

Capital Nomura Securities Public Company Limited  
Report and financial statements  
31 December 2020

## **Independent Auditor's Report**

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 2020, 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 2020, 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.



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## **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.



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## **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.



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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 19 March 2021

**Capital Nomura Securities Public Company Limited****Statement of financial position****As at 31 December 2020**

		(Unit: Baht)	
	Note	2020	2019
<b>Assets</b>			
Cash and cash equivalents	6	592,023,846	526,308,087
Receivables from Clearing House and broker-dealers	7	43,114,211	35,057,248
Securities and derivatives business receivables	8	7,019,242,940	6,760,893,909
Investments	10	90,091,595	182,252,454
Premises and equipment	12	64,016,550	76,363,964
Right-of-use assets	13.1	133,789,827	-
Intangible assets	14	47,196,464	32,685,606
Deferred tax assets	15	79,012,611	85,230,762
Other assets	16	296,323,996	273,761,610
<b>Total assets</b>		<b>8,364,812,040</b>	<b>7,972,553,640</b>

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



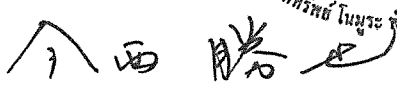
**Capital Nomura Securities Public Company Limited**

**Statement of financial position (Continued)**

**As at 31 December 2020**

			(Unit: Baht)
	Note	2020	2019
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Borrowings from financial institutions	17	450,000,000	850,000,000
Payables to Clearing House and broker-dealers	18	154,312,947	281,999,419
Securities and derivatives business payables	19	1,680,680,852	1,152,014,681
Corporate income tax payables		34,911,771	14,239,655
Provisions	20	160,407,956	145,078,901
Lease liabilities	13.2	137,758,215	-
Other liabilities	22	250,449,697	268,141,416
<b>Total liabilities</b>		<b>2,868,521,438</b>	<b>2,711,474,072</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	23	211,900,000	194,200,000
- general reserve		215,000,000	215,000,000
Unappropriated		786,532,776	568,089,718
Other components of equity - gain (loss) on equity investments at FVOCI		(932,024)	-
<b>Total equity</b>		<b>5,496,290,602</b>	<b>5,261,079,568</b>
<b>Total liabilities and equity</b>		<b>8,364,812,040</b>	<b>7,972,553,640</b>

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

  
  
  
 Directors

**Capital Nomura Securities Public Company Limited**  
**Statements of comprehensive income**  
**For the year ended 31 December 2020**

		(Unit: Baht)	
	Note	2020	2019
<b>Profit or loss:</b>			
<b>Revenue</b>			
Brokerage fee income	25	736,538,295	544,721,570
Fees and service income	26,32	490,541,503	368,678,836
Interest income	27	274,155,974	342,877,679
Gain and return on financial instruments	28	14,080,945	20,641,990
Other income		4,848,835	6,546,185
<b>Total revenue</b>		<b>1,520,165,552</b>	<b>1,283,466,260</b>
<b>Expenses</b>			
Personnel expenses		677,671,969	642,794,265
Fees and services expenses		218,510,002	154,062,834
Financial costs		30,651,751	50,687,003
Bad debt and doubtful accounts (reversal)		-	(113,264)
Expected credit losses (reversal)		(106,011,466)	-
Other expenses		261,238,174	278,703,343
<b>Total expenses</b>		<b>1,082,060,430</b>	<b>1,126,134,181</b>
<b>Profit before income tax</b>		<b>438,105,122</b>	<b>157,332,079</b>
Income tax	15	(84,682,394)	(28,517,465)
<b>Profit for the year</b>		<b>353,422,728</b>	<b>128,814,614</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 2020**

		(Unit: Baht)	
	Note	2020	2019
<b>Other comprehensive income:</b>			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Gain (loss) on change in value of investments measured at fair value through other comprehensive income		3,451,890	-
Income tax relating to gain (loss) on change in value of investments measured at fair value through other comprehensive income	15	(690,378)	-
Gain (loss) on change in value of investments measured at fair value through other comprehensive income-net		2,761,512	-
Actuarial gain (loss)		-	(12,827,197)
Income tax relating to actuarial gain (loss)	15	-	2,565,439
Actuarial gain (loss) - net		-	(10,261,758)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		2,761,512	(10,261,758)
<b>Other comprehensive income (loss) for the year</b>		2,761,512	(10,261,758)
<b>Total comprehensive income for the year</b>		356,184,240	118,552,856
<b>Basic earnings per share</b>			
Profit for the year	30	0.16	0.06

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 2020**

(Unit: Baht)

	Retained earnings					Other components	
	Issued and paid-up share capital	Premium on share capital and treasury stock	Appropriated		Unappropriated	of equity - gain (loss) on equity investments at FVOCI	Total
			Statutory reserve	General reserve			
<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 31)	-	-	-	-	(167,736,582)	-	(167,736,582)
Statutory reserve (Note 23)	-	-	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
<b>Balance - as at 1 January 2020</b>	2,150,469,000	2,133,320,850	194,200,000	215,000,000	568,089,718	-	5,261,079,568
Cumulative effect of change in accounting policy (Note 3.3)	-	-	-	-	(546,942)	-	(546,942)
<b>Balance - as at 1 January 2020 - as restated</b>	2,150,469,000	2,133,320,850	194,200,000	215,000,000	567,542,776	-	5,260,532,626
Profit for the year	-	-	-	-	353,422,728	-	353,422,728
Other comprehensive income for the year	-	-	-	-	-	2,761,512	2,761,512
Total comprehensive income for the year	-	-	-	-	353,422,728	2,761,512	356,184,240
Transfer other components of equity to retained earnings	-	-	-	-	3,693,536	(3,693,536)	-
Dividend paid (Note 31)	-	-	-	-	(120,426,264)	-	(120,426,264)
Statutory reserve (Note 23)	-	-	17,700,000	-	(17,700,000)	-	-
<b>Balance - as at 31 December 2020</b>	2,150,469,000	2,133,320,850	211,900,000	215,000,000	786,532,776	(932,024)	5,496,290,602

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

**Capital Nomura Securities Public Company Limited**

**Statements of cash flows**

**For the year ended 31 December 2020**

	(Unit: Baht)	
	2020	2019
<b>Cash flows from operating activities</b>		
Profit before income tax	438,105,122	157,332,079
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	98,715,872	52,206,364
Doubtful accounts (reversal)	-	(113,264)
Expected credit losses (reversal)	(106,011,466)	-
Gain on revaluation of investments	(2,028,550)	(637,024)
Gain on disposal investment	(4,616,920)	-
Transfer other components of equity to retained earnings	3,693,536	-
(Gain) loss on disposal and written-off equipment	2,332,792	(218,172)
(Gain) loss on revaluation of derivatives	5,095,960	(721,480)
Financial costs	30,651,751	50,687,003
Interest income	(274,155,974)	(342,877,679)
Dividend income	(1,563,440)	(5,631,733)
Long-term employee benefits	11,204,582	41,891,597
Income (loss) from operating activities before changes in operating assets and liabilities	201,423,265	(48,082,309)
Operating assets (increase) decrease		
Receivables from Clearing House and broker-dealers	(13,152,923)	(4,958,365)
Securities and derivatives business receivables	(155,792,697)	1,584,708,479
Trading securities	(7,403,300)	525,722,545
Other assets	(23,636,805)	3,266,996
Operating liabilities increase (decrease)		
Borrowings from financial institutions	(400,000,000)	(400,000,000)
Payables to Clearing House and broker-dealers	(127,686,472)	(196,197,057)
Securities and derivatives business payables	534,563,762	(1,011,419,590)
Debt issued and other borrowings	-	(299,532,046)
Provision for long-term employee benefits	(12,610,667)	(7,052,180)
Other liabilities	(3,493,872)	(60,303,271)
Cash received from (paid for) operating activities	(7,789,709)	86,153,202

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

**Capital Nomura Securities Public Company Limited**

**Statements of cash flows (Continued)**

**For the year ended 31 December 2020**

	(Unit: Baht)	
	2020	2019
Cash received from dividend	1,266,800	5,194,705
Cash paid for interest expenses	(32,384,064)	(51,859,458)
Cash received from interest	253,767,679	311,033,062
Cash paid for income tax	(57,422,387)	(50,929,374)
<b>Net cash from operating activities</b>	<b>157,438,319</b>	<b>299,592,137</b>
<b>Cash flows from investing activities</b>		
Net cash received for held-to maturity debt securities	-	673,294
Net cash received from investments measured at amortised cost	85,679,473	-
Cash paid for purchase of other investment	-	(410,880)
Cash received from sales investments measured at fair value through other comprehensive income	7,686,788	-
Cash received from sales of equipment	220,561	2,258,237
Cash paid for acquisition of equipment	(22,328,626)	(35,391,540)
Cash paid for acquisition of intangible assets	(21,026,336)	(3,963,308)
Cash received from interest	31,498,381	42,694,075
Cash received from dividend	296,640	536,248
<b>Net cash from investing activities</b>	<b>82,026,881</b>	<b>6,396,126</b>
<b>Cash flows from financing activities</b>		
Cash paid for lease liability	(53,105,204)	-
Dividends paid	(120,426,264)	(167,736,582)
<b>Net cash used in financing activities</b>	<b>(173,531,468)</b>	<b>(167,736,582)</b>
<b>Net increase in cash and cash equivalents</b>	<b>65,933,732</b>	<b>138,251,681</b>
Cash and cash equivalents at the beginning of the year	526,308,087	388,056,406
<b>Cash and cash equivalents at the end of the year</b>	<b>592,241,819</b>	<b>526,308,087</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 2020**

#### **1. General 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 was 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, Thungmahamak, Sathorn, Bangkok. As at 31 December 2020, the Company has 11 branches including a headquarter and 10 branches in Bangkok and up country.

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

These financial statements for the year ended 31 December 2020 have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and they are presented in compliance with 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 3), No. Sor. Thor. 6/2562 dated 8 January 2019.

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**

#### **3.1 Financial reporting standards that became effective in the current period**

During the year, the Company has adopted the revised (revised 2019) and new 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. However, the new standard involves 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. The adoption of these financial reporting standards has resulted in changes in the Company's accounting policy as summarised below.

## ***Change of classification and measurement***

### *Financial assets classified as debt instruments*

The Company classifies financial assets that are debt instruments as financial assets that are subsequently measured at amortised cost or fair value depends on the Company's business model for managing financial assets and the contractual cash flow characteristics of the financial assets as follows:

- Financial assets measured at amortised cost if both conditions are met, the financial assets are held within a business model with an objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets measured at fair value through other comprehensive income if both conditions are met, the financial assets are held within a business model with an objective to hold financial assets in order to collect contractual cash flows, and to sell the financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets measured at fair value through profit or loss when the financial assets are held within a business model without an objective to hold financial assets in order to collect contractual cash flows or the contractual terms of the financial assets give rise on specified dates to cash flows that are not solely payments of principal and interest on the principal amount outstanding.

### *Financial assets classified as equity instruments*

All investments in equity instruments are measured at fair value in the statement of financial position. The Company classifies investments in equity instruments as financial assets to be measured at fair value through profit or loss, except certain items that are classified as financial assets to be measured at fair value through other comprehensive income in accordance with the Company's investment policy.

The management of the Company reviewed and evaluated the existing financial assets as at 1 January 2020 according to the facts and circumstances that exist at that date and summarized the significant the significant changes to the financial assets of the Company which were related to classification and measurement as follows:

- The previous classification of held-to-maturity and general investments is no longer applicable.
- All investments in held-to-maturity debt instruments are to be classified as financial assets that are measured at amortised cost.
- All general investments are to be classified as financial assets that are measured at fair value through other comprehensive income.
- The investments in equity instruments are mostly to be classified as financial assets that are measured at fair value through profit or loss, except certain items that are classified as financial assets measured at fair value through other comprehensive income in accordance with the Company's investment policy.
- For investments in equity instruments that have been measured at fair value through other comprehensive income, all gains and losses subsequently incurred will be shown in other comprehensive income, except dividends that are recognised in profit or loss.

#### *Financial liabilities*

- The classification of all financial liabilities of the Company has not been changed. The majority of its financial liabilities are still measured at amortised cost, except payables under securities borrowing and lending business and derivatives (losses) that are measured at fair value through profit or loss.

#### ***Impairment of financial assets***

Impairment requirements according to TFRS 9 Financial Instruments are recognised in accordance with the Expected Credit Loss model and management overlay. The financial reporting standard requires the Company to recognise an allowance for expected credit losses for all financial assets classified as debt instruments that are not measured at fair value through profit or loss. The Company uses a general approach to determine an allowance for expected credit losses for cash equivalents, receivables from clearing house and brokers, cash accounts, credit balance accounts, guarantee deposit receivables, derivatives business receivables, other receivables, investments in debt securities, loans to employees and partial other assets. Expected credit losses must be measured at the amount equal to 12-month expected credit losses, except in the cases that credit risk has increased significantly since initial recognition or assets are impaired, the allowance must be measured at the amount equal to the lifetime expected credit losses of financial instruments. The Company considers using a simplified approach to determine expected credit losses fee and service income receivables.



### **Practice during the transition period**

Changes in accounting policies resulted from the adoption of financial reporting standards related to financial instruments must be applied retrospectively, except for the part of financial reporting standards which allows the Company to choose one of the following alternatives:

- It may not restate the financial statements presented for comparative purposes, and make an adjustment to the cumulative effect of the initial adoption of the financial reporting standards related to financial instruments through an adjustment of retained earnings (or other components of shareholders' equity) as at 1 January 2020.
- It may reclassify financial assets according to the Company's business model and management of its assets on the basis of the facts and circumstances that exist at the date of first-time adoption of these financial reporting standards.

The cumulative effect of the change is described in Note 3.3.

### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The financial reporting 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 TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Company adopted this financial reporting standard using the modified retrospective method of initial adoption of which the cumulative effect is recognised as right-of-use assets and lease liabilities as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 3.3.

### **Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as COVID-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the Bank of Thailand.

The Company do not apply the temporary relief measures for Entities Providing Assistance to Debtors.

## **Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Company has elected to apply the following temporary relief measures on accounting alternatives:

- Not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.

However, the impact is not significant to the financial statement.

### **3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. 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 management of the Company has evaluated that these standards do not have any significant impact on the financial statements in the year when they are adopted.

### 3.3 Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3.1 to the financial statements, during the current year, the Company has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

Changing in accounting policies due to the adoption of TFRS16 doesn't impact the Company's retained earnings as at 1 January 2020.

The impacts of the adjustments on the items in the statement of financial position as at 1 January 2020 to the changes in accounting policies as a result of the adoption of these new financial reporting standards are as follows:

(Unit: Thousand Baht)

	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
<b>Assets</b>				
Cash and cash equivalents	526,308	(156)	-	526,152
Investment-Deposits subject to restriction	84,713	(38)	-	84,675
Right-of-use assets	-	-	188,256	188,256
Deferred tax assets	85,231	137	-	85,368
<b>Liabilities and shareholders' equity</b>				
<b>Liabilities</b>				
Provisions	145,079	490	16,139	161,708
Lease liabilities	-	-	185,117	185,117
Other liabilities	268,141	-	(13,000)	255,141
<b>Shareholders' equity</b>				
Retained earnings - unappropriated	568,090	(547)	-	567,543

#### 3.3.1 Financial Instruments

The classifications, measurement basis and carrying values of financial assets and financial liabilities in accordance with TFRS 9 as at 1 January 2020, compared with the classifications and the carrying amounts under the former basis, are as follows:

(Unit: Million Baht)

	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9			
		Fair value			
		Fair value through profit or loss	through other comprehensive income	Amortised cost	Total
<b>Financial assets as of</b>					
<b>1 January 2020</b>					
Cash and cash equivalents	526	-	-	526	526
Receivables from Clearing					
House and brokers-dealers	35	-	-	35	35
Securities and derivatives					
business receivables	6,761	282	-	6,479	6,761
Investments	182	82	6	94	182
Loans to employees	56	-	-	56	56
Deposits	19	-	-	19	19
Fees and service income					
receivables	43	-	-	43	43
<b>Total Financial assets</b>	<b>7,622</b>	<b>364</b>	<b>6</b>	<b>7,252</b>	<b>7,622</b>
<b>Financial liabilities as of</b>					
<b>1 January 2020</b>					
Borrowings from financial					
institutions	850	-	-	850	850
Payables to Clearing House					
and brokers-dealers	282	-	-	282	282
Securities and derivatives					
business payables	1,152	360	-	792	1,152
Accrued interest expenses	4	-	-	4	4
Accrued expenses	46	-	-	46	46
<b>Total Financial liabilities</b>	<b>2,334</b>	<b>360</b>	<b>-</b>	<b>1,974</b>	<b>2,334</b>

### 3.3.2 Leases

Upon initial application of TFRS 16, the Company recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at 1 January 2020 approximately 1.7% and 2.48% per annum.

	(Unit: Million Baht)
Operating lease commitments as at 31 December 2019	80
Less: Contracts reassessed as service agreements	(4)
Add: Purchase option or extend lease term option	118
Less: Deferred interest expenses	(9)
Increase in lease liabilities due to TFRS 16 first-time adoption	185
Liabilities under finance lease agreements as at 31 December 2019	-
Lease liabilities as at 1 January 2020	185

The adjustments of right-of-use assets due to TFRS 16 first-time adoption as at 1 January 2020 are summarised below:

	(Unit: Million Baht)
Building	173
Office equipment	6
Motor vehicles	9
<b>Total rights-of-use assets</b>	<b>188</b>

#### 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) Interest income

*Accounting policy adopted since 1 January 2020*

The Company recognises interest income using the effective interest rate method and recognised on an accrual basis.

The Company calculates interest income by applying the effective interest rate to the gross book value of financial assets. When financial assets are impaired, the company calculates interest income using the effective interest rate with the net book value (gross book value less expected credit losses) of financial assets. If that financial assets are not credit impaired, the Company will calculate interest income on the original gross book value.

#### *Accounting policy adopted before 1 January 2020*

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.

#### d) 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.

##### *Dividend income*

Dividend is recognised when the right to receive the dividends is established.

## **4.2 Expense recognition**

### a) Expenses

Expenses are recognised on an accrual basis.

### b) Interest expense

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised 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 derecognition of customers' 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 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.

#### **4.6 Securities and derivatives business receivables**

Securities and derivatives business receivables comprise the net securities and derivatives business receivables, and including related accrued interest receivables after deducting allowance for expected credit loss. In addition, securities business receivables comprise the net receivable balances of cash accounts, credit balance receivables for which the securities purchased are used as collateral, securities borrowing and lending receivables, guaranteed deposit receivables (which comprise cash placed as guarantee from borrowers of securities) and other receivables such as overdue cash customer accounts and receivables which are subject to legal proceedings, are undergoing restructuring or are settling in installments, etc.

#### **4.7 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.

#### **4.8 Financial Instruments**

The Company initially measures financial assets at its fair value plus transaction costs, in the case of financial assets that are not measured at fair value through profit or loss. However, fees and service income receivables, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

*Accounting policies adopted since 1 January 2020*

##### **Classification and measurement of financial assets and financial liabilities**

###### **Financial asset - debt instruments**

The Company classifies its financial assets - debt instruments as subsequently measured at amortised cost or fair value in accordance with the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets as follows:

- A financial asset measured at amortised cost only if both following conditions are met: the financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognised at fair value on trade date and subsequently measured at amortised cost net of allowance for expected credit losses (if any)
- A financial asset measured at fair value through other comprehensive income only if both following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets as well as and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are subsequently measured at fair value. The unrealised gains or losses from changes in their fair value are reported as a component of shareholders' equity through other comprehensive income until realised, after which such gains or losses on disposal of the instruments will be recognised as gain or losses in income statement. The gains or losses on foreign exchange, expected credit losses, and interest income which calculated using the effective interest rate method are recognised in profit or loss.



- A financial asset measured at fair value through profit or loss unless the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows or the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognised at fair value and are subsequently measured at fair value. Unrealised gains and losses from change in fair value, and gains and losses on disposal of instruments are recognised as gains (losses) on financial instruments measured at fair value through profit or loss.

#### Financial asset - equity instruments

The Company has classified investment in equity securities that held for trading as the financial asset measured at fair value through profit or loss and has classified investment in equity securities that not held for trading but held for strategic purposes as the financial asset measured at fair value through other comprehensive income, where an irrevocable election has been made by the management. Such classification is determined on an instrument-by-instrument basis. Gains and losses arising from changes in fair value is recognised in other comprehensive income and not subsequently transferred to profit or loss when disposal, instead, it is transferred to retained earnings. Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

#### Financial liabilities

The Company classifies financial liabilities as measured at amortised cost. Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost except for payables under securities borrowing and lending business, derivatives (loss) that measured at fair value through profit or loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### **Derecognition of financial instruments**

The Company derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which all or substantially all the risks and rewards of ownership are transferred. Any interest from transferred financial assets, which is created or retained by the Company, is still recognised as financial assets.

The Company derecognises a financial liability when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

#### **Write-off**

Debts that are determined to be irrecoverable are written off in the year in which the decision is taken. This is generally the case when the Company determines that the counterparties does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off are still subject to enforcement activities in order to comply with the Company's procedures for recovery of amount due.

### **4.9 Derivatives**

#### **Futures**

The Company initially recognises future as off-balance transactions. Gains or losses from changes in the fair value of future is included in profit or loss. The fair value of marketable futures is calculated with reference to the settlement prices quoted on Thailand Futures Exchange Public Company Limited on the last working day.

### **4.10 Allowance for expected credit losses on financial assets/ allowance for doubtful accounts**

#### *Accounting policy adopted since 1 January 2020*

The Company recognises expected credit losses using the General Approach of financial asset - debt instruments which are cash equivalents, receivables from clearing house and brokers, cash accounts, credit balance accounts, guarantee deposit receivables, derivatives business receivables, other receivables, investments in debt securities, loans to employees and partial other assets, which are measured at amortised cost or fair value through other comprehensive income. The Company recognises allowance for expected credit losses at the amount equal to the lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition but that are not credit impaired, or credit impaired. However, when there has not been a significant increase in credit risk since initial recognition, the Company recognises allowance for expected credit losses at the amount equal to the expected credit losses in the next 12 months.

At every reporting date, the amount of allowance for expected credit losses will be reassessed to reflect changes in credit risk of financial assets since initial recognition of related financial instruments.

Measurement of expected credit loss is calculated from probability of default, possible loss given default and exposure at default, assessment of probability of default and loss given default by reference to their historical loss experience, adjusts this for current observable data and plus on the reasonable and supportable forecasts of future economic conditions. Exposure at default is presented at gross amount of assets at reporting date. The Company has established the process to review and monitor methodologies, assumptions and forward-looking macroeconomics scenarios on a regular basis.

The allowance for expected credit losses on credit balance accounts is based on historical loss experience, adjusts this for specific factor and plus on forecasts of future economic conditions. In determining whether credit risk has increased significantly since initial recognition, the Company takes into account the status of outstanding receivables and maintenance of required collateral values in the contract.

At every reporting date, the Company will determine whether credit risk of other debt instruments and cash equivalents has increased significantly since initial recognition, by comparison of risk on lifetime expected probability of default at reporting date and credit risk at date of initial recognition, by mainly taking into account internal and external credit rating of the counterparties as well as overdue status.

The Company assesses whether the credit risk has increased significantly from the date of initial recognition on an individual or collective basis. In order to perform collective evaluation of impairment, the Company classifies financial assets on the basis of shared credit risk characteristics, such as the type of instrument, internal credit rating, overdue status, and other relevant factors.

Financial assets are assessed to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the counterparties have occurred, there are indications that the borrower is experiencing significant financial difficulties, or there is a breach of contract, as well as delinquency.

For fee and service income receivables, the Company considers using a simplified approach to determine expected credit losses over the expected life.

Increase (decrease) in an allowance for expected credit losses is recognised as expenses during the period in profit or loss in the statements of comprehensive income.

*Accounting policy adopted before 1 January 2020*

The Company provides allowance for doubtful accounts based on specific review of the debtor's repayment capability, taking into consideration recovery risk and the collateral value. Such debt classifications and provisions are in accordance with guidelines stipulated by the Office of the Securities and Exchange Commission as follows.

- a) Assets classified as doubtful loss are to satisfy the following criteria.
  - 1) Loan balances 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 law.
  - 2) Loan balances 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 that are not fully collateralised.
  - 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 repayments scheduled no less frequently than every 3 months, unless there is clear evidence and a 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.

#### 4.11 Investment

##### *Accounting policy adopted before 1 January 2020*

- 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.

#### **4.12 Loans**

*Accounting policy adopted before 1 January 2020*

Loans to employees under welfare program are initially recognised at the amount granted to the employees and are subsequently stated at amortised cost, based on the effective interest rate. Returns are recognised in the statement of comprehensive income over the term of loan.

#### **4.13 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.

#### **4.14 Leases**

*Accounting policy adopted since 1 January 2020*

At inception of contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

### ***Right-of-use assets***

Right-of-use assets are measured at cost, less any accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets is calculated by reference to their costs, on the straight-line basis over the shorter of the lease term and the estimated useful lives as follows:

Building	2 - 6 years
Office equipment	2 - 4 years
Motor vehicles	4 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost of such asset reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

### ***Lease liabilities***

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the year in which the event or condition that triggers the payment occurs.

The Company discounted the present value of the lease payments by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

### ***Short-term leases and leases of low-value assets***

A leases that has a lease term less than or equal to 12 months from commencement date or a leases of low-value assets is recognised as expenses on a straight-line basis over the lease term.

### ***Accounting policy adopted before 1 January 2020***

Long-term leases of assets which do not transfer substantially all the risks and reward of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

## **4.15 Intangible assets and amortisation**

Intangible assets are initially recognised at cost. Following the initial recognition, the intangible assets are stated at cost less accumulated amortisation and allowance for loss on impairment of assets (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 year 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.

## **4.16 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.

#### **4.17 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.

#### **4.18 Impairment of non-financial assets**

At each end of reporting period, the Company performs impairment reviews in respect of the equipment, intangible assets or right-of-use 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.

An impairment loss is recognised in profit or loss.

#### **4.19 Borrowings from financial institution**

Borrowings from financial institution is recognised initially at the fair value of the proceeds received. borrowings from financial institution 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.

#### **4.20 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.

#### **4.21 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.

#### **4.22 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.

#### **4.23 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.

#### **4.24 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 defined benefit plan.

The obligation under the defined 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.

#### **4.25 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.

#### **4.26 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 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.

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

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

### **5.3 Allowances for expected credit losses of financial assets**

The management is required to use judgement in estimating allowance for expected credit losses for financial assets. The Company's calculation of allowance for expected credit losses depends on the criteria used for assessment of a significant increase in credit risk, the development of a model, the risk that collateral value cannot be realised, collective and individual analyses of the status of receivables, the probability of debt collection and the selection of the forecasted macroeconomic data inputs used in the model. The use of different estimates and assumptions could affect the amount of the allowance for credit losses and, therefore, the allowance may need to be adjusted in the future.

### **5.4 Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of 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.

## **5.5 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.

## **5.6 Determining the lease term of contracts with renewal and termination options**

In determining the lease term, the management is required to use judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease considering all relevant facts and circumstances that create an economic incentive for it to exercise either the renewal or termination.

## **5.7 Intangible assets**

The initial recognition and measurement of intangible assets and subsequent impairment testing require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

## **5.8 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.

## **5.9 Leases**

### ***Determining the lease term of contracts with renewal and termination options***

In determining the lease term, the management is required to use judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease considering all relevant facts and circumstances that create an economic incentive for it to exercise either the renewal or termination.

### ***Estimating the incremental borrowing rate***

The Company cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate (IBR) to discount lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

### **5.10 Allowance for impairment of non-financial assets**

In determining allowance for impairment of non-financial asset, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, which is the higher of its forecast fair value less cost of disposal and its forecast value in use.

## **6. Cash and cash equivalents**

	(Unit: Baht)	
	2020	2019
Cash	53,000	68,000
Current deposits and saving deposits	1,743,299,865	844,150,218
Promissory notes at call	262,000,000	403,000,000
Total cash and cash equivalents	2,005,352,865	1,247,218,218
Less: Deposits for customers' account	(1,413,111,046)	(720,910,131)
	592,241,819	526,308,087
Less: Allowance for expected credit losses	(217,973)	-
Net cash and cash equivalents	592,023,846	526,308,087

	(Unit: Baht)	
	For the year ended 31 December	
	2020	2019
<u>Supplemental cash flows information</u>		
Non-cash transactions		
Accounts payable for purchase of fixed assets		
and intangible assets	10,773,356	7,588,806

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

	(Unit: Baht)	
	2020	2019
Receivables from Clearing House		
Equity and debt securities	1,102,288	13,048,197
Derivatives	76,713,685	72,628,500
Receivables from foreign broker-dealers	11,422,264	2,532,872
Total receivables from Clearing House and broker-dealers	89,238,237	88,209,569
Less: Receivables from Clearing House for customers' accounts	(46,124,026)	(53,152,321)
Net receivables from Clearing House and broker-dealers	43,114,211	35,057,248

## 8. Securities and derivatives business receivables

	(Unit: Baht)	
	2020	2019
<u>Securities business receivables</u>		
Cash accounts	1,003,817,167	847,423,199
Credit balances receivables	4,948,890,268	5,210,172,612
Guaranteed deposit receivables	555,566,482	397,175,987
Receivables under securities borrowing and lending business	490,559,121	282,203,687
Other receivables	6,100,024	113,322,581
Total securities business receivables	7,004,933,062	6,850,298,066
Add: Accrued interest receivables	19,210,734	22,960,271
Less: Allowance for doubtful accounts	-	(113,079,253)
Less: Allowance for expected credit losses	(6,066,936)	-
Net securities business receivables	7,018,076,860	6,760,179,084
<u>Derivatives business receivables</u>		
Derivatives business receivables	1,166,080	714,825
Total derivatives business receivables	1,166,080	714,825
Net securities and derivatives business receivables	7,019,242,940	6,760,893,909

## 8.1 Classification of securities and derivatives receivables

As at 31 December 2020 and 2019, the Company has classified securities and derivatives business receivables in accordance with TFRS 9 / the relevant notification issued by the Office of the Securities and Exchange Commission. The classification is as follows:

(Unit: Thousand Baht)

	2020		
	Securities and derivatives business receivables and accrued interest	Exposure at Default	Allowance for expected credit losses
<u>Securities business receivables</u>			
Performing loans	7,014,919	7,014,919	-
Under-performing loans	3,125	3,125	-
Credit impaired loans	6,100	6,100	(6,067)
Total securities business receivables	7,024,144	7,024,144	(6,067)
<u>Derivatives business receivables</u>			
Performing loans	1,166	1,166	-
Total derivatives business receivables	1,166	1,166	-
Total securities and derivatives business receivables	7,025,310	7,025,310	(6,067)

(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



**8.2** With reference to the case that the Company has filed a civil lawsuit to claim for the whole receivable amount from a client, while this client answered and counter-claimed that the Company was not entitled to file the claim and asked for compensation, where the management, by the Company's external legal counsel's opinion, considered that the counter-claim is defensible and the possibility for additional loss is remote. During the year ended 31 December 2020, the Company completely received the debt settlement and filed the petition to the court for case withdrawal. On 8 October 2020, the Court has considered the Company's petition for case withdrawal together with the client's objection and granted the Company permission to withdraw the case and disposed of the Company's case from the case-list. However, after the Company has withdrawn the case, the counterclaim filed by the client still remain and shall be considered by the court. Currently, the case is pending for witness examination.

Regarding the case that the Court ruled that the right of the Company shall be protected under the Anti-Money Laundering Act B.E. 2542, where the Company is entitled to 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. During the year ended 31 December 2020, as entitled by the virtue of the Court of the First of Instance's orders dated 26 December 2019 and dated 11 March 2020, the Company had exercised the right to force sell part of shares placed as collateral of this client's credit balance account and settle this client's margin loan with such sale proceeds. In addition, given that on 30 June 2020, the government agency had delivered the order to release the frozen assets available for the repayment of that client's margin loan. Finally, the Company was able to settle all the outstanding debts and therefore considered that it is appropriate to reverse the allowance for doubtful account in full amount of Baht 106 million.

**8.3** As at 31 December 2020, guaranteed deposit receivables of approximately Baht 556 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 491 million (31 December 2019: Baht 397 million and Baht 360 million, respectively).

## 9. Derivative assets/ Derivative liabilities

### 9.1 Derivative assets and liabilities

(Unit: Baht)

	2020			
	Assets		Liabilities	
	Fair value	Notional amount	Fair value	Notional amount
<b>Trading derivatives</b>				
Futures <sup>(1)</sup>	-	64,626,200	-	24,975,500
Total	-	64,626,200	-	24,975,500

<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 2020, the fair value of derivative assets and liabilities for futures contracts are Baht 2.9 million and Baht 0.6 million, respectively.

(Unit: Baht)

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

<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.

### 9.2 Proportion of the notional derivative transactions classified by type of contractual parties

Type of parties	2020		2019	
	Proportion based on contract amount		Proportion based on contract amount	
	Assets	Liabilities	Assets	Liabilities
	(percent)	(percent)	(percent)	(percent)
Clearing House	100	100	100	100
Total	100	100	100	100

## 10. Investments

### 10.1 Cost and fair value

	(Unit: Baht)	
	2020	2019
	Fair value / Amortised cost	Fair value / Book value
<b><u>Fair value</u></b>		
<b>Investments measured at fair value through profit or loss</b>		
<b>Trading securities</b>		
Marketable equity instruments in domestic market	87,578,350	82,734,000
Total	87,578,350	82,734,000
<b>Investments designated at fair value through other comprehensive income</b>		
Non-marketable equity instruments in domestic market	1,404,650	-
Total	1,404,650	-
<b><u>Amortised cost</u></b>		
<b>Investments measured at amortised cost</b>		
Treasury bill	2,112,369,319	-
Less: Investments for customer's accounts	(2,111,260,724)	-
Total	1,108,595	-
<b>Held-to-maturity securities</b>		
Deposits subject to restriction	-	84,713,472
Treasury bill	-	2,048,485,363
Less: Investments for customer's accounts	-	(2,039,319,929)
Total	-	93,878,906
<b><u>Cost</u></b>		
<b>General investments</b>		
Non-marketable equity securities	-	14,863,140
Less: Allowance for impairment	-	(9,223,592)
Total	-	5,639,548
Investments	90,091,595	182,252,454

## 10.2 Investments in deposits at financial institutions and investments in debt securities classified by remaining periods of contracts

(Unit: Baht)

2020				
	Due within			Total
	Within 1 year	1 - 5 years	Over 5 years	
Treasury bill	2,112,369,319	-	-	2,112,369,319
Less: Investments for customer's accounts	(2,111,260,724)	-	-	(2,111,260,724)
Total	1,108,595	-	-	1,108,595

(Unit: Baht)

2019				
	Due within			Total
	Within 1 year	1 - 5 years	Over 5 years	
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)
Total	93,878,906	-	-	93,878,906

## 10.3 Investment in equity instruments designated at fair value through other comprehensive income

(Unit: Thousand Baht)

2020					
Investment	Reason for using option in presentations as mentioned	Fair value	Dividend received	Retained earnings or retained losses transferred in owner's equity	Reason to transfer
TRIS Corporation Limited	Intend to hold for long-term	1,000	281	-	-
Tawana Hotel Co., Ltd.	Intend to hold for long-term	405	-	-	-
TSFC Securities Public Company Limited	Intend to hold for long-term	-	16	-	-
ASCO Business Promotion Co., Ltd.	Intend to hold for long-term	-	-	-	-
Total		1,405	297	-	

(Unit: Thousand Baht)

Investment	2020			
	Fair value at the derecognition date	Dividend received	Retained earnings or retained losses from derecognition	Reason for the derecognition
Theptanyapa Co., Ltd.	7,687	-	4,617	Sales
Total	7,687	-	4,617	

# 11. Allowance for expected credit losses / Allowance for doubtful accounts

(Unit: Thousand Baht)

Allowance for expected credit losses	
31 December 2020	
Cash and cash equivalents	218
Securities and derivatives business receivables	6,067
Total	6,285

As at 31 December 2020 and 2019, allowance for expected credit losses / allowance for doubtful accounts of securities and derivatives business receivables are as follows:

(Unit: Thousand Baht)

	2020				
	Allowance for expected credit losses				Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Allowance for doubtful accounts	
Balance - beginning of the year	-	-	-	113,079	113,079
Changes from adoption of new financial reporting standards	-	-	113,079	(113,079)	-
	-	-	113,079	-	113,079
Write-off	-	-	(706)	-	(706)
Recoveries	-	-	(106,306)	-	(106,306)
Balance - end of the year	-	-	6,067	-	6,067

(Unit: Thousand Baht)

For the year ended 31 December 2019	
Allowance for doubtful accounts	
Balance - beginning of the year	113,193
Less: Reversal of doubtful accounts	(114)
Balance - end of the year	113,079

## 12. Premises and equipment

(Unit: Baht)

For the year ended 31 December 2020						
	Condominium units	Office equipment	Furniture and fixtures	Motor vehicles	Work in progress	Total
<b>Cost</b>						
1 January 2020	22,704,701	342,739,123	168,059,481	24,448,946	-	557,952,251
Additions	-	24,600,159	324,014	-	1,092,865	26,017,038
Transfer in / out	-	-	1,092,865	-	(1,092,865)	-
Disposals/write-off	-	(38,401,912)	(14,608,487)	-	-	(53,010,399)
31 December 2020	22,704,701	328,937,370	154,867,873	24,448,946	-	530,958,890
<b>Accumulated depreciation</b>						
1 January 2020	18,441,571	299,580,811	152,858,100	10,707,805	-	481,588,287
Depreciation for the year	-	26,882,222	8,450,527	2,879,653	-	38,212,402
Depreciation on disposals /write-off	-	(38,343,804)	(14,514,545)	-	-	(52,858,349)
31 December 2020	18,441,571	288,119,229	146,794,082	13,587,458	-	466,942,340
<b>Net book value</b>						
31 December 2020	4,263,130	40,818,141	8,073,791	10,861,488	-	64,016,550
Depreciation for the year ended 31 December 2020						38,212,402

(Unit: Baht)

For the year ended 31 December 2019						
	Condominium units	Office equipment	Furniture and fixtures	Motor Vehicles	Work in progress	Total
<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 / 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

As at 31 December 2020, the Company office equipment have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 394 million (31 December 2019: Baht 387 million).

### 13. Lease

The Company has lease contracts used in their operation. Leases generally have lease terms between 1 - 4 years.

#### 13.1 Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 are summarised below:

	(Unit: Baht)			
	Buildings	Office equipment	Motor Vehicles	Total
1 January 2020 - changes from adoption of new financial reporting standards	173,652,744	5,646,941	8,956,303	188,255,988
Additions	12,858,426	-	8,088,259	20,946,685
Disposals	(24,148,700)	(344,943)	(7,332,767)	(31,826,410)
31 December 2020	162,362,470	5,301,998	9,711,795	177,376,263
<b>Accumulated depreciation</b>				
1 January 2020	-	-	-	-
Depreciation for the year	40,160,907	3,448,018	10,628,859	54,237,784
Depreciation on write-off	(2,973,638)	(344,943)	(7,332,767)	(10,651,348)
31 December 2020	37,187,269	3,103,075	3,296,092	43,586,436
<b>Net book value</b>				
1 January 2020	173,652,744	5,646,941	8,956,303	188,255,988
31 December 2020	125,175,201	2,198,923	6,415,703	133,789,827

#### 13.2 Lease liabilities

Movement of lease liabilities for the year ended 31 December 2020 are summarised below:

	(Unit: Baht)
	2020
Lease Liabilities	143,635,866
Less: Deferred interest expenses	(5,877,651)
Total	137,758,215

The maturity analysis of lease payments is disclosed in Note 35 under the liquidity risk.

### 13.3 Expenses related to lease agreements which was recognised in statement of income

(Unit: Thousand Baht)

For the year ended

31 December 2020

Depreciation expense of right-of-use assets	54,238
Interest expense on lease liabilities	3,410
Total	57,648

The Company has total cash outflows for leases for the year ended 31 December 2020 of Baht 53 million.

### 14. Intangible assets

(Unit: Baht)

For the year ended 31 December 2020

	Remaining amortisation year	Balance beginning of the year	Increase/ transfer in	Amortised	Disposals/ transfer out	Balance end of the year
Computer software	0 - 4.88 years	39,927,655	17,067,890	-	-	56,995,545
Software in progress		17,929,410	2,903,944	-	-	20,833,354
Total intangible assets		57,857,065	19,971,834	-	-	77,828,899
Less: Accumulated amortisation		(25,171,459)	-	(5,460,976)	-	(30,632,435)
Net intangible assets		32,685,606	19,971,834	(5,460,976)	-	47,196,464
Amortisation expenses for the year ended 31 December 2020						5,460,976

(Unit: Baht)

For the year ended 31 December 2019

	Remaining amortisation year	Balance beginning of the year	Increase/ transfer in	Amortised	Disposals/ transfer out	Balance end of the year
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



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

Income tax expenses for the years ended 31 December 2020 and 2019 are made up as follows:

	(Unit: Baht)	
	2020	2019
<b>Current income tax:</b>		
Current income tax charge	78,094,484	27,301,107
Adjustment in respect of current income tax of previous year	18	(18)
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	6,587,892	1,216,376
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>84,682,394</b>	<b>28,517,465</b>

The amounts of income tax relating to each component of other comprehensive income for the year ended 31 December 2020 and 2019 are as follows:

	(Unit: Baht)	
	2020	2019
Income tax relating to gain (loss) on change in value of investments measured at fair value through other comprehensive income	690,378	-
Income tax relating to actuarial gain (loss)	-	(2,565,439)
	<b>690,378</b>	<b>(2,565,439)</b>

Reconciliation between accounting profit and income tax expense is as follows:

	(Unit: Baht)	
	2020	2019
Accounting profit before income tax	438,105,122	157,332,079
Applicable tax rate	20 percent	20 percent
Accounting profit before tax multiplied by applicable tax rate	87,621,025	31,466,416
Adjustment in respect of income tax of previous year	18	(18)
Effects of:		
Non-deductible expense	763,274	933,288
Non-taxable income	(272,976)	(385,838)
Additional expense deductions allowed	(3,428,947)	(3,496,383)
Total	(2,938,649)	(2,948,933)
Income tax expenses reported in the statement of comprehensive income	84,682,394	28,517,465

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Baht)	
	2020	2019
<b>Deferred tax assets</b>		
Allowance for impairment of property foreclosed	5,570,240	5,570,240
Allowance for expected credit losses / allowance for doubtful accounts and other receivables	1,171,664	22,630,730
Provisions for long-term employee benefits	28,734,563	29,015,780
Accrued employee expenses	29,130,912	19,473,927
Others	14,486,742	9,235,077
Total deferred tax assets	79,094,121	85,925,754
<b>Deferred tax liabilities</b>		
Others	(81,510)	(694,992)
Total deferred tax liabilities	(81,510)	(694,992)
Net deferred tax assets	79,012,611	85,230,762

## 16. Other assets

	(Unit: Baht)	
	2020	2019
Loans to employees	56,216,424	56,292,388
Deposit and contribution to the clearing fund and securities deposits	102,461,743	92,426,210
Prepaid expenses	33,307,512	35,678,755
Deposits	17,325,835	18,614,078
Property foreclosed (net of allowance for impairment of Baht 28 million)	15,000,000	15,000,000
Accrued interest receivables	1,048,420	1,318,131
Deposit for derivative business	5,000,000	5,000,000
Fees and service income receivables	54,010,776	42,769,787
Others	11,953,286	6,662,261
<b>Total other assets</b>	<b>296,323,996</b>	<b>273,761,610</b>

## 17. Borrowings from financial institutions

As at 31 December 2020 and 2019, borrowings from financial institutions comprising only domestic borrowings and are classified as follows:

(Unit: Thousand Baht)				
2020				
	Interest rate per annum (percent)	Remaining period to maturity		
		At call	Less than 1 year	1 - 5 years
<b>Borrowings</b>				
Borrowings (THB)	0.70	450,000	-	-
<b>Total borrowings from financial institutions</b>		<b>450,000</b>	<b>-</b>	<b>-</b>
(Unit: Thousand Baht)				
2019				
	Interest rate per annum (percent)	Remaining period to maturity		
		At call	Less than 1 year	1 - 5 years
Promissory notes	1.708 - 1.925	-	750,000	-
<b>Borrowings</b>				
Borrowings (THB)	1.844	-	100,000	-
<b>Total borrowings from financial institutions</b>		<b>-</b>	<b>850,000</b>	<b>-</b>

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

	(Unit: Baht)	
	2020	2019
Payables to Clearing House		
Equity and debt securities	130,824,870	280,901,949
Derivatives	1,082,336	751,215
Payables from foreign companies	22,405,741	346,255
Total payables to Clearing House and broker-dealers	154,312,947	281,999,419

## 19. Securities and derivatives business payables

	(Unit: Baht)	
	2020	2019
<u>Securities business payables</u>		
Cash accounts	734,362,131	530,496,156
Guarantee deposit payables	454,162,480	258,568,507
Payable under securities borrowing and lending business	490,579,121	360,135,687
Total securities business payables	1,679,103,732	1,149,200,350
Accrued interest payables	1,458,940	2,769,031
Total securities business payables	1,680,562,672	1,151,969,381
<u>Derivatives business payables</u>		
Derivatives business payables	118,180	45,300
Total derivatives business payables	118,180	45,300
Net securities and derivatives business payables	1,680,680,852	1,152,014,681

## 20. Provisions

	(Unit: Thousand Baht)			
	Provisions for long-term employee benefits	Decommissioni ng Cost	Allowance for expected credit losses	Total
Balance as at 31 December 2019	145,079	-	-	145,079
The adjustments due to first-time adoption	-	16,139	490	16,629
Balance as at 1 January 2020	145,079	16,139	490	161,708
Increase (decrease) during the year	(1,406)	(164)	270	(1,300)
Balance as at 31 December 2020	143,673	15,975	760	160,408

## 21. Provisions for long-term employee benefits

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

	(Unit: Baht)	
	2020	2019
<b>Provisions for long-term employee benefits at beginning of year</b>	145,078,901	97,412,287
Included in profit or loss:		
Current service cost	8,026,433	6,465,306
Past service cost	-	33,088,969
Interest cost	3,178,149	2,337,322
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	-	-
Financial assumptions changes	-	12,827,197
Experience adjustments	-	-
Benefits paid during the year	(12,610,667)	(7,052,180)
<b>Provisions for long-term employee benefits at end of year</b>	<b>143,672,816</b>	<b>145,078,901</b>

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 0.2 million.

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit was 12.63 years.

Significant actuarial assumptions are summarised below:

	2020	2019
Discount rate	1.6 percent per annum	1.6 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 2020 and 2019 are summarised below:

	(Unit: Million Baht)			
	2020		2019	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(5.3)	5.7	(5.3)	5.7
Salary increase rate	6.4	(6.0)	5.9	(5.5)

	(Unit: Million Baht)			
	2020		2019	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Average turnover rate	(5.0)	5.4	(4.4)	4.7

## 22. Other liabilities

	(Unit: Baht)	
	2020	2019
Accrued employee expenses	147,317,496	105,657,391
Accrued interest expenses	17,260	3,849,017
Accrued expenses	79,930,948	45,781,773
Others	23,183,993	112,853,235
Total other liabilities	250,449,697	268,141,416

## 23. Statutory reserve

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

As at 31 December 2020, the Company allotted net profit for the year of Baht 17.7 million to the statutory reserve (31 December 2019: Baht 6.5 million).

## 24. Capital Management

The primary objectives of the Company's capital management are to maintain the Company's ability to continue as a going concern and to maintain net liquid capital in accordance with the rules laid down by the Office of the Securities and Exchange Commission. The Company specifies the scope of transaction. Thus the Risk Management Department is assigned to be responsible for closely monitoring NCR figures. During the year, the Company can maintain net capital ratio in accordance with the rules.

## 25. Brokerage fee income

	(Unit: Baht)	
	For the years ended 31 December	
	2020	2019
Brokerage fee from securities business	669,005,933	485,373,894
Brokerage fee from derivatives business	64,671,507	59,347,676
Other brokerage fee	2,860,855	-
Total brokerage fee income	<u>736,538,295</u>	<u>544,721,570</u>

## 26. Fees and service income

	(Unit: Baht)	
	For the years ended 31 December	
	2020	2019
Underwriting fee	33,326,541	40,736,621
Financial advisory	17,467,470	6,471,019
Selling agent	312,133,749	205,199,897
Securities borrowing and lending	23,600,344	44,324,714
Business support	100,851,618	70,106,181
Others	3,161,781	1,840,404
Total fees and service income	<u>490,541,503</u>	<u>368,678,836</u>

## 27. Interest income

	(Unit: Baht)	
	For the years ended 31 December	
	2020	2019
Interest on margin loans	211,047,442	286,473,878
Interest from deposits in financial institutions	8,186,344	12,503,412
Interest from investment	25,426,236	41,759,579
Others	29,495,952	2,140,810
Total interest income	274,155,974	342,877,679

## 28. Gain and return on financial instruments

	(Unit: Baht)	
	For the years ended 31 December	
	2020	2019
Gain (loss) on securities	(3,712,696)	(9,283,309)
Gain (loss) on derivatives	16,230,201	24,293,566
Dividend	1,563,440	5,631,733
Total gain and return on financial instruments	14,080,945	20,641,990

## 29. 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 2020, the Company contributed Baht 27.0 million to the fund (2019: Baht 27.5 million).

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

## 30. 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.



### 31. Dividends

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

	Approved by	Total dividend declaration (Million Baht)	Dividend declaration per share (Baht)
Dividends from the operating results for the year ended 31 December 2019	The annual ordinary meeting of the Company's shareholders No. 1/2563 on 22 May 2020	120	0.056 (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 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)

### 32. Related party transactions

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

Related parties	Relationship
Nomura Holding, Inc.	Ultimate parent company
Nomura Asia Investment (Singapore) Pte.Ltd.	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 companies were concluded on the commercial terms and based agree upon by the Company and those companies in the ordinary course of business. The significant transactions are summarised below.

(Unit: Baht)

	For the years ended		
	31 December		Pricing policies
	2020	2019	(for the year 2020)
<b><u>Transactions occurred during the years</u></b>			
Brokerage fees income			
- Common major shareholder	15,641,857	32,637,647	At normal rate charged to other clients
- Director	-	67,100	At normal rate charged to other clients
Fees income from business support services			
- Common major shareholder	13,510,995	14,168,063	At actual costs plus a margin of 10 percent
Fees income from international investment banking services			
- Common major shareholder	29,035,423	25,144,546	At actual costs plus a margin of 10 percent
Fees income from introducing broker			
- Common major shareholder	930,757	1,523,136	Based on actual executed transactions of our referred customers and at the rate as indicate in the agreement referred to similar business
Fees income from securities borrowing and lending			
- Common major shareholder	2,086,892	415,936	At normal rate charged to other clients
Fees income from other services			
- Parent company	5,000,000	-	At normal rate charged to other clients
- Common major shareholder	29,369,173	7,608,505	At the contract rate determined by extend and amount of work assigned
Fee income from sales and trading services and research			
- Common major shareholder	30,805,186	23,185,067	At actual costs plus a margin of 10 percent net with the brokerage commission received
Fee income from late delivery			
- Common major shareholder	261,889	1,307,940	At normal rate charged to other clients
Fees expense from other services			
- Common major shareholder	3,878,396	2,742,476	At the contract rate determined by extend and amount of work assigned

(Unit: Baht)

	For the years ended		
	31 December		Pricing policies
	2020	2019	(for the year 2020)
<u>Transactions occurred during the years</u>			
(continued)			
Fee expenses from Hi-speed circuit service			
- Common director	717,665	2,277,896	At the same rate charged to other clients without dependent interest
Brokerage fees expense from foreign securities trading			
- Common major shareholder	31,504	30,651	Calculated based on trade volume and at the referential rate charged to other clients without dependent interest

As at 31 December 2020 and 2019, the outstanding balances of the related party transactions are as follows:

	(Unit: Baht)	
	2020	2019
Securities business receivables		
- Common major shareholder	303,038,874	257,583,698
Other assets - accrued income receivables		
- Common major shareholder	26,990,984	23,792,192
Other assets - Securities borrowing and Lending receivables		
- Common major shareholder	299,749	31,630
Other assets - others		
- Common major shareholder	7,248	471,543
Securities business payables		
- Common major shareholder	136,302,877	19,457,538
Other liabilities		
- Common director	-	184,064

## Management's remuneration

During the years ended 31 December 2020 and 2019, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Baht)	
	For the years ended 31 December	
	2020	2019
Short-term employee benefits	101,612,696	81,640,527
Post-employment benefits	5,233,405	5,853,822
Total	106,846,101	87,494,349

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

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and 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 the Company operating segments information as at 31 December 2020 and 2019, and for the years ended 31 December 2020 and 2019 of the Company by segment.

(Unit: Million Baht)

	Securities business segment		Investments banking segment		Fixed income segment		Other segments		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Total revenue	1,104	825	84	47	23	29	23	17	1,234	918
Segment operating income	306	122	25	(3)	5	7	9	7	345	133
Unallocated income and expenses										
Interest income									274	343
Gain and return on financial instruments									8	16
Other income									5	7
Financial costs									(29)	(51)
Personnel expenses and other expenses									(271)	(290)
Reversal expected credit losses									106	-
Income tax									(85)	(29)
Profit for the year									353	129

(Unit: Million Baht)

	As at									
	Securities business segment		Investments banking segment		Fixed income segment		Other segments		Total	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Premises and equipment									64	76
Unallocated assets									8,301	7,897
Total assets									8,365	7,973

## 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 2020 and 2019, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

## 34. Commitments and contingent liabilities

As at 31 December 2020 and 2019, the Company has the following outstanding commitments and contingent liabilities.

- 34.1** 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 monthly fixed amount, a percentage of trading volume each month and/or a percentage of net settlements each month.

- 34.2** The Company has commitment to pay the fees related to its derivatives business to Thailand Futures Exchange Public Company Limited and Thailand Clearing House Company Limited. These comprise a monthly fixed amount and/or at the specific rate for each purchase or sale of a futures contract transacted.
- 34.3** 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.
- 34.4** 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.
- 34.5** As at 31 December 2020, the Company had capital commitments of approximately Baht 12 million, relating to the purchases of office equipment and software. (31 December 2019 :Baht 12 million)

## **35. Risk management policy**

### **Financial risk management objectives and policies**

The significant financial instruments of the Company principally comprise cash and cash equivalents, receivables from Clearing House and brokers-dealers, securities and derivatives business receivables, investments, loans to employees, deposits, fees and service income receivables, borrowings from financial institutions, payables to Clearing House and brokers-dealers, securities and derivatives business payables. The financial risks associated with these financial instruments of the Company and how they are managed is described below.

#### **35.1 Credit risk**

Credit risk is the risk that the counterparty will be unable to meet its contractual obligations or have a significant increase in credit risk and unable to pay principal and interest.

The Company is exposed to credit risk primarily with respect to securities and derivatives business receivables, loans, deposits with banks and financial institutions, receivables from Clearing House and broker-dealers and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

In relation to impairment of financial assets, TFRS 9 requires the Company to prepare an expected credit loss model. The Company has established and maintain an appropriate credit loss model. The Company periodically reviews the parameters and the data used in the credit loss model.

#### ***Securities and derivatives business receivables***

The Company manages the credit risk for securities and derivatives business receivables by establishing a credit quality review process and trading credit limit, placing collateral and approval and reviewing credit limit at both of committee and individual level subject to credit level. In addition, the Company assigns Risk Management Department to control and monitor the credit risk on a regular basis.

#### ***Deposits with banks and financial institutions and other financial instruments***

The credit risk on deposits with banks and financial institutions and investment in debt instruments is limited because the Company had deposit with banks and financial institutions with high credit-ratings assigned by credit-rating agencies. For investment in debt instruments, the Company invests in Government bond with low credit risk.

#### ***Loans***

The credit risk on loans is limited because this account represents loans to employees under welfare program, with full collateral. In case of default, the Company has a right to proceed legal actions to foreclose the collateral to repay the loans.

### **35.2 Market risk**

Market risk is the risk that the future cash flows or fair value of financial instruments will fluctuate due to changes in market variables related primarily to interest rate, foreign currency and equity instruments price. The Company manages their risk exposure as follows.

#### **35.2.1 Interest rate risk**

The Company's exposures to interest rate risk relates primarily to their cash and cash equivalents, receivable from Clearing House and broker-dealers, securities and derivatives business receivables, investments measured at amortised cost, loans to employees, borrowings from financial institutions, payables to Clearing House and broker-dealers, and securities and derivatives business payables. However, the Company's financial assets and liabilities are mostly bear floating interest rates or fixed interest rates which are closed to the market rate due to the short-term in nature. Therefore the interest rate risk of the Company is limited.

As at 31 December 2020 and 2019, financial assets and liabilities that carry the significant interest rate risk are classified by type of interest rates. Those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

2020							
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><u>Financial assets</u></b>							
Cash and cash equivalents	535	-	-	57	592	0.05-0.45	-
Receivable from Clearing House and broker-dealers	-	-	-	43	43	-	-
Securities and derivatives business receivables	4,949	491	-	1,566	7,006	4.31-7.56	3.50
Investments measured at amortised cost	-	1	-	-	1	-	0.19 - 0.30
Loans to employees	56	-	-	-	56	0.50	-
<b><u>Financial liabilities</u></b>							
Borrowings from financial institutions	450	-	-	-	450	0.70	-
Payables to Clearing House and broker-dealers	-	-	-	154	154	-	-
Securities and derivatives business payables	-	491	-	1,188	1,679	-	2.50



(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	Fixed interest rate
						% p.a.	% p.a.
<b><u>Financial assets</u></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
Investments	-	94	-	88	182	-	0.38 - 1.75
Loans to employees	56	-	-	-	56	1.50	-
<b><u>Financial liabilities</u></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

### Interest rate sensitivity

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible change in interest rates on that portion of floating rate of credit balance account receivables affected as at 31 December 2020, with all other variables held constant.

	Effect on profit before	
	Increase/(decrease)	tax
	(%)	(Million Baht)
Credit balance account receivables	0.25	12
	(0.25)	(12)

*The impact analysis is not a prediction or forecast of future market conditions. Actual events or results may differ from the analysis.*

### 35.2.2 Foreign exchange risk

The Company's exposure to foreign currency risk arises from brokerage service for securities listed in stock exchange in overseas, and revenue and expense transactions that are denominated in foreign currencies. However, net foreign exchange risk is not significant to the Company.

The significant balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2020 and 2019 are summarised below:

Foreign currency	Financial assets		Financial liabilities		Average exchange rates	
	2020	2019	2020	2019	2020	2019
	(Unit: Thousand unit)					
	(Baht per 1 foreign currency unit)					
Japanese yen	603	158	-	-	0.2907	0.2759
Hong Kong dollar	4,260	956	3,733	638	3.8753	3.8732
Singapore dollar	33	11	-	-	22.6632	22.3245
United States dollar	854	99	626	17	30.0371	30.1540
Australia dollar	1	1	-	-	22.9188	21.0492
United Kingdom pound	14	3	8	-	40.6403	39.5217
Euro Zone	3	1	-	-	36.8764	30.9530
Canada dollar	5	1	-	-	23.4506	23.0483
Laos kip	926,840	924,686	-	-	0.0032	0.0034
Yuan China	14	-	14	-	4.6187	4.3147
Peso Philippines	-	1,743	-	1,740	0.6261	0.5946

### 35.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate financial assets and/or procure sufficient funds to discharge obligations in a timely manner, resulting in a financial loss.

The Company manages liquidity risk through monitoring and planning of their cash flows, including the arrangement of credit facilities, in order to ensure that they will have sufficient funds for their operations.

As at 31 December 2020 and 2019, remaining years to maturity of financial instrument, counted from the end of the reporting period, are follows:

(Unit: Million Baht)

2020						
	Outstanding balances of financial instruments					Total
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	
<b><u>Financial assets</u></b>						
Cash and cash equivalents	592	-	-	-	-	592
Receivable from Clearing House and broker-dealers	-	43	-	-	-	43
Securities and derivatives business receivables	1,046	1,024	-	-	4,949	7,019
Investments	88	1	-	-	1	90
Loans to employees	-	1	8	47	-	56
<b><u>Financial liabilities</u></b>						
Borrowings from financial institutions	450	-	-	-	-	450
Payables to Clearing House and broker-dealers	-	154	-	-	-	154
Securities and derivatives business payables	945	736	-	-	-	1,681
Lease liabilities	-	42	94	2	-	138

(Unit: Million Baht)

2019						
	Outstanding balances of financial instruments					Total
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	
<b><u>Financial assets</u></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><u>Financial liabilities</u></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

### 36. Fair value

The Company applies the market approach in measuring the fair value of assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in the case where there is no active market or a quoted price in active market is not available, the Company is to measure the fair value using assumptions e.g. net book value, the cost method or income approach to measure the assets and liabilities.

#### 36.1 Fair value of financial instruments

As of 31 December 2020 and 2019, the Company had the following financial assets and financial liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)					
2020					
	Book	Fair Value			
	value	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>					
Securities and derivatives business receivables					
Receivables under securities borrowing					
and lending business	490,559	490,559	-	-	490,559
Investments					
Marketable equity instruments in domestic market	87,578	87,578	-	-	87,578
Non-marketable equity instruments					
in domestic market	1,405	-	-	1,405	1,405
Derivatives assets <sup>(1)</sup>	-	-	-	-	-
<b>Financial liabilities measured at fair value</b>					
Securities and derivatives business payables					
Payables under securities borrowing					
and lending business	490,579	490,579	-	-	490,579
Derivatives liabilities <sup>(1)</sup>					

<sup>(1)</sup> Fair value of derivatives assets/liabilities - futures as at 31 December 2020 amounting to Baht 2.9 million and Baht 0.6 million, respectively, included in "Receivables from Clearing House and brokers", were measured at fair value by using Level 1 of input.

(Unit: Thousand Baht)

	2019				
	Book	Fair Value			
	value	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>					
Securities and derivatives business receivables					
Receivables under securities borrowing					
and lending business	282,204	282,204	-	-	282,204
Investments					
Equity instruments	82,734	82,734	-	-	82,734
Derivatives assets <sup>(1)</sup>	-	-	-	-	-
<b>Financial liabilities measured at fair value</b>					
Securities and derivatives business payables					
Payables under securities borrowing					
and lending business	360,136	360,136	-	-	360,136
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", were measured at fair value by using Level 1 of input

#### Valuation techniques and inputs used for fair value measurement

- 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.
- 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.
- 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.
- For Borrowings from financial institutions 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.

### 37. Reclassifications

The Company has reclassified certain accounts to comply with the Notification of the Office of the Securities and Exchange Commission relating to the format of financial statements of securities companies (version 3) No. SorThor. 6/2562 dated 8 January 2019. The details are as follows.

(Unit: Thousand Baht)		
For the year ended 31 December 2019		
	As reclassified	As previously reported
Interest on margin loans	-	286,474
Interest income	342,878	-
Gains and return on financial instruments	20,642	74,905
Other income	6,546	8,687

The reclassifications had no effect to previously reported profit or owners' equity.

### 38. Events after the reporting period

On 19 February 2021, the Board of directors Meeting No. 1/2564 passed a resolution to propose to the Annual General Meeting of Shareholders No.1/2564 for a consideration and approval of dividend payment of Baht 0.16 per share to the holders of the Company 2,150,469,000 shares, or a total of Baht 344 million.

### 39. Approval of financial statements

These financial statements were authorised for issue by the Company's board of directors on 19 March 2021.