

Capital Nomura Securities Public Company Limited  
Report and financial statements  
30 June 2020



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## **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 (the Company), which comprise the statement of financial position as at 30 June 2020, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the six-month period 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 30 June 2020, its financial performance and cash flows for the six-month 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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## **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



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- 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.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements.
- I am responsible for the direction, supervision and performance of the Company. 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: 28 August 2020



**Capital Nomura Securities Public Company Limited**

**Statement of financial position**

**As at 30 June 2020**

		(Unit: Baht)	
	Note	30 June 2020	31 December 2019
<b>Assets</b>			
Cash and cash equivalents	6	1,353,760,959	526,308,087
Receivables from Clearing House and broker-dealers	7	814,102,397	35,057,248
Securities and derivatives business receivables	8	6,380,072,003	6,760,893,909
Investments	10	49,032,965	182,252,454
Premises and equipment	12	60,240,762	76,363,964
Right-of-use assets	13	160,010,109	-
Intangible assets	15	31,513,848	32,685,606
Deferred tax assets	16	63,479,658	85,230,762
Other assets	17	276,611,326	273,761,610
<b>Total assets</b>		<u>9,188,824,027</u>	<u>7,972,553,640</u>

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

Capital Nomura Securities Public Company Limited

Statement of financial position (Continued)

As at 30 June 2020

(Unit: Baht)

	Note	30 June 2020	31 December 2019
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Borrowings from financial institutions	18	100,000,000	850,000,000
Payables to Clearing House and broker-dealers	19	441,195	281,999,419
Securities and derivatives business payables	20	3,073,817,119	1,152,014,681
Corporate income tax payables		46,711,072	14,239,655
Provisions	21	159,713,725	145,078,901
Lease liability	14	158,897,477	-
Other liabilities	23	262,527,608	268,141,416
<b>Total liabilities</b>		<b>3,802,108,196</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	24	194,200,000	194,200,000
- general reserve		215,000,000	215,000,000
Unappropriated		694,260,125	568,089,718
Other components of equity - gain (loss) on equity investments at FVOCI		(534,144)	-
<b>Total equity</b>		<b>5,386,715,831</b>	<b>5,261,079,568</b>
<b>Total liabilities and equity</b>		<b>9,188,824,027</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 six-month periods ended 30 June 2020**

		(Unit: Baht)	
	Note	2020	2019
<b>Profit or loss:</b>			
<b>Revenue</b>			
Brokerage fees	26	397,654,720	258,632,048
Fees and service income	27,33	218,980,210	181,733,021
Interest income	28	155,454,372	170,976,417
Gain and return on financial instruments	29	7,363,609	9,967,419
Other income		2,617,732	3,750,809
<b>Total revenue</b>		<u>782,070,643</u>	<u>625,059,714</u>
<b>Expenses</b>			
Personnel expenses		336,968,048	348,262,255
Fees and services expenses		96,139,837	75,429,146
Financial costs		19,297,114	25,988,553
Bad debt and doubtful accounts (reversal)		-	(43,938)
Expected credit losses (reversal)		(105,955,818)	-
Other expenses		128,781,354	134,722,699
<b>Total expenses</b>		<u>475,230,535</u>	<u>584,358,715</u>
<b>Profit before income tax</b>		<u>306,840,108</u>	<u>40,700,999</u>
Income tax	16	(59,696,495)	(6,534,956)
<b>Profit for the period</b>		<u>247,143,613</u>	<u>34,166,043</u>

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

Capital Nomura Securities Public Company Limited

Statement of comprehensive income (continued)

For the six-month periods ended 30 June 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		(667,680)	-
Income tax relating to gain (loss) on change in value of investments measured at fair value through other comprehensive income	16	133,536	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		(534,144)	-
<b>Other comprehensive income for the period</b>		(534,144)	-
<b>Total comprehensive income for the period</b>		<u>246,609,469</u>	<u>34,166,043</u>
<b>Basic earnings per share</b>			
Profit for the period	31	<u>0.11</u>	<u>0.02</u>

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



Capital Nomura Securities Public Company Limited

Statement of changes in equity

For the six-month period ended 30 June 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
			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	-
Profit for the period	-	-	-	-	34,166,043	-
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-
Dividend paid (Note 32)	-	-	-	-	34,166,043	-
<b>Balance - as at 30 June 2019</b>	2,150,469,000	2,133,320,850	187,700,000	215,000,000	490,202,905	-
<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	-
Cumulative effect of change in accounting policy (Note 3.2)	-	-	-	-	(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	-
Profit for the period	-	-	-	-	247,143,613	-
Other comprehensive income for the period	-	-	-	-	-	(534,144)
Total comprehensive income for the period	-	-	-	-	247,143,613	(534,144)
Dividend paid (Note 32)	-	-	-	-	(120,426,264)	-
<b>Balance - as at 30 June 2020</b>	2,150,469,000	2,133,320,850	194,200,000	215,000,000	694,260,125	(534,144)
						5,386,715,831

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

**Capital Nomura Securities Public Company Limited**

**Statements of cash flows**

**For the six-month period ended 30 June 2020**

	(Unit: Baht)	
	2020	2019
<b>Cash flows from operating activities</b>		
Profit before income tax	306,840,108	40,700,999
Adjustments to reconcile profit before income tax		
to net cash provided by (paid from) operating activities		
Depreciation and amortisation	50,148,470	26,691,969
Doubtful accounts (reversal)	-	(43,938)
Expected credit losses (reversal)	(105,955,818)	-
Gain on revaluation of investments	(1,650,900)	(6,604,019)
Gain on disposal and written-off equipment	(7,066)	(198,911)
Loss on revaluation of derivatives	5,173,360	7,955,735
Financial costs	19,297,114	25,988,553
Interest income	(155,454,372)	(170,976,417)
Dividend income	(1,478,440)	(3,955,208)
Long-term employee benefits	5,602,290	37,490,281
Income (loss) from operating activities before changes		
in operating assets and liabilities	122,514,746	(42,950,956)
Operating assets (increase) decrease		
Receivables from Clearing House and broker-dealers	(784,218,509)	(427,998,319)
Securities and derivatives business receivables	478,815,091	1,486,986,822
Trading securities	44,852,900	274,785,790
Other assets	(3,408,405)	20,615,370
Operating liabilities increase (decrease)		
Borrowings from financial institutions	(750,000,000)	200,000,000
Payables to Clearing House and broker-dealers	(281,558,224)	(476,432,761)
Securities and derivatives business payables	1,925,896,682	(523,396,648)
Debt issued and other borrowings	-	(299,532,046)
Provision for long-term employee benefits	(7,733,333)	(2,053,000)
Other liabilities	9,934,981	(85,852,419)
Cash received from operating activities	755,095,929	124,171,833

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

Capital Nomura Securities Public Company Limited

Statements of cash flows (Continued)

For the six-month period ended 30 June 2020

	(Unit: Baht)	
	2020	2019
Cash received from dividend	1,181,800	3,617,400
Cash paid for interest expenses	(21,147,207)	(24,114,694)
Cash received from interest	148,562,700	158,397,644
Cash paid for income tax	(5,203,703)	(44,442,153)
<b>Net cash from operating activities</b>	<b>878,489,519</b>	<b>217,630,030</b>
<b>Cash flows from investing activities</b>		
Net cash paid for held-to maturity debt securities	-	(4,644)
Net cash received from investments measured at amortised cost	84,508,350	-
Cash paid for acquisition of equipment	(1,387,046)	(22,107,279)
Cash received from sales of equipment	-	2,146,523
Cash paid for acquisition of intangible assets	(2,389,611)	(2,876,439)
Cash received from interest	16,215,688	19,967,000
Cash received from dividend	296,640	437,028
<b>Net cash from (used in) investing activities</b>	<b>97,244,021</b>	<b>(2,437,811)</b>
<b>Cash flows from financing activities</b>		
Cash paid for lease liability	(27,502,582)	-
Dividends paid	(120,426,264)	(167,736,582)
<b>Net cash used in financing activities</b>	<b>(147,928,846)</b>	<b>(167,736,582)</b>
<b>Net increase in cash and cash equivalents</b>	<b>827,804,694</b>	<b>47,455,637</b>
Cash and cash equivalents at the beginning of the period	526,308,087	388,056,406
<b>Cash and cash equivalents at the end of the period</b>	<b>1,354,112,781</b>	<b>435,512,043</b>

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



# **Capital Nomura Securities Public Company Limited**

## **Notes to financial statements**

**For the six-month period ended 30 June 2020**

### **1. General information**

#### **1.1 Company information**

Capital Nomura Securities Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its parent company is Nomura Asia Investment (Singapore) Pte. Ltd., which 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 30 June 2020, the Company has 15 branches including a headquarter and 14 branches in Bangkok and up country.

#### **1.2 Coronavirus disease 2019 Pandemic**

The Coronavirus disease 2019 ("COVID-19") pandemic is continuing, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company operates. However, the Company's management will continue to monitor the ongoing developments and regularly assess the financial impact in respect of the valuation of assets, provisions and contingent liabilities.

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

These financial statements for the six-month period ended 30 June 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 period, 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 majority of investments in equity instruments are 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. 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.



### **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 to 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 3.2.

### **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 3.2.



### **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 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 period, 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 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

### 3.2.1 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		Amortised cost	Total
		Fair value through profit or loss	through other comprehensive income		
<b>Financial assets as of 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>

(Unit: Million Baht)

	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9			
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
<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>

### 3.2.2 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 by the effective interest rate method.

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**

Expenses are 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 amortisation of customers' deposits assets**

Assets which customers have placed with the Company for securities trading, both through cash accounts and credit balance accounts, including amounts which customers have placed as security for derivatives trading, are recorded as assets and liabilities of the Company for internal control purposes. As at the end of the reporting date, the Company excludes the amounts which are unsecured from both assets and liabilities and presents only those assets which belong to the Company.

#### **4.5 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 period.

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 period. 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

### 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 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 or for securities with potential for high market volatility 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 (loss) that measured at fair value through profit or loss.

### **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 and recognised as borrowing which have collateral for proceeds received.

### **Write-off**

Debts that are determined to be irrecoverable are written off (either partially or in full) in the period 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 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 partially of other assets, which are measured at amortised cost or fair value through other comprehensive income using the General Approach. 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 depends on 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 recognises right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

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

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses (if any) and adjusted for any remeasurement of lease liabilities.

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***

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted 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 modification or reassessment.

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

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are 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 acquired are initially recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

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

#### **4.16 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

#### **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 categorised 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.

## 6. Cash and cash equivalents

	(Unit: Baht)	
	30 June 2020	31 December 2019
Cash	68,300	68,000
Current deposits and saving deposits	1,349,962,389	844,150,218
Promissory notes at call	1,136,000,000	403,000,000
Total cash and cash equivalents	2,486,030,689	1,247,218,218
Less: Deposits for customers' account	(1,131,917,908)	(720,910,131)
	1,354,112,781	526,308,087
Less: Allowance for expected credit losses	(351,822)	-
Net cash and cash equivalents	1,353,760,959	526,308,087



	(Unit: Baht)	
	For the six-month periods ended 30 June	
	2020	2019
<u>Supplemental cash flows information</u>		
Non-cash transactions		
Accounts payable for purchase of fixed assets and intangible assets	9,111,290	66,178

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

	(Unit: Baht)	
	30 June 2020	31 December 2019
Receivables from Clearing House		
Equity and debt securities	745,312,421	13,048,197
Derivatives	83,459,748	72,628,500
Receivables from foreign broker-dealers	39,821,041	2,532,872
Total receivables from Clearing House and broker-dealers	868,593,210	88,209,569
Less: Receivables from Clearing House for customers' accounts	(54,490,813)	(53,152,321)
Net receivables from Clearing House and broker-dealers	814,102,397	35,057,248

## 8. Securities and derivatives business receivables

	(Unit: Baht)	
	30 June 2020	31 December 2019
<u>Securities business receivables</u>		
Cash accounts	571,456,129	847,423,199
Credit balances receivables	3,933,137,787	5,210,172,612
Guaranteed deposit receivables	936,863,519	397,175,987
Receivables under securities borrowing and lending business	839,858,757	282,203,687
Other receivables	90,481,182	113,322,581
Total securities business receivables	6,371,797,374	6,850,298,066
Add: Accrued interest receivables	14,702,576	22,960,271
Less: Allowance for doubtful accounts	-	(113,079,253)
Less: Allowance for expected credit losses	(6,828,373)	-
Net securities business receivables	6,379,671,577	6,760,179,084
<u>Derivatives business receivables</u>		
Derivatives business receivables	400,426	714,825
Total derivatives business receivables	400,426	714,825
Net securities and derivatives business receivables	6,380,072,003	6,760,893,909

## 8.1 Classification of securities and derivatives receivables

As at 30 June 2020 and 31 December 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)

	30 June 2020		
	Securities and derivatives business receivables and accrued interest	Exposure at Default	Allowance for expected credit losses
<u>Securities business receivables</u>			
Performing loans	6,290,889	6,290,889	-
Under-performing loans	5,106	5,106	-
Credit impaired loans	90,505	90,505	(6,828)
Total securities business receivables	6,386,500	6,386,500	(6,828)
<u>Derivatives business receivables</u>			
Performing loans	400	400	-
Total derivatives business receivables	400	400	-
Total securities and derivatives business receivables	6,386,900	6,386,900	(6,828)

(Unit: Thousand Baht)

	31 December 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 the client, while the 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 to for additional loss is remote. Currently, the case is pending the court meeting to settle the issues of the case and management for the trial. 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 period ended 30 June 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 has exercised the right to force sell part of shares placed as collateral of a 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 has 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 30 June 2020, guaranteed deposit receivables of approximately Baht 937 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 857 million (31 December 2019: Baht 397 million and Baht 360 million, respectively).



## 9. Derivative assets/liabilities

### 9.1 Derivative assets and liabilities

(Unit: Baht)

	30 June 2020			
	Assets		Liabilities	
	Fair value	Notional amount	Fair value	Notional amount
<b>Trading derivatives</b>				
Futures <sup>(1)</sup>	-	43,412,300	-	10,005,000
Total	-	43,412,300	-	10,005,000

<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 period included in "Receivables from Clearing House and broker-dealers". As at 30 June 2020, the fair value of derivative assets and liabilities for futures contracts are Baht 2.4 million and Baht 0.2 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	30 June 2020		31 December 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)	
	30 June 2020	31 December 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	35,602,500	82,734,000
Total	35,602,500	82,734,000
<b>Investments designated at fair value through other comprehensive income</b>		
Non-marketable equity instruments in domestic market	4,971,868	-
Total	4,971,868	-
<b><u>Amortised cost</u></b>		
<b>Investments measured at amortised cost</b>		
Deposits subject to restriction	1,171,123	-
Treasury bill	4,076,270,941	-
Less: Investments for customer's accounts	(4,068,983,467)	-
Total	8,458,597	-
<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	49,032,965	182,252,454

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

(Unit: Baht)

30 June 2020				
	Due within			Total
	Within 1 year	1 - 5 years	Over 5 years	
Deposits subject to restriction	1,171,123	-	-	1,171,123
Treasury bill	4,076,270,941	-	-	4,076,270,941
Less: Investments for customer's accounts	(4,068,983,467)	-	-	(4,068,983,467)
Total	8,458,597	-	-	8,458,597

(Unit: Baht)

31 December 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)

30 June 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	-	-
Theptanyapa Co., Ltd.	Intend to hold for long-term	3,070	-	-	-
Tawana Hotel Co., Ltd.	Intend to hold for long-term	902	-	-	-
TSFC Securities Public Company Limited	Intend to hold for long-term	-	16	-	-
ASCO Business Promotion Co., Ltd.	Intend to hold for long-term	-	-	-	-
Total		4,972	297	-	



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

(Unit: Thousand Baht)

	Allowance for expected credit losses
	30 June 2020
Cash and cash equivalents	352
Securities and derivatives business receivables	6,828
Total	7,180

As at 30 June 2020 and 31 December 2019, allowance for expected credit losses / allowance for doubtful accounts of securities and derivatives business receivables are as follows:

(Unit: Thousand Baht)

	30 June 2020				
	Allowance for expected credit losses				
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Allowance for doubtful accounts	Total
Beginning balance	-	-	-	113,079	113,079
Changes from adoption of new financial reporting standards	-	-	113,079	(113,079)	-
	-	-	113,079	-	113,079
Changes due to revision of allowance for credit losses	-	-	(106,251)	-	(106,251)
Ending balance	-	-	6,828	-	6,828

(Unit: Thousand Baht)

	For the year ended 31 December 2019
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 six-month period ended 30 June 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	-	3,403,101	-	-	254,435	3,297,536
Transfer in / out	-	-	254,435	-	(254,435)	-
30 June 2020	22,704,701	345,782,224	168,313,916	24,448,946	-	561,249,787
<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 period	-	13,334,757	4,619,147	1,466,834	-	19,420,738
30 June 2020	18,441,571	312,915,568	157,477,247	12,174,639	-	501,009,025
<b>Net book value</b>						
30 June 2020	4,263,130	32,866,656	10,836,669	12,274,307	-	60,240,762
Depreciation for the six-month periods ended 30 June						
2019						23,594,712
2020						19,420,738

(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

As at 30 June 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 397 million (31 December 2019: Baht 387 million).

### 13. Right-of-use assets

Movement of right-of-use assets for the six-month period ended 30 June 2020 are summarised below:

	(Unit: Baht)			
	Buildings	Office equipment	Motor Vehicles	Total
<b>Cost</b>				
1 January 2020 - changes from adoption of new financial reporting standards	173,652,744	5,646,941	8,956,303	188,255,988
Disposals	(803,801)	(344,943)	-	(1,148,744)
30 June 2020	172,848,943	5,301,998	8,956,303	187,107,244
<b>Accumulated depreciation</b>				
1 January 2020	-	-	-	-
Depreciation for the period	20,344,495	1,896,481	5,459,705	27,700,681
Depreciation - write-off	(258,603)	(344,943)	-	(603,546)
30 June 2020	20,085,892	1,551,538	5,459,705	27,097,135
<b>Net book value</b>				
30 June 2020	152,763,051	3,750,460	3,496,598	160,010,109

### 14. Lease liabilities

Movement of lease liabilities for the six-month period ended 30 June 2020 are summarised below:

	(Unit: Baht)
	30 June 2020
Lease Liabilities	165,598,829
Less: Deferred interest expenses	(6,701,352)
Total	158,897,477



The Company has entered into the lease agreements for rental of buildings, office equipment and motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 1 and 4 years.

Expenses related leases which was recognised in profit or loss for the six-month period ended 30 June 2020.

	(Unit: Thousand Baht)
	30 June 2020
Depreciation of right-of-use assets	27,701
Interest expense on lease liabilities	1,835
Total	29,536

The maturity analysis of undiscounted lease payments as of 30 June 2020 is presented below.

	(Unit: Million Baht)
	30 June 2020
Within 1 year	46
1 - 5 years	118
More than 5 years	2
Total	166

The Company has total cash outflows for leases for the six-month periods ended 30 June 2020 of Baht 27.5 million.

## 15. Intangible assets

(Unit: Baht)

For the six-month period ended 30 June 2020						
	Remaining amortisation period	Balance beginning of the period	Increase/ transfer in	Amortised	Disposals/ transfer out	Balance end of the period
Computer software	0 - 4.95 years	39,927,655	160,059	-	-	40,087,714
Software in progress		17,929,410	1,290,907	-	-	19,220,317
Total intangible assets		57,857,065	1,450,966	-	-	59,308,031
Less: Accumulated amortisation		(25,171,459)	-	(2,622,724)	-	(27,794,183)
Net intangible assets		32,685,606	1,450,966	(2,622,724)	-	31,513,848

Amortisation expenses for the six-month periods ended 30 June

2019	2,596,016
2020	2,622,724

(Unit: Baht)

For the year ended 31 December 2019						
	Remaining amortisation period	Balance beginning of the year	Increase/ transfer in	Amortised	Disposals/ transfer out	Balance end of the year
Computer software	0 - 4.92 years	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

# 16. Deferred tax assets/liabilities and income tax

Income tax expenses for the six-month periods ended 30 June 2020 and 2019 are made up as follows:

	(Unit: Baht)	
	2020	2019
<b>Current income tax:</b>		
Interim corporate income tax	37,675,120	-
Adjustment in respect of income tax of prior period	-	(18)
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	22,021,375	6,534,974
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>59,696,495</b>	<b>6,534,956</b>

The amounts of income tax relating to each component of other comprehensive income for the six-month periods ended 30 June 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	(133,536)	-
	<b>(133,536)</b>	<b>-</b>



Reconciliation between income tax expenses and the product of accounting profit and the applicable tax rates for six-month periods ended 30 June 2020 and 2019 are as follows:

	(Unit: Baht)	
	2020	2019
Accounting profit before tax	306,840,108	40,700,999
Tax rate	20 percent	20 percent
Accounting profit before tax multiplied by tax rate	61,368,022	8,140,200
Adjustment in respect of income tax of prior period	-	(18)
Effects of:		
Non-deductible expense	274,779	323,883
Non-taxable income	(229,222)	(178,163)
Additional expense deductions allowed	(1,717,084)	(1,750,946)
Total	(1,671,527)	(1,605,226)
Income tax expenses reported in the statement of comprehensive income	59,696,495	6,534,956

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

	(Unit: Baht)	
	30 June 2020	31 December 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	1,380,554	22,630,730
Provisions for long-term employee benefits	28,589,571	29,015,780
Accrued employee expenses	16,995,143	19,473,927
Others	10,958,950	9,235,077
Total deferred tax assets	63,494,458	85,925,754
<b>Deferred tax liabilities</b>		
Others	(14,800)	(694,992)
Total deferred tax liabilities	(14,800)	(694,992)
Net deferred tax assets	63,479,658	85,230,762

## 17. Other assets

	(Unit: Baht)	
	30 June 2020	31 December 2019
Loans to employees	49,053,978	56,292,388
Contribution for Securities Clearing Fund	97,984,914	92,426,210
Prepaid expenses	36,635,363	35,678,755
Deposits	18,614,078	18,614,078
Property foreclosed (net of allowance for impairment of Baht 28 million)	15,000,000	15,000,000
Accrued interest receivables	1,163,767	1,318,131
Deposit for derivative business	5,000,000	5,000,000
Fees and service income receivables	43,733,808	42,769,787
Others	9,425,418	6,662,261
<b>Total other assets</b>	<b>276,611,326</b>	<b>273,761,610</b>

## 18. Borrowings from financial institutions

As at 30 June 2020 and 31 December 2019, borrowings from financial institutions comprising only domestic borrowings and are classified as follows:

(Unit: Thousand Baht)

30 June 2020					
Interest rate per annum (percent)	Remaining period to maturity			Total	
	At call	Less than 1 year	1 - 5 years		
Borrowings					
Borrowings (THB)	1.844	-	100,000	-	100,000
Total borrowings from financial institutions		-	100,000	-	100,000

(Unit: Thousand Baht)

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

Movement of the borrowings from financial institutions are borrowings from bank during the six-month period ended 30 June 2020 and for the year ended 31 December 2019 are summarised below:

	(Unit: Thousand Baht)	
	For the six-month	For the year ended
	period ended 30 June 2020	31 December 2019
Balance - beginning of the period/year	100,000	300,000
Less: Repayment	-	(200,000)
Balance - end of the period/year	100,000	100,000

As at 30 June 2020, the above borrowings of Baht 100 million (31 December 2019: Baht 100 million) are borrowings from domestic bank with maturities of 3 years counting from contract date. The interest is carried at fixed rates per annum, payable as specified in the loan agreements. The loan agreements contain conditions whereby the Company is obliged to pay unwinding fees arising as a result of the Company terminating the agreements or prepaying the borrowings before the maturity date, which is calculated based on the conditions as specified in the loan agreements.

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

	(Unit: Baht)	
	30 June 2020	31 December 2019
Payables to Clearing House		
Equity and debt securities	-	280,901,949
Derivatives	441,195	751,215
Payables from foreign companies	-	346,255
Total payables to Clearing House and broker-dealers	441,195	281,999,419



## 20. Securities and derivatives business payables

	(Unit: Baht)	
	30 June 2020	31 December 2019
<u>Securities business payables</u>		
Cash accounts	1,392,453,340	530,496,156
Guarantee deposit payables	822,063,455	258,568,507
Payable under securities borrowing and lending business	856,659,757	360,135,687
Total securities business payables	3,071,176,552	1,149,200,350
Accrued interest payables	2,604,287	2,769,031
Total securities business payables	3,073,780,839	1,151,969,381
<u>Derivatives business payables</u>		
Derivatives business payables	36,280	45,300
Total derivatives business payables	36,280	45,300
Net securities and derivatives business payables	3,073,817,119	1,152,014,681

## 21. Provisions

	(Unit: Thousand Baht)			
	Provisions for long-term employee benefits	Decommissioning 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
	145,079	16,139	490	161,708
Increase (decrease) during the period	(2,131)	-	137	(1,994)
Balance as at 30 June 2020	142,948	16,139	627	159,714

## 22. Provisions for long-term employee benefits

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

	(Unit: Baht)	
	For the six-month period ended 30 June 2020	For the year ended 31 December 2019
<b>Provisions for long-term employee benefits at beginning of period / year</b>	145,078,901	97,412,287
Included in profit or loss:		
Current service cost	4,013,216	6,465,306
Past service cost	-	33,088,969
Interest cost	1,589,074	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 period/year	(7,733,333)	(7,052,180)
<b>Provisions for long-term employee benefits at end of period / year</b>	<b>142,947,858</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 5.28 million.

As at 30 June 2020, the weighted average duration of the liabilities for long-term employee benefit was 12.63 years.

Significant actuarial assumptions are summarised below:

	30 June 2020	31 December 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 30 June 2020 and 31 December 2019 are summarised below:

(Unit: Million Baht)

	30 June 2020		31 December 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	6.1	(5.8)	5.9	(5.5)

(Unit: Million Baht)

	30 June 2020		31 December 2019	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Average turnover rate	(4.7)	5.0	(4.4)	4.7

## 23. Other liabilities

(Unit: Baht)

	30 June 2020	31 December 2019
Accrued employee expenses	86,425,337	105,657,391
Accrued interest expenses	328,384	3,849,017
Accrued expenses	57,333,088	45,781,773
Others	118,440,799	112,853,235
Total other liabilities	262,527,608	268,141,416



#### 24. Statutory reserve

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

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

#### 25. 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.

#### 26. Brokerage fee income

	(Unit: Baht)	
	For the six-month periods ended 30 June	
	2020	2019
Brokerage fee from securities business	357,442,081	230,298,600
Brokerage fee from derivatives business	38,415,686	28,333,448
Other brokerage fee	1,796,953	-
Total brokerage fee income	397,654,720	258,632,048

#### 27. Fees and service income

	(Unit: Baht)	
	For the six-month periods ended 30 June	
	2020	2019
Underwriting fee	8,351,400	18,939,625
Financial advisory	7,400,000	6,471,019
Selling agent	127,599,904	88,389,476
Securities borrowing and lending	11,771,609	33,637,404
Business support	63,414,235	33,535,724
Others	443,062	759,773
Total fees and service income	218,980,210	181,733,021

## 28. Interest income

	(Unit: Baht)	
	For the six-month periods ended 30 June	
	2020	2019
Interest on margin loans	105,042,386	141,190,040
Interest from deposits in financial institutions	5,339,440	6,914,454
Others	45,072,546	22,871,923
Total interest income	155,454,372	170,976,417

## 29. Gain and return on financial instruments

	(Unit: Baht)	
	For the six-month periods ended 30 June	
	2020	2019
Gain on securities	5,780,539	22,831,686
Gain (loss) on derivatives	104,630	(16,819,475)
Dividend	1,478,440	3,955,208
Total gain and return on financial instruments	7,363,609	9,967,419

## 30. 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 six-month period ended 30 June 2020, the Company contributed Baht 13.6 million to the fund (2019: Baht 13.9 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".

## 31. Earnings per share

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

### 32. Dividends

During the periods, 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)

### 33. Related party transactions

During the periods, 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 six-month periods ended 30 June		Pricing policies (for the period 2020)
	2020	2019	
<b><u>Transactions occurred during the periods</u></b>			
Brokerage fees income			
- Common major shareholder	8,571,365	22,394,935	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	7,080,000	7,605,169	At actual costs plus a margin of 10 percent
Fees income from international investment banking services			
- Common major shareholder	16,750,001	13,074,459	At actual costs plus a margin of 10 percent
Fees income from introducing broker			
- Common major shareholder	333,969	646,777	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	410,394	367,200	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	26,395,123	4,786,626	At the contract rate determined by extend and amount of work assigned
Fee income from sales and trading services and research			
- Common major shareholder	13,189,111	8,069,471	At actual costs plus a margin of 10 percent net with the brokerage commission received
Fee income from late delivery			
- Common major shareholder	98,795	181,481	At normal rate charged to other clients
Fees expense from other services			
- Common major shareholder	-	2,658,617	At the contract rate determined by extend and amount of work assigned



(Unit: Baht)

	For the six-month		
	periods ended 30 June		Pricing policies
	2020	2019	(for the period 2020)
<u>Transactions occurred during the periods</u>			
(continued)			
Fee expenses from Hi-speed circuit service			
- Common director	717,665	1,190,767	At the same rate charged to other clients without dependent interest
Brokerage fees expense from foreign securities trading			
- Common major shareholder	16,007	15,514	Calculated based on trade volume and at the referential rate charged to other clients without dependent interest

As at 30 June 2020 and 31 December 2019, the outstanding balances of the related party transactions are as follows:

	(Unit: Baht)	
	30 June 2020	31 December 2019
Securities business receivables		
- Common major shareholder	99,332,360	257,583,698
Other assets - accrued income receivables		
- Common major shareholder	16,967,720	23,792,192
Other assets - Securities borrowing and Lending receivables		
- Common major shareholder	310,908	31,630
Other assets - others		
- Common major shareholder	2,376	471,543
Securities business payables		
- Common major shareholder	283,494,212	19,457,538
Other liabilities		
- Common director	-	184,064

## Management's remuneration

During the six-month periods ended 30 June 2020 and 2019, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Baht)	
	For the six-month periods ended 30 June	
	2020	2019
Short-term employee benefits	53,065,040	43,880,408
Post-employment benefits	2,772,343	3,018,528
Total	55,837,383	46,898,936

### 34. 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 revenue and profit and total assets regarding the Company operating segments information as at 30 June 2020 and 31 December 2019, and for the six-month periods ended 30 June 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	550	392	50	28	10	14	11	9	621	443
Segment operating income	174	29	21	1	1	2	5	3	201	35
Unallocated income and expenses										
Interest income									155	171
Gain and return on financial instruments									3	9
Other income									3	4
Financial costs									(19)	(26)
Personnel expenses and other expenses									(142)	(152)
Reversal expected credit losses									106	-
Income tax									(60)	(7)
Profit for the period									247	34

(Unit: Million Baht)

	As at									
	Securities business segment		Investments banking segment		Fixed income segment		Other segments		Total	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019	30 June 2020	31 December 2019
Premises and equipment - net									60	76
Unallocated assets									9,129	7,897
Total assets									9,189	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 six-month periods ended 30 June 2020 and 2019, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

## 35. Commitments and contingent liabilities

As at 30 June 2020 and 31 December 2019, the Company has the following outstanding commitments and contingent liabilities.

- 35.1** 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.

- 35.2** 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.
- 35.3** 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.
- 35.4** 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.
- 35.5** As at 30 June 2020, the Company had capital commitments of approximately Baht 12 million, relating to the purchases of office equipment and software. (31 December 2020 :Baht 12 million)

**36. Risk management policy**

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

**Credit risk**

The Company is exposed to credit risk primarily with respect to securities and derivatives business receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivable from Clearing House, securities and derivatives business receivables and loans to employees as stated in the statements of financial position.



## Interest rate risk

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

As at 30 June 2020 and 31 December 2019, significant financial assets and financial liabilities classified by type of interest rates are summarised in the table below.

(Unit: Million Baht)

30 June 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 interest rate	Fixed interest rate
						% p.a.	% p.a.
<b>Financial assets</b>							
Cash and cash equivalents	1,145	-	-	209	1,354	0.05 - 0.50	-
Receivable from Clearing House and broker-dealers	-	-	-	814	814	-	-
Securities and derivatives business receivables	3,933	840	-	1,599	6,372	4.31 - 7.56	3.50
Investments	-	8	-	41	49	-	0.13 - 1.13
Loans to employees	49	-	-	-	49	0.50	-
<b>Financial liabilities</b>							
Borrowings from financial institutions	-	100	-	-	100	-	1.84
Payables to Clearing House and broker-dealers	-	-	-	1	1	-	-
Securities and derivatives business payables	-	857	-	2,214	3,071	-	2.50

(Unit: Million Baht)

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

### Liquidity risk

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

Counting from the reporting date, as at 30 June 2020 and 31 December 2019, the periods to the maturity dates of financial instruments are as follows.

(Unit: Million Baht)

30 June 2020						
Outstanding balances of financial instruments						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b><u>Financial assets</u></b>						
Cash and cash equivalents	1,354	-	-	-	-	1,354
Receivable from Clearing House and broker-dealers	-	814	-	-	-	814
Securities and derivatives business receivables	1,777	587	-	-	4,017	6,381
Investments	36	8	-	-	5	49
Loans to employees	-	1	9	39	-	49
<b><u>Financial liabilities</u></b>						
Borrowings from financial institutions	-	100	-	-	-	100
Payables to Clearing House and broker-dealers	-	1	-	-	-	1
Securities and derivatives business payables	1,679	1,395	-	-	-	3,074

(Unit: Million Baht)

31 December 2019						
Outstanding balances of financial instruments						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<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

## Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues or the values of financial assets and liabilities.

The significant balances of financial assets and liabilities denominated in foreign currencies as at 30 June 2020 and 31 December 2019 are summarised below:

Foreign currency	Financial assets *		Financial liabilities		(Unit: Thousand unit) Average exchange rates	
	30 June	31 December	30 June	31 December	30 June	31 December
	2020	2019	2020	2019	2020	2019
					(Baht per 1 foreign currency unit)	
Japanese yen	1,277	158	950	-	0.2868	0.2759
Hong Kong dollar	496	956	113	638	3.9876	3.8732
Singapore dollar	25	11	-	-	22.1669	22.3245
United States dollar	2,466	99	2,315	17	30.8905	30.1540
Australia dollar	1	1	-	-	21.2188	21.0492
United Kingdom pound	45	3	40	-	38.0027	39.5217
Euro Zone	2	1	-	-	34.7015	30.9530
Canada dollar	454	1	451	-	22.5900	23.0483
Laos kip	924,737	924,686	-	-	0.0034	0.0034
Peso Philippines	1,114	1,743	1,113	1,740	0.6210	0.5946

## Equity position risk

The Company is exposed to equity position risk, due to the Company has investment in listed securities which will result in fluctuations in revenue or the value of financial assets.



### 37. Fair value measurement of financial instruments

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.

#### 37.1 Fair value of financial instruments

As of 30 June 2020 and 31 December 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)					
30 June 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	839,859	839,859	-	-	839,859
Investments					
Marketable equity instruments in domestic market	35,603	35,603	-	-	35,603
Non-marketable equity instruments					
in domestic market	4,972	-	-	4,972	4,972
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	856,660	856,660	-	-	856,660
Derivatives liabilities <sup>(1)</sup>	-	-	-	-	-

<sup>(1)</sup> Fair value of derivatives assets/liabilities - futures as at 30 June 2020 amounting to Baht 2.4 million and Baht 0.2 million, respectively, included in "Receivables from Clearing House and brokers", were measured at fair value by using Level 1 of input.

(Unit: Thousand Baht)

	31 December 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 period, there were no transfers within the fair value hierarchy.

### 38. Reclassifications

The Company has reclassified certain accounts to comply with the Notification of SEC 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 six-month period ended	
	30 June 2019	
	As reclassified	As previously reported
Interest on margin loans	-	141,190
Interest income	170,976	-
Gains and return on financial instruments	9,967	38,721
Other income	3,751	4,783

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

### 39. Approval of financial statements

These financial statements were authorised for issue by the Company's board of directors on 28 August 2020.