

Capital Nomura Securities Public Company Limited  
Report and financial statements  
30 June 2021

## Independent Auditor's Report

To the Shareholders of Capital Nomura Securities Public Company Limited

### 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 2021, and the related statements of comprehensive income, changes in 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 2021, its financial performance and cash flows for the six-month period 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.

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

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

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

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

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

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

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

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

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

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

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



Ratana Jala  
Certified Public Accountant (Thailand) No. 3734

EY Office Limited  
Bangkok: 17 August 2021



**Capital Nomura Securities Public Company Limited****Statement of financial position****As at 30 June 2021**

		(Unit: Baht)	
	Note	30 June 2021	31 December 2020
<b>Assets</b>			
Cash and cash equivalents	6	360,693,212	592,023,846
Receivables from Clearing House and broker-dealers	7	405,687,156	43,114,211
Securities and derivatives business receivables	8	11,545,582,875	7,019,242,940
Non-collateralised investments	10	170,168,306	90,091,595
Premises and equipment	12	50,928,620	64,016,550
Right-of-use assets	13.1	203,394,012	133,789,827
Intangible assets	14	43,907,826	47,196,464
Deferred tax assets	15	74,692,851	79,012,611
Other assets	16	311,589,140	296,323,996
<b>Total assets</b>		<b>13,166,643,998</b>	<b>8,364,812,040</b>

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

**Capital Nomura Securities Public Company Limited**

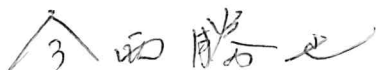
**Statement of financial position (Continued)**

**As at 30 June 2021**

(Unit: Baht)

	Note	30 June 2021	31 December 2020
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Borrowings from financial institutions	17	4,550,000,000	450,000,000
Payables to Clearing House and broker-dealers	18	124,829,357	154,312,947
Securities and derivatives business payables	19	2,437,299,100	1,680,680,852
Corporate income tax payables		51,954,229	34,911,771
Provisions	20	165,724,070	160,407,956
Lease liabilities	13.2	202,625,441	137,758,215
Other liabilities	22	218,424,413	250,449,697
<b>Total liabilities</b>		<b>7,750,856,610</b>	<b>2,868,521,438</b>
<b>Equity</b>			
Share capital - Registered, issued and paid-up			
2,150,469,000 ordinary shares of Baht 1 each		2,150,469,000	2,150,469,000
Premium on share capital and treasury stock		2,133,320,850	2,133,320,850
Retained earnings			
Appropriated - statutory reserve	23	211,900,000	211,900,000
- general reserve		215,000,000	215,000,000
Unappropriated		706,029,562	786,532,776
Other components of equity - gain (loss) on equity investments at FVOCI		(932,024)	(932,024)
<b>Total equity</b>		<b>5,415,787,388</b>	<b>5,496,290,602</b>
<b>Total liabilities and equity</b>		<b>13,166,643,998</b>	<b>8,364,812,040</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 2021**

		(Unit: Baht)	
	Note	2021	2020
<b>Profit or loss:</b>			
<b>Revenue</b>			
Brokerage fee income	25	484,620,142	397,654,720
Fees and service income	26,32	337,756,519	218,980,210
Interest income	27	170,207,673	155,454,372
Gain and return on financial instruments	28	8,536,474	7,363,609
Other income		8,523,304	2,617,732
<b>Total revenue</b>		<b>1,009,644,112</b>	<b>782,070,643</b>
<b>Expenses</b>			
Personnel expenses		403,717,337	336,968,048
Fees and services expenses		136,659,143	96,139,837
Financial costs		18,718,235	19,297,114
Expected credit losses (reversal)		(332,861)	(105,955,818)
Other expenses		121,424,357	128,781,354
<b>Total expenses</b>		<b>680,186,211</b>	<b>475,230,535</b>
<b>Profit before income tax</b>		<b>329,457,901</b>	<b>306,840,108</b>
Income tax	15	(65,886,075)	(59,696,495)
<b>Profit for the period</b>		<b>263,571,826</b>	<b>247,143,613</b>

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

**Capital Nomura Securities Public Company Limited**

**Statement of comprehensive income (continued)**

**For the six-month periods ended 30 June 2021**

		(Unit: Baht)	
	Note	2021	2020
<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 FVOCI		-	(667,680)
Income tax relating to gain (loss) on change in value of investments measured at FVOCI	15	-	133,536
Gain (loss) on change in value of investments measured at FVOCI-net		-	(534,144)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(534,144)
<b>Other comprehensive income (loss) for the period</b>		-	(534,144)
<b>Total comprehensive income for the period</b>		<b>263,571,826</b>	<b>246,609,469</b>
<b>Basic earnings per share</b>			
Profit for the period	30	0.12	0.11

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 periods ended 30 June 2021**

	Retained earnings							Other components of equity - gain (loss) on equity investments at FVOCI	Total	(Unit: Baht)
	Issued and paid-up share capital	Premium on share capital and treasury stock	Appropriated		Unappropriated					
			Statutory reserve	General reserve						
Balance - as at 1 January 2020	2,150,469,000	2,133,320,850	194,200,000	215,000,000	568,089,718	-	5,261,079,568			
Cumulative effect of change in accounting policy	-	-	-	-	(546,942)	-	(546,942)			
Balance - as at 1 January 2020 - as restated	2,150,469,000	2,133,320,850	194,200,000	215,000,000	567,542,776	-	5,260,532,626			
Profit for the period	-	-	-	-	247,143,613	-	247,143,613			
Other comprehensive income (loss) for the period	-	-	-	-	-	(534,144)	(534,144)			
Total comprehensive income for the period	-	-	-	-	247,143,613	(534,144)	246,609,469			
Dividend paid (Note 31)	-	-	-	-	(120,426,264)	-	(120,426,264)			
Balance - as at 30 June 2020	2,150,469,000	2,133,320,850	194,200,000	215,000,000	694,260,125	(534,144)	5,386,715,831			
Balance - as at 1 January 2021	2,150,469,000	2,133,320,850	211,900,000	215,000,000	786,532,776	(932,024)	5,496,290,602			
Profit for the period	-	-	-	-	263,571,826	-	263,571,826			
Other comprehensive income (loss) for the period	-	-	-	-	-	-	-			
Total comprehensive income for the period	-	-	-	-	263,571,826	-	263,571,826			
Dividend paid (Note 31)	-	-	-	-	(344,075,040)	-	(344,075,040)			
Balance - as at 30 June 2021	2,150,469,000	2,133,320,850	211,900,000	215,000,000	706,029,562	(932,024)	5,415,787,388			

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 periods ended 30 June 2021**

	(Unit: Baht)	
	2021	2020
<b>Cash flows from operating activities</b>		
Profit before income tax	329,457,901	306,840,108
Adjustments to reconcile profit before income tax		
to net cash provided by (paid from) operating activities		
Depreciation and amortisation	44,520,811	50,148,470
Expected credit losses (reversal)	(332,861)	(105,955,818)
(Gain) loss on revaluation of investments	778,150	(1,650,900)
Gain on disposal, written-off equipment and right-of-used assets	(5,518,402)	(7,066)
(Gain) loss on revaluation of derivatives	(2,042,850)	5,173,360
Financial costs	18,718,235	19,297,114
Interest income	(170,207,673)	(155,454,372)
Dividend income	(2,294,870)	(1,478,440)
Long-term employee benefits	5,682,228	5,602,290
Income from operating activities before changes		
in operating assets and liabilities	218,760,669	122,514,746
Operating assets (increase) decrease		
Receivables from Clearing House and broker-dealers	(360,530,095)	(784,218,509)
Securities and derivatives business receivables	(4,512,580,031)	478,815,091
Trading securities	(79,483,300)	44,852,900
Other assets	(15,639,003)	(3,408,405)
Operating liabilities increase (decrease)		
Borrowings from financial institutions	4,100,000,000	(750,000,000)
Payables to Clearing House and broker-dealers	(29,483,590)	(281,558,224)
Securities and derivatives business payables	754,960,129	1,925,896,682
Provision for long-term employee benefits	-	(7,733,333)
Other liabilities	(35,173,862)	9,934,981
Cash received from operating activities	40,830,917	755,095,929

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 periods ended 30 June 2021**

	(Unit: Baht)	
	2021	2020
Cash received from dividend	1,944,118	1,181,800
Cash paid for interest expenses	(10,422,028)	(21,147,207)
Cash received from interest	152,305,904	148,562,700
Cash paid for income tax	(44,523,856)	(5,203,703)
<b>Net cash from operating activities</b>	<b>140,135,055</b>	<b>878,489,519</b>
<b>Cash flows from investing activities</b>		
Net cash received from investments measured at amortised cost	-	84,508,350
Cash received from sales of equipment	3,271	-
Cash paid for acquisition of equipment	(8,081,897)	(1,387,046)
Cash paid for acquisition of intangible assets	(408,548)	(2,389,611)
Cash received from interest	4,235,062	16,215,688
Cash received from dividend	350,753	296,640
<b>Net cash from (use in) investing activities</b>	<b>(3,901,359)</b>	<b>97,244,021</b>
<b>Cash flows from financing activities</b>		
Cash paid for lease liability	(23,638,092)	(27,502,582)
Dividends paid	(344,075,040)	(120,426,264)
<b>Net cash used in financing activities</b>	<b>(367,713,132)</b>	<b>(147,928,846)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(231,479,436)</b>	<b>827,804,694</b>
<b>Expected credit losses decrease (increase)</b>	<b>148,802</b>	<b>(351,822)</b>
Cash and cash equivalents at the beginning of the period	592,023,846	526,308,087
<b>Cash and cash equivalents at the end of the period</b>	<b>360,693,212</b>	<b>1,353,760,959</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 2021**

### **1. General information**

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

The registered office of the Company is at 25 Bangkok Insurance Building, 15th - 17th Floor, South Sathorn Road, Thungmahamak, Sathorn, Bangkok. As at 30 June 2021, the Company has 9 branches (a headquarter and 8 branches in Bangkok and up country).

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

These financial statements for the six-month period ended 30 June 2021 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 reporting standards and interpretations which are effective for fiscal year beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standard does not have any significant impact on the Company's financial statements.

#### **3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company believes that amendments of these standards will not have any significant impact on the Company's financial statements.

### **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

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

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

d) Gain and return on financial instruments

*Gain (loss) on trading in securities and derivatives*

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

*Dividend income*

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

## **4.2 Expense recognition**

a) Expenses

Expenses are recognised on an accrual basis.

b) Interest expense

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

## **4.3 Cash and cash equivalents**

Cash and cash equivalents include cash on hand, all bank deposit accounts maturing within 3 months or less from the date of acquisition, and including call notes receivable and term notes receivable issued by financial institutions with an ordinary maturing within 3 months or less and not subject to withdrawal restrictions.

## **4.4 Recognition and derecognition of customers' assets**

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

#### **4.5 Receivables from/payables to Clearing House and broker-dealers**

Receivables from/payables to Clearing House and broker-dealers comprise the net balance receivables from/payables to Thailand Clearing House in respect of securities trades settled and derivative trading, and also include amounts pledged with Thailand Clearing House as security for derivatives trading and the net balance of receivables from/payables to overseas securities companies in respect of overseas securities trades settle through those companies.

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

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

#### **4.7 Borrowing and lending of securities**

The Company is engaged in securities borrowing and lending, whereby the Company acts as a principal or an agent of the borrowers and lenders of securities who are the Company's customers. The Company records its obligations to return borrowed securities which it has lent as "Securities borrowing payables" and securities lent to customers are recorded as "Securities borrowing receivables" in the statement of financial position base on the close price quoted on the Stock Exchange of Thailand of the last working day of the 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

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

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

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

#### Financial asset - equity instruments

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

#### Financial liabilities

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

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

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

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

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

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

#### **Write-off**

Debts that are determined to be irrecoverable are written off in the 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 the fair value of future. 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**

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

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

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

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

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

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

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

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

Increase (decrease) in an allowance for expected credit losses is recognised as expenses during the period in profit or loss. In the case that the Company receives payment from their written-off receivables, the Company reduces expected credit losses in profit or loss.



#### 4.11 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.

#### 4.12 Leases

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

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

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

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



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

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

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

### ***Lease liabilities***

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

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

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

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

#### **4.13 Intangible assets and amortisation**

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

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

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

#### **4.14 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.

#### **4.15 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.

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

At each end of reporting period, the Company performs impairment reviews in respect of the equipment, intangible assets or right-of-use assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

#### **4.17 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.

#### **4.18 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.

#### **4.19 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.

#### **4.20 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.

#### **4.21 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.

#### **4.22 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.

#### **4.23 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.

#### **4.24 Fair value measurement**

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

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

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

### **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures, and actual results could differ from these estimation. The significant judgements and accounting estimates are as follows:

#### **5.1 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.

## **5.2 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.

## **5.3 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.

## **5.4 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.

## **5.5 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.

## **5.6 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.

## **5.7 Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, and mortality rate.

## **5.8 Leases**

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

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

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

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

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

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

## **5.10 Litigation**

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

## 6. Cash and cash equivalents

	(Unit: Baht)	
	30 June 2021	31 December 2020
Cash	50,000	53,000
Current deposits and saving deposits	1,020,947,311	1,743,299,865
Promissory notes at call	331,000,000	262,000,000
Total cash and cash equivalents	1,351,997,311	2,005,352,865
Less: Deposits for customers' account	(991,234,928)	(1,413,111,046)
	360,762,383	592,241,819
Less: Allowance for expected credit losses	(69,171)	(217,973)
Net cash and cash equivalents	360,693,212	592,023,846

	(Unit: Baht)	
	For the six-month periods ended 30 June	
	2021	2020
<u>Supplemental cash flows information</u>		
Non-cash transactions		
Accounts payable for purchase of fixed assets		
and intangible assets	7,501,951	9,111,290

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

	(Unit: Baht)	
	30 June 2021	31 December 2020
Receivables from Clearing House		
Equity and debt securities	364,057,905	1,102,288
Derivatives	64,267,526	76,713,685
Receivables from foreign broker-dealers	18,124,638	11,422,264
Total receivables from Clearing House and broker-dealers	446,450,069	89,238,237
Less: Receivables from Clearing House for customers' accounts	(40,762,913)	(46,124,026)
Net receivables from Clearing House and broker-dealers	405,687,156	43,114,211



## 8. Securities and derivatives business receivables

	(Unit: Baht)	
	30 June 2021	31 December 2020
<u>Securities business receivables</u>		
Cash accounts	816,273,952	1,003,817,167
Credit balances receivables	9,411,982,047	4,948,890,268
Guaranteed deposit receivables	680,490,647	555,566,482
Receivables under securities borrowing and lending business	601,029,772	490,559,121
Other receivables	6,055,791	6,100,024
Total securities business receivables	11,515,832,209	7,004,933,062
Add: Accrued interest receivables	32,959,493	19,210,734
Less: Allowance for expected credit losses	(6,055,791)	(6,066,936)
Net securities business receivables	11,542,735,911	7,018,076,860
<u>Derivatives business receivables</u>		
Derivatives business receivables	2,846,964	1,166,080
Total derivatives business receivables	2,846,964	1,166,080
Net securities and derivatives business receivables	11,545,582,875	7,019,242,940

### 8.1 Classification of securities and derivatives receivables

As at 30 June 2021 and 31 December 2020, classification are as follows:

	(Unit: Thousand Baht)		
	30 June 2021		
	Securities and derivatives business receivables and accrued interest	Exposure at Default	Allowance for expected credit losses
<u>Securities business receivables</u>			
Performing loans	11,542,736	11,542,736	-
Credit impaired loans	6,056	6,056	(6,056)
Total securities business receivables	11,548,792	11,548,792	(6,056)
<u>Derivatives business receivables</u>			
Performing loans	2,847	2,847	-
Total derivatives business receivables	2,847	2,847	-
Total securities and derivatives business receivables	11,551,639	11,551,639	(6,056)

(Unit: Thousand Baht)

31 December 2020

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

- 8.2** With reference to the case that the Company has filed a civil lawsuit to claim for the whole receivable amount from a client, while this client answered and counter-claimed that the Company was not entitled to file the claim and asked for compensation, where the management, by the Company's external legal counsel's opinion, considered that the counter-claim is defensible and the possibility for additional loss is remote. During the year ended 31 December 2020, the Company completely received the debt settlement and filed the petition to the court for case withdrawal. On 8 October 2020, the Court has considered the Company's petition for case withdrawal together with the client's objection and granted the Company permission to withdraw the case and disposed of the Company's case from the case-list. However, after the Company has withdrawn the case, the counterclaim filed by the client still remain and shall be considered by the court. Currently, the case is pending for witness examination.
- 8.3** As at 30 June 2021, guaranteed deposit receivables of approximately Baht 680 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 634 million (31 December 2020: Baht 556 million and Baht 491 million, respectively).

## 9. Derivative assets/ Derivative liabilities

### 9.1 Derivative assets and liabilities

(Unit: Baht)

	30 June 2021			
	Assets		Liabilities	
	Fair value	Notional amount	Fair value	Notional amount
<b>Type of risk</b>				
Equity price				
- Futures <sup>(1)</sup>	-	181,401,350	-	21,210,000
<b>Total</b>	-	181,401,350	-	21,210,000

<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 2021, the fair value of derivative assets and liabilities for futures contracts are Baht 5.2 million and Baht 0.8 million, respectively.

(Unit: Baht)

	31 December 2020			
	Assets		Liabilities	
	Fair value	Notional amount	Fair value	Notional amount
<b>Type of risk</b>				
Equity price				
- Futures <sup>(1)</sup>	-	64,626,200	-	24,975,500
<b>Total</b>	-	64,626,200	-	24,975,500

<sup>(1)</sup> Futures contracts are cash settlement. Real exposure is difference between cost of futures contracts and underlying assets level, fair value of outstanding futures contracts as at the end of year included in "Receivables from Clearing House and broker-dealers". As at 31 December 2020, the fair value of derivative assets and liabilities for futures contracts are Baht 2.9 million and Baht 0.6 million, respectively.

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

Type of parties	30 June 2021		31 December 2020	
	Proportion based on contract amount		Proportion based on contract amount	
	Assets	Liabilities	Assets	Liabilities
	(percent)	(percent)	(percent)	(percent)
Clearing House	100	100	100	100
<b>Total</b>	100	100	100	100

## 10. Non-collateralised investments

### 10.1 Cost and fair value

	(Unit: Baht)	
	30 June 2021	31 December 2020
	Fair value / Amortised cost	Fair value / Amortised cost
<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	167,690,500	87,578,350
Total	167,690,500	87,578,350
<b>Investments designated at fair value through other comprehensive income</b>		
Non-marketable equity instruments in domestic market	1,404,650	1,404,650
Total	1,404,650	1,404,650
<b><u>Amortised cost</u></b>		
<b>Investments measured at amortised cost</b>		
Treasury bill	3,246,442,747	2,112,369,319
Less: Investments for customer's accounts	(3,245,369,591)	(2,111,260,724)
Total	1,073,156	1,108,595
Investments	170,168,306	90,091,595

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

	(Unit: Baht)			
	30 June 2021			
	Due within			
	Within 1 year	1 - 5 years	Over 5 years	Total
Treasury bill	3,246,442,747	-	-	3,246,442,747
Less: Investments for customer's accounts	(3,245,369,591)	-	-	(3,245,369,591)
Total	1,073,156	-	-	1,073,156
	(Unit: Baht)			
	31 December 2020			
	Due within			
	Within 1 year	1 - 5 years	Over 5 years	Total
Treasury bill	2,112,369,319	-	-	2,112,369,319
Less: Investments for customer's accounts	(2,111,260,724)	-	-	(2,111,260,724)
Total	1,108,595	-	-	1,108,595

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

(Unit: Thousand Baht)

30 June 2021					
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	340	-	-
Tawana Hotel Co., Ltd.	Intend to hold for long-term	405	-	-	-
TSFC Securities Public Company Limited	Intend to hold for long-term	-	11	-	-
ASCO Business Promotion Co., Ltd.	Intend to hold for long-term	-	-	-	-
Total		1,405	351	-	

(Unit: Thousand Baht)

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

## 11. Allowance for expected credit losses

	(Unit: Thousand Baht)	
	30 June 2021	31 December 2020
Cash and cash equivalents	69	218
Securities and derivatives business receivables	6,056	6,067
Total	6,125	6,285

As at 30 June 2021 and 31 December 2020, allowance for expected credit losses of securities and derivatives business receivables are as follows:

	(Unit: Thousand Baht)			
	30 June 2021			
	Allowance for expected credit losses			
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Total
Balance - beginning of the period	-	-	6,067	6,067
Recoveries	-	-	(11)	(11)
Balance - end of the period	-	-	6,056	6,056

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

## 12. Premises and equipment

(Unit: Baht)

For the six-month period ended 30 June 2021						
	Condominium units	Office equipment	Furniture and fixtures	Motor vehicles	Work in progress	Total
<b>Cost</b>						
1 January 2021	22,704,701	328,937,370	154,867,873	24,448,946	-	530,958,890
Additions	-	4,757,992	35,351	-	-	4,793,343
Disposals/write-off	-	(816,949)	(3,778,036)	-	-	(4,594,985)
30 June 2021	22,704,701	332,878,413	151,125,188	24,448,946	-	531,157,248
<b>Accumulated depreciation</b>						
1 January 2021	18,441,571	288,119,229	146,794,082	13,587,458	-	466,942,340
Depreciation for the period	-	13,012,574	3,549,581	239,713	-	16,801,868
Depreciation on disposals /write-off	-	(816,870)	(2,698,710)	-	-	(3,515,580)
30 June 2021	18,441,571	300,314,933	147,644,953	13,827,171	-	480,228,628
<b>Net book value</b>						
30 June 2021	4,263,130	32,563,480	3,480,235	10,621,775	-	50,928,620
Depreciation for the six-month periods ended 30 June						
2021						16,801,868
2020						19,420,738

(Unit: Baht)

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

As at 30 June 2021, 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 404 million (31 December 2020: Baht 394 million).

### 13. Lease

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

#### 13.1 Right-of-use assets

(Unit: Baht)

	For the six-month period ended 30 June 2021			
	Buildings	Office equipment	Motor Vehicles	Total
1 January 2021	162,362,470	5,301,998	9,711,795	177,376,263
Additions	175,040,989	255,490	558,018	175,854,497
Disposals	(127,116,379)	(704,993)	(1,232,013)	(129,053,385)
30 June 2021	210,287,080	4,852,495	9,037,800	224,177,375
<b>Accumulated depreciation</b>				
1 January 2021	37,187,269	3,103,075	3,296,092	43,586,436
Depreciation for the period	17,850,197	1,251,184	4,575,979	23,677,360
Depreciation on write-off	(44,543,427)	(704,993)	(1,232,013)	(46,480,433)
30 June 2021	10,494,039	3,649,266	6,640,058	20,783,363
<b>Net book value</b>				
30 June 2021	199,793,041	1,203,229	2,397,742	203,394,012

(Unit: Baht)

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



## 13.2 Lease liabilities

	(Unit: Baht)	
	30 June 2021	31 December 2020
Lease Liabilities	216,857,091	143,635,866
Less: Deferred interest expenses	(14,231,650)	(5,877,651)
Total	202,625,441	137,758,215

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

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

	(Unit: Thousand Baht)	
	For the six-month periods end 30 June	
	2021	2020
Depreciation expense of right-of-use assets	23,677	27,701
Interest expense on lease liabilities	1,625	1,835
Total	25,302	29,536

The Company has total cash outflows for leases for the six-month period ended 30 June 2021 of Baht 23.6 million (2020 : Baht 27.5 million).

## 14. Intangible assets

		(Unit: Baht)				
		For the six-month period ended 30 June 2021				
	Remaining amortisation year	Balance beginning of the period	Increase/ transfer in	Amortised	Disposals/ transfer out	Balance end of the period
Computer software	0 - 4.67 Years	56,995,545	2,131,090	-	-	59,126,635
Software in progress		20,833,354	425,696	-	(2,131,090)	19,127,960
Total intangible assets		77,828,899	2,556,786	-	(2,131,090)	78,254,595
Less: Accumulated amortisation		(30,632,435)	-	(3,714,334)	-	(34,346,769)
Net intangible assets		47,196,464	2,556,786	(3,714,334)	(2,131,090)	43,907,826
Amortisation expenses for the six-month periods ended 30 June						
2021						3,714,334
2020						2,622,724

(Unit: Baht)

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

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

Income tax expenses for the six-month periods ended 30 June 2021 and 2020 are made up as follows:

	(Unit: Baht)	
	2021	2020
<b>Current income tax:</b>		
Current income tax charge	61,566,315	37,675,120
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	4,319,760	22,021,375
<b>Income tax expense reported in the statement of comprehensive income</b>	<u>65,886,075</u>	<u>59,696,495</u>

The amounts of income tax relating to each component of other comprehensive income for the six-month periods ended 30 June 2021 and 2020 are as follows:

	(Unit: Baht)	
	2021	2020
Income tax relating to gain (loss) on change in value of investments measured at fair value through other comprehensive income	-	(133,536)
	<u>-</u>	<u>(133,536)</u>

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

	(Unit: Baht)	
	2021	2020
Accounting profit before income tax	329,457,901	306,840,108
Applicable tax rate	20 percent	20 percent
Accounting profit before tax multiplied by applicable tax rate	65,891,580	61,368,022
Adjustment in respect of income tax of prior period		
Effects of:		
Non-deductible expense	345,235	274,779
Non-taxable income	(73,657)	(229,222)
Additional expense deductions allowed	(277,083)	(1,717,084)
Total	(5,505)	(1,671,527)
Income tax expenses reported in the statement of comprehensive income	65,886,075	59,696,495

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

	(Unit: Baht)	
	30 June 2021	31 December 2020
<b>Deferred tax assets</b>		
Allowance for impairment of property foreclosed	5,570,240	5,570,240
Allowance for expected credit losses of account receivables and other receivables	1,169,435	1,171,664
Provisions for long-term employee benefits	29,871,009	28,734,563
Accrued employee expenses	26,205,297	29,130,912
Others	12,257,015	14,486,742
Total deferred tax assets	75,072,996	79,094,121
<b>Deferred tax liabilities</b>		
Others	(380,145)	(81,510)
Total deferred tax liabilities	(380,145)	(81,510)
Net deferred tax assets	74,692,851	79,012,611

## 16. Other assets

	(Unit: Baht)	
	30 June 2021	31 December 2020
Loans to employees	56,694,145	56,216,424
Deposit and contribution to the clearing fund and securities deposits	107,019,052	102,461,743
Prepaid expenses	40,298,372	33,307,512
Deposits	17,658,344	17,325,835
Property foreclosed (net of allowance for impairment of Baht 28 million)	15,000,000	15,000,000
Accrued interest receivables	1,001,808	1,048,420
Deposit for derivative business	4,995,732	5,000,000
Fees and service income receivables	63,725,308	54,010,776
Others	5,196,379	11,953,286
<b>Total other assets</b>	<b>311,589,140</b>	<b>296,323,996</b>

### 16.1 Loans to employees

	(Unit: Thousand Baht)	
	30 June 2021	31 December 2020
<b>Loan that the credit risk has not increased significantly</b>		
Not over 1 year	216	697
Over 1 year	56,478	55,519
<b>Total</b>	<b>56,694</b>	<b>56,216</b>

## 17. Borrowings from financial institutions

As at 30 June 2021 and 31 December 2020, borrowings from financial institutions comprising only domestic borrowings and are classified as follows:

		(Unit: Thousand Baht)			
		30 June 2021			
	Interest rate per annum (percent)	Remaining period to maturity			Total
		At call	Less than 1 year	1 - 5 years	
<b>Borrowings</b>					
Borrowings from financial institutions	0.7 - 1.31	1,200,000	3,350,000	-	4,550,000
<b>Total borrowings from financial institutions</b>		<b>1,200,000</b>	<b>3,350,000</b>	<b>-</b>	<b>4,550,000</b>

(Unit: Thousand Baht)

31 December 2020				
Interest rate per annum (percent)	Remaining period to maturity			Total
	At call	Less than 1 year	1 - 5 years	
Borrowings				
Borrowings from financial institutions	0.70	450,000	-	450,000
<b>Total borrowings from financial institutions</b>		<b>450,000</b>	<b>-</b>	<b>450,000</b>

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

(Unit: Baht)

	30 June 2021	31 December 2020
Payables to Clearing House		
Equity and debt securities	98,374,163	130,824,870
Derivatives	2,728,015	1,082,336
Payables from foreign companies	23,727,179	22,405,741
<b>Total payables to Clearing House and broker-dealers</b>	<b>124,829,357</b>	<b>154,312,947</b>

**19. Securities and derivatives business payables**

(Unit: Baht)

	30 June 2021	31 December 2020
<u>Securities business payables</u>		
Cash accounts	1,190,749,112	734,362,131
Guarantee deposit payables	611,137,597	454,162,480
Payable under securities borrowing and lending business	633,623,772	490,579,121
<b>Total securities business payables</b>	<b>2,435,510,481</b>	<b>1,679,103,732</b>
Accrued interest payables	1,710,059	1,458,940
<b>Total securities business payables</b>	<b>2,437,220,540</b>	<b>1,680,562,672</b>
<u>Derivatives business payables</u>		
Derivatives business payables	78,560	118,180
<b>Total derivatives business payables</b>	<b>78,560</b>	<b>118,180</b>
<b>Net securities and derivatives business payables</b>	<b>2,437,299,100</b>	<b>1,680,680,852</b>

## 20. Provisions

(Unit: Thousand Baht)

	Provisions for long-term employee benefits	Decommissioning Cost	Allowance for expected credit losses	Total
Balance as at 1 January 2020	145,079	16,139	490	161,708
Increase (decrease) during the year	(1,406)	(164)	270	(1,300)
Balance as at 31 December 2020	143,673	15,975	760	160,408
Increase (decrease) during the period	5,682	(193)	(173)	5,316
Balance as at 30 June 2021	149,355	15,782	587	165,724

## 21. 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 2021	For the year ended 31 December 2020
<b>Provisions for long-term employee benefits at beginning of period/year</b>	143,672,816	145,078,901
Included in profit or loss:		
Current service cost	4,003,562	8,026,433
Interest cost	1,678,666	3,178,149
Benefits paid during the period/year	-	(12,610,667)
<b>Provisions for long-term employee benefits at end of period/year</b>	149,355,044	143,672,816

The Company has obligation relating to long-term employee benefits expected to be paid to its employees in the next one year amount of Baht 0.2 million.

As at 30 June 2021, the weighted average duration of the liabilities for long-term employee benefit was 12.63 years.

Significant actuarial assumptions are summarised below:

	30 June 2021	31 December 2020
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 2021 and 31 December 2020 are summarised below:

	(Unit: Million Baht)			
	30 June 2021		31 December 2020	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(5.2)	5.6	(5.3)	5.7
Salary increase rate	6.8	(6.3)	6.4	(6.0)

	(Unit: Million Baht)			
	30 June 2021		31 December 2020	
	Increase 10%	Decrease 10%	Increase 10%	Decrease 10%
Average turnover rate	(5.3)	5.7	(5.0)	5.4

## 22. Other liabilities

	(Unit: Baht)	
	30 June 2021	31 December 2020
Accrued employee expenses	131,794,149	147,317,496
Accrued interest expenses	6,437,241	17,260
Accrued expenses	56,598,300	79,930,948
Others	23,594,723	23,183,993
Total other liabilities	218,424,413	250,449,697

## 23. Statutory reserve

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

## 24. Capital Management

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

## 25. Brokerage fee income

(Unit: Baht)

	For the six-month periods ended 30 June	
	2021	2020
Brokerage fee from securities business	458,761,026	357,442,081
Brokerage fee from derivatives business	25,859,116	38,415,686
Other brokerage fee	-	1,796,953
Total brokerage fee income	484,620,142	397,654,720

## 26. Fees and service income

(Unit: Baht)

	For the six-month periods ended 30 June	
	2021	2020
Underwriting fee	17,760,785	8,351,400
Financial advisory	1,427,263	7,400,000
Selling agent	252,488,449	127,599,904
Securities borrowing and lending	10,021,844	11,771,609
Business support	53,039,121	63,414,235
Others	3,019,057	443,062
Total fees and service income	337,756,519	218,980,210

## 27. Interest income

(Unit: Baht)

	For the six-month periods ended 30 June	
	2021	2020
Interest on margin loans	162,937,023	105,042,386
Interest from deposits in financial institutions	2,436,236	5,339,440
Interest from investment	4,199,622	16,196,608
Others	634,792	28,875,938
Total interest income	170,207,673	155,454,372



## 28. Gain and return on financial instruments

	(Unit: Baht)	
	For the six-month periods ended 30 June	
	2021	2020
Gain on securities	13,276,229	5,780,539
Gain (loss) on derivatives	(7,034,625)	104,630
Dividend	2,294,870	1,478,440
Total gain and return on financial instruments	8,536,474	7,363,609

## 29. Provident fund

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

During the six-month period ended 30 June 2021, the Company contributed Baht 13.6 million to the fund (2020: Baht 13.6 million).

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

## 30. Earnings per share

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

### 31. 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 2020	The annual ordinary meeting of the Company's shareholders No. 1/2564 on 28 April 2021	344	0.16 (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 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)

### 32. 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 2021)
	2021	2020	
<b>Transactions occurred during the periods</b>			
Brokerage fees income			
- Common major shareholder	7,405,606	8,571,365	At normal rate charged to other clients
Fees income from business support services			
- Common major shareholder	17,760,000	7,080,000	At actual costs plus a margin of 10 percent
Fees income from international investment banking services			
- Common major shareholder	13,839,168	16,750,001	At actual costs plus a margin of 10 percent
Fees income from introducing broker			
- Common major shareholder	618,981	333,969	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	627,426	410,394	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	2,881,535	26,395,123	At the contract rate determined by extend and amount of work assigned
Fee income from sales and trading services and research			
- Common major shareholder	18,558,418	13,189,111	At actual costs plus a margin of 10 percent net with the brokerage commission received
Fee income from late delivery			
- Common major shareholder	11,329	98,795	At normal rate charged to other clients
Fee expenses from Hi-speed circuit service			
- Common director	-	717,665	At the same rate charged to other clients without dependent interest

(Unit: Baht)

	For the six-month periods ended 30 June		Pricing policies (for the period 2021)
	2021	2020	
<b><u>Transactions occurred during the periods</u></b>			
<b>(continued)</b>			
Brokerage fees expense from foreign securities trading			
- Common major shareholder	17,179	16,007	Calculated based on trade volume and at the referential rate charged to other clients without dependent interest

As at 30 June 2021 and 31 December 2020, the outstanding balances of the related party transactions are as follows:

	(Unit: Baht)	
	30 June 2021	31 December 2020
Securities business receivables		
- Common major shareholder	12,143,706	303,038,874
Other assets - accrued income receivables		
- Common major shareholder	19,632,546	26,990,984
Other assets - Securities borrowing and Lending receivables		
- Common major shareholder	-	299,749
Other assets - others		
- Common major shareholder	7,499	7,248
Securities business payables		
- Common major shareholder	87,164,628	136,302,877

### Management's remuneration

During the six-month periods ended 30 June 2021 and 2020, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Baht)	
	For the six-month periods ended 30 June	
	2021	2020
Short-term employee benefits	52,102,436	53,065,040
Post-employment benefits	2,370,176	2,772,343
Total	54,472,612	55,837,383

### **33. Operating information by segment**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company is organised into business units based on its products and services and have four reportable segments as follows:

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

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The following tables present the Company operating segments information as at 30 June 2021 and 31 December 2020, and for the six-month periods ended 30 June 2021 and 2020 of the Company by segment.

(Unit: Million Baht)

	Securities business segment		Investments banking segment		Fixed income segment		Other segments		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Total revenue	765	550	21	50	14	10	26	11	826	621
Segment operating profit	285	174	(7)	21	3	1	13	5	294	201
Unallocated income and expenses										
Interest income									170	155
Gain and return on financial instruments									5	3
Other income									9	3
Financial costs									(18)	(19)
Personnel expenses and other expenses									(130)	(142)
Reversal expected credit losses									-	106
Income tax									(66)	(60)
Profit for the period									264	247

(Unit: Million Baht)

	As at									
	Securities business segment		Investments banking segment		Fixed income segment		Other segments		Total	
	30	31	30	31	30	31	30	31	30	31
	June	December	June	December	June	December	June	December	June	December
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Premises and equipment									51	64
Unallocated assets									13,116	8,301
Total assets									13,167	8,365

## 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 2021 and 2020, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

## 34. Commitments and contingent liabilities

As at 30 June 2021 and 31 December 2020, the Company has the following outstanding commitments and contingent liabilities.

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

- 34.2** The Company has commitment to pay the fees related to its derivatives business to Thailand Futures Exchange Public Company Limited and Thailand Clearing House Company Limited. These comprise a monthly fixed amount and/or at the specific rate for each purchase or sale of a futures contract transacted.
- 34.3** The Company has commitments to pay a fee to the Office of the Securities and Exchange Commission in relation to securities business licenses. The fee is calculated accordance with the Notification of the Office of the Securities and Exchange Commission. The minimum total fee is Baht 25,000 per annum and the maximum total fee is Baht 10,000,000 per annum.
- 34.4** The Company has commitments to pay a fee to the Office of the Securities and Exchange Commission in relation to derivatives business licenses at the rate of Baht 0.10 per contract and Baht 0.01 per contract for single stock futures with underlying price not over Baht 100. The minimum total fee is Baht 25,000 per annum and the maximum total fee is Baht 1,000,000 per annum.
- 34.5** As at 30 June 2021, 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)

## **35. Risk management policy**

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

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

### **35.1 Credit risk**

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

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

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

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

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

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

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

#### ***Loans to employees***

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

### **35.2 Market risk**

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

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

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



As at 30 June 2021 and 31 December 2020, financial assets and liabilities that carry the significant interest rate risk are classified by type of interest rates. Those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

30 June 2021							
Outstanding balances of financial instruments							
	Floating interest rate	Fixed interest rate which the remaining period before maturity date or end of contract date		Without interest	Total	Interest rate	
		Within 1 year	1 - 5 years			Floating	Fixed
						interest rate	interest rate
						% p.a.	% p.a.
<b>Financial assets</b>							
Cash and cash equivalents	321	-	-	40	361	0.15 - 0.45	-
Receivable from Clearing							
House and broker-dealers	-	-	-	406	406	-	-
Securities and derivatives							
business receivables	9,412	601	-	1,506	11,519	4.31	3.50
Investments measured at							
amortised cost	-	1	-	-	1	-	0.28 - 0.42
Loans to employees	57	-	-	-	57	0.50	-
<b>Financial liabilities</b>							
Borrowings from financial							
institutions	1,200	3,350	-	-	4,550	0.70 - 0.80	0.95 - 1.31
Payables to Clearing House							
and broker-dealers	-	-	-	125	125	-	-
Securities and derivatives							
business payables	-	634	-	1,802	2,436	-	2.50

(Unit: Million Baht)

31 December 2020

Outstanding balances of financial instruments							
	Floating interest rate	Fixed interest rate which the remaining period before maturity date or end of contract date		Without interest	Total	Interest rate	
		Within 1 year	1 - 5 years			Floating	Fixed
						interest rate	interest rate
						% p.a.	% p.a.
<b>Financial assets</b>							
Cash and cash equivalents	535	-	-	57	592	0.05 - 0.45	-
Receivable from Clearing							
House and broker-dealers	-	-	-	43	43	-	-
Securities and derivatives							
business receivables	4,949	491	-	1,566	7,006	4.31 - 7.56	3.50
Investments measured at							
amortised cost	-	1	-	-	1	-	0.19 - 0.30
Loans to employees	56	-	-	-	56	0.50	-
<b>Financial liabilities</b>							
Borrowings from financial							
institutions	450	-	-	-	450	0.70	-
Payables to Clearing House							
and broker-dealers	-	-	-	154	154	-	-
Securities and derivatives							
business payables	-	491	-	1,188	1,679	-	2.50

**Interest rate sensitivity**

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible change in interest rates on that portion of floating rate of credit balance account receivables affected as at 30 June 2021, with all other variables held constant.

	Increase/(decrease)	Effect on profit before tax
	(%)	(Million Baht)
Credit balance account receivables	0.25	18
	(0.25)	(18)

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

### 35.2.2 Foreign exchange risk

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

The significant balances of financial assets and liabilities denominated in foreign currencies as at 30 June 2021 and 31 December 2020 are summarised below:

Foreign currency	Financial assets		Financial liabilities		Average exchange rates	
	30	31	30	31		
	June	December	June	December	30 June	31 December
	2021	2020	2021	2020	2021	2020
(Unit: Thousand unit)						
(Baht per 1 foreign currency unit)						
Japanese yen	884	603	-	-	0.2903	0.2907
Hong Kong dollar	427	4,260	359	3,733	4.1306	3.8753
Singapore dollar	4	33	-	-	23.8479	22.6632
United States dollar	1,243	854	1,158	626	32.0533	30.0371
Australia dollar	-	1	-	-	24.1011	22.9188
United Kingdom pound	4	14	-	8	44.3993	40.6403
Euro Zone	1	3	-	-	38.1413	36.8764
Canada dollar	78	5	77	-	25.8566	23.4506
Laos kip	927,264	926,840	-	-	0.0034	0.0032
Yuan China	-	14	-	14	4.9691	4.6187
Peso Philippines	1,823	-	1,822	-	0.6593	0.6261

### 35.3 Liquidity risk

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

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

As at 30 June 2021 and 31 December 2020, remaining years to maturity of financial instrument, counted from the end of the reporting period, are follows:

(Unit: Million Baht)

30 June 2021						
Outstanding balances of financial instruments						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
<b>Financial assets</b>						
Cash and cash equivalents	361	-	-	-	-	361
Receivable from Clearing House and broker-dealers	-	406	-	-	-	406
Securities and derivatives business receivables	1,282	852	-	-	9,412	11,546
Non-collateralised investments	168	1	-	-	1	170
Loans to employees	-	1	8	48	-	57
<b>Financial liabilities</b>						
Borrowings from financial institutions	1,200	3,350	-	-	-	4,550
Payables to Clearing House and broker-dealers	-	125	-	-	-	125
Securities and derivatives business payables	1,245	1,192	-	-	-	2,437
Lease liabilities	-	35	138	30	-	203

(Unit: Million Baht)

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

## 36. Fair value

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

### 36.1 Fair value of financial instruments

Major of financial assets and financial liabilities of the Company is classified as short term or bear floating interest rates or fixed interest rates which are close to the market rate. Therefore, the Company estimated the fair value approximate to their carrying amounts in the statement of financial position.

As of 30 June 2021 and 31 December 2020, 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 2021				
	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	601,030	601,030	-	-	601,030
Investments					
Marketable equity instruments in domestic market	167,691	167,691	-	-	167,691
Non-marketable equity instruments					
in domestic market	1,405	-	-	1,405	1,405
Derivatives assets <sup>(1)</sup>	-	-	-	-	-
<b>Financial liabilities measured at fair value</b>					
Securities and derivatives business payables					
Payables under securities borrowing					
and lending business	633,624	633,624	-	-	633,624
Derivatives liabilities <sup>(1)</sup>	-	-	-	-	-

<sup>(1)</sup> Fair value of derivatives assets/liabilities - futures as at 30 June 2021 amounting to Baht 5.2 million and Baht 0.8 million, respectively, included in "Receivables from Clearing House and broker-dealers", were measured at fair value by using Level 1 of input.

(Unit: Thousand Baht)

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

<sup>(2)</sup> Fair value of derivatives assets/liabilities - futures as at 31 December 2020 amounting to Baht 2.9 million and Baht 0.6 million, respectively, included in "Receivables from Clearing House and broker-dealers", were measured at fair value by using Level 1 of input.

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

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, Receivable from Clearing House and broker-dealers, Securities and derivatives business receivables, Payables to Clearing House and broker-dealers, Securities and derivatives business payables and investments measured at amortised cost, their carrying amounts in the statement of financial position approximate their fair value.
- b) Fair value of marketable-equity instruments in the domestic market is determined using the latest bid price of the last working day. Fair value of non-marketable-equity instruments in the domestic market is determined using current book value of investee. For debt securities, their fair values are generally derived from quoted market prices, or determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.

- c) Fair value of receivables and payables under securities borrowing and lending business and derivative warrants in the domestic market is determined using the close price or latest offer price of the last working day.
- d) 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.
- e) 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.
- f) Lease liabilities 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.

### **37. Approval of financial statements**

These financial statements were authorised for issue by the Company's board of directors on 17 August 2021.