

TSFC Securities Public Company Limited  
Report and financial statements  
For the year ended 31 December 2020



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## Independent Auditor's Report

To the Shareholders of TSFC Securities Public Company Limited

### Opinion

I have audited the accompanying financial statements of TSFC Securities Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2020, and the related statements of comprehensive income, changes in owners' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TSFC Securities Public Company Limited as at 31 December 2020, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

### Key Audit Matters

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



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

Key audit matters and how audit procedures respond for each matter are described below.

### **Recognition of revenue from interest on margin loans**

The Company's revenue mainly consisted of interest on margin loans as described in Note 28 to the financial statements, which amounted to Baht 169 million for the year ended 31 December 2020, representing 86% of the Company's total revenues. Thai Financial Reporting Standard 9 Financial Instruments requires the Company to recognise revenue from interest on margin loans by applying the effective interest rate method over the expected period or shorter period if appropriate. The Company recognises interest on no credit-impaired margin loans after initial recognition on a gross basis. If the margin loans are considered credit-impaired after initial recognition, the Company recognises interest on margin loans at amortised cost. The interests are fixed rates that are adjusted periodically based on market conditions and competitive environment. Because of the size and volume of transactions, the number of customers, and the recognition of revenue from interest on margin loans relying primarily on data processed by information systems, I addressed the measurement and occurrence of interest on margin loans as key audit matter.

The audit procedures I performed were to assess and test, on a sampling basis, the Company's internal controls relevant to margin loans and recognition of interest on margin loans, including computer-based controls relevant to the calculation of interest on margin loans. I also tested, on a sampling basis, interest rates, calculation and account recording. In addition, I performed analytical procedures on interest on margin loans and examined, on a sampling basis, material manual adjustments via journal vouchers.



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### **Allowance for expected credit losses of securities business receivables**

As discussed in Note 5.10 to the financial statements, Thai Financial Reporting Standard 9 Financial Instruments requires the Company to recognise the impairment of securities business receivables in accordance with the expected credit loss model. The Company uses a general approach to determine an allowance for expected credit losses by considering the change in credit risk in three stages and determining measurement method for each stage. Expected credit losses must be measured at the amount equal to 12-month expected credit losses, except in the cases where credit risk has increased significantly since initial recognition or assets are impaired, the allowance must be measured at the amount equal to the lifetime expected credit losses of receivables. The estimation of allowance for expected credit losses is significant because the management has to make subjective judgements on the basis of the significant change in credit risk and the assumptions used in the model. The Company also has a number customers and amounts of the receivables that are significant to the Company's financial statements (as at 31 December 2020, securities business receivables amounted to Baht 3,431 million, representing 76% of the Company's total assets). Therefore, I addressed the adequacy of allowance for expected credit losses for such receivables as key audit matter.

I have performed audit procedures on the allowance for expected credit losses as follows:

- I assessed, and tested on a sampling basis, the Company's internal controls relevant to the status of receivables, the calculation of the collateral value, the reasonableness of assumptions and expected credit loss model, the stage assignment of the change in credit risk, the calculation of expected credit losses, and the recording of expected credit losses. I also assessed the methods applied by the Company to the determination and calculation of the allowance for expected credit losses compared to the Company's policies and the financial reporting standards. I tested certain controls over the computer-based controls relevant to the calculation of the fair values of collateral and the providing of collateral values of the Company.
- I examined the adequacy of allowance for expected credit losses as at the period-end date by testing the data used in the calculation of allowance for expected credit losses, testing on a sampling basis the status of outstanding receivables, the valuation of collateral items, the stage assignment of the change in credit risk, the calculation of expected credit losses, collections of receivables after the period-end date, and the calculation of allowance for expected credit losses, including the sufficiency and appropriateness of the data disclosure.



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

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

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

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

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

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

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

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



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

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.

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

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

Kirdsiri Kanjanaprakasit

Certified Public Accountant (Thailand) No. 6014

EY Office Limited

Bangkok: 22 February 2021

TSFC Securities Public Company Limited

Statement of financial position

As at 31 December 2020

(Unit: Baht)

	Note	2020	2019
<b>Assets</b>			
Cash and cash equivalents	7	16,157,636	678,018
Receivables from Clearing House and broker - dealers	8	179,449,228	12,814,664
Securities business receivables	9	3,431,122,937	3,668,273,795
Non-collateralised investments	11	11,330,035	12,536,646
Collateralised investments			
Collateralised investments without granting			
right to transferee to sell or repledge	11	132,916,148	108,135,337
Loans	13	680,000,000	1,205,000,000
Equipment	14	1,490,043	4,995,538
Intangible assets	15	2,363,442	3,185,609
Deferred tax assets	34	5,870,476	7,532,267
Right-of-use assets	16	28,553,893	-
Other assets	17	10,352,860	7,174,403
<b>Total assets</b>		<b>4,499,606,698</b>	<b>5,030,326,277</b>

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



(Mr. Udomkarn Udomsab)

Director



**TSFC**  
Securities Public Company Limited  
บริษัทหลักทรัพย์ สาธารณชน จำกัด (มหาชน)



(Miss Malaiporn Pornlert)

Vice President of


Finance and Budget Department

TSFC Securities Public Company Limited  
Statement of financial position (continued)  
As at 31 December 2020


(Unit: Baht)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Liabilities and owners' equity</b>			
<b>Liabilities</b>			
Borrowings from financial institutions	18	2,354,950,793	2,733,888,145
Payables from Clearing House		11,630,369	-
Securities business payables	19	254,630,675	32,150,623
Current tax liabilities		6,213,559	10,547,638
Debt issued and borrowings	20	-	417,663,214
Lease liabilities	21	28,863,509	2,276,251
Provisions	22	24,192,682	21,316,538
Other liabilities	23	14,557,872	18,139,505
<b>Total liabilities</b>		<b>2,695,039,459</b>	<b>3,235,981,914</b>
<b>Owners' equity</b>			
Issued and paid-up share capital			
Ordinary shares	24	1,549,125,840	1,549,125,840
Retained earnings			
Appropriated - statutory reserve	25	33,431,823	30,508,685
Unappropriated		221,739,985	214,464,867
Other components of owners' equity	11.3	269,591	244,971
<b>Total owners' equity</b>		<b>1,804,567,239</b>	<b>1,794,344,363</b>
<b>Total liabilities and owners' equity</b>		<b>4,499,606,698</b>	<b>5,030,326,277</b>

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

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\_\_\_\_\_  
(Mr. Udomkarn Udomsab)  
Director




  
\_\_\_\_\_  
(Miss Malaiporn Pornlert)  
Vice President of  
Finance and Budget Department




TSFC Securities Public Company Limited  
Statement of comprehensive income  
For the year ended 31 December 2020

	Note	2020	(Unit: Baht) 2019
<b>Revenues</b>			
Fees and service income	27	455,399	1,013,548
Interest incomes	28	194,636,287	273,507,501
Gains and return on financial instruments	29	1,273,041	6,605
Other incomes		138,262	51,359
<b>Total revenues</b>		<b>196,502,989</b>	<b>274,579,013</b>
<b>Expenses</b>			
Employee benefits expenses		59,683,267	69,081,043
Fees and service expenses		1,678,725	2,593,636
Interest expenses	30	28,781,079	64,278,881
Reversal of bad debt and doubtful accounts	12	-	(4,659,112)
Expected credit loss	31	120,300	-
Other expenses		32,954,204	36,533,140
<b>Total expenses</b>		<b>123,217,575</b>	<b>167,827,588</b>
<b>Profit before income tax</b>		<b>73,285,414</b>	<b>106,751,425</b>
Income tax expenses	34	(14,822,651)	(21,340,261)
<b>Profit for the year</b>		<b>58,462,763</b>	<b>85,411,164</b>

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

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\_\_\_\_\_  
(Mr. Udomkarn Udomsab)  
Director




  
\_\_\_\_\_  
(Miss Malaiporn Pornlert)  
Vice President of  
Finance and Budget Department

TSFC Securities Public Company Limited  
Statement of comprehensive income (continued)  
For the year ended 31 December 2020


(Unit: Baht)

	<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Other comprehensive income</b>			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gain on investments in debt instruments designated at fair value through other comprehensive income	11.3	30,775	-
Gain on remeasuring available-for-sale investments		-	485,268
Less: Income tax effect	34	(6,155)	(97,054)
Items that will be reclassified subsequently to profit or loss - net of income tax		<u>24,620</u>	<u>388,214</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Loss on investments in equity instruments designated at fair value through other comprehensive income		(14,519)	-
Less: Income tax effect	34	2,904	-
Loss on investments in equity instruments designated at fair value through other comprehensive income - net of income tax		<u>(11,615)</u>	-
Actuarial gains on defined benefit plan	22	1,786,669	-
Less: Income tax effect	34	(357,334)	-
Actuarial gains on defined benefit plan - net of income tax		<u>1,429,335</u>	-
Items that will not be reclassified subsequently to profit or loss - net of income tax		<u>1,417,720</u>	-
<b>Other comprehensive income for the year</b>		<u>1,442,340</u>	<u>388,214</u>
<b>Total comprehensive income for the year</b>		<u>59,905,103</u>	<u>85,799,378</u>
<b>Basic earnings per share</b>	35		
Profit for the year		<u>0.38</u>	<u>0.55</u>

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

x   
(Mr. Udomkarn Udomsab)  
Director



  
(Miss Malaiporn Pornlert)  
Vice President of  
Finance and Budget Department

**TSEC Securities Public Company Limited**  
**Statement of changes in owners' equity**  
**For the year ended 31 December 2020**

	Note	Issued and paid-up share capital	Retained earnings				Other components of owner's equity				Total owners' equity
			Appropriated		Unappropriated		Gain on investments in instruments designated at fair value through other comprehensive income	Gain (loss) on changes in value of available-for-sale investments	Total components of owner's equity		
			26,238,127	-	172,052,407	(143,243)			(143,243)	1,747,273,131	
<b>Balance as at 1 January 2019</b>		1,549,125,840	26,238,127	-	172,052,407	-	(143,243)	-	-	1,747,273,131	
<u>Change during the year</u>											
Profit for the year		-	-	85,411,164	-	-	-	-	-	85,411,164	
Other comprehensive income for the year		-	-	-	-	388,214	388,214	-	-	388,214	
Total comprehensive income for the year		-	-	85,411,164	-	388,214	388,214	-	-	85,799,378	
Appropriation of retained earnings		-	4,270,558	(4,270,558)	-	-	-	-	-	-	
Dividend paid	26	-	-	(38,728,146)	-	-	-	-	-	(38,728,146)	
<b>Balance as at 31 December 2019</b>		1,549,125,840	30,508,685	214,464,867	-	244,971	244,971	-	-	1,794,344,363	
<b>Balance as at 1 January 2020</b>		1,549,125,840	30,508,685	214,464,867	-	244,971	244,971	-	-	1,794,344,363	
- as previously reported											
Cumulative effect of change in accounting policy	4	-	-	(110,200)	-	(244,971)	(244,971)	-	-	(110,200)	
<b>Balance as at 1 January 2020 - as restated</b>		1,549,125,840	30,508,685	214,354,667	-	244,971	244,971	-	-	1,794,234,163	
<u>Change during the year</u>											
Profit for the year		-	-	58,462,763	-	-	-	-	-	58,462,763	
Other comprehensive income for the year		-	-	1,417,720	-	24,620	24,620	-	-	1,442,340	
Total comprehensive income for the year		-	-	59,880,483	-	24,620	24,620	-	-	59,905,103	
Appropriation of retained earnings		-	2,923,138	(2,923,138)	-	-	-	-	-	-	
Dividend paid	26	-	-	(49,572,027)	-	-	-	-	-	(49,572,027)	
<b>Balance as at 31 December 2020</b>		1,549,125,840	33,431,823	221,739,985	-	269,591	269,591	-	-	1,804,567,239	

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

TSFC Securities Public Company Limited

Statement of cash flows

For the year ended 31 December 2020

(Unit: Baht)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Profit before income tax	73,285,414	106,751,425
Adjustments to reconcile profit before tax to net cash provided by (paid for) operating activities:		
Depreciation and amortisation	10,490,689	3,432,385
Reversal of bad debts and doubtful accounts	-	(4,659,112)
Expected credit loss	120,300	-
Loss (gain) on change in fair value of investments	(855,341)	1,478
Loss (gain) on disposal equipments	(69,312)	52
Interest expenses	28,781,079	64,278,881
Interest incomes	(194,636,287)	(273,507,501)
Dividend income	(417,700)	(2,750)
Long-term employee benefits expenses	3,391,944	6,890,429
Loss from operating activities before changes in operating assets and liabilities	(79,909,214)	(96,814,713)
Decrease (increase) in operating assets		
Receivables from Clearing House and broker - dealers	(173,399,792)	10,482,586
Securities business receivables	405,750,141	236,381,327
Non-collateralised investments designated at fair value through profit or loss	607,679	(3,234,718)
Loans to financial institutions	525,000,000	(404,879,905)
Other assets	23,955	(820,875)
Increase (decrease) in operating liabilities		
Borrowings from financial institutions	(378,937,352)	498,944,041
Payables from Clearing House	11,630,369	(38,383,314)
Securities business payables	222,480,052	(18,468,934)
Debt issued and borrowings	(417,663,214)	(147,610,271)
Cash paid for long-term employee benefits	(1,290,448)	(258,536)
Other liabilities	(1,646,772)	(55,931)
Cash flows from operating activities	112,645,404	35,280,757
Cash received from interest income	23,054,396	31,028,022
Cash paid for interest expenses	(30,365,717)	(64,546,192)
Cash paid for corporate income tax	(17,855,524)	(20,226,849)
<b>Net cash flows from (used in) operating activities</b>	<u>87,478,559</u>	<u>(18,464,262)</u>

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

**TSFC Securities Public Company Limited**

**Statement of cash flows (continued)**

**For the year ended 31 December 2020**

(Unit: Baht)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities</b>		
Cash paid for collateralised investments	(434,543,496)	-
Cash paid for purchase of non-collateralised investments designated at fair value through other comprehensive income	(503,211,023)	-
Cash received from disposal of non-collateralised investments designated at fair value through other comprehensive income	920,568,519	-
Cash paid for purchase of available-for-sale investments	-	(946,472,363)
Cash received from disposal of available-for-sale investments	-	999,907,426
Cash received from dividends	417,700	2,750
Cash received from interest on investments	2,849,342	5,620,808
Cash paid for purchases of other investments	-	(410,880)
Cash paid for purchase of equipment	(503,733)	(1,088,638)
Cash paid for purchases of intangible assets	(489,974)	(1,002,890)
Cash received from disposal of equipment	69,439	-
<b>Net cash flows from (used in) investing activities</b>	<u>(14,843,226)</u>	<u>56,556,213</u>
<b>Cash flows from financial activities</b>		
Dividend paid	(49,572,027)	(38,728,146)
Cash paid for lease liabilities	(7,583,688)	(808,663)
<b>Net cash flows used in financial activities</b>	<u>(57,155,715)</u>	<u>(39,536,809)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>15,479,618</u>	<u>(1,444,858)</u>
Cash and cash equivalents at beginning of year	678,018	2,122,876
<b>Cash and cash equivalents at end of year (Note 7)</b>	<u><u>16,157,636</u></u>	<u><u>678,018</u></u>

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

# **TSFC Securities Public Company Limited**

## **Notes to financial statements**

**For the year ended 31 December 2020**

### **1. General information**

#### **1.1 The Company's information**

TSFC Securities Public Company Limited (hereinafter referred to as "the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in securities business and has two business licenses to engage in granting credits to securities business and securities borrowing and lending business. Its registered address is located at No. 898 Ploenchit Tower, 10th Floor, Ploenchit Road, Lumpini, Patumwan, Bangkok.

#### **1.2 Coronavirus disease 2019 pandemic**

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company operates. The Company's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

### **2. Basis of preparation**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act. B.E. 2547, and reference to the principles stipulated by of the Office of the Securities and Exchange Commission ("SEC"). The presentation of the financial statements has been made in compliance with the requirement of the Notification of the Office of the SEC relating to the format of the financial statements of securities companies (version 3), No. SorThor. 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

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

During the year, the Company has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are summarised below:

#### Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. The adoption of these financial reporting standards has resulted in changes in the Company's accounting policy as summarised below.

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

### *Financial assets classified as debt instruments*

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

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

### *Investments in equity instruments*

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

The significant changes are summarised as follows:

- The previous classification of other investments is no longer applicable.
- All other investments are to be classified as financial assets that are measured at fair value through other comprehensive income.



- The majority of investments in equity instruments are to be classified as financial assets that are measured at fair value through profit or loss, except certain items that are classified as financial assets measured at fair value through other comprehensive income in accordance with the Company's investment policy.
- For investments in equity instruments that have been measured at fair value through other comprehensive income, all gains and losses incurred will be shown in other comprehensive income, except dividends that are recognised in profit or loss.

#### *Classification of financial liabilities*

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

#### *Impairment of financial assets*

Impairment requirements according to TFRS 9 Financial Instruments are recognised in accordance with the Expected Credit Loss model and management overlay. The financial reporting standard requires the Company to recognise an allowance for expected credit losses for all financial assets classified as debt instruments that are not measured at fair value through profit or loss. The Company uses a general approach to determine an allowance for expected credit losses for cash equivalents, receivables from Clearing House and broker - dealers, securities business receivables, investments in debt securities and loans. Expected credit losses must be measured at the amount equal to 12-month expected credit losses, except in the cases that credit risk has increased significantly since initial recognition or assets are impaired, the allowance must be measured at the amount equal to the lifetime expected credit losses of financial instruments. Impairment under these financial reporting standards leads to credit losses being recognised faster compared to the previous method.

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

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

- It may opt not to restate the financial statements presented for comparative purposes, and make an adjustment to the cumulative effect of the initial adoption of the financial reporting standards related to financial instruments through an adjustment of retained earnings as at 1 January 2020. The presentation of the financial statements for the year ended 2019 did not comply with the financial reporting standards related to financial instruments and therefore cannot be compared with the presentation for the year ending 2020.

- It may reclassify financial assets according to the Company's business model and management of its assets on the basis of the facts and circumstances that exist at the date of first-time adoption of these financial reporting standards.

The cumulative effect of the change is described in Note 4 to the financial statements.

### **TFRS 16 Leases**

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

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Company adopted this financial reporting standard using the modified retrospective method of initial adoption of which the cumulative effect is recognised as right-of-use assets and lease liabilities as at 1 January 2020, with no effect to retained earnings as at 1 January 2020 and the comparative information was not restated.

The cumulative effect of the change is described in Note 4 to the financial statements.

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

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

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

During the period from the first quarter to the third quarter of 2020, the Company elected to apply the temporary relief measures on accounting alternatives relating to fair value measurement of non-listed equity investments.

In the fourth quarter of 2020, the Company has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets. As a result, in preparing the financial statements for the year ended 31 December 2020, the Company has decided to discontinue application of all temporary relief measures on accounting alternatives with no significant impact on the Company's financial statements.

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

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

4. **Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards**

As described in Note 3 to the financial statements, during the current year, the Company has adopted the set of financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards was recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts on the statement of financial position as at 1 January 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	The impacts of			1 January 2020
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	
<b>Statement of financial position</b>				
<b>Assets</b>				
Securities business receivables	3,668,274	(110)	-	3,668,164
Equipment	4,996	-	(2,999)	1,997
Right-of-use assets	-	-	43,327	43,327
<b>Liabilities and owners' equity</b>				
<b>Liabilities</b>				
Lease liabilities	2,276	-	37,866	40,142
Provision for dismantling costs	-	-	2,462	2,462

(Unit: Thousand Baht)

	31 December 2019	The impacts of Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
<b>Owners' equity</b>				
Retained earnings - unappropriated	214,465	(110)	-	214,355
Other components of owners' equity - gains on investments in debt instruments designated at fair value through other comprehensive income	-	245	-	245
Other components of owners' equity - gain on remeasuring available-for-sale investments	245	(245)	-	-

#### 4.1 Financial instruments

- a) Details of the impact on retained earnings as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

(Unit: Thousand Baht)

Recognition of an allowance for expected credit losses on financial assets	110
Impacts on retained earnings due to the adoption of financial reporting standards related to financial instruments	110

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

(Unit: Thousand Baht)

	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9			
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
<b>Financial assets as at 1 January 2020</b>					
Cash and cash equivalents	678	-	-	678	678
Receivables from Clearing House and broker - dealers	12,814	-	-	12,814	12,814
Securities business receivables	3,668,274	-	-	3,668,164	3,668,164
Non-collateralised investments	12,537	13	12,524	-	12,537
Collateralised investments	108,135	-	108,135	-	108,135
Loans	1,205,000	-	-	1,205,000	1,205,000
<b>Total financial assets</b>	<b>5,007,438</b>	<b>13</b>	<b>120,659</b>	<b>4,886,656</b>	<b>5,007,328</b>
<b>Financial liabilities as at 1 January 2020</b>					
<b>Borrowings from financial institutions</b>					
Borrowings from financial institutions	2,733,888	-	-	2,733,888	2,733,888
Securities business payables	32,151	-	-	32,151	32,151
Debt issued and borrowings	417,663	-	-	417,663	417,663
Lease liabilities	2,276	-	-	2,276	2,276
<b>Total financial liabilities</b>	<b>3,185,978</b>	<b>-</b>	<b>-</b>	<b>3,185,978</b>	<b>3,185,978</b>

## 4.2 Leases

On adoption of TFRS 16, the Company recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of 1 January 2020. For leases that previously classified as finance leases, the Company recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application.

	(Unit: Thousand Baht)
Operating lease commitments as at 31 December 2019	24,648
Less: Short-term leases and leases of low-value assets	(138)
Add: Option to extend lease term	25,366
Less: Contracts reassessed as service agreements	(9,345)
Add: Others	1,289
Less: Deferred interest expenses	(3,954)
Increase in lease liabilities due to TFRS 16 adoption	<u>37,866</u>
Liabilities under finance lease agreements as at 31 December 2019	<u>2,276</u>
Lease liabilities as at 1 January 2020	<u>40,142</u>
Weighted average incremental borrowing rate (percent per annum)	3.95
Comprise of:	
Current lease liabilities	7,710
Non-current lease liabilities	<u>32,432</u>
	<u>40,142</u>

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

	(Unit: Thousand Baht)
Leasehold improvement	40,328
Motor vehicles	<u>2,999</u>
<b>Total right-of-use assets</b>	<u>43,437</u>

## 5. Significant accounting policies

### 5.1 Revenue and expenses recognition

#### a) Interest incomes

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

Interest income is recognised as interest accrues based on the effective rate method.

The Company calculates interest income on financial assets, other than those considered credit-impaired, by applying the effective interest rate method to the gross carrying amount of the financial asset. When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate method to the net book value (gross carrying amount less allowance for expected credit losses) of the financial asset. If the financial asset is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

### Accounting policy adopted before 1 January 2020

The Company recognises interest income on loans and receivables on an accrual basis, based on the amount principal outstanding, except for interest on loans to and amounts receivable from financial institutions and securities companies which are overdue more than 90 days where income is recognised on the basis of the amount collected.

The Company ceases recognising income from securities business loans on an accrual basis when there is uncertainty as to the collectability of the loans and interest.

In the following cases collectability of loans and interest is held to be uncertain.

- (1) Loans are not fully collateralised.
- (2) Installment loans with repayments scheduled no more than 3 months for each installment, which principal or interest is overdue more than 3 months.
- (3) Installment loans with repayments scheduled no less than 3 months for each installment, unless there is clear evidence and a high degree of certainty that full repayment will be received.
- (4) Problem financial institutions debtors.
- (5) Other receivables of which interest payment is overdue 3 months or more.

These conditions are based on the guidelines stipulated by the Office of the Securities and Exchange Commission.

The Company recognises interest income on securities on an accrual basis.

#### **b) Fees and service income**

Fees and service income are recognised when services have been rendered taken into account to the stage of completion.

#### **c) Gains and return on financial instruments**

##### ***Gain (loss) on investments and derivatives trading***

Gain (loss) on investments and trading in derivatives is recognised as income or expense on the transaction dates.

##### ***Dividend***

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

#### **d) Expenses**

The Company recognises expenses on an accrual basis.

## **5.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, cash at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

## **5.3 Recognition of customers assets**

Cash received from customers of credit balance accounts are recorded as assets and liabilities of the Company for the internal control purposes. At the end of the reporting period, the Company excludes these amounts from both assets and liabilities and presents only the assets which belong to the Company.

## **5.4 Securities borrowing and lending**

The Company records its obligations to return borrowed securities which it has been sold as short selling or lent as "Securities borrowing and lending payables" and securities lent to customers are recorded as "Securities borrowing and lending receivables" in the statements of financial position. At the end of the reporting period, the balance of "Securities borrowing and lending payables" and "Securities borrowing and lending receivables" are adjusted based on the closing price quoted on the Stock Exchange of Thailand of the last working day of the reporting period. In addition, the Company records cash paid as collateral for securities borrowing as "Collateral receivables" and cash received as collateral for securities lending as "Collateral payables".

Fees from borrowing and lending are recognised on an accrual basis over the term of the lending.

## **5.5 Securities purchased under resale agreements**

The Company enters into purchase of securities under agreements to resale securities at certain dates in the future at a fixed price. Securities purchased under resale agreements presented as assets in the statements of financial position are stated at amounts paid for the purchase of those securities.

The difference between the purchase and sale considerations is recognised on an accrual basis over the period of the transaction and is included in interest income.

## **5.6 Receivables from Clearing House and broker - dealers**

Receivables from Clearing House and broker - dealers comprise the net receivable from Thailand Clearing House (TCH) for settlement of equity securities trades made through the Stock Exchange of Thailand, and the net receivable from domestic broker in respect of securities trades settled through domestic broker, including cash collateral pledged with domestic broker for securities trading.



## 5.7 Securities business receivables

Securities business receivables are the net balances of securities business receivables after deducting allowance for expected credit losses.

In addition, securities business receivables include customer trading transactions during the last 2 days of the accounting period, for which settlement was not yet due as at the end of reporting period, credit balance accounts, securities borrowings and lending receivables, collateral receivables (which comprise cash pledged as security with securities lenders) and other receivables such as securities receivables which are the subject of legal proceedings, are undergoing restructuring or are being settled in installments.

## 5.8 Financial instruments

### Accounting policy adopted since 1 January 2020

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

##### Financial assets - debt instruments

The Company classifies its financial assets - debt instruments measured at either amortised cost or fair value based on the business model for managing the assets and the contractual cash flow characteristic, as summarised below.

- Financial assets measured at amortised cost when they are held within a business model with the objective to hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially measured at fair value on trade date and are subsequently measured at amortised cost and are subject to impairment (if any).
- Financial assets measured at fair value through OCI when they are held within a business model with the objective of both hold financial assets in order to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding and selling financial assets. These financial assets are initially and subsequently measured at fair value. Gains and losses arising due to changes in fair value recognised in OCI. Cumulative gains or losses previously recognised in OCI will be reclassified to profit or loss in the statement of comprehensive income once sold or derecognition. Foreign exchange gains and losses, expected credit losses, and interest income using effective interest rate method are recognised in the statement of comprehensive income.

- Financial assets measured at fair value through profit or loss when they are held within a business model without the objective to collect contractual cash flows or according to the conditions in financial assets contracts, it is not solely payments of principal and interest on the principal amount outstanding. These financial assets are initially and subsequently measured at fair value. Gains and losses arising due to changes in fair value and once sold are recognised through gains and return on financial instruments.

#### Financial assets - equity instruments

The Company classified its investment in equity instruments which are held for trading as financial assets measured at fair value through profit or loss.

In some cases, the Company elects to classify irrevocably its equity instruments which are not held for trading, but for strategic purpose or having high fluctuation in its price as financial assets measured at fair value through OCI. Gains and losses on these financial assets from changes in fair value will be recognised in OCI and gain and losses from selling are never recycled to profit or loss in the statement of comprehensive income, but recognised through retained earning instead. Dividends are recognised in the statement of comprehensive income, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument.

The classification is determined on an instrument-by-instrument basis.

#### Financial liabilities

The Company classifies and measures its financial liabilities at amortised cost. Such financial liabilities are initially measured at fair value and subsequently measured at amortised cost. Except, securities borrowing and lending payables, and derivative (losses) are measured at fair value through profit or loss.

#### **Changes in conditions of financial instruments which are not measured at fair value**

##### Financial assets

If there is a change in conditions of financial instruments and the Company estimates that cash flows of the financial assets significantly change, the former financial assets will be derecognised and reverted to be recorded at fair value. The difference of those book values is recorded in profit or loss as a part of loss on impairment.

If the cash flows of financial assets have an insignificant change, the Company adjusts gross value of the financial assets and records the adjusted amount to profit (loss) on changes in contractual term in profit or loss which is a part of loss on impairment.

### Financial liabilities

The Company derecognises the financial liabilities if there is a change in contractual terms which causes significant changes in cash flows of the financial liabilities, and recognises the financial liabilities at fair value. The difference between book value and fair value is recorded in profit or loss.

If the cash flows of financial liabilities have an insignificant change, the Company adjusts gross value of the financial liabilities which reflects the reviewed net present value, then discounts using the former effective interest rate, and records the adjusted amount to profit or loss.

### **Derecognition**

Financial assets are primarily derecognised when the rights to receive cash flows from the asset have expired or when the Company has transferred its rights to receive cash flows from the asset and either transferred substantially all the risks and rewards of the asset. Interest derived from remaining financial asset or transferred is recognised as asset or liability.

Financial liabilities are derecognised when the obligation under the liability are discharged or cancelled or expires.

### **Write-offs**

Financial assets are written off either partially or in their entirety only when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures.

### Accounting policy adopted before 1 January 2020

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in debt securities which expected to be held to maturity are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- c) Investment in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association as at the last working day of the reporting period. The fair value of unit trusts is determined from their net asset value as at the end of reporting period.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

## 5.9 Derivatives

Derivative financial instruments held for trading are initially recognised at fair value on the date on which a derivative contract is entered into. The Company recognised gains (losses) from changes in the fair value of derivatives are included in profit or loss. The fair value of derivatives is based on the daily settlement price of the last working day as quoted on Thailand Futures Exchange Public Company Limited or the latest bid or offer price of the last working day as quoted on the Stock Exchange of Thailand.

In event that the fair value of derivatives cannot be determined from Thailand Futures Exchange Public Company Limited or the Stock Exchange of Thailand, because there are non-active market conditions such as low trading volume or significant fluctuations in price, the fair value is determined by using a valuation technique and model. The input to this model is derived from observable markets, and includes consideration of underlying price and volatility of the underlying asset.

## 5.10 Allowance for expected credit losses of financial assets

### Accounting policy adopted since 1 January 2020

The Company recognises a loss allowance for expected credit losses on investments in debt instruments including cash equivalents, receivables from Clearing House and broker - dealers, securities business receivables, loans and investment in debt securities that are measured at amortised cost or fair value through other comprehensive income by using General Approach. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, expected credit losses are provided for credit losses that result from default events that are possible within the next 12 months.

Allowance for expected credit losses are re-measured at every end of reporting period in order to reflect the change in credit risk from those have been initially recognised of related financial instruments.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by present observable and supportable and reasonable forward-looking information. As for the exposure at default, for financial assets, this is represented by the asset's gross carrying amount at the reporting date. The Company continuously reviews and revisits the methods used, assumptions and forward-looking information.

For credit balance accounts, the allowance is set up based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions assessment/forward-looking. In considering whether there has been a significant increase in credit risk since initial recognition, it is based on outstanding status of the debtors, required maintaining of collateral, high credit-risk debtors with a high attention by the Company's management, and the default.

Increase (decrease) of allowance for expected credit losses is recorded as expenses during the period in the statement of comprehensive income.

#### Accounting policy adopted before 1 January 2020

The allowance for doubtful accounts is based on management's evaluation of the adequacy of the reserve for doubtful accounts of each account. The evaluation encompasses consideration of past collection experience and other factors such as collection risk and the value of the collateral, including the change in composition and volume of receivables and the relationship of the reserve to the portfolio and local economic conditions and compliance with the Office of the Securities and Exchange Commission's notification regarding the accounting for sub-standard loans of securities companies which undertake the granting of credits to securities businesses.

#### **5.11 Equipment and depreciation**

Equipment is stated at cost less accumulated depreciation. Depreciation is provided for all equipment using the straight-line basis over the estimated useful lives as follows:

Leasehold improvement	5 - 6 years
Office equipment	5 years
Furniture and fixtures	5 years

Depreciation is included in determining income.

Expenditures for additions, renewals and betterments, which result in a substantial increase in an asset's current replacement value, are capitalised. Repair and maintenance costs are recognised as an expense when incurred.

## 5.12 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses (if any).

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

Intangible assets with finite lives are as follows:

Computer software	5 years
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## 5.13 Impairment of non-financial assets

At the end of each reporting period, the Company performs impairment reviews in respect of the equipment and intangible 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.

## 5.14 Payables to Clearing House and broker - dealers

Payables to Clearing House and broker - dealers comprise the net payable to Thailand Clearing House (TCH) for settlement of equity securities trades made through the Stock Exchange of Thailand, and the net payable to domestic broker in respect of securities trades settled through domestic broker.

## 5.15 Securities business payables

Securities business payables are the obligations of the Company in respect of its securities business with outside parties, such as customer trading transactions during the last 2 days of the accounting period, for which settlement was not yet due as at the end of reporting period, securities delivery obligations as a result of securities borrowing, and obligations to return assets held by the Company as collateral for securities lending.

## 5.16 Employee benefits

### *Short-term employee benefits*

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

## ***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's contributions are recognised as expenses when incurred.

### *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.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

## **5.17 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.

## **5.18 Income tax**

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

### **Current tax**

Current income 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 legislation.

### **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 and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward 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 owners' equity if the tax relates to items that are recorded directly to owners' equity.

### **5.19 Related party transactions**

Related parties comprise individuals or 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 associated companies and individuals or enterprises 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 authority in the planning and direction of the Company's operations.

### **5.20 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 as a lessee**

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

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**

The Company recognises right-of-use assets at the commencement date (the date that underlying assets are available to use). They are subsequently measured at cost less accumulated depreciation and impairment losses (if any), adjusted with any remeasurement of corresponding lease liabilities.



Depreciation of right-of-use assets is calculated from their costs. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset, as follows.

Leasehold improvement	5 years
Motor vehicles	5 years

If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use is depreciated over the useful life of the underlying asset.

### **Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

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

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

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

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

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

### **The Company as a lessor**

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

#### **5.21 Fair value measurement**

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise 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.

#### **6. 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 estimates. Significant judgements and estimates are as follows:

### ***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.

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

The management is required to make judgement on estimation of allowance for expected credit losses of financial assets. The calculation of allowance for expected credit losses is according to the condition in considering the increase of credit risk, credit risk model, the risk for the call of the securities used as collateral, debtor's status analysis either by individual or group basis, probability of the return, and the selection of the information relating to expected economic conditions into the model. However, using different estimates and assumptions might affect the amount of allowance for expected credit losses. As a result, there is a possibility to have an adjustment of allowance for expected credit losses in the future.

### ***Equipment and depreciation***

In determining depreciation of equipment, the management is required to make estimates of the useful lives and residual values of the Company's equipment and to review estimate residual lives and salvage values when there are any changes.

In addition, the management is required to review 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.

### ***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.

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

In determining the lease term, the management is required to make judgement to evaluate whether it is reasonably certain to or not to exercise the option to renew or terminate the lease, taking into account all relevant factors that create an economic incentive for it to exercise either renewal or termination.

### ***Deferred tax assets***

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses 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.

### ***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, mortality rate and staff turnover rate.

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

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises 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 recognised in the financial statements and disclosures of fair value hierarchy.

## **7. Cash and cash equivalents**

	(Unit: Thousand Baht)	
	2020	2019
Cash	30	30
Saving and current deposits	27,254	1,871
Less: Deposits for customers' account	(11,126)	(1,223)
Total cash and cash equivalents	<u>16,158</u>	<u>678</u>

## Supplemental cash flows information

	(Unit: Thousand Baht)	
	2020	2019
Non-cash items		
Increase (decrease) in payable from purchase of equipment	(251)	251
Gain on investments in debt instruments designated at fair value through other comprehensive income	31	-
Loss on investments in equity instruments designated at fair value through other comprehensive income	(15)	-
Gain on remeasuring available-for-sale investments	-	485
Actuarial gains on defined benefit plan	1,787	-

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

	(Unit: Thousand Baht)	
	2020	2019
Receivables from Clearing House	177,884	12,814
Receivables from domestic broker	1,565	-
Receivables from Clearing House and broker - dealers	<u>179,449</u>	<u>12,814</u>

### 9. Securities business receivables

	(Unit: Thousand Baht)	
	2020	2019
Customers' accounts - credit balance	3,406,294	3,668,274
Other receivables	32,255	7,298
Total	<u>3,438,549</u>	<u>3,675,572</u>
Add: Accrued interest income	102	-
Less: Allowance for doubtful accounts	-	(7,298)
Less: Allowance for expected credit loss	(7,528)	-
Securities business receivables	<u>3,431,123</u>	<u>3,668,274</u>

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

(Unit: Million Baht)

	31 December 2020		
	Securities business receivables and accrued interest	Receivables amount to be considered setting up of allowance for expected credit losses	Allowance for expected credit losses
Performing debts	3,313	3,313	1
Under-performing debts	119	119	-
Credit impaired debts	7	7	7
<b>Total</b>	<b>3,439</b>	<b>3,439</b>	<b>8</b>

(Unit: Million Baht)

	31 December 2019		
	Securities business receivables	Allowance for doubtful accounts set up by the Company	Net securities business receivables after allowance for doubtful accounts
Normal debts	3,668	-	3,668
Doubtful debts	7	(7)	-
<b>Total</b>	<b>3,675</b>	<b>(7)</b>	<b>3,668</b>

## 10. Derivatives assets and derivatives liabilities

### 10.1 Derivatives assets and derivatives liabilities for trading

(Unit: Thousand Baht)

	31 December 2020			
	Assets		Liabilities	
	Fair value	Notional amount	Fair value	Notional amount
Futures <sup>(1)</sup>	-	-	-	6,750
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,750</b>

<sup>(1)</sup> The futures are cash settlement. Real exposure is a difference between cost of such contracts and underlying assets level. Fair value of outstanding futures at the end of year is net presented in "Receivables from Clearing House and broker - dealers". As at 31 December 2020, fair value of derivative liabilities - futures is loss of Baht 6.8 million.

As at 31 December 2020, futures contracts are matured in September 2021. Delivery method of the futures listed in TFEX is cash settlement. Real exposure is a difference between cost of futures and underlying assets level on settlement date.

## 10.2 Portion of derivative trading transactions separated by notional amount

(Unit: %)

Type of contract party	31 December 2020	
	Portion of notional amount	
	Assets	Liabilities
Financial institution	-	100
Total	-	100

## 11. Investments

### 11.1 Cost and fair value

(Unit: Thousand Baht)

	2020			2019		
	Fair value			Fair value		
	Non-collateralised investments	Collateralised investments	Total	Non-collateralised investments	Collateralised investments	Total
<u>Investments measured at fair value through profit or loss</u>						
Investments in trading securities						
Marketable equity instruments in domestic market						
	6,980	-	6,980	-	-	-
Total	6,980	-	6,980	-	-	-
Investments measured at fair value						
Open end fund - equity	11	-	11	-	-	-
Total	11	-	11	-	-	-
Total investments measured at fair value through profit or loss						
	6,991	-	6,991	-	-	-
<u>Investments measured at fair value through other comprehensive income</u>						
Investments in debt instruments measured at fair value through other comprehensive income						
Government bonds	285,056	132,916	417,972	66,735	108,135	174,870
Less: Government bonds for customers' account	(281,370)	-	(281,370)	(54,879)	-	(54,879)
Total	3,686	132,916	136,602	11,856	108,135	119,991

(Unit: Thousand Baht)

	2020			2019		
	Fair value			Fair value		
	Non-collateralised investments	Collateralised investments	Total	Non-collateralised investments	Collateralised investments	Total
Investments in equity instruments measured at fair value through other comprehensive income						
Non-marketable equity instruments in domestic market	653	-	653	-	-	-
Open end fund - equity	-	-	-	13	-	13
Total	653	-	653	13	-	13
Total investments measured at fair value through other comprehensive income	4,339	132,916	137,255	11,869	108,135	120,004
<b>Other investments</b>						
Equity securities	-	-	-	668	-	668
Total other investments	-	-	-	668	-	668
Total investments	11,330	132,916	144,246	12,537	108,135	120,672

## 11.2 Investments in debt instruments classified by the remaining contracts

(Unit: Thousand Baht)

	2020				2019			
	Not over		Over		Not over		Over	
	1 year	1 - 5 years	5 years	Total	1 year	1 - 5 years	5 years	Total
Investments in debt instruments designated at fair value through other comprehensive income	316,269	101,703	-	417,972	174,870	-	-	174,870
Total	316,269	101,703	-	417,972	174,870	-	-	174,870



11.3 Gain on remeasuring investments in debt instruments designated at fair value through other comprehensive income which recognised in owners' equity

(Unit: Thousand Baht)  
For the year ended  
31 December 2020

Adjustments from financial reporting standards related to financial instruments adoption (Note 4)	245
Changes during the year	
- from revaluation (before net of income tax)	31
- income tax	(6)
Balance - end of the year	<u>270</u>

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

(Unit: Thousand Baht)

31 December 2020				
Investments	Reason for use of alternative in presentation as mentioned	Fair value	Dividend received	Retained earning or retained losses transferred in owner's equity
ASCO Business Promotion Company Limited	Intention to held in long-term period	653	-	-

12. Allowance for expected credit losses / Allowance for doubtful accounts

12.1 Allowance for expected credit losses

(Unit: Thousand Baht)

	31 December 2020			Total
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	
<b>Securities business receivables</b>				
Beginning balance	-	-	7,298	7,298
Adjustments from financial reporting standards related to financial instruments adoption (Note 4)	110	-	-	110
Changes from stage assignment	-	-	3,226	3,226
Changes from revaluation of expected credit losses	120	-	(3,226)	(3,106)
Ending balance	<u>230</u>	<u>-</u>	<u>7,298</u>	<u>7,528</u>

## 12.2 Allowance for doubtful accounts

(Unit: Thousand Baht)

	31 December 2019		
	Normal debt	Doubtful debt	Total
Balance - beginning of the year	3,000	300,973	303,973
Reversal of doubtful accounts	(3,000)	(1,539)	(4,539)
Bad debt recoverable	-	(120)	(120)
Bad debt write-off	-	(292,016)	(292,016)
Balance - end of the year	-	7,298	7,298

## 13. Loans

(Unit: Thousand Baht)

	2020	2019
At call	300,000	500,000
Not over 1 year	380,000	705,000
Total loans	680,000	1,205,000

These loans are provided to financial institutions. Part of such loans are unsecured loans and the remaining are secured loans which have right to claim on margin loan receivables of the borrowers as collateral.

## 14. Equipment

(Unit: Thousand Baht)

	Leasehold improvement	Office equipment	Furniture and fixtures	Motor vehicles	Total
<b>Cost</b>					
1 January 2019	25,127	17,324	4,378	6,430	53,259
Additions	-	1,326	14	-	1,340
Disposals	-	(2,113)	-	-	(2,113)
31 December 2019	25,127	16,537	4,392	6,430	52,486
Adjustments of right-of-use assets due to TFRS 16 adoption (Note 4)	-	-	-	(6,430)	(6,430)
1 January 2020	25,127	16,537	4,392	-	46,056
Additions	-	253	-	-	253
Disposals/written-off	-	(408)	(836)	-	(1,244)
31 December 2020	25,127	16,382	3,556	-	45,065

(Unit: Thousand Baht)

	Leasehold improvement	Office equipment	Furniture and fixtures	Motor vehicles	Total
<b>Accumulated depreciation</b>					
1 January 2019	25,107	15,979	4,369	2,145	47,600
Depreciation for the year	6	708	3	1,286	2,003
Depreciation on disposals	-	(2,113)	-	-	(2,113)
31 December 2019	25,113	14,574	4,372	3,431	47,490
Adjustments of right-of-use assets due to TFRS 16 adoption (Note 4)					
	-	-	-	(3,431)	(3,431)
1 January 2020	25,113	14,574	4,372	-	44,059
Depreciation for the year	5	748	7	-	760
Depreciation on disposals/written-off	-	(408)	(836)	-	(1,244)
31 December 2020	25,118	14,914	3,543	-	43,575
<b>Net book value</b>					
31 December 2019	14	1,963	20	2,999	4,996
1 January 2020	14	1,963	20	-	1,997
31 December 2020	9	1,468	13	-	1,490
<b>Depreciation charge included in the statements of comprehensive income for the years ended 31 December</b>					
2019					2,003
2020					760

As at 31 December 2020, certain fixed assets items have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 41.2 million (2019: Baht 42.4 million).

## 15. Intangible assets

(Unit: Thousand Baht)

	31 December 2019	Additions	Transfer in (transfer out)	Amortised	31 December 2020
Computer software	2,859	489	327	(1,312)	2,363
Computer software in progress	327	-	(327)	-	-
Total	3,186	489	-	(1,312)	2,363

(Unit: Thousand Baht)

	31 December 2019	Additions	Transfer in (transfer out)	Amortised	31 December 2020
Computer software	3,612	676	-	(1,429)	2,859
Computer software in progress	-	327	-	-	327
Total	3,612	1,003	-	(1,429)	3,186

#### 16. Right-of-use assets

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

(Unit: Thousand Baht)

	Leasehold improvements	Motor vehicles	Total
1 January 2020	40,328	2,999	43,327
Decrease from lease modification	(6,354)	-	(6,354)
Depreciation for the year	(7,133)	(1,286)	(8,419)
31 December 2020	26,841	1,713	28,554

#### 17. Other assets

(Unit: Thousand Baht)

	2020	2019
Deposits	3,343	3,323
Prepaid expenses	3,504	3,387
Finance lease receivable	2,501	-
Others	1,005	464
Total other assets	10,353	7,174

## 18. Borrowings from financial institutions

(Unit: Thousand Baht)

	2020				2019			
	Interest rate (% per annum)	Due period			Interest rate (% per annum)	Due period		
		Not over 1 year	1 - 5 years	Total		Not over 1 year	1 - 5 years	Total
Promissory notes	0.70 - 1.85	2,315,000	-	2,315,000	1.35 - 2.45	2,450,000	-	2,450,000
Bills of exchange	1.67	39,951	-	39,951	2.15 - 2.50	283,888	-	283,888
Total borrowings from financial institutions		<u>2,354,951</u>	<u>-</u>	<u>2,354,951</u>		<u>2,733,888</u>	<u>-</u>	<u>2,733,888</u>

The borrowings from financial institutions are unsecured loans.

The loan agreements contain covenants that, among other things, require the Company to maintain net capital ratios in the agreements.

## 19. Securities business payables

(Unit: Thousand Baht)

	2020	2019
Securities business payables	<u>254,631</u>	<u>32,151</u>
Total	<u>254,631</u>	<u>32,151</u>

## 20. Debt issued and borrowings

(Unit: Thousand Baht)

	2020				2019			
	Interest rate (% per annum)	Due period			Interest rate (% per annum)	Due period		
		Not over 1 year	1 - 5 years	Total		Not over 1 year	1 - 5 years	Total
Promissory notes	-	-	-	-	2.40 - 2.50	367,730	-	367,730
Bills of exchange	-	-	-	-	2.60	49,933	-	49,933
Total		<u>-</u>	<u>-</u>	<u>-</u>		<u>417,663</u>	<u>-</u>	<u>417,663</u>

The above debt issued and borrowings are unsecured loans.

## 21. Lease liabilities

(Unit: Thousand Baht)

	2020	2019
Lease liabilities	31,296	2,596
Less: Deferred interest expenses	(2,432)	(320)
Total	28,864	2,276
Less: Current portion of lease liabilities	(6,982)	(856)
Lease liabilities, net of current portion	21,882	1,420

The Company has entered into lease agreements for rental of office area and motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 years and 5 years.

The followings are the amounts relating to leases recognised in profit or loss:

(Unit: Thousand Baht)

	For the year ended 31 December 2020
Depreciation of right-of-use assets	8,419
Financial interest from lease liabilities	1,397
Expense relating to short-term leases	490
Leases expenses which the underlying asset is low value	93
Total	10,399

The Company has cash flow paid for repayment of lease liabilities for the year ended 31 December 2020 amounting to Baht 7.6 million.

The analytical maturity of lease liabilities are as follows:

(Unit: Thousand Baht)

	As at 31 December 2020			
	Not over		Over	
	1 year	1 - 5 years	5 years	Total
Lease payments during the lease term	8,055	23,241	-	31,296
Deferred interest	(1,073)	(1,359)	-	(2,432)
Lease liabilities	6,982	21,882	-	28,864

(Unit: Thousand Baht)

As at 31 December 2019

	Not over		Over	
	1 year	1 - 5 years	5 years	Total
Lease payments during the lease term	1,027	1,569	-	2,596
Deferred interest	(171)	(149)	-	(320)
Lease liabilities	856	1,420	-	2,276

**22. Provisions**

(Unit: Thousand Baht)

	2020	2019
Provision for long-term employee benefits	21,631	21,316
Provision for dismantling costs	2,562	-
Total	24,193	21,316

**22.1 Provision for long-term employee benefits**

Provision for long-term employee benefits presented as provisions in the statements of financial position, which from compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	2020	2019
<b>Provision for long-term employee benefits at beginning of year</b>	21,316	14,685
Included in profit or loss:		
Current service cost	2,887	2,767
Interest cost	505	452
Past service cost	-	3,671
Included in other comprehensive income:		
Actuarial gain (loss) arising from		
Demographic assumptions changes	243	-
Financial assumptions changes	128	-
Experience adjustments	(2,158)	-
Benefits paid during the year	(1,290)	(259)
<b>Provision for long-term employee benefits at end of year</b>	21,631	21,316

The Company recognised these expenses in employee benefits expenses in the profit or loss. As at 31 December 2020, the Company expected to pay Baht 3.0 million of long-term employee benefits during the next year (2019: Baht 1.3 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 8 years (2019: 11 years).

Significant actuarial assumptions are summarised below:

	(Unit: % per annum)	
	2020	2019
Discount rate	1.23	2.34
Salary increase rate	4.00	5.00
Turnover rate	0.00 - 11.00	0.00 - 11.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

	2020			
	Effect to provision for long-term		Effect to provision for long-term	
	Increase	employee benefits	Decrease	employee benefits
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
Discount rate	1	(1,459)	1	1,645
Salary increase rate	1	1,670	1	(1,510)
Turnover rate	1	(1,527)	1	900
	2019			
	Effect to provision for long-term		Effect to provision for long-term	
	Increase	employee benefits	Decrease	employee benefits
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
Discount rate	1	(1,669)	1	1,883
Salary increase rate	1	2,398	1	(2,140)
Turnover rate	1	(1,777)	1	1,105



## 22.2 Provision for dismantling costs

The movements of provision for dismantling costs for the year ended 31 December 2020 are presented below.

(Unit: Thousand Baht)

Balance as at 31 December 2019	-
Adjustments of right-of-use assets due to TFRS 16 adoption (Note 4)	2,462
Balance as at 1 January 2020	2,462
Depreciation for the year	100
Balance as at 31 December 2020	2,562

The Company recognised provision for dismantling costs due to the Company has obligation to demolish office improvement and fixtures.

## 23. Other liabilities

(Unit: Thousand Baht)

	2020	2019
Interest payable	253	1,936
Accrued expenses	11,459	14,487
Withholding tax payable	334	250
Specific business tax payable	519	636
Other payables	1,429	728
Others	564	103
Total other liabilities	14,558	18,140

## 24. Share capital

	2020		2019	
	Number of shares	Amount	Number of shares	Amount
	(Thousand shares)	(Thousand Baht)	(Thousand shares)	(Thousand Baht)
Registered share capital				
(Par value at Baht 10 each)	154,913	1,549,126	154,913	1,549,126
Issued and paid-up share capital				
(Par value at Baht 10 each)	154,913	1,549,126	154,913	1,549,126

## 25. 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% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

## 26. Dividends

Dividend	Approved by	Total dividend (Thousand Baht)	Dividend per share (Baht)
Dividend for the year 2018	Annual General Meeting of the shareholders on 20 April 2019	38,728	0.25
Total for 2019		<u>38,728</u>	<u>0.25</u>
Interim dividend	Board of Directors Meeting on 13 April 2020	49,572	0.32
Total for 2020		<u>49,572</u>	<u>0.32</u>

## 27. Fees and service income

(Unit: Thousand Baht)

	2020	2019
Securities borrowing and lending income	184	934
Front end fee income	3	1
Other income	268	79
Total	<u>455</u>	<u>1,014</u>

## 28. Interest incomes

(Unit: Thousand Baht)

	2020	2019
Interest income on margin loans	168,830	237,726
Interest income from loans	21,571	30,681
Others	4,235	5,100
Total	<u>194,636</u>	<u>273,507</u>

**29. Gains and return on financial instruments**

	(Unit: Thousand Baht)	
	2020	2019
Gain on trading securities	7,631	109
Loss on derivatives	(6,776)	(105)
Dividend income	418	3
Total	<u>1,273</u>	<u>7</u>

**30. Interest expenses**

	(Unit: Thousand Baht)	
	2020	2019
Interest expenses on borrowings	27,285	64,279
Interest expenses on lease liabilities	1,397	-
Others	99	-
Total	<u>28,781</u>	<u>64,279</u>

**31. Expected credit losses**

	(Unit: Thousand Baht)
	For the year ended 31 December 2020
Securities business receivables	<u>120</u>
Total	<u>120</u>

**32. Directors and management's benefits**

During the year, the Company had salaries, bonuses, meeting allowances, post-employee benefits, gratuities of its directors and management, which were as follows:

	(Unit: Thousand Baht)	
	2020	2019
Short-term employee benefits	28,301	27,867
Post-employment benefits	3,703	5,425
Total	<u>32,004</u>	<u>33,292</u>

### 33. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The fund is monthly contributed to by employees, at the rate which is not less than 2% of their basic salaries but not more than the amount contributed by the Company, and by the Company at the rates of 3% to 10% of basic salaries. It will be paid to employees upon termination in accordance with the rules of the fund. The fund is managed by BBL Asset Management Company Limited and Principal Asset Management Company Limited. The contributions for the year ended 31 December 2020 amounting to approximately Baht 3.2 million (2019: Baht 3.3 million) were recognised as expenses.

### 34. Income tax

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

	(Unit: Thousand Baht)	
	2020	2019
<b>Current income tax:</b>		
Interim corporate income tax charge	13,522	20,755
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	1,301	585
<b>Income tax expenses reported in the statements of comprehensive income</b>	<b>14,823</b>	<b>21,340</b>

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

	(Unit: Thousand Baht)	
	2020	2019
Deferred tax relating to		
Gain on investments in debt instruments designated at fair value through other comprehensive income	(6)	-
Gain on remeasuring available-for-sale investments	-	(97)
Loss on investments in equity instruments designated at fair value through other comprehensive income	2	-
Actuarial gains	(357)	-
<b>Total</b>	<b>(361)</b>	<b>(97)</b>

The reconciliation between accounting profit and income tax expenses is shown below.

	(Unit: Thousand Baht)	
	2020	2019
Accounting profit before tax	73,285	106,751
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	14,657	21,350
Effects of:		
Non-deductible expenses	201	112
Additional expense deductions allowed	(35)	(122)
Income tax expenses reported in the statement of comprehensive income	14,823	21,340

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

	(Unit: Thousand Baht)	
	2020	2019
<b>Deferred tax assets</b>		
Accumulated amortisation - computer software	1,501	3,330
Provision for long-term employee benefits	4,326	4,263
Lease liabilities	5,773	-
Provision for dismantling costs	512	-
Others	36	-
Total	12,148	7,593
<b>Deferred tax liabilities</b>		
Unrealised gain from revaluation of investments in debt instruments designated at fair value through other comprehensive income	67	-
Unrealised gain from revaluation of available-for-sale investments	-	61
Right-of-use assets	5,711	-
Finance lease receivable	500	-
Total	6,278	61
<b>Deferred tax assets - net</b>	5,870	7,532

### 35. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

### 36. Commitments related to service agreements and leases of low-value assets/Operating leases

As at 31 December 2020, the Company had commitments from several service agreements and lease agreements of low-value assets in respect of the lease of equipment. The terms of the agreements are generally between 1 year and 3 years. Future minimum payments required were as follows:

	(Unit: Million Baht)
	<u>31 December 2020</u>
Payable:	
In up to 1 year	4.0
In over 1 and up to 2 years	0.4

As at 31 December 2019, the Company had commitments from several operating lease agreements in respect of the lease of area in the building, equipment, motor vehicles and service agreements. The terms of the agreements are generally between 1 year and 4 years. Future minimum payments required under operating lease and service agreements were as follows:

	(Unit: Million Baht)
	<u>31 December 2019</u>
Payable:	
In up to 1 year	12.7
In over 1 and up to 4 years	11.9

### 37. Segment information

The Company is principally engaged in the granting credits to securities business. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

## **38. Financial instruments**

### **38.1 Financial risk management**

The Company's financial instruments principally comprise cash and cash equivalents, securities purchased under resale agreements, receivables from Clearing House, securities business receivables, investments, loans, borrowings from financial institutions, payables from Clearing House, securities business payables, debt issued and borrowings. The Company has financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company is exposed to credit risk primarily with respect to securities purchased under resale agreements, receivables from Clearing House, securities business receivables, investments in debt securities and loans. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer.

The investment in debt instruments is determined on the basis of the firm financial status of issuing institutions and their instruments being rated at acceptable rating by the reputable credit rating agencies.

The maximum exposure to credit risk is limited to the carrying amounts of securities purchased under resale agreements, receivables from Clearing House, securities business receivables, investments in debt securities and loans less allowance for losses as stated in the statements of financial position.

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

The Company's exposure to interest rate risk relates primarily to its cash at banks, securities purchased under resale agreements, securities business receivables, investments in debt securities, loans, borrowings from financial institutions and debt issued and borrowings. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2020 and 2019 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

2020

	Outstanding balances of financial instruments							Interest rate (% per annum)
	Floating interest rate	Repricing or maturity dates				No interest	Total	
		At call	Within 1 year	1 - 5 years	Over 5 years			
<b><u>Financial assets</u></b>								
Cash and cash equivalents	-	-	-	-	-	16	16	-
Receivables from Clearing House and broker - dealers	1	-	-	-	-	178	179	0.20
Securities business receivables	3,406	-	1	24	-	-	3,431	5.00 - 20.00
Non-collateralised investments	-	-	4	-	-	7	11	0.27 - 0.37
Collateralised investments	-	-	31	102	-	-	133	0.37 - 0.43
Loans	-	300	380	-	-	-	680	2.60 - 3.95
<b><u>Financial liabilities</u></b>								
Borrowings from financial institutions	-	665	1,690	-	-	-	2,355	0.70 - 1.85
Payables from Clearing House	-	-	-	-	-	12	12	-
Securities business payables	-	-	-	-	-	255	255	-
Lease liabilities	-	-	7	22	-	-	29	2.87 - 8.60

(Unit: Million Baht)

2019

	Outstanding balances of financial instruments							Interest rate (% per annum)
	Floating interest rate	Repricing or maturity dates				No interest	Total	
		At call	Within 1 year	1 - 5 years	Over 5 years			
<b><u>Financial assets</u></b>								
Cash and cash equivalents	-	-	-	-	-	1	1	-
Receivables from Clearing House	-	-	-	-	-	13	13	-
Securities business receivables	3,667	-	-	1	-	-	3,668	5.25 - 20.00
Investments	-	-	120	-	-	1	121	1.16 - 1.20
Loans	-	500	705	-	-	-	1,205	2.70 - 4.15
<b><u>Financial liabilities</u></b>								
Borrowings from financial institutions	-	430	2,304	-	-	-	2,734	1.35 - 2.50
Securities business payables	-	-	-	-	-	32	32	-
Debt issued and borrowings	-	-	418	-	-	-	418	2.40 - 2.60
Lease liabilities	-	-	1	1	-	-	2	2.87 - 8.60



## Liquidity risk

The periods of time from the statements of financial position date to the maturity dates of financial instruments as of 31 December 2020 and 2019 are as follows:

(Unit: Million Baht)

	2020					Total
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	
<b><u>Financial assets</u></b>						
Cash and cash equivalents	16	-	-	-	-	16
Receivables from Clearing House and broker - dealers	-	179	-	-	-	179
Securities business receivables	-	90	24	-	3,317	3,431
Non-collateralised investments	-	4	-	-	7	11
Collateralised investments	-	31	102	-	-	133
Loans	300	380	-	-	-	680
<b><u>Financial liabilities</u></b>						
Borrowings from financial institutions	665	1,690	-	-	-	2,355
Payables from Clearing House	-	12	-	-	-	12
Securities business payables	-	255	-	-	-	255
Lease liabilities	-	7	22	-	-	29

(Unit: Million Baht)

	2019					Total
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	
<b><u>Financial assets</u></b>						
Cash and cash equivalents	1	-	-	-	-	1
Receivables from Clearing House	-	13	-	-	-	13
Securities business receivables	-	19	1	-	3,648	3,668
Investments	-	120	-	-	1	121
Loans	500	705	-	-	-	1,205
<b><u>Financial liabilities</u></b>						
Borrowings from financial institutions	430	2,304	-	-	-	2,734
Securities business payables	-	32	-	-	-	32
Debt issued and borrowings	-	418	-	-	-	418
Lease liabilities	-	1	1	-	-	2

## 38.2 Fair values of financial instruments

The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, receivables from Clearing House and broker - dealers, securities business receivables, loans, borrowings from financial institutions, payables from Clearing House and broker - dealers, securities business payables, and debt issued and borrowings, their carrying amounts in the statements of financial position approximate their fair values.
- b) 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) For marketable equity securities, their fair values are generally derived from quoted market prices.
- d) For other derivatives, their fair values have been determined by using a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market. The Company had considered to counterparty credit risk when determining the fair value of derivatives.
- e) For lease liabilities which their interest rates are close to the market rate, their carrying amounts in the statements of financial position approximate their fair values.

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

## 39. Fair value of financial instruments

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

(Unit: Thousand Baht)

	As at 31 December 2020				
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>					
Non-collateralised investments <sup>(1)</sup>	292,700	6,980	285,067	653	292,700
Collateralised investments	132,916	-	132,916	-	132,916
<b>Financial liabilities measured at fair value</b>					
Derivatives liabilities <sup>(2)</sup>	-	-	-	-	-

<sup>(1)</sup> Included government securities for customers' account amounting to Baht 281 million.

<sup>(2)</sup> Fair value of derivatives liabilities - futures as at 31 December 2020 amounting to a loss of Baht 6.8 million, net presented in "Receivables from Clearing House and broker - dealers", was measured at fair value by using Level 1 of input.

(Unit: Thousand Baht)

	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Non-collateralised investments <sup>(1)</sup>	-	66,748	-	66,748
Collateralised investments	-	108,135	-	108,135
<b>Assets for which fair value are disclosed</b>				
Other investments - equity securities	-	-	668	668

<sup>(1)</sup> Included government securities for customers' account amounting to Baht 55 million.

#### Valuation techniques and inputs to Level 2 valuations

- a) For debts 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.
- b) The fair value of unit trusts is determined from the net assets value (NAV) published by the mutual fund management companies acting as the fund managers.

#### Valuation techniques and inputs to Level 3 valuations

Fair value of non-marketable-equity instruments in the domestic market is determined using initial cost of the invested company.

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

#### **40. Event after the reporting period**

On 22 February 2021, a meeting of the Company's Board of Directors passed a resolution to propose to the Annual General Meeting of the Company's shareholders for the year 2021 for approval a dividend payment, from profit for the year 2020, to the shareholders of the Company's for 154.9 million ordinary shares, at a rate of Baht 0.22 per share, or a total of Baht 34.08 million, to be paid on 19 May 2021.

#### **41. Reclassifications**

Certain amounts in the statement of financial position as at 31 December 2019, and the statement of comprehensive income for the year ended 31 December 2019, have been reclassified to comply with the Notification of SEC relating to the format of financial statements of securities companies (version 3) No. SorThor. 6/2562 dated 8 January 2019 and to conform to the current year's classification. The reclassifications are as follows.

	(Unit: Thousand Baht)	
	As at 31 December 2019	
	As reclassified	As previously reported
<u>Statement of financial position</u>		
Investments	-	120,672
Non-collateralised investments	12,537	-
Collateralised investments	108,135	-
Lease liabilities	2,276	-
Other liabilities	18,140	20,416

	(Unit: Thousand Baht)	
	For the year ended	
	31 December 2019	
	As reclassified	As previously reported
<u>Statement of comprehensive income</u>		
Interest incomes	273,507	-
Interest on margin loans	-	237,611
Gains and return on financial instruments	7	35,903

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

#### 42. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2021.