives business receivables</u>		
Derivatives business receivables	714,825	398,216
Total derivatives business receivables	714,825	398,216
Net securities and derivatives business receivables	6,760,893,909	8,347,760,863

**8.1** As at 31 December 2019, the Company has securities business receivables of approximately Baht 113 million on which the recognition of income on an accrual basis has been suspended (31 December 2018: Baht 113 million).

**8.2** As at 31 December 2019 and 2018, 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. The classification is as follows:

	(Unit: Thousand Baht)		
	2019		
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal	6,760,627	-	6,760,627
Substandard	106,489	(106,222)	267
Doubtful	6,857	(6,857)	-
Total	6,873,973	(113,079)	6,760,894

(Unit: Thousand Baht)

	2018		
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal	8,346,962	-	8,346,962
Substandard	107,021	(106,222)	799
Doubtful	6,971	(6,971)	-
Total	8,460,954	(113,193)	8,347,761

**8.3** On 23 January 2018, the Company received an order from a government agency ordering the Company to freeze all collateral of a certain credit balance client. On 3 May 2018, the Company received an order from the same government agency to released part of the frozen share collateral. As of 31 December 2019, the credit balance receivable for this client was Baht 106 million, with the total collateral value of Baht 209 million approximately. The collateral comprised of collateral securities with the market value as of 31 December 2019 of Baht 124 million and deposit subject to restriction of Baht 85 million, as stated in the note to financial statement no. 10, both of which are under frozen orders. The Company has classified the account balance as substandard and has set up an allowance for doubtful account of Baht 106 million for this case. The Company believe that the allowance for doubtful account is sufficient and appropriate. The Company has filed a civil lawsuit to claim the whole receivable amount from this client, where the client has answered and counter-claimed that the Company was not entitled to file the claim and asked for compensation. Nonetheless, the management, by the Company's external legal counsel's opinion, considered that the counter-claim is defensible and the possibility to for additional loss is remote. In this regard, the Court has ordered on 27 May 2019 to partially reject the counter-claim, where the Client is appealing the said court order. Also, the Company has petitioned the court to release the securities collateral in accordance with the relevant laws, for prudence reasons. On December 26, 2019, the Court of First Instance in the civil case which the Company was a Respondent requesting for the release of the client's collateral, has rendered a judgement, in essence that; the Company is a securities company carrying out its licensed business in good faith, it has strictly complied with the law in giving margin loans to the client, and the Company has properly and carefully conducted its performance with no involvement in the client's wrongdoing. As such, the Company's rights should be recognized and protected by law. Therefore, the Court ruled that the right of the Company shall be protected under Section 52 Paragraph 1 of the Anti-Money Laundering Act B.E. 2542, where the Company shall exercise the right to force sell the collateral of the said client and use the proceeds therefrom to satisfy the obligations owed by the client to Company under the relevant agreement. Should there be any remaining amount, such amount shall be vested in the state in accordance with Section 51 Paragraph 1 of the Anti-Money Laundering Act B.E. 2542. After that, on January 13, 2020, the Court of the First of Instance ordered that the said collateral and the interest be frozen until the Court has ordered otherwise. Currently, the case is not yet final, any party disagreeing with the judgement may still appeal. Given that there is still uncertainty in the debt collection, the Company has considered to maintain the allowance for doubtful account.

**8.4** As at 31 December 2019, guaranteed deposit receivables of approximately Baht 397 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 360 million (31 December 2018: Baht 643 million and Baht 588 million, respectively).

**8.5 Allowance for doubtful accounts**

(Unit: Thousand Baht)

	For the years ended 31 December	
	2019	2018
Balance - beginning of the year	113,193	6,971
Change during the year	(114)	106,222
Balance - end of the year	<u>113,079</u>	<u>113,193</u>

**9. Derivative assets/liabilities**

(Unit: Baht)

	31 December 2019		
	Fair value		Notional amount
	Assets	Liabilities	
<b><u>Trading derivatives</u></b>			
Futures <sup>(1)</sup>	-	-	162,565,900
Total	<u>-</u>	<u>-</u>	<u>162,565,900</u>

<sup>(1)</sup> Futures contracts are cash settlement. Real exposure is difference between cost of futures contracts and underlying assets level, fair value of outstanding futures contracts as at the end of year included in "Receivables from Clearing House and broker-dealers". As at 31 December 2019, the fair value of derivative assets and liabilities for futures contracts are Baht 8 million and Baht 0.5 million, respectively.

(Unit: Baht)

	31 December 2018		
	Fair value		Notional amount
	Assets	Liabilities	
<b><u>Trading derivatives</u></b>			
Futures <sup>(1)</sup>	-	-	213,710,450
Total	<u>-</u>	<u>-</u>	<u>213,710,450</u>

<sup>(1)</sup> Futures contracts are cash settlement. Real exposure is difference between cost of futures contracts and underlying assets level, fair value of outstanding futures contracts as at the end of year included in "Receivables from Clearing House and broker-dealers". As at 31 December 2018, the fair value of derivative assets and liabilities for futures contracts are Baht 11 million and Baht 4 million, respectively.

## 10. Investments

### 10.1 Classify by type of investments

(Unit: Baht)

	2019		2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b><u>Trading securities</u></b>				
Listed equity securities	82,100,400	82,734,000	107,847,890	101,319,000
Add (less): Allowance for revaluation	633,600	-	(6,528,890)	-
Net listed equity securities	82,734,000	82,734,000	101,319,000	101,319,000
Debt securities	-	-	499,975,055	499,979,550
Add: Allowance for revaluation	-	-	4,495	-
Net debt securities	-	-	499,979,550	499,979,550
Net trading securities	82,734,000		601,298,550	
<b><u>Held-to-maturity debt securities</u></b>				
Deposits subject to restriction	84,713,472		84,286,881	
Treasury bill	2,048,485,363		2,935,444,486	
Total	2,133,198,835		3,019,731,367	
Less: Investments for customer's accounts	(2,039,319,929)		(2,923,647,816)	
Net held-to-maturity debt securities	93,878,906		96,083,551	
<b><u>Other investments</u></b>				
Non-marketable equity securities	14,863,140		14,452,260	
Less: Allowance for impairment	(9,223,592)		(9,223,592)	
Net other investments	5,639,548		5,228,668	
<b>Net investments</b>	<b>182,252,454</b>		<b>702,610,769</b>	

## 10.2 Debt securities classified by remaining periods to maturity

As at 31 December 2019 and 2018, the Company classified investments in held-to-maturity debt securities by remaining periods to maturity as follows:

(Unit: Baht)

	2019			Total
	Due within			
	Within 1 year	1 - 5 years	Over 5 years	
<b>Held-to-maturity debt securities</b>				
Deposits subject to restriction	84,713,472	-	-	84,713,472
Treasury bill	2,048,485,363	-	-	2,048,485,363
Less: Investments for customer's accounts	(2,039,319,929)	-	-	(2,039,319,929)
<b>Total investments in held-to-maturity debt securities</b>	<b>93,878,906</b>	<b>-</b>	<b>-</b>	<b>93,878,906</b>

(Unit: Baht)

	2018			Total
	Due within			
	Within 1 year	1 - 5 years	Over 5 years	
<b>Held-to-maturity debt securities</b>				
Deposits subject to restriction	84,286,881	-	-	84,286,881
Treasury bill	2,935,444,486	-	-	2,935,444,486
Less: Investments for customer's accounts	(2,923,647,816)	-	-	(2,923,647,816)
<b>Total investments in held-to-maturity debt securities</b>	<b>96,083,551</b>	<b>-</b>	<b>-</b>	<b>96,083,551</b>

## 10.3 Other components of equity - revaluation surplus (deficit) on investments

(Unit: Baht)

	For the years ended 31 December	
	2019	2018
Balance - beginning of the year	-	27,314
Changes during the year from		
Revaluation	-	16,592
Disposal	-	(50,735)
Deferred income tax	-	6,829
Balance - end of the year	-	-

## 11. Premises and equipment

(Unit: Baht)

	For the year ended 31 December 2019					Total
	Condominium units	Office equipment	Furniture and fixtures	Motor Vehicles	Work in progress	
<b>Cost</b>						
1 January 2019	22,704,701	308,745,570	166,795,984	27,828,946	-	526,075,201
Additions	-	34,112,084	584,995	-	694,461	35,391,540
Transfer in / transfer out	-	15,959	678,502	-	(694,461)	-
Disposals / write-off	-	(134,490)	-	(3,380,000)	-	(3,514,490)
31 December 2019	22,704,701	342,739,123	168,059,481	24,448,946	-	557,952,251
<b>Accumulated depreciation</b>						
1 January 2019	18,441,571	266,488,620	143,166,474	9,079,155	-	437,175,820
Depreciation for the year	-	33,118,858	9,691,626	3,076,408	-	45,886,892
Depreciation on disposal / write-off	-	(26,667)	-	(1,447,758)	-	(1,474,425)
31 December 2019	18,441,571	299,580,811	152,858,100	10,707,805	-	481,588,287
<b>Net book value</b>						
31 December 2019	4,263,130	43,158,312	15,201,381	13,741,141	-	76,363,964
Depreciation for the year ended 31 December 2019						45,886,892

(Unit: Baht)

	For the year ended 31 December 2018					Total
	Condominium units	Office equipment	Furniture and fixtures	Motor Vehicles	Work in progress	
<b>Cost</b>						
1 January 2018	22,704,701	304,160,567	164,323,178	23,911,946	-	515,100,392
Additions	-	2,460,712	907,092	3,917,000	12,511,221	19,796,025
Transfer in / transfer out	-	9,075,269	3,435,952	-	(12,511,221)	-
Disposals / write-off	-	(6,950,978)	(1,870,238)	-	-	(8,821,216)
31 December 2018	22,704,701	308,745,570	166,795,984	27,828,946	-	526,075,201
<b>Accumulated depreciation</b>						
1 January 2018	18,441,571	240,047,222	135,333,135	5,888,051	-	399,709,979
Depreciation for the year	-	33,385,282	9,324,868	3,191,104	-	45,901,254
Depreciation on disposal / write-off	-	(6,943,884)	(1,491,529)	-	-	(8,435,413)
31 December 2018	18,441,571	266,488,620	143,166,474	9,079,155	-	437,175,820
<b>Net book value</b>						
31 December 2018	4,263,130	42,256,950	23,629,510	18,749,791	-	88,899,381
Depreciation for the year ended 31 December 2018						45,901,254

As at 31 December 2019, the Company premises and office equipment have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 387 million (31 December 2018: Baht 336 million).

## 12. Intangible assets

(Unit: Baht)

	Remaining amortisation period	For the year ended 31 December 2019				Balance end of the year
		Balance beginning of the year	Addition / transfer in	Amortised	Disposals / transfer out	
Computer software	0 - 4.92 years	30,727,854	9,199,801	-	-	39,927,655
Software in progress		15,577,097	10,905,720	-	(8,553,407)	17,929,410
Total intangible assets		46,304,951	20,105,521	-	(8,553,407)	57,857,065
Less: Accumulated amortisation		(19,784,053)	-	(5,387,406)	-	(25,171,459)
Net intangible assets		26,520,898	20,105,521	(5,387,406)	(8,553,407)	32,685,606
Amortisation expenses for the year ended 31 December 2019						5,387,406

(Unit: Baht)

	Remaining amortisation period	For the year ended 31 December 2018				Balance end of the year
		Balance beginning of the year	Addition / transfer in	Amortised	Disposals / transfer out	
Computer software	0 - 4.92 years	23,441,165	7,286,689	-	-	30,727,854
Software in progress		5,592,658	16,257,882	-	(6,273,443)	15,577,097
Total intangible assets		29,033,823	23,544,571	-	(6,273,443)	46,304,951
Less: Accumulated amortisation		(16,106,395)	-	(3,677,658)	-	(19,784,053)
Net intangible assets		12,927,428	23,544,571	(3,677,658)	(6,273,443)	26,520,898
Amortisation expenses for the year ended 31 December 2018						3,677,658

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

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

(Unit: Baht)

	For the years ended 31 December	
	2019	2018
<b>Current income tax:</b>		
Current income tax charge for the year	27,301,107	53,615,494
Adjustment in respect of income tax of prior year	(18)	38,520
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	1,216,376	(13,421,738)
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>28,517,465</b>	<b>40,232,276</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2019	2018
Deferred tax relating to loss on re-measuring available-for-sale investments	-	(6,829)
Deferred tax relating to actuarial gain (loss)	(2,565,439)	2,308,306
	<u>(2,565,439)</u>	<u>2,301,477</u>

Reconciliation between income tax expenses and the product of accounting profit and the applicable tax rates for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2019	2018
Accounting profit before tax	<u>157,332,079</u>	<u>217,749,545</u>
Applicable corporation income tax rates	20 percent	20 percent
Accounting profit before tax multiplied by applicable tax rates	31,466,416	43,549,909
Adjustment in respect of income tax of prior year	(18)	38,520
Effects of:		
Non-deductible expenses	933,288	448,645
Non-taxable income	(385,838)	(210,724)
Additional expense deductions allowed	(3,496,383)	(3,594,074)
Total	<u>(2,948,933)</u>	<u>(3,356,153)</u>
Income tax expenses reported in the statement of comprehensive income	<u>28,517,465</u>	<u>40,232,276</u>

The components of deferred tax assets and deferred tax liabilities as at 31 December 2019 and 2018 are as follows:

	(Unit: Baht)	
	2019	2018
<b>Deferred tax assets</b>		
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	22,630,730	22,653,383
Provisions for long-term employee benefits	29,015,780	19,482,457
Accrued employee expenses	19,473,927	23,650,751
Others	7,390,358	12,555,956
Total deferred tax assets	<u>85,925,754</u>	<u>85,757,506</u>
<b>Deferred tax liabilities</b>		
Others	(694,992)	(1,875,807)
Total deferred tax liabilities	<u>(694,992)</u>	<u>(1,875,807)</u>
Net deferred tax assets	<u><u>85,230,762</u></u>	<u><u>83,881,699</u></u>

#### 14. Other assets

	(Unit: Baht)	
	2019	2018
Loans to employees	56,292,388	56,443,744
Contribution for Securities Clearing Fund	92,426,210	81,528,478
Prepaid expenses	35,678,755	48,393,536
Deposits	18,614,078	18,547,936
Property foreclosed (net of allowance for impairment of Baht 28 million)	15,000,000	15,000,000
Accrued interest receivables	1,318,131	8,463,720
Deposit for derivative business	5,000,000	5,000,000
Fees and service income receivables	42,769,787	46,055,929
Others	6,662,261	5,673,068
Total other assets	<u><u>273,761,610</u></u>	<u><u>285,106,411</u></u>

## 15. Borrowings from financial institutions

As at 31 December 2019 and 2018, borrowings from financial institutions comprising only domestic borrowings and are classified as follows:

(Unit: Thousand Baht)

	2019				
	Interest rate per annum (percent)	Remaining period to maturity			Total
		At call	Less than 1 year	1 - 5 years	
Promissory notes	1.708 - 1.925	-	750,000	-	750,000
Borrowings					
Borrowings (THB)	1.844	-	100,000	-	100,000
<b>Total borrowings from financial institutions</b>		<b>-</b>	<b>850,000</b>	<b>-</b>	<b>850,000</b>

(Unit: Thousand Baht)

	2018				
	Interest rate per annum (percent)	Remaining period to maturity			Total
		At call	Less than 1 year	1 - 5 years	
Promissory notes	1.950 - 2.300	200,000	750,000	-	950,000
Borrowings					
Borrowings (THB)	1.844	-	200,000	100,000	300,000
<b>Total borrowings from financial institutions</b>		<b>200,000</b>	<b>950,000</b>	<b>100,000</b>	<b>1,250,000</b>

Movement of the borrowings from financial institutions are borrowings from bank during the year ended 31 December 2019 and 2018 are summarised below:

(Unit: Thousand Baht)

	2019	2018
Balance - beginning of the year	300,000	1,100,000
Less: Repayment	(200,000)	(800,000)
Balance - end of the year	<u>100,000</u>	<u>300,000</u>

As at 31 December 2019, the above borrowings of Baht 100 million (31 December 2018: Baht 300 million) are borrowings from domestic bank, with maturities of 3 years counting from contract date. The interest is carried at fixed rates per annum, payable as specified in the loan agreements. The loan agreements contain conditions whereby the Company is obliged to pay unwinding fees 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.

## 16. Payables to Clearing House and broker-dealers

	(Unit: Baht)	
	2019	2018
Payables to Clearing House		
Equity and debt securities	280,901,949	477,419,298
Derivatives	751,215	777,178
Payables to foreign broker-dealers	346,255	-
<b>Total payables to Clearing House and broker-dealers</b>	<b>281,999,419</b>	<b>478,196,476</b>

## 17. Securities and derivatives business payables

	(Unit: Baht)	
	2019	2018
<u>Securities business payables</u>		
Cash accounts	530,496,156	1,058,364,344
Guarantee deposit payables	258,568,507	506,421,459
Payable under securities borrowing and lending business	360,135,687	588,335,692
<b>Total securities business payables</b>	<b>1,149,200,350</b>	<b>2,153,121,495</b>
Accrued interest payables	2,769,031	3,149,500
<b>Total securities business payables</b>	<b>1,151,969,381</b>	<b>2,156,270,995</b>
<u>Derivatives business payables</u>		
Derivatives business payables	45,300	1,022,774
<b>Total derivatives business payables</b>	<b>45,300</b>	<b>1,022,774</b>
<b>Net securities and derivatives business payables</b>	<b>1,152,014,681</b>	<b>2,157,293,769</b>

## 18. Debt issued and other borrowings

		(Unit: Baht)			
		31 December 2018			
	Interest rate/discount per annum (percent)	Remaining period to maturity			Total
		Less than 1 year	1 - 5 years	More than 5 years	
<b>Debt issued and other borrowings</b>					
Bills of exchange					
(Zero - coupon note with Baht 300 million face value)					
	1.64	299,532,046	-	-	299,532,046
<b>Total</b>		<b>299,532,046</b>	<b>-</b>	<b>-</b>	<b>299,532,046</b>

## 19. 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	
	2019	2018
<b>Provisions for long-term employee benefits at beginning of year</b>	97,412,287	100,043,281
Included in profit or loss:		
Current service cost	6,465,306	6,693,140
Past service cost	33,088,969	-
Interest cost	2,337,322	2,217,396
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	-	1,844,839
Financial assumptions changes	12,827,197	(6,354,479)
Experience adjustments	-	(7,031,890)
Benefits paid during the year	(7,052,180)	-
<b>Provisions for long-term employee benefits at end of year</b>	<b>145,078,901</b>	<b>97,412,287</b>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. 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. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 33 million as a result. The Company reflects the effect of the change by recognising past service costs as expenses in the income statement of the current year.

The Company has obligation relating to long-term employee benefits expected to be paid to its employees in the next one year amount of Baht 13 million.

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit was 12.63 years.

Significant actuarial assumptions are summarised below:

	2019	2018
Average discount rate	1.6 percent per annum	2.4 percent per annum
Salary increase rate	5 - 6 percent per annum	5 - 6 percent per annum
Average turnover rate	3 - 32 percent per annum based on employee's year of services	3 - 32 percent per annum based on employee's year of services

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

(Unit: Million Baht)

	2019		2018	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(5.3)	5.7	(4.1)	4.4
Salary increase rate	5.9	(5.5)	4.0	(3.7)

(Unit: Million Baht)

	2019		2018	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Average turnover rate	(4.4)	4.7	(2.9)	3.1

## 20. Other liabilities

(Unit: Baht)

	2019	2018
Accrued employee expenses	105,657,391	132,339,173
Accrued interest expenses	3,849,017	4,641,153
Accrued expenses	45,781,773	35,923,458
Others	112,853,235	148,744,234
Total other liabilities	<u>268,141,416</u>	<u>321,648,018</u>

## 21. Statutory reserve

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

As at 31 December 2019, the Company allotted profit of Baht 6.5 million to the statutory reserve (31 December 2018: Baht 8.9 million).

## 22. 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.

## 23. Brokerage fee income

	(Unit: Baht)	
	For the years ended 31 December	
	2019	2018
Brokerage fee from securities business	485,373,894	657,953,730
Brokerage fee from derivatives business	59,347,676	72,872,020
Total brokerage fees income	<u>544,721,570</u>	<u>730,825,750</u>

## 24. Fees and service income

	(Unit: Baht)	
	For the years ended 31 December	
	2019	2018
Underwriting fee	40,736,621	36,377,355
Financial advisory	6,471,019	3,800,000
Selling agent	205,199,897	220,987,513
Securities borrowing and lending	44,324,714	31,583,511
Business support	70,106,181	98,385,876
Others	1,840,404	1,214,572
Total fees and service income	<u>368,678,836</u>	<u>392,348,827</u>

## 25. Gain and return on financial instruments

	(Unit: Baht)	
	For the years ended 31 December	
	2019	2018
Loss on securities	(9,283,309)	(10,852,018)
Gain on derivatives	24,293,566	33,615,558
Interest and dividend	59,894,725	65,352,871
Total gain and return on financial instruments	<u>74,904,982</u>	<u>88,116,411</u>

## 26. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E 2530. The employees contribute to the fund monthly at the rate of 5 - 15 percent of basic salary and the Company contribute to the fund monthly at the rate of 5 - 10 percent of basic salary. The Fund is managed by TISCO Asset Management Limited and will be paid to the employees upon termination in accordance with the fund rules.

During the year 2019, the Company contributed Baht 27.5 million to the fund (2018: Baht 27.1 million).

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

## 27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares outstanding during the year.

## 28. 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 2018	The annual ordinary meeting of the Company's shareholders No. 1/2562 on 26 April 2019	168	0.078 (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 2017	The annual ordinary meeting of the Company's shareholders No. 1/2561 on 27 April 2018	452	0.21 (from 2,150,469,000 ordinary shares at par value of Baht 1 each)

## 29. Related party transactions

During the years, the Company had significant business transactions with the following related parties:

Related parties	Relationship
Nomura Holdings, Inc.	Ultimate parent company
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
Instinet Pacific Limited	Having common major shareholders
United Information Highway Co., Ltd.	Having common director

Such transactions with its related parties were concluded on the commercial terms and based agree upon by the Company and those parties in the ordinary course of business. The significant transactions are summarised below:

	For the years ended 31 December		(Unit: Baht)
	2019	2018	Pricing policies
			(for the year 2019)
<b><u>Transactions occurred during the years</u></b>			
Brokerage fees income			
- Nomura International Plc.	215,703	111,955	At normal rate charged to other clients
- Instinet Pacific Limited	32,421,943	55,659,087	At normal rate charged to other clients
- Director	67,100	114,634	At normal rate charged to other clients
Fees income from business support services			
- Nomura Singapore Limited	14,168,063	14,582,818	At actual costs plus a margin of 10 percent
Fees income from international investment banking services			
- Nomura Singapore Limited	25,144,546	32,006,950	At actual costs plus a margin of 10 percent
Fees income from introducing broker			
- Nomura Singapore Limited	1,523,136	611,960	Based on actual executed transactions of our referred customers and at the rate as indicate in the agreement referred to similar business

	For the years ended 31 December		(Unit: Baht)
	2019	2018	Pricing policies (for the year 2019)
<b>Transactions occurred during the years</b>			
<b>(continued)</b>			
Fees income from securities borrowing and lending			
- Nomura International Plc.	353,890	72,495	At normal rate charged to other clients
- Instinet Pacific Limited	62,046	400,364	At normal rate charged to other clients
Fees income from other services			
- Nomura Securities Co., Ltd.	5,655,975	13,256,164	At the contract rate determined by extent and amount of work assigned
- Nomura International (Hong Kong) Limited	964,742	12,314,358	At the contract rate determined by extent and amount of work assigned
- Nomura Singapore Limited	987,789	3,840,065	At the contract rate determined by extent and amount of work assigned
Fees income from securities trading and research			
- Nomura Singapore Limited	23,185,067	22,385,521	At actual costs plus a margin of 10 percent net with the brokerage commission received
Fees income from defaults on securities settlement			
- Instinet Pacific Limited	1,282,034	731,812	At normal rate charged to other clients
Fees expenses from other services			
- Nomura Singapore Limited	2,742,476	-	At the contract rate determined by extent and amount of work assigned
Fees expenses from Hi-speed circuit service			
- United Information Highway Co., Ltd.	2,277,896	2,199,360	At the same rate charged to other clients without dependent interest

	For the years ended 31 December		(Unit: Baht)
	2019	2018	Pricing policies
			(for the year 2019)
<b>Transactions occurred during the years</b>			
<b>(continued)</b>			
Brokerage fees expense from foreign securities trading			
- Nomura Singapore Limited	30,651	24,866	Calculated base on trade volume and at the referential rate charged by others without dependent interest
Interest income from loans to employees			
- Director	-	479	At the same rate charged to other Company's staffs

As at 31 December 2019 and 2018, the outstanding balances of the related party transactions are as follows:

	(Unit: Baht)	
	2019	2018
Securities business receivables		
- Instinet Pacific Limited	257,583,698	296,850,749
Other assets - accrued income receivables		
- Nomura Singapore Limited	23,792,192	36,543,629
Other assets - Securities borrowing and Lending receivables		
- Nomura International Plc.	30,630	2,350
- Instinet Pacific Limited	1,000	3,000
Other assets - others		
- Nomura Securities Co., Ltd.	466,600	564,781
- Nomura Holdings, Inc.	4,943	-
Securities business payables		
- Instinet Pacific Limited	19,457,538	361,167,552
Other payables - others		
- United Information Highway Co., Ltd.	184,064	-

### Management's remuneration

During the years ended 31 December 2019 and 2018, the Company had employee benefit expenses to their directors and management as below:

	(Unit: Baht)	
	For the years ended 31 December	
	2019	2018
Short-term employee benefits	81,640,527	98,885,666
Post-employment benefits	5,853,822	5,472,120
	87,494,349	104,357,786

### 30. 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 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 provides service according to brokering, derivative brokering and securities borrowing and lending.
- Investment banking segment, which provides service according to underwriting, investment advisory and financial advisory.
- Fixed Income segment, which provides 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 total assets on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The following tables present revenue and profit and total assets information regarding the Company's operating segments as at 31 December 2019 and 2018, and for the years ended 31 December 2019 and 2018 of the Company by segment.

(Unit: Million Baht)

	For the years ended 31 December									
	Securities business segment		Investment banking segment		Fixed income segment		Other segments		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total revenue	825	1,002	47	90	29	24	17	21	918	1,137
Segment operating income	122	228	(3)	25	7	10	7	10	133	273
Unallocated income (expenses)										
Interest on margin loans									286	367
Gain and return on financial instruments									71	75
Other income									9	6
Financial costs									(51)	(89)
Personnel expenses and other expenses									(290)	(308)
Bad Debt and doubtful accounts									-	(106)
Income tax									(29)	(40)
Profit for the year									129	178

(Unit: Million Baht)

	As at 31 December									
	Securities business segment		Investment Banking segment		Fixed income segment		Other segments		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Premises and equipment - net									76	89
Unallocated assets									7,897	9,863
Total assets									7,973	9,952

## 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 ended 31 December 2019 and 2018, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

### 31. Commitments and contingent liabilities

As at 31 December 2019 and 2018, the Company has the following outstanding commitments and contingent liabilities:

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

	(Unit: Million Baht)	
	2019	2018
Within 1 year	56	57
In 1 - 2 years	21	46
Over 2 years	3	16

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

**31.3** The Company has commitments 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 a percentage for each purchase or sale of a futures contract transaction.

**31.4** The Company has commitments to pay a fee to the Office of the Securities and Exchange Commission in relation to securities business licenses. The fee is calculated accordance with the Notification of the Office of the Securities and Exchange Commission. The minimum total fee is Baht 25,000 per annum and the maximum total fee is Baht 10,000,000 per annum.

**31.5** The Company has commitments to pay a fee to the Office of the Securities and Exchange Commission in relation to derivatives business licenses at the rate of Baht 0.10 per contract and Baht 0.01 per contract for single stock futures with underlying price not over Baht 100. The minimum total fee is Baht 25,000 per annum and the maximum total fee is Baht 1,000,000 per annum.

**31.6** As at 31 December 2019, the Company had capital commitments of approximately Baht 12 million, relating to the purchases of office equipment and software.

## **32. Financial instruments**

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

### **32.1 Risk management policy**

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

### **32.2 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.

### 32.3 Interest rate risk

Interest rate risk refers to the risk that the value of financial asset and financial liabilities may change from the market interest rate. However, since most of the Company's financial assets and liabilities will mature in 1 year or has floating interest rate, the Company's interest rate risk is expected to be low.

As at 31 December 2019 and 2018 classified by type of interest rates are summarised in the table below.

(Unit: Million Baht)

	2019						
	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	Interest rate	
		Within 1 year	1 - 5 years			Floating interest rate % p.a.	Fixed interest rate % p.a.
<b>Financial assets</b>							
Cash and cash equivalents	520	-	-	6	526	0.05 - 1.20	-
Receivable from Clearing House and broker-dealers	-	-	-	35	35	-	-
Securities and derivatives business receivables	5,210	282	-	1,359	6,851	5.06 - 6.06	3.50 - 5.06
Investments	-	94	-	88	182	-	0.38 - 1.75
Loans to employees	56	-	-	-	56	1.50	-
<b>Financial liabilities</b>							
Borrowings from financial institutions	-	850	-	-	850	-	1.71 - 1.93
Payables to Clearing House and broker-dealers	-	-	-	282	282	-	-
Securities and derivatives business payables	-	360	-	789	1,149	-	2.50

(Unit: Million Baht)

2018

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	Interest rate	
		Within 1 year	1 - 5 years			Floating	Fixed
						interest rate	interest rate
						% p.a.	% p.a.
<b>Financial assets</b>							
Cash and cash equivalents	384	-	-	4	388	0.05 - 1.25	-
Receivable from Clearing House and broker-dealers	-	-	-	29	29	-	-
Securities and derivatives business receivables	5,709	487	1	2,239	8,436	5.06 - 6.06	3.50 - 5.06
Investments	-	596	-	107	703	-	0.38 - 2.30
Loans to employees	56	-	-	-	56	1.50	-
<b>Financial liabilities</b>							
Borrowings from financial institutions	-	1,150	100	-	1,250	-	1.84 - 2.30
Payables to Clearing House and broker-dealers	-	-	-	478	478	-	-
Securities and derivatives business payables	-	588	-	1,566	2,154	-	2.50
Debt issued and other borrowings	-	300	-	-	300	-	1.60

### 32.4 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 2019 and 2018, the periods to the maturity dates of financial instruments are as follows.

(Unit: Million Baht)

	2019					Total
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	
<b>Financial assets</b>						
Cash and cash equivalents	526	-	-	-	-	526
Receivable from Clearing House and broker-dealers	-	35	-	-	-	35
Securities and derivatives business receivables	679	872	-	-	5,210	6,761
Investments	83	94	-	-	5	182
Loans to employees	-	1	7	48	-	56
<b>Financial liabilities</b>						
Borrowings from financial institutions	-	850	-	-	-	850
Payables to Clearing House and broker-dealers	-	282	-	-	-	282
Securities and derivatives business payables	619	533	-	-	-	1,152

(Unit: Million Baht)

	2018					Total
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	
<b>Financial assets</b>						
Cash and cash equivalents	388	-	-	-	-	388
Receivable from Clearing House and broker-dealers	-	29	-	-	-	29
Securities and derivatives business receivables	1,131	1,613	1	-	5,603	8,348
Investments	102	596	-	-	5	703
Loans to employees	-	1	6	49	-	56
<b>Financial liabilities</b>						
Borrowings from financial institutions	200	950	100	-	-	1,250
Payables to Clearing House and broker-dealers	-	478	-	-	-	478
Securities and derivatives business payables	1,095	1,062	-	-	-	2,157
Debt issued and other borrowings	-	300	-	-	-	300

### 32.5 Foreign exchange risk

The Company's exposure to foreign currency risk arises mainly from brokerage service for securities listed in stock exchange in overseas and revenue and expense transactions that are denominated in foreign currencies.

The significant balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2019 and 2018 are summarised below:

(Unit: Thousand unit)

Foreign currency	Financial assets		Financial liabilities		Average exchange rates	
	31 December	31 December	31 December	31 December	31 December	31 December
	2019	2018	2019	2018	2019	2018
					(Baht per 1 foreign currency unit)	
Japanese yen	158	55	-	-	0.2759	0.2931
Hong Kong dollar	956	234	638	-	3.8732	4.1416
Singapore dollar	11	7	-	-	22.3245	23.6943
United States dollar	99	57	17	-	30.1540	32.4498
Australia dollar	1	-	-	-	21.0492	22.8411
United Kingdom pound	3	1	-	-	39.5217	41.0667
Euro	1	1	-	-	30.9530	37.1252
Canada dollar	1	-	-	-	23.0483	23.8186
Laos kip	924,686	865,880	-	-	0.0034	0.0038
Peso Philippines	1,743	-	1,740	-	0.5946	0.6183

### 32.6 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.

### 33 Fair value

As at 31 December 2019 and 2018, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	2019			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Held for trade investments				
Equity instruments	82,734	-	-	82,734
Derivatives assets <sup>1</sup>	-	-	-	-
<b>Financial liabilities measured at fair value</b>				
Derivatives liabilities <sup>1</sup>	-	-	-	-

<sup>1</sup> Fair value of derivatives assets/liabilities - futures as at 31 December 2019 amounting to Baht 8 million and Baht 0.5 million, respectively, included in "Receivables from Clearing House and brokers-dealers", were measured at fair value by using Level 1 of input.

(Unit: Thousand Baht)

	2018			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Held for trade investments				
Equity instruments	101,319	-	-	101,319
Debt instruments	-	499,980	-	499,980
Derivatives assets <sup>1</sup>	-	-	-	-
<b>Financial liabilities measured at fair value</b>				
Derivatives liabilities <sup>1</sup>	-	-	-	-

<sup>1</sup> Fair value of derivatives assets/liabilities - futures as at 31 December 2018 amounting to Baht 11 million and Baht 4 million, respectively, included in "Receivables from Clearing House and brokers-dealers", were measured at fair value by using Level 1 of input.

As at 31 December 2019 and 2018, the Company had the financial assets and financial liabilities that were measured at cost for which fair value are disclosed using different levels of inputs as follows:

(Unit: Million Baht)

	2019				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<b>Financial assets and liabilities measured at fair value</b>					
Cash and cash equivalents	526	526	526	-	-
Receivable from Clearing House and broker-dealers	35	35	-	35	-
Securities and derivatives business receivables	6,761	6,761	-	6,761	-
Investments	100	100	85	9	6
Loans to employees	56	44	-	-	44
<b>Financial liabilities for which fair value are disclosed</b>					
Borrowings from financial institutions	850	850	-	850	-
Payables to Clearing House and broker-dealers	282	282	-	282	-
Securities and derivatives business payables	1,152	1,152	-	1,152	-

(Unit: Million Baht)

	2018				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<b>Financial assets and liabilities measured at fair value</b>					
Cash and cash equivalents	388	388	388	-	-
Receivable from Clearing House and broker-dealers	29	29	-	29	-
Securities and derivatives business receivables	8,348	8,348	-	8,348	-
Investments	101	101	84	12	5
Loans to employees	56	45	-	-	45
<b>Financial liabilities for which fair value are disclosed</b>					
Borrowings from financial institutions	1,250	1,250	-	1,250	-
Payables to Clearing House and broker-dealers	478	478	-	478	-
Securities and derivatives business payables	2,157	2,157	-	2,157	-
Debt issued and other borrowings	300	300	-	300	-

Valuation techniques and inputs used for fair value measurement

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, Receivable from Clearing House and broker-dealers, Securities and derivatives business receivables, Payables to Clearing House and broker-dealers and Securities and derivatives business payables, their carrying amounts in the statement of financial position approximate their fair value.
- b) For investments, their fair value is generally derived from quoted market prices or based on generally accepted pricing models when no market price is available. The fair value of investments in debt instruments has been determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.
- c) The fair value of unit trusts has been determined by using the net asset value per unit as announced by the fund managers. For investment in non-marketable equity securities, their fair value is based on their net book value.
- d) For loans to employees under welfare program, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- e) For Borrowings from financial institutions and Borrowings carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

During the current year, there were no transfers within the fair value hierarchy.

**34. Approval of financial statements**

These financial statements were authorised for issue by the Company's board of directors on 26 February 2020.

# Branch

## Bangkok Region

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<b>Phra-Pinklao Branch:</b>	7/129 Central Plaza Pinklao Office Building, 9 <sup>th</sup> Floor, Room 902, Borommaratchachonnani Road, Arun-Amarin, Bangkok Noi, Bangkok 10700 Telephone: +66(0) 2638 5950, +66(0) 2081 2950 Facsimile: +66(0) 2884 9064, +66(0) 2884 9067
<b>Vibhavadi-Rangsit Branch:</b>	123 Sun Towers Building B, 23 <sup>rd</sup> Floor, Unit B-2304, Vibhavadi-Rangsit Road, Chomphon, Chatuchak, Bangkok 10900 Telephone: +66(0) 2638 5920, +66(0) 2081 2920 Facsimile: +66(0) 2617 7800
<b>Bangkhae Branch:</b>	1871 Victoria Gardens, 2 <sup>nd</sup> Floor, A205, Phetkasem Road, Laksong, Bangkhae, Bangkok 10160 Telephone: +66(0) 2638 5280, +66(0) 2081 2280 Facsimile: +66(0) 2421 6025

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## Northeastern Region

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<b>Khon Kaen Branch:</b>	109 Hugz Mall Tower, Room 207, 2 <sup>nd</sup> Floor, Sri Chant Road, Nai Muang, Muang, Khon Khaen 40000 Telephone: +66(0) 4300 9628, +66(0) 4300 9629 Facsimile: +66(0) 4300 9630
<b>Udonthani Branch:</b>	UD Town, Room N203 THE NEXT ZONE, 2 <sup>nd</sup> Floor, 88 Thongyai Road, Mak Khaeng, Muang, Udonthani 41000 Telephone: +66(0) 4213 6174, +66(0) 4213 6175 Facsimile: +66(0) 4213 6176
<b>Nakhonratchasima Branch:</b>	1184 Hip Park Community Mall, Room 26 Zone C, 2 <sup>nd</sup> Floor, Mittraphap Road, Nai Muang, Muang, Nakhonratchasima 30000 Telephone: +66(0) 4424 8526, +66(0) 4424 8527 Facsimile: +66(0) 4424 8528

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## Northern Region

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<b>Chiangrai Branch:</b>	353/19 Moo 4, Rim Kok, Muang, Chiangrai 57100 Telephone: +66(0) 5371 1972, +66(0) 5371 1973 Facsimile: +66(0) 5371 1974
<b>Chiangmai Branch:</b>	30 Punna Place, Room A5 - A6, 1 <sup>st</sup> Floor, Nimmanhaemin Road, Soi 6, Suthep, Muang, Chiangmai 50200 Telephone: +66(0) 5321 0834, +66(0) 5321 0835 Facsimile: +66(0) 5321 0841

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## Central Region

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<b>Ayutthaya Branch:</b>	Ayutthaya City Park, Room GC-11, 126 Moo 3, Asia Road, Klong Suan Plu, Ayutthaya, Ayutthaya 13000 Telephone: +66(0) 3580 1920, +66(0) 3580 1921 Facsimile: +66(0) 3580 1922
<b>Nakornsawan Branch:</b>	26/3-4, Vitheethep Citywalk Room 2F003-004, 2 <sup>nd</sup> Floor, Suchada Road, Pak Nam Pho, Muang, Nakornsawan 60000 Telephone: +66(0) 5622 3947, +66(0) 5622 3948 Facsimile: +66(0) 5622 3949

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## Southern Region

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<b>Phuket Branch:</b>	262/9 Yaowarat Road, Talat Yai, Muang, Phuket 83000 Telephone: +66(0) 7621 4422, +66(0) 7621 4423 Facsimile: +66(0) 7621 4424
<b>Hat Yai Branch:</b>	2 Soi 19, Phetkasem Road, Hat Yai, Hat Yai, Songkhla 90110 Telephone: +66(0) 7422 1542, +66(0) 7422 1543 Facsimile: +66(0) 7422 1544

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## Eastern Region

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<b>Rayong Branch:</b>	TSK Park, 351-351/1 Sukhumvit Road, Noenpra, Muang, Rayong 21000 Telephone: +66(0) 3802 0030, +66(0) 3802 0031 Facsimile: +66(0) 3802 0032
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