

GMO-Z COM SECURITIES (THAILAND) LIMITED

Financial Statements

Six-month period ended June 30, 2020

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS GMO-Z COM SECURITIES (THAILAND) LIMITED

REPORT ON AUDIT OF INTERIM FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of GMO-Z com Securities (Thailand) Limited (the “Company”), which comprise the statement of financial position as at June 30, 2020, and the related statements of comprehensive income, changes in owners’ equity and cash flows for the six-month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of GMO-Z com Securities (Thailand) Limited as at June 30, 2020, and its financial performance and its cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of Accounting Professions’ Code of Ethics for Professional Accountants that are relevant to the audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

We draw attention to the following Notes to the financial statements:

- Note 2.4 which described the statement of comprehensive income for the three-month period ended June 30, 2019, presented herein as comparative information, was prepared by management and had not been audited and reviewed.
- Note 2.5 which described the Company has adopted group of Financial Instruments Standards which became effective for fiscal year beginning on or after January 1, 2020. The Company elected to recognize the cumulative effect of initially applying such Standards as an adjustment to the beginning balance of retained earnings of the current reporting period.

Our opinion is not modified in respect of these matters.

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 TFRSs, 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's 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

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs 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 TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

We 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 we identify during our audit.

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

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

We have reviewed the statement of comprehensive income of GMO-Z com Securities (Thailand) Limited for the three-month period ended June 30, 2020 and the notes to the financial statements ("interim financial information"). The Company's management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Thai Standard on Review Engagements No. 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the aforementioned interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34, "Interim Financial Reporting".

Wilasinee Krishnamra

Wilasinee Krishnamra
Certified Public Accountant (Thailand)
Registration No. 7098

BANGKOK
August 19, 2020

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

GMO-Z COM SECURITIES (THAILAND) LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

UNIT : BAHT

| | Notes | As at June 30, 2020 | As at December 31, 2019 |
|---|--------------|------------------------------------|--|
| ASSETS | | | |
| ASSETS | | | |
| Cash and cash equivalents | 4.1 | 578,848,917 | 187,443,816 |
| Receivables from Clearing House and broker - dealers | 5 | 5,798,612 | 28,775,986 |
| Securities and derivatives business receivables | 6 | 5,041,142,276 | 5,194,378,083 |
| Non-collateralized investments | 7.1 | 310,630,052 | 100,865,102 |
| Collateralized investments | 7.1 | 20,057,421 | 20,100,000 |
| Loans to employees | 9 | 1,204,676 | 681,121 |
| Leasehold office improvement and equipment | 10 | 10,357,726 | 13,216,361 |
| Right-of-use assets | 11 | 19,616,563 | - |
| Intangible assets | 12 | 215,928,037 | 235,454,806 |
| Deferred tax assets | 13 | 3,897,267 | 3,897,267 |
| Other assets | 14 | 26,338,565 | 24,673,203 |
| TOTAL ASSETS | | 6,233,820,112 | 5,809,485,745 |

Notes to the financial statements form an integral part of these financial statements

GMO-Z COM SECURITIES (THAILAND) LIMITED
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT JUNE 30, 2020

UNIT : BAHT

| | Notes | As at June 30, 2020 | As at December 31, 2019 |
|--|-------|---------------------------|-------------------------------|
| LIABILITIES AND OWNERS' EQUITY | | | |
| LIABILITIES | | | |
| Borrowings from financial institutions | 15 | 4,390,000,000 | 3,989,206,000 |
| Payables to Clearing House and broker - dealers | 16 | 43,157,679 | - |
| Securities and derivatives business payables | 17 | 75,535,823 | 58,294,872 |
| Debt issued | 18 | 20,000,000 | 20,000,000 |
| Lease liabilities | 19 | 19,553,664 | 1,209,056 |
| Provisions | 20 | 8,542,907 | 7,454,709 |
| Other liabilities | 21 | 18,959,541 | 18,403,600 |
| TOTAL LIABILITIES | | <u>4,575,749,614</u> | <u>4,094,568,237</u> |
| OWNERS' EQUITY | | | |
| SHARE CAPITAL | | | |
| Authorized share capital | 22 | | |
| 200,000,000 ordinary shares of Baht 10 each | | <u>2,000,000,000</u> | <u>2,000,000,000</u> |
| Issued and paid-up share capital | | | |
| 200,000,000 ordinary shares of Baht 10 each, fully paid | | 2,000,000,000 | 2,000,000,000 |
| ACCUMULATED DEFICITS | | | |
| Unappropriated (deficits) | | (341,929,502) | (285,082,492) |
| TOTAL OWNERS' EQUITY | | <u>1,658,070,498</u> | <u>1,714,917,508</u> |
| TOTAL LIABILITIES AND OWNERS' EQUITY | | <u>6,233,820,112</u> | <u>5,809,485,745</u> |

Notes to the financial statements form an integral part of these financial statements

GMO-Z COM SECURITIES (THAILAND) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2020
“UNAUDITED”

UNIT : BAHT

| | Notes | 2020 | 2019 “Unreviewed” |
|--|-------|--------------------------|-------------------------|
| REVENUES | | | |
| Brokerage fees | | 9,556,977 | 6,155,710 |
| Interest income | 24 | 80,588,237 | 51,105,221 |
| Net foreign exchange gain | | - | 57,704 |
| Other income | | 404,139 | 437,130 |
| Total Revenues | | <u>90,549,353</u> | <u>57,755,765</u> |
| EXPENSES | | | |
| Employee benefits expenses | | 19,015,785 | 18,998,987 |
| Fees and service expenses | | 6,247,570 | 3,932,860 |
| Interest expenses | | 25,492,895 | 21,331,588 |
| Expected credit loss (reversal) | 26 | (7,662,704) | - |
| Net foreign exchange loss | | 9,464,034 | - |
| Other expenses | 27 | <u>25,479,230</u> | <u>15,474,454</u> |
| Total Expenses | | <u>78,036,810</u> | <u>59,737,889</u> |
| PROFIT (LOSS) BEFORE INCOME TAX | | <u>12,512,543</u> | <u>(1,982,124)</u> |
| INCOME TAX (INCOME) EXPENSE | 13 | <u>-</u> | <u>(3,897,267)</u> |
| PROFIT FOR THE PERIOD | | <u>12,512,543</u> | <u>1,915,143</u> |
| OTHER COMPREHENSIVE INCOME | | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | | <u><u>12,512,543</u></u> | <u><u>1,915,143</u></u> |
| BASIC EARNINGS PER SHARE | | | |
| | 28 | BAHT | 0.06 |
| | | | 0.01 |
| WEIGHTED AVERAGE NUMBER OF | | | |
| ORDINARY SHARES | 28 | SHARES | 200,000,000 |
| | | | 141,648,352 |

Notes to the financial statements form an integral part of these financial statements

GMO-Z COM SECURITIES (THAILAND) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

UNIT : BAHT

| | Notes | 2020 | 2019 | |
|--|-------|---------------------|---------------------|-------------|
| REVENUES | | | | |
| Brokerage fees | | 20,172,990 | 10,561,658 | |
| Fees and service income | | - | 237,000 | |
| Interest income | 24 | 172,654,126 | 82,650,878 | |
| Net foreign exchange gain | | - | 240,344 | |
| Other income | | 854,120 | 1,348,826 | |
| Total Revenues | | <u>193,681,236</u> | <u>95,038,706</u> | |
| EXPENSES | | | | |
| Employee benefits expenses | | 37,770,449 | 37,753,377 | |
| Fees and service expenses | | 12,660,316 | 2,962,190 | |
| Interest expenses | | 53,899,892 | 34,328,260 | |
| Expected credit loss | 26 | 11,731,677 | - | |
| Net foreign exchange loss | | 59,892,947 | - | |
| Other expenses | 27 | 51,057,549 | 37,025,804 | |
| Total Expenses | | <u>227,012,830</u> | <u>112,069,631</u> | |
| LOSS BEFORE INCOME TAX | | (33,331,594) | (17,030,925) | |
| INCOME TAX (INCOME) EXPENSE | 13 | - | (3,897,267) | |
| LOSS FOR THE PERIOD | | <u>(33,331,594)</u> | <u>(13,133,658)</u> | |
| OTHER COMPREHENSIVE INCOME | | - | - | |
| TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD | | <u>(33,331,594)</u> | <u>(13,133,658)</u> | |
| BASIC LOSS PER SHARE | 28 | BAHT | (0.17) | (0.10) |
| WEIGHTED AVERAGE NUMBER OF | | | | |
| ORDINARY SHARES | 28 | SHARES | 200,000,000 | 129,558,011 |

Notes to the financial statements form an integral part of these financial statements

GMO-Z COM SECURITIES (THAILAND) LIMITED
STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

UNIT : BAHT

| | Notes | Issued and Paid-up Share Capital | Accumulated Deficits Unappropriated (Deficits) | Total Owners' Equity |
|--|-------|--|--|----------------------------|
| Beginning balance as at January 1, 2019 | | 1,000,000,000 | (295,766,060) | 704,233,940 |
| Increased issued and paid-up share capital | 22 | 500,000,000 | - | 500,000,000 |
| Total comprehensive expense for the period | | - | (13,133,658) | (13,133,658) |
| Ending balance as at June 30, 2019 | | <u>1,500,000,000</u> | <u>(308,899,718)</u> | <u>1,191,100,282</u> |
| Beginning balance as at January 1, 2020 - as reported | | 2,000,000,000 | (285,082,492) | 1,714,917,508 |
| Impact of first-time adoption of new accounting standards | 2.5 | - | (23,515,416) | (23,515,416) |
| Beginning balance as at January 1, 2020 - as restated | | 2,000,000,000 | (308,597,908) | 1,691,402,092 |
| Total comprehensive expense for the period | | - | (33,331,594) | (33,331,594) |
| Ending balance as at June 30, 2020 | | <u>2,000,000,000</u> | <u>(341,929,502)</u> | <u>1,658,070,498</u> |

Notes to the financial statements form an integral part of these financial statements

GMO-Z COM SECURITIES (THAILAND) LIMITED
STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

UNIT : BAHT

| | 2020 | 2019 |
|--|---------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before income tax | (33,331,594) | (17,030,925) |
| Adjustments to reconcile gain (loss) before income tax to cash received (paid) from operating activities: | | |
| Depreciation and amortization expense | 25,594,851 | 10,253,412 |
| Expected credit loss | 11,731,677 | - |
| Amortization of interest expense | 18,164 | 180,076 |
| Unrealized gain on revaluation of foreign exchange rates | - | (240,344) |
| Interest expenses | 53,899,892 | 34,328,260 |
| Interest income | (172,654,126) | (82,650,878) |
| Employee benefits expenses | 1,070,034 | 1,856,154 |
| Loss from operating activities before changes in operating assets and liabilities | (113,671,102) | (53,304,245) |
| (Increase) decrease in operating assets | | |
| Receivables from Clearing House and broker - dealers | 22,977,374 | (46,442,661) |
| Securities and derivatives business receivables | 116,756,980 | (1,981,948,054) |
| Non-collateralized investments at amortized cost | (209,764,950) | (19,471,795) |
| Other assets | (4,780,597) | (2,708,579) |
| Increase (decrease) in operating liabilities | | |
| Payables to Clearing House and broker - dealers | 43,157,679 | (25,974,991) |
| Securities and derivatives business payables | 17,240,951 | 27,966,099 |
| Other liabilities | 8,510,365 | 6,101,670 |
| Cash paid from operating activities | (119,573,300) | (2,095,782,556) |
| Cash received from interest income | 175,268,575 | 72,126,146 |
| Cash received from refundable value-added tax | 3,092,442 | 17,647,055 |
| Cash paid for interest expenses | (54,863,940) | (31,620,807) |
| Cash paid for withholding tax | (6,553,271) | (7,697,209) |
| Net cash used in operating activities | (2,629,494) | (2,045,327,371) |

GMO-Z COM SECURITIES (THAILAND) LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

UNIT : BAHT

| | Notes | 2020 | 2019 |
|---|-------|---------------------------|---------------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Cash paid for loans to employees | | (523,555) | (444,897) |
| Cash paid for purchases of leasehold improvement and equipment | 4.2.1 | (1,631,258) | (5,530) |
| Cash paid for purchases of intangible assets | 4.2.2 | - | (14,692,613) |
| Net cash used in investing activities | | <u>(2,154,813)</u> | <u>(15,143,040)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Cash received from borrowings from financial institutions | 4.2.3 | 21,700,000,000 | 5,356,650,000 |
| Cash paid for borrowings from financial institutions | 4.2.3 | (21,299,206,000) | (3,685,800,000) |
| Cash received for debt issued | 4.2.3 | 20,000,000 | - |
| Cash paid from debt issued | 4.2.3 | (20,000,000) | - |
| Cash paid for lease liabilities | 4.2.3 | (2,795,984) | (3,074,390) |
| Cash received from increasing of issued and paid-up share capital | | - | 500,000,000 |
| Net cash provided by financing activities | | <u>397,998,016</u> | <u>2,167,775,610</u> |
| Net increase in cash and cash equivalents | | 393,213,709 | 107,305,199 |
| Cash and cash equivalents at beginning of period | | 187,443,816 | 148,700,344 |
| Cash and cash equivalents at ending of period | 4.1 | <u><u>580,657,525</u></u> | <u><u>256,005,543</u></u> |

Notes to the financial statements form an integral part of these financial statements

GMO-Z COM SECURITIES (THAILAND) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

1. BUSINESS OPERATIONS AND GENERAL INFORMATION OF THE COMPANY

GMO-Z com Securities (Thailand) Limited (the “Company”) is incorporated as a limited company under Thai laws. The Company’s registered office is located at No. 9, 15th Floor South Wing, G Tower Grand Rama 9, Rama 9 Road, Kwaeng Huaykwang, Khet Huaykwang, Bangkok. The parent company is GMO Financial Holdings, Inc., which is incorporated in Japan, by holding 99.99% of Company’s paid- up share capital and the ultimate parent company of the group is GMO Internet, Inc.

On June 22, 2017, the Company obtained securities business license type A (Full-service License) and derivatives business license type Sor-1 (Full-service License) to operate the following securities businesses:

1. Securities Brokerage
2. Securities Trading
3. Securities Underwriting
4. Investment Advisory Service
5. Mutual Fund Management
6. Private Fund Management
7. Securities Borrowing and Lending
8. Venture Capital Management
9. Derivatives Agent

As at June 30, 2020 and December 31, 2019, the Company has operated the business activity in No.1.

Coronavirus Disease 2019 Pandemic

The Coronavirus disease 2019 (“COVID-19”) 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 group operates. Nevertheless, the Company’s management will continue to monitor the ongoing development and regularly assess the financial impact in respect of valuation of assets, provisions and contingent liabilities.

2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

- 2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in Thai language in conformity with Thai Financial Reporting Standards (“TFRSs”) and accounting practices generally accepted in Thailand and in accordance with the Notifications the Securities and Exchange Commission (the “SEC”).

- 2.2 The Company's financial statements have been prepared in accordance with the Thai Accounting Standard ("TAS") No. 1 "Presentation of Financial Statements", which was effective for financial periods beginning on or after January 1, 2020 onwards, and the additional information is disclosed in accordance with the regulations of the Office of the Securities and Exchange Commission No. SorTor. 6/2562, dated January 8, 2019, regarding "The Form of Financial Statements for Securities Companies (No. 3)", which is effective for the financial statements for the accounting periods beginning on or after January 1, 2020 onwards. The statement of financial position as at December 31, 2019 has been reclassified accordingly.

The statement of financial position as at December 31, 2019 has been reclassified to conform to the classification used in the statement of financial position as at June 30, 2020 as follows:

| | As at December 31, 2019 | Previous Classification | (Unit: Baht) New Classification |
|--------------------------------|-------------------------------|----------------------------|---------------------------------------|
| Non-collateralized investments | 100,865,102 | Investments | Non-collateralized investments |
| Collateralized investments | 20,100,000 | Investments | Collateralized investments |
| Lease liabilities | 1,209,056 | Other liabilities | Lease liabilities |

The statement of comprehensive income for the six-month period ended June 30, 2019 has been reclassified to conform to the classification used in the statement of comprehensive income for the six-month period ended June 30, 2020 as follows:

| | As at June 30, 2019 | Previous Classification | (Unit: Baht) New Classification |
|-------------------|---------------------------|---|---------------------------------------|
| Interest income | 80,333,789 | Interest on margin loans | Interest income |
| Interest income | 2,317,089 | Gain and return on financial instrument | Interest income |
| Interest expenses | 34,328,260 | Finance cost | Interest expenses |

- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies (see Note 3).
- 2.4 The statements of comprehensive income for the three-month period ended June 30, 2019, presented herein as comparative information, was prepared by management which has not been audited and reviewed.
- 2.5 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Company has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements, except the following financial reporting standards:

Group of Financial Instruments Standards

Thai Accounting Standards (“TAS”)

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards (“TFRS”)

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These group of Standards make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company’s business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

Group of Financial Instruments Standards

In the current period, the Company has initially applied Group of Financial Instruments Standards. The Company has elected to recognize the cumulative effect of initially adopting of Thai Financial Reporting Standards No. 9 “Financial Instruments” (“TFRS 9”) as an adjustment to the opening balance of retained earnings and other component of owners’ equity of the reporting period.

TFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

The Company has applied TFRS 9 in accordance with the transition provisions set out in TFRS 9.

- 1) Classification and measurement of financial assets and financial liabilities

The date of initial application is January 1, 2020. Accordingly, the Company has applied the requirements of TFRS 9 to instruments that continue to be recognized as at January 1, 2020 and has not applied the requirements to instruments that have already been derecognized as at January 1, 2020. Comparative amounts in relation to instruments that continue to be recognized as at January 1, 2020 have not been restated.

Classification and measurement of financial assets

All recognized financial assets that are within the scope of TFRS 9 are required to be measured subsequently at amortized cost or fair value on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The director of the Company reviewed and assessed the Company's existing financial assets as at January 1, 2020 based on the facts and circumstances that existed at that date and concluded that the initial application of TFRS 9 has had the following impact on the Company's financial assets as regards their classification and measurement:

- The Company's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as investments held as available-for-sale and were measured at fair value at each reporting date under TAS 105 "Accounting for Investments in Debt and Equity Securities" have been designated as at FVTOCI. The change in fair value on these equity instruments continues to be accumulated in the investment revaluation reserve;
- There is no change in the measurement of the Company's investments in equity instruments that are held for trading; those instruments were and continue to be measured at FVTPL;
- Investments classified as held-to-maturity under TAS 105 "Accounting for Investments in Debt and Equity Securities" and loans and receivables as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Classification and measurement of financial liabilities

A significant change introduced by TFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, TFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognized.

2) Impairment of financial assets

In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model. The expected credit loss model requires the Company and its subsidiaries to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, TFRS 9 requires the Company to recognize a loss allowance for expected credit losses on;

- (1) Debt investments measured subsequently at amortized cost or at FVTOCI;
- (2) Lease receivables;
- (3) Trade receivables and contract assets; and
- (4) Financial guarantee contracts to which the impairment requirement of TFRS 9 apply.

In particular, TFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses ("ECL") if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial instrument at an amount equal to 12-month ECL. TFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

Because the Company has elected to recognize the cumulative effect as an adjustment of retained earnings at the date of initial application, for the purpose of assessing whether there has been a significant increase in credit risk since initial recognition of financial instruments that remain recognized on the date of initial application of TFRS 9.

The result of the assessment is as follows:

| Items existing as at January 1, 2020 that are subject to the impairment provisions of TFRS 9 | (Unit: Baht) Recognition of cumulative additional loss allowance on January 1, 2020 |
|---|--|
| Cash and cash equivalents | 476,299 |
| Securities and derivatives business receivables | 22,932,848 |
| Non-collateralized investments | 32,059 |
| Collateralized investments | 74,210 |
| | <u>23,515,416</u> |

The additional credit loss allowance of Baht 23.52 million as at January 1, 2020, has been recognized against retained earnings, resulting in a net decrease in retained earnings of Baht 23.52 million as at January 1, 2020.

Disclosure in relation to the initial application of TFRS 9

The tables below show the amount of adjustment for financial assets affected by the initial application of TFRS 9 for the current period.

| | Previous book value by TAS105 as at December 31, 2019 | Change in book value | | New book value by TFRS 9 as at January 1, 2020 |
|---|---|----------------------|----------------|--|
| | | Reclassifications | Remeasurements | |
| Financial assets | | | | |
| 1. Fair value through other comprehensive income | | | | |
| - Fair value through other comprehensive income - Equity securities | | | | |
| Add General investments (by TAS 105) | - | 667,680 | - | 667,680 |
| Total financial assets measured at fair value through other comprehensive income | - | 667,680 | - | 667,680 |
| 2. Amortized cost | | | | |
| Balance | | | | |
| - Held-to-maturity securities (by TAS 105) | 120,297,422 | - | - | 120,297,422 |
| - General investments (by TAS 105) | 667,680 | (667,680) | - | - |
| Total financial assets measured at amortized cost | 120,965,102 | (667,680) | - | 120,297,422 |
| Total financial assets | 120,965,102 | - | - | 120,965,102 |

The table below shows information relating to financial assets and financial liabilities that have been reclassified as a result of transition to TFRS 9.

| (Unit: Baht) | | | | | | |
|-----------------------|--|---|----------------------------|--|---|-----------------------|
| As at January 1, 2020 | | | | | | |
| | Previous classification | Previous Measurement | Previous book value amount | New classification | Remeasurement by TFRS 9 | New book value amount |
| Financial assets | Cash and cash equivalents | Cost | 187,443,816 | Cash and cash equivalents | Amortized cost | 186,967,517 |
| | Receivables from Clearing House and broker - dealers | Cost | 28,775,986 | Receivables from Clearing House and broker - dealers | Amortized cost | 28,775,986 |
| | Securities business receivables and Derivatives business receivables | Cost value less allowance for doubtful accounts | 5,194,378,083 | Securities business receivables and Derivatives business receivables | Amortized cost | 5,171,445,235 |
| | General investments | Cost value less allowance for impairment | 667,680 | Non-collateralized investments | Fair value through other comprehensive income | 667,680 |
| | Held-to-maturity securities | Amortized cost | 100,197,422 | Non-collateralized investments | Amortized cost | 100,165,363 |
| | Held-to-maturity securities | Amortized cost | 20,100,000 | Collateralized investments | Amortized cost | 20,025,790 |
| | Loans to employees | Cost | 681,121 | Loans to employees | Amortized cost | 681,121 |

| (Unit: Baht) | | | | | | |
|------------------------------|--|----------------------|----------------------------|--|-------------------------|-----------------------|
| As at January 1, 2020 | | | | | | |
| | Previous classification | Previous Measurement | Previous book value amount | New classification | Remeasurement by TFRS 9 | New book value amount |
| <u>Financial liabilities</u> | Borrowings from financial institutions | Cost | 3,989,206,000 | Borrowings from financial institutions | Amortized cost | 3,989,206,000 |
| | Securities business payables and Derivatives business payables | Cost | 58,294,872 | Securities business payables and Derivatives business payables | Amortized cost | 58,294,872 |
| | Debts issued | Amortized cost | 20,000,000 | Debts issued | Amortized cost | 20,000,000 |
| | Lease liabilities | Amortized cost | 1,209,056 | Lease liabilities | Amortized cost | 1,209,056 |

Thai Financial Reporting Standards No. 16 “Leases” (“TFRS 16”)

The Company has applied TFRS 16 using the cumulative catch-up approach which:

- Requires the Company to recognize the cumulative effect of initially applying TFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- Does not restate the comparative information and continue to present comparative information under Thai Accounting Standards No. 17 “Leases” (“TAS 17”) and Thai Financial Reporting Standard Interpretations No. 4 “Determining whether an Arrangement Contains a Leases” (“TFRIC 4”).

Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. TFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on “risk and rewards” in TAS 17 and TFRIC 4.

The Company applies the definition of a lease and related guidance set out in TFRS 16 to all lease contracts entered into or changed on or after January 1, 2020 (whether it is a lessor or a lease in the lease contract). In preparation for the first-time application TFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in TFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

Impact on Lessee Accounting

Former operating leases

TFRS 16 changes how the Company accounts for lease previously classified as operating leases under TAS 17, which were off balance sheet.

Applying TFRS 16, for all leases (except as noted below), the Company:

- 1) Recognizes right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use assets adjusted by the amount of any prepaid or accrued lease payments in accordance with TFRS 16.
- 2) Recognizes depreciation of right-of-use assets and interest on lease liabilities in the statement of comprehensive income.
- 3) Separates the total amount of cash paid into a principal portion and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent free period) are recognized as part of the measurement of the right-of-use assets and lease liabilities whereas under TAS 17 they resulted in the recognition of a lease incentive, amortized as a reduction of rental expenses on a straight line method.

Under TFRS 16, right-of-use assets are tested for impairment in accordance with Thai Accounting Standards No. 36 “Impairment of Assets” (“TAS 36”).

For short-term leases (lease term of 12 months or less) and leases of low-value assets, including small items, the Company has opted to recognize a lease expense on a straight-line basis as permitted by TFRS 16. This expense is presented within “other expenses” in the statement of comprehensive income.

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying TAS 17.

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Company has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognized under Thai Accounting Standards No. 37 “Provisions, Contingent Liabilities and Contingent Assets” (“TAS 37”) in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- The Company has elected not to recognize right-of-use assets and lease liabilities to leases for which the lease term end within 12 months of the date of initial application.
- The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

Former finance leases

For leases that were classified as finance leases applying TAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying TAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Company has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying TFRS 16 from January 1, 2020.

Financial impact of the initial application of TFRS 16

The Company recognized lease liabilities in relation to leases, which had previously been classified as operating leases under the principles of TAS 17. The right-of-use assets were measured at amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company’s incremental borrowing rates.

The following table shows the operating lease commitments disclosed applying TAS 17 at December 31, 2019, discounted using incremental borrowing rate at the date of initial application and the lease liabilities recognized in the statement of financial position at the date of initial application.

| | (Unit : Baht) |
|--|-------------------|
| Operating lease commitments as at December 31, 2019 | 23,874,533 |
| <u>Less</u> Short-term leases | (1,122,533) |
| <u>Less</u> Effect of discounting the above amounts | (2,048,514) |
| | <u>20,703,486</u> |
| Liabilities under finance lease agreements as at December 31, 2019 | 1,209,056 |
| Lease liabilities recognized as at January 1, 2020 | <u>21,912,542</u> |

The Company has recognized right-of-use assets in amount of Baht 22.95 million and lease liabilities in amount of Baht 21.91 million upon transition to TFRS 16.

In addition, the Federation of Accounting Professions has announced two Accounting Treatment Guidance, which have been announced in the Royal Gazette on April 22, 2020, detail as follows:

Accounting Treatment Guidance on “The temporary relief measures for entities supporting their debtors who effected from the situations that affected Thailand’s economy”

The objective of this accounting treatment guidance is to grant the temporary relief measures for entities helping their debtors who effected from the situations that affected Thailand’s economy with the helping period during January 1, 2020 to December 31, 2021 or until there are any changes from the Bank of Thailand, which require the compliance for such changes. The entities who support their debtors and elect to apply this accounting treatment guidance should be comply with all relief measures specified in this accounting treatment guidance.

The Company has not adopted such accounting treatment guidance in the preparation of the financial statements for the three-month and six-month periods ended June 30, 2020.

Accounting Treatment Guidance on “The temporary relief measures for additional accounting alternatives to alleviate the impacts from COVID-19 outbreak”

This accounting treatment guidance is the option for all entities applying Financial Reporting Standards for Publicly Accountable Entities. Since the preparation of financial statements during the period, which COVID-19 situation still be highly uncertainty as at the end of reporting period may cause the entities’ management to use the critical judgment in the estimation or the measurement and recognition of accounting transactions. Objective of this accounting treatment guidance is to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation. The entities can apply this accounting treatment guidance for the preparation of financial statements with the reporting period ending within the period from January 1, 2020 to December 31, 2020.

The Company has not adopted such accounting treatment guidance in the preparation of the financial statements for the three-month and six-month periods ended June 30, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are as follows:

3.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand, all bank accounts, promissory notes at call, treasury bills and government bonds maturing within 3 months or less from the date of acquisition and without commitments.

3.2 Receivables from Clearing House and broker - dealers / Payables to Clearing House and broker - dealers

Receivables from Clearing House and broker - dealers / Payables to Clearing House and broker - dealers comprise the net balances of receivable or payable to Thailand Clearing House ("TCH") for settlement of equity securities trading made through the Stock Exchange of Thailand, net receivable or payable to TCH for derivatives trades, and net receivable or payable to foreign securities trade settlement through foreign brokers.

3.3 Securities and derivatives business receivables

Accounting policies applicable from January 1, 2020

Securities and derivatives business receivables comprise the net balance receivable of securities and derivatives trading after less allowance for expected credit loss and add accrued interest. Securities and derivatives business receivables which are receivable balance of cash accounts, credit balance accounts and other receivables such as overdue cash customer accounts and securities and derivatives receivables which are debt under litigation, debt compromise, debt settling in installments.

Impairment of financial assets have disclosed in Note 3.17.

Accounting policies applicable prior to January 1, 2020

Securities and derivatives business receivables comprise the net balance receivable of securities and derivatives trading after less allowance for doubtful accounts and add accrued interest. Securities and derivatives business receivables which are receivable balance of cash accounts, credit balance accounts and other receivables such as overdue cash customer accounts and securities and derivatives receivables which are debt under litigation, debt compromise, debt settling in installments.

The Company has provided an allowance for doubtful debts based on a review of debtor's repayment capability, taking into consideration in recovery risk and value of collateral. An allowance will be set aside for doubtful debts that are not fully covered by collateral and/or debtors that cannot be recovered in full amount. Such debt classifications and provisions are in accordance with the following criteria:

a) Asset classified as bad debt is defined as the following criteria:

- (1) Debt which the Company has already pursuing collection effort but could not collect. The Company has already written off in accordance with tax law.
- (2) Debt which the Company has forgiven.

- b) Doubtful debt is defined as the uncollateralized portion of the value of a debt which meets the following criteria:
 - (1) General loans, problem financial institution loans, and other loans which the collateral value is less than the loan balance.
 - (2) Principal or interest is overdue by more than 3 months for installment loans with repayments scheduled at least 3 months for each installment.
 - (3) Installment loans with repayments scheduled more than 3 months for each installment, unless there is clear evidence and a high degree of certainty that full repayment will be received.
- c) Sub-standard debt is defined as the collateralized portion of loans which meet the criteria in b).

Loans classified as bad debt will be written off when identified. Provision will be set aside for loans classified as doubtful at 100% of the loan balance. These conditions are complied with the guidelines stipulated by the SEC.

3.4 Investments

Accounting policies applicable from January 1, 2020

Investments consist of non-collateralized investments and collateralized investments, which have disclosed in financial assets in Note 3.17.

Accounting policies applicable prior to January 1, 2020

Investments consist of investment in deposits at financial institutions and other investments.

Investment in deposits at financial institutions includes fixed deposit account, promissory notes, treasury bills and government bonds maturing more than 3 months from the date of acquisition.

Investments in equity securities which are not marketable are stated at cost, net allowance for impairment (if any).

3.5 Leasehold office improvement and equipment and depreciation

Leasehold office improvement and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of leasehold improvement and equipment are calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

| | |
|------------------------------|---------|
| Leasehold office improvement | 5 years |
| Office equipment | 5 years |
| Furniture | 5 years |
| Computer | 3 years |
| Vehicle | 5 years |

The carrying amounts of the Company's assets are reviewed at the end of reporting period to determine whether there is any indication of a permanent allowance for diminution in value. If any such indication exists, the assets' recoverable amounts are estimated. The allowance for diminution in value will be recognized when the carrying amounts of assets are higher than net realizable value. A loss on allowance for diminution in value is recognized in the statement of comprehensive income.

3.6 Intangible assets and amortization

Intangible assets are computer software which stated at cost less accumulated amortization and allowance for loss on impairment of that assets (if any).

Amortization is charged to the statement of comprehensive income on a straight-line basis over its estimated useful lives as follows:

| | |
|-------------------|--------------|
| Computer software | 3 - 10 years |
|-------------------|--------------|

Intangible assets with indefinite useful lives are tested for impairment annually or whenever there is an indication that the intangible assets may be impaired and allowance for impairment is recognized (if any).

3.7 Securities and derivatives business payables

Securities and derivatives business payables are the obligations of the Company in respect of its securities and derivatives business with other parties, such as the net payable balances of cash accounts, securities delivery obligations as a result of short sales or securities borrowing, and obligations to return assets held by the Company as collateral for securities lending.

3.8 Debt issued

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

3.9 Provision

Provision is recognized 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.

3.10 Provision for restoring costs of leasehold office improvements

Provision for restoring costs of leasehold office improvements represents the liability, incurred from the office lease agreements which are estimated based on quotation from vendor with discounted basis.

3.11 Employee benefits

Provident fund

The Company and their employees have jointly established a provident fund. The fund is monthly contributed by the employees and the Company. The contributions are held in a separate trust fund and the Company's contributions are recognized as expenses when incurred.

Short-term employee benefits

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

Post-employment benefits

Defined benefit plans

The Company has obligations in respect of the severance payments they 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 plans is determined by an actuary based on actuarial techniques, using the Projected Unit Credit Method based on actuarial assumptions as at the statement of financial position date, using various factors including assessment of the average age and employment life of its employees, employee turnover and assumption of future salary increases. The employee benefits obligation is discounted to the present value as at the statement of financial position date and under the assumption that the employees of various ages will work with the Company until retirement age.

Actuarial gains and losses arising from post-employment benefits are recognized immediately in other comprehensive income (loss).

Past service cost related to the plan amendment is recognized as an expense in the statements of comprehensive income when the plan amendment is effective.

3.12 Revenue and expenses recognition

a) Brokerage fees

Brokerage fees on securities and derivatives trading are recognized at a point in time on execution date of the trades at a certain percentage of the transaction value of the trades executed.

b) Fees and services income

Revenue from underwriting service is recognized at a point in time when the relevant underwriting is completed.

c) Interest income

Accounting policies applicable from January 1, 2020

The Company recognized interest income using the effective interest rate method.

The Company calculates interest income by applying the effective interest rate to the gross book value of financial assets which are not impaired.

Accounting policies applicable prior January 1, 2020

Interest on margin loans

Interest is recognized as income over the term of the loans based on the amount of principal outstanding. No accrual has been made for certain loans which, under Notification No. KorThor. 33/2543 dated August 25, 2000 which is updated by Notification No. KorThor. 5/2544 dated February 15, 2001 of the SEC, are not qualified for recognition of interest on an accrual basis and consideration of other relevant factors.

d) Gains and return on financial instruments

Accounting policies applicable prior January 1, 2020

Gains and return on financial instruments are interest on bank accounts which is recognized as income on an accrual basis.

e) Other incomes

Other incomes are recognized on an accrual basis.

f) Expenses

Expenses are recognized on an accrual basis.

3.13 Lease agreements

The Company has applied Thai Financial Reporting Standards No. 16 ("TFRS 16") using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under Thai Accounting Standards No. 17. The details of accounting policies under TFRS 16 are as follows:

Accounting policies applicable from January 1, 2020

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lease, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets and small items. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leases assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lease under residual value guarantees;
- The exercise price of purchase options, if the lease is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under TAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfer 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. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies TAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Leasehold office improvement and equipment" policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

Accounting policies applicable prior to January 1, 2020

Long-term lease agreements - as Lessee

Operating leases

Leases of assets under which all the risks and rewards of ownership of assets substantially retained by the lessors, are classified as operating leases. Lease payments under operating leases are recognized as expenses in the statement of comprehensive income on the straight-line basis over the lease agreements.

Finance leases

Leases in which substantially all the risks and rewards of ownership, other than legal title, are transferred to the Company are accounted for as finance leases. At inception, the fair value of the leased assets is recorded together with the obligation. The leased assets are depreciated using the straight-line method over their estimated useful lives of the assets. Interest or financial charge is calculated with effective interest rate method, depreciation and interest or financial charge are recognized as expenses in the statement of comprehensive income.

3.14 Income tax expense

Income tax expense for the period comprises current and deferred tax. Current and deferred tax are recognized as income or expense in the statement of comprehensive income except to items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable derived from a computation of profit or loss using tax rates enacted and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period when such a determination is made.

Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and the Company intend to settle its current tax assets and liabilities on a net basis.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Company recognizes deferred tax liabilities for all taxable temporary differences in the financial statements.

3.15 Basic earnings (loss) per share

Basic earnings (loss) per share as presented in the statements of comprehensive income is determined by dividing net profit (loss) for the period by the weighted average number of common shares outstanding during the period.

3.16 Foreign currency

Transactions in foreign currencies are converted into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted into Baht at the exchange rate ruling at the end of reporting date.

Gains and losses on exchange rate are recognized as profit or loss in the statement of comprehensive income.

3.17 Financial instruments

Accounting policies applicable from January 1, 2020

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost;

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI");

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ("FVTPL").

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset;

- The Company may irrevocable elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Company may irrevocable designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(1) Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognized in profit or loss and is included in the "Interest income" line item.

(2) Equity instruments designated as at FVTOCI

On initial recognition, the Company make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

A financial asset is held for trading if;

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be classified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with TFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "Gains (losses) and return on financial instruments" line item in profit or loss.

(3) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at FVTPL. Specifically;

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called “accounting mismatch”) that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, securities and derivatives business receivables. The amount of expected credit losses is updated at each reporting period date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognizes lifetime ECL for securities and derivatives business receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(1) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(2) Measurement and recognition of expected credit losses

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 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; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (1) contingent consideration of an acquirer in a business combination, (2) held-for-trading, or (3) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective date is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between; (1) the carrying amount of the liability before the modification; and (2) the present value of cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses.

Accounting policies applicable prior to January 1, 2020

The Company has not speculated in or engaged in trading of any derivatives instruments.

Financial instruments carried in the statement of financial position include cash and cash equivalents. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.18 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows;

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

3.19 Use of management's critical judgments and key sources of estimation uncertainty

3.19.1 Use of management's judgments in applying accounting policies

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Company's management to exercise various judgments in applying accounting policies that can significantly affect the recognition and disclosures in the financial statements. Significant judgments in applying accounting policies are as follows:

(1) Deferred tax assets

The Company recognizes deferred tax assets 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 utilized. The Company's management uses judgements based upon the likely timing and level of estimate future taxable profits to determine the amount of deferred tax assets that can be recognized.

Recognition of deferred tax assets associated with tax losses carried forward

A deferred tax asset is recognized to the extent that it is probable that it will be utilized in the future and the Company has assessed it to be probable that the Company will generate taxable income sufficient to fully utilize the tax losses that exist.

(2) Allowances for expected credit losses of financial assets

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

3.19.2 Key sources of estimation uncertainty

Fair value measurements and valuation processes

Some of the Company's assets and liabilities are measured at fair value for financial reporting purposes. The Company's management has to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The Company's management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model and reports the valuation committee's findings to the board of directors of the Company every quarter to explain cause of fluctuations in the fair value of the assets and liabilities.

4. CASH AND CASH EQUIVALENTS

4.1 Cash and cash equivalents as at June 30, 2020 and December 31, 2019, consisted of the following:

| | As at June 30, 2020 | (Unit : Baht) As at December 31, 2019 |
|--|---------------------------|--|
| Cash on hand | 30,000 | 30,000 |
| Deposit at bank - savings accounts | 569,234,876 | 304,768,751 |
| Deposit at bank - current accounts | 1,969,999 | 442,516 |
| Promissory note with maturity within 3 months | 422,075,579 | - |
| <u>Less</u> Deposits in customers' accounts* | <u>(412,652,929)</u> | <u>(117,797,451)</u> |
| | 580,657,525 | 187,443,816 |
| <u>Less</u> Allowance for expected credit loss | <u>(1,808,608)</u> | - |
| Total cash and cash equivalents | <u>578,848,917</u> | <u>187,443,816</u> |

* Deposits held for customers are not required to present as assets and liabilities in the financial statements according to the Notification of the Office of the Securities and Exchange Commission.

4.2 Non-cash items for the six-month periods ended June 30, 2020 and 2019 are as follows:

4.2.1 Payables from purchases of leasehold office improvement and equipment (recognized as a part of other liabilities), consisted of the following:

| | 2020 | (Unit : Baht) 2019 |
|---|-------------|-----------------------|
| Payables from purchases of leasehold office improvement and equipment brought forward | - | - |
| <u>Add</u> Purchases during the period | 1,631,258 | 5,530 |
| <u>Less</u> Cash payments during the period | (1,631,258) | (5,530) |
| Payables from purchases of leasehold office improvement and equipment carried forward | - | - |

4.2.2 Payables from purchases of intangible assets (recognized as a part of other liabilities), consisted of the following:

| | 2020 | (Unit : Baht) 2019 |
|--|------|-----------------------|
| Payables from purchases of intangible assets brought forward | - | 13,892,613 |
| <u>Add</u> Purchases during the period | - | 800,000 |
| <u>Less</u> Cash payments during the period | - | (14,692,613) |
| Payables from purchases of intangible assets carried forward | - | - |

4.2.3 Change in liabilities from financing activities for the six-month periods ended June 30, 2020 and 2019, consisted of the following:

| | 2020 | | | (Unit : Baht) |
|---|--|--------------|----------------------|------------------|
| | Borrowings from financial institutions | Debt issued | Lease liabilities | Total |
| As at January 1, 2020 | 3,989,206,000 | 20,000,000 | 1,209,056 | 4,010,415,056 |
| Effect of the initial adoption of TFRS 16 | - | - | 20,703,486 | 20,703,486 |
| Cash flows items: | | | | |
| Additions | 21,700,000,000 | 20,000,000 | - | 21,720,000,000 |
| Repayments | (21,299,206,000) | (20,000,000) | (2,795,984) | (21,322,001,984) |
| Total Cash flows items | 4,390,000,000 | 20,000,000 | 19,116,558 | 4,429,116,558 |
| Non-cash items: | | | | |
| Amortization as expense | - | - | 437,106 | 437,106 |
| Total non-cash items | - | - | 437,106 | 437,106 |
| As at June 30, 2020 | 4,390,000,000 | 20,000,000 | 19,553,664 | 4,429,553,664 |

| | 2019 | | | (Unit : Baht) |
|--|--|-------------|----------------------|----------------------|
| | Borrowings from financial institutions | Debt issued | Lease liabilities | Total |
| As at January 1, 2019 | 1,376,963,000 | - | 4,352,330 | 1,381,315,330 |
| Cash flows items: | | | | |
| Additions | 5,356,650,000 | - | - | 5,356,650,000 |
| Repayments | (3,685,800,000) | - | (3,074,390) | (3,688,874,390) |
| Total Cash flows items | <u>3,047,813,000</u> | <u>-</u> | <u>1,277,940</u> | <u>3,049,090,940</u> |
| Non-cash items: | | | | |
| Unrealized gain on foreign exchange rates | (276,000) | - | - | (276,000) |
| Amortization as expense | - | - | 168,162 | 168,162 |
| Total non-cash items | <u>(276,000)</u> | <u>-</u> | <u>168,162</u> | <u>(107,838)</u> |
| As at June 30, 2019 | <u>3,047,537,000</u> | <u>-</u> | <u>1,446,102</u> | <u>3,048,983,102</u> |

5. RECEIVABLES FROM CLEARING HOUSE AND BROKER - DEALERS

Receivables from Clearing House and broker - dealers as at June 30, 2020 and December 31, 2019, consisted of the following:

| | As at June 30, 2020 | (Unit : Baht) As at December 31, 2019 |
|--|---------------------------|--|
| Receivables from Clearing House | 5,798,612 | 28,775,986 |
| Total receivables from Clearing House and broker - dealers | <u>5,798,612</u> | <u>28,775,986</u> |

6. SECURITIES AND DERIVATIVES BUSINESS RECEIVABLES

6.1 Securities and derivatives business receivables as at June 30, 2020 and December 31, 2019, consisted of the following:

| | As at June 30, 2020 | (Unit : Baht) As at December 31, 2019 |
|--|---------------------------|--|
| <u>Securities business receivables</u> | | |
| Cash accounts | 81,111,950 | 29,214,394 |
| Credit balance accounts | 4,910,379,494 | 5,114,424,059 |
| Other receivable | | |
| - Installment receivables | 76,199,273 | 23,431,487 |
| Total securities business receivables | <u>5,067,690,717</u> | <u>5,167,069,940</u> |
| <u>Add</u> Accrued interest income and deferred interest income | 6,807,837 | 27,308,143 |
| <u>Less</u> Allowance for expected credit loss | (33,356,278) | - |
| Total securities and derivatives business receivables | <u>5,041,142,276</u> | <u>5,194,378,083</u> |

- 6.2 As at June 30, 2020 and December 31, 2019, the Company classified securities business receivables including related accrued interest receivables and presented allowance for expected credit loss, consisted of the following:

(Unit : Baht)

| | Securities business receivables and accrued interest receivables | As at June 30, 2020 Exposure at Default | Allowance for expected credit loss |
|------------------------|---|---|---------------------------------------|
| Performing debts | 4,981,981,183 | 4,910,379,494 | 10,020,412 |
| Under-performing debts | - | - | - |
| Non-performing debts | 59,161,093 | 59,161,093 | 23,335,866 |
| Total | <u>5,041,142,276</u> | <u>4,969,540,587</u> | <u>33,356,278</u> |

(Unit : Baht)

| | Securities business receivables and accrued interest receivables | As at December 31, 2019 Allowance for doubtful accounts | Net receivables after allowance for doubtful accounts |
|--------------------|---|---|---|
| Normal debts | 5,194,378,083 | - | 5,194,378,083 |
| Sub-standard debts | - | - | - |
| Doubtful debts | - | - | - |
| Total | <u>5,194,378,083</u> | <u>-</u> | <u>5,194,378,083</u> |

7. INVESTMENTS

- 7.1 Investments as at June 30, 2020, consisted of the following:

(Unit : Baht)

| | As at June 30, 2020 | | |
|---|-----------------------------------|-------------------------------|--------------------|
| | Non-collateralized investments | Collateralized investments | Total |
| <u>Fair value</u> | | | |
| Investments, fair value through other comprehensive income | | | |
| Equity securities - Common stocks | 667,680 | - | 667,680 |
| Total investments, fair value through other comprehensive income | 667,680 | - | 667,680 |
| <u>Amortization cost</u> | | | |
| Investments, amortized cost | | | |
| Fixed deposits | 310,002,000 | - | 310,002,000 |
| Deposits under commitment | - | 20,100,000 | 20,100,000 |
| <u>Less</u> Allowance for expected credit loss | (39,628) | (42,579) | (82,207) |
| Total investments, amortized cost | 309,962,372 | 20,057,421 | 330,019,793 |
| Total investments | <u>310,630,052</u> | <u>20,057,421</u> | <u>330,687,473</u> |

Investment as at December 31, 2019, consisted of the following:

| | (Unit : Baht) | |
|-------------------------------------|-------------------------|--------------------|
| | A at December 31, 2019 | |
| | Cost/ Amortized cost | Fair value |
| Held-to-maturity investments | | |
| Fixed deposits | 100,197,422 | 100,197,422 |
| Deposit under commitment | 20,100,000 | 20,100,000 |
| Total held-to-maturity investments | <u>120,297,422</u> | <u>120,297,422</u> |
| General investments | | |
| General investments | 667,680 | |
| Total general investments | <u>667,680</u> | |
| Total investments | <u>120,965,102</u> | |

7.2 Investments in deposits at financial institutions classified by remaining periods of contracts, consisted of the following:

| | (Unit : Baht) | | |
|--|---------------------|-------------|-----------------|
| | As at June 30, 2020 | | |
| | Within 1 year | 1 - 5 years | Over 5 years |
| Investments in deposits at financial institutions | | | |
| Fixed deposits | 310,002,000 | - | - |
| Deposits under commitment | 20,100,000 | - | - |
| Total investments in deposits at financial institutions | <u>330,102,000</u> | <u>-</u> | <u>-</u> |

| | (Unit : Baht) | | |
|--|-------------------------|-------------|-----------------|
| | As at December 31, 2019 | | |
| | Within 1 year | 1 - 5 years | Over 5 years |
| Investments in deposits at financial institutions | | | |
| Fixed deposits | 100,197,422 | - | - |
| Deposits under commitment | 20,100,000 | - | - |
| Total investments in deposits at financial institutions | <u>120,297,422</u> | <u>-</u> | <u>-</u> |

As at June 30, 2020 and December 31, 2019, fixed deposits carry interest at the rate of 0.85% to 1.75% per annum and 0.50% to 1.75% per annum, respectively.

As at June 30, 2020 and December 31, 2019, deposits totalling Baht 20.10 million, which was pledged as a collateral and mortgage securities with local commercial banks.

7.3 Investment in equity instruments designated at FVTOCI as at June 30, 2020, were as follow;

| | | (Unit: Baht) | | | |
|--|---|----------------|--|--|-----------------------|
| Investments | Reason for use of alternative in presentation as mentioned | Fair value | As at June 30, 2020 Dividend received for the six-month period ended June 30, 2020 | Retained earning or retained losses transferred in owner's equity | Reason to transfer |
| ASCO Business Promotion Company Limited | Intention to held in long-term period | 667,680 | - | - | - |
| Total | | <u>667,680</u> | <u>-</u> | <u>-</u> | |

8. ALLOWANCE FOR EXPECTED CREDIT LOSS

Allowance for expected credit loss as at June 30, 2020, consisted of the following:

(Unit : Baht)

| | As at June 30, 2020 | | | |
|--|--------------------------|--------------------------------|------------------------------|------------|
| | Allowance for performing | Allowance for under-performing | Allowance for non-performing | Total |
| <u>Cash and cash equivalent</u> | | | | |
| Beginning balance | - | - | - | - |
| Change from the adoption of new accounting standards | 476,299 | - | - | 476,299 |
| Change in ECL during the period | 1,332,309 | - | - | 1,332,309 |
| Ending balance | 1,808,608 | - | - | 1,808,608 |
| <u>Securities business receivables</u> | | | | |
| Beginning balance | - | - | - | - |
| Change from the adoption of new accounting standards | 22,932,848 | - | - | 22,932,848 |
| Change in ECL during the period | (12,912,436) | - | 23,335,866 | 10,423,430 |
| Ending balance | 10,020,412 | - | 23,335,866 | 33,356,278 |
| <u>Investments</u> | | | | |
| Beginning balance | - | - | - | - |
| Change from the adoption of new accounting standards | 106,269 | - | - | 106,269 |
| Change in ECL during the period | (24,062) | - | - | (24,062) |
| Ending balance | 82,207 | - | - | 82,207 |

9. LOANS TO EMPLOYEES

Loans to employees as at June 30, 2020 and December 31, 2019, consist of the following:

(Unit : Baht)

| | As at June 30, 2020 | As at December 31, 2019 |
|--------------------------|---------------------------|-------------------------------|
| Within 1 year | 648,428 | 360,088 |
| Over 1 year | 556,248 | 321,033 |
| Total loans to employees | <u>1,204,676</u> | <u>681,121</u> |

10. LEASEHOLD OFFICE IMPROVEMENT AND EQUIPMENT

Leasehold office improvement and equipment as at June 30, 2020 and December 31, 2019, consisted of the following:

| | (Unit : Baht) | | | |
|---|--|--|-------------|----------|
| | For the six-month period ended June 30, 2020 | | | |
| | Balance as at January 1, 2020 | Effect of the initial adoption of TFRS 16 | Increase | Decrease |
| | Balance as at June 30, 2020 | | | |
| Cost | | | | |
| Leasehold office improvement | 13,183,137 | - | - | - |
| Office equipment | 2,858,006 | - | - | - |
| Furniture | 3,930,401 | - | - | - |
| Computer | 8,974,758 | (5,712,411) | 1,631,258 | - |
| Vehicle | 2,392,148 | (2,392,148) | - | - |
| Total cost | 31,338,450 | (8,104,559) | 1,631,258 | - |
| Accumulated depreciation | | | | |
| Leasehold office improvement | (6,221,244) | - | (1,403,734) | - |
| Office equipment | (1,515,948) | - | (300,689) | - |
| Furniture | (2,033,649) | - | (390,763) | - |
| Computer | (7,075,440) | 5,070,115 | (636,071) | - |
| Vehicle | (1,275,808) | 1,275,808 | - | - |
| Total accumulated depreciation | (18,122,089) | 6,345,923 | (2,731,257) | - |
| Leasehold office improvement and equipment | 13,216,361 | | | |

| | (Unit : Baht) | | | |
|---|--|-------------|----------|--|
| | For the year ended December 31, 2019 | | | |
| | Balance as at January 1, 2019 | Increase | Decrease | Balance as at December 31, 2019 |
| Cost | | | | |
| Leasehold office improvement | 12,321,949 | 861,188 | - | 13,183,137 |
| Office equipment | 2,852,476 | 5,530 | - | 2,858,006 |
| Furniture | 3,930,401 | - | - | 3,930,401 |
| Computer | 8,974,758 | - | - | 8,974,758 |
| Vehicle | 2,392,148 | - | - | 2,392,148 |
| Total cost | 30,471,732 | 866,718 | - | 31,338,450 |
| Accumulated depreciation | | | | |
| Leasehold office improvement | (3,659,449) | (2,561,795) | - | (6,221,244) |
| Office equipment | (911,420) | (604,528) | - | (1,515,948) |
| Furniture | (1,247,833) | (785,816) | - | (2,033,649) |
| Computer | (4,210,960) | (2,864,480) | - | (7,075,440) |
| Vehicle | (797,379) | (478,429) | - | (1,275,808) |
| Total accumulated depreciation | (10,827,041) | (7,295,048) | - | (18,122,089) |
| Leasehold office improvement and equipment | 19,644,691 | | | 13,216,361 |

| | |
|---|----------------|
| Depreciation for the six-month periods ended June 30, | |
| 2020 | Baht 2,731,257 |
| 2019 | Baht 3,603,679 |

As at June 30, 2020 and December 31, 2019, there are no fully depreciated leasehold office improvement and equipment that are still in use.

As at June 30, 2020 and December 31, 2019, the Company has initial estimated cost of dismantling and removing the asset and restoring the site of office as a part of leasehold office improvement amounting to Baht 2.00 million.

As at December 31, 2019, the Company had computer and vehicle with net book values of Baht 1.76 million which were acquired under finance lease agreements (As at June 30, 2020: Nil).

11. RIGHT-OF-USE ASSETS

Right-of-use asset as at June 30, 2020, consisted of the following:

| (Unit : Baht) | | | | | |
|--|--|--|-------------|-------------|--------------------------------------|
| | Balance as at January 1, 2020 | For the six-month period ended June 30, 2020 Effect of the initial adoption of TFRS 16 | Increase | Decrease | Balance as at June 30, 2020 |
| Cost | | | | | |
| Building | - | 21,194,752 | - | - | 21,794,752 |
| Computer | - | 5,712,411 | - | (5,330,949) | 381,462 |
| Vehicle | - | 2,392,148 | - | - | 2,392,148 |
| Total cost | - | 29,299,311 | - | (5,330,949) | 23,968,362 |
| Accumulated depreciation | | | | | |
| Building | - | - | (2,468,090) | - | (2,468,090) |
| Computer | - | (5,070,115) | (630,828) | 5,330,949 | (369,994) |
| Vehicle | - | (1,275,808) | (237,907) | - | (1,513,715) |
| Total accumulated depreciation | - | (6,345,923) | (3,336,825) | 5,330,949 | (4,351,799) |
| Right-of-use assets | - | | | | 19,616,563 |
| Depreciation for the six-month period ended June 30, 2020 | | | | Baht | 3,336,825 |

12. INTANGIBLE ASSETS

Intangible assets as at June 30, 2020 and December 31, 2019, consisted of the following:

| (Unit : Baht) | | | | | | |
|---------------------------------|--------------|--|--|----------|------------------------|--------------------------------------|
| | | Balance as at January 1, 2020 | For the six-month period ended June 30, 2020 Increase | Decrease | Transfer in / (out) | Balance as at June 30, 2020 |
| Cost | | | | | | |
| Initial membership fee | Undefined | 20,000,000 | - | - | - | 20,000,000 |
| SET membership fee | Undefined | 50,000,000 | - | - | - | 50,000,000 |
| Computer software | 3 - 10 years | 196,950,015 | - | - | - | 196,950,015 |
| Total cost | | 266,950,015 | - | - | - | 266,950,015 |
| Accumulated amortization | | | | | | |
| Computer software | 3 - 10 years | (31,495,209) | (19,526,769) | - | - | (51,021,978) |
| Total accumulated amortization | | (31,495,209) | (19,526,769) | - | - | (51,021,978) |
| Intangible assets | | 235,454,806 | | | | 215,928,037 |

(Unit : Baht)

| | | For the year ended December 31, 2019 | | | | |
|--|-----------------|--|---------------------|----------|------------------------|---|
| | Useful lives | Balance as at January 1, 2019 | Increase | Decrease | Transfer in / (out) | Balance as at December 31 2019 |
| Cost | | | | | | |
| Initial membership fee | Undefined | 20,000,000 | - | - | - | 20,000,000 |
| SET membership fee | Undefined | 50,000,000 | - | - | - | 50,000,000 |
| Computer software | 3 - 10 years | 70,950,015 | - | - | 126,000,000 | 196,950,015 |
| Total cost | | <u>140,950,015</u> | <u>-</u> | <u>-</u> | <u>126,000,000</u> | <u>266,950,015</u> |
| Accumulated amortization | | | | | | |
| Computer software | 3 - 10 years | (14,606,013) | (16,889,196) | - | - | (31,495,209) |
| Total accumulated amortization | | <u>(14,606,013)</u> | <u>(16,889,196)</u> | <u>-</u> | <u>-</u> | <u>(31,495,209)</u> |
| Computer software under installation | - | 125,200,000 | 800,000 | - | (126,000,000) | - |
| Intangible assets | | <u>251,544,002</u> | | | | <u>235,454,806</u> |
| Amortization for the six-month periods ended June 30, | | | | | | |
| 2020 | | | | | Baht | <u>19,526,769</u> |
| 2019 | | | | | Baht | <u>6,649,733</u> |

Initial and SET membership fee have an undefined useful life when there is no foreseeable limit to the period over which the assets are expected to generate net cash inflows for the entity. Therefore, the Company has not amortized such intangible assets but those assets are tested for impairment annually or whenever there is an indication that the intangible assets may be impaired and allowance for impairment is recognized (if any).

As at June 30, 2020 and December 31, 2019, there are no fully amortized computer software that is still in use.

13. DEFERRED TAX ASSETS / INCOME TAX

13.1 The movements of deferred tax assets during the six-month period ended June 30, 2020 and the year ended December 31, 2019, consisted of the following:

| | (Unit : Baht) | | | |
|---|--|--|---|--------------------------------------|
| | For the six-month period ended June 30, 2020 | | | |
| | Balance As at January 1, 2020 | Items as recognized into profit or loss | Items as recognized into other comprehensive income | Balance As at June 30, 2020 |
| Provisions for restoring costs of leasehold office improvement | 149,878 | - | - | 149,878 |
| Employee benefit obligations | 1,076,417 | - | - | 1,076,417 |
| Unused tax losses | 3,041,093 | - | - | 3,041,093 |
| Difference from lease liabilities | (370,121) | - | - | (370,121) |
| Total deferred tax assets | 3,897,267 | - | - | 3,897,267 |

| | (Unit : Baht) | | |
|---|--|--|---|
| | For the year ended December 31, 2019 | | |
| | Balance As at January 1, 2019 | Items as recognized into profit or loss | Items as recognized into other comprehensive income |
| | Balance As at December 31, 2019 | | |
| Provisions for restoring costs of leasehold office improvement | - | 149,878 | - |
| Employee benefit obligations | - | 2,054,375 | (977,958) |
| Unused tax losses | - | 3,041,093 | - |
| Difference from lease liabilities | - | (370,121) | - |
| Total deferred tax assets | - | 4,875,225 | (977,958) |
| | | | 3,897,267 |

13.2 Income tax

Income tax for the three-month periods ended June 30, 2020 and 2019, consisted of the following:

| | (Unit : Baht) | |
|---|---------------------|----------------------|
| | “Unaudited” 2020 | 2019 “Unreviewed” |
| Current income tax: | | |
| Current income tax for the year | - | - |
| Deferred tax: | | |
| Deferred tax relating to origination and reversal of temporary differences | - | (3,897,267) |
| Income tax presented in the statement of comprehensive income | - | (3,897,267) |

Reconciliation of effective tax rate as follows:

| | (Unit : Baht) | | | |
|--|---------------------|-------------|----------------------|-------------|
| | “Unaudited” 2020 | | 2019 “Unreviewed” | |
| | Tax rate (%) | Baht | Tax rate (%) | Baht |
| Profit (loss) before income tax | | 12,512,543 | | (1,982,124) |
| Income tax at the applicable tax rate | 20 | 2,502,508 | 20 | (396,425) |
| Tax effect of increase in losses carry forward unrecognized deferred tax assets | | (1,071,149) | | 283,129 |
| Tax effect of income and expenses that are exempt from taxation and expense not deductible for tax purpose | | (512,284) | | (214,892) |
| Tax effect of losses carry forward recognized deferred tax assets | | - | | (3,569,079) |
| Temporary differences unrecognized deferred tax assets | | (919,075) | | - |
| Income tax presented in the statement of comprehensive income | - | - | 196.62 | (3,897,267) |

Income tax for the six-month periods ended June 30, 2020 and 2019, consisted of the following:

| | 2020 | (Unit : Baht) 2019 |
|--|------|-----------------------|
| Current income tax: | | |
| Current income tax for the period | - | - |
| Deferred tax: | | |
| Deferred tax relating to origination and reversal of temporary differences | - | (3,897,267) |
| Income tax presented in the statement of comprehensive income | - | (3,897,267) |

Reconciliation of effective tax rate as follows:

| | 2020 | | 2019 |
|--|--------------|--------------|-------------------|
| | Tax rate (%) | Baht | Tax rate (%) Baht |
| Profit (loss) before income tax | | (33,331,594) | (17,030,925) |
| Income tax at the applicable tax rate | 20 | (6,666,319) | 20 (3,406,185) |
| Tax effect of increase in losses carry forward unrecognized deferred tax assets | | 4,141,262 | 523,249 |
| Tax effect of income and expenses that are exempt from taxation and expense not deductible for tax purpose | | (843,236) | (1,014,331) |
| Temporary differences unrecognized | | | |
| Deferred tax assets | | 3,368,293 | - |
| Income tax presented in the statement of comprehensive income | - | - | 22.88 (3,897,267) |

As at as at June 30, 2020 and December 31, 2019, the Company has unused tax losses carry forward against future taxable profit of Baht 295.78 million and Baht 275.07 million, respectively. The carryforward of unused tax losses will be expired in 2022 to 2025.

14. OTHER ASSETS

Other assets as at June 30, 2020 and December 31, 2019, consisted of the following:

| | As at June 30, 2020 | (Unit : Baht) As at December 31, 2019 |
|--|---------------------------|--|
| Other receivable - related companies (see Note 29) | 979,790 | 382,600 |
| Other receivable - other companies | 207,062 | 5,806 |
| Accrued interest receivable | 1,666,213 | 1,158,112 |
| Prepaid expense - related companies (see Note 29) | 952,606 | 323,578 |
| Prepaid expense - other companies | 3,660,176 | 1,913,020 |
| Revenue Department receivable | - | 3,092,442 |
| Clearing fund | 15,611,978 | 14,427,468 |
| Deposits | 3,190,773 | 3,246,935 |
| Others | 69,967 | 123,242 |
| Total other assets | 26,338,565 | 24,673,203 |

15. BORROWINGS FROM FINANCIAL INSTITUTIONS

Borrowings from financial institutions as at June 30, 2020 and December 31, 2019, consisted of the following:

| | | As at June 30, 2020 | | | (Unit : Baht) |
|---|---------------------------|-------------------------------|-------------|-----------------|----------------------|
| | Interest rate (% p.a.) | Remaining periods to maturity | | | Total |
| | | Within 1 year | 1 - 5 years | Over 5 years | |
| Borrowings from financial institutions | | | | | |
| Promissory notes | 1.65 - 2.70 | 1,790,000,000 | - | - | 1,790,000,000 |
| Bill of exchanges | 1.70 | <u>2,600,000,000</u> | <u>-</u> | <u>-</u> | <u>2,600,000,000</u> |
| Total borrowings from financial institutions | | <u>4,390,000,000</u> | <u>-</u> | <u>-</u> | <u>4,390,000,000</u> |

| | | As at December 31, 2019 | | | (Unit : Baht) |
|---|---------------------------|-------------------------------|-------------|-----------------|---------------|
| | Interest rate (% p.a.) | Remaining periods to maturity | | | Total |
| | | Within 1 year | 1 - 5 years | Over 5 years | |
| Borrowings from financial institutions | | | | | |
| Borrowing in foreign currency (see Note 29) | 2.48 | 559,206,000 | - | - | 559,206,000 |
| Promissory notes | 2.40 - 2.90 | 1,930,000,000 | - | - | 1,930,000,000 |
| Bill of exchanges | 2.45 | 1,500,000,000 | - | - | 1,500,000,000 |
| Total borrowings from financial institutions | | 3,989,206,000 | - | - | 3,989,206,000 |

On November 30, 2017, the Company had entered into a revolving loan agreement with the financial institution which is the parent company with a borrowings facility amounting to JPY 3,000 million. Such borrowings facility has interest rate based on short-term prime rate published by the Bank of Japan as of the borrowing date plus 1.00% per annum. Subsequently, on May 7, 2019, the Company had entered into an additional revolving loan agreement with a borrowing facility amounting to JPY 1,000 million. Total facility amount is JPY 4,000 million. As at December 31, 2019, the Company withdrawn the borrowings amounting to JPY 2,000 million, equal to Baht 559.21 million (see Note 29). Subsequently, on April 3, 2020, the Company had made full payment. As at June 30, 2020, the Company did not drawdown a borrowing facility from the parent company.

On November 12, 2018, the Company had entered into a promissory notes facility agreement with TSFC Securities Public Company Limited which has a credit line amounting to Baht 200.00 million. Subsequently, during the year 2019, the Company had entered into additional facility agreements amounting to Baht 350.00 million and on January 8, 2020 amounting to Baht 50.00 million. Total facility amount is Baht 600.00 million. The Company pledge the right to claim credit balance account of securities business receivables as a loan collateral. As at June 30, 2020 and December 31, 2019, the Company withdrawn promissory notes amounting to Baht 10.00 million and Baht 250.00 million, respectively.

As at June 30, 2020, the Company had credit facilities from commercial banks in Thailand which have credit facility of promissory notes amounting to Baht 3,130.00 million and facility of bills of exchange amounting to Baht 3,000.00 million. The parent company issued letter of credit for such credit facilities. As at June 30, 2020, the Company withdrawn promissory notes and bills of exchange amounting to Baht 1,790.00 million and Baht 2,600.00 million, respectively.

16. PAYABLES TO CLEARING HOUSE AND BROKER - DEALERS

Payables to Clearing House and broker - dealers as at June 30, 2020 and December 31, 2019, consisted of the following:

| | As at June 30, 2020 | (Unit : Baht) As at December 31, 2019 |
|---|---------------------------|--|
| Payables to Clearing House | 43,157,679 | - |
| Total payables to Clearing House and broker - dealers | <u>43,157,679</u> | <u>-</u> |

17. SECURITIES AND DERIVATIVES BUSINESS PAYABLES

Securities and derivatives business payables as at June 30, 2020 and December 31, 2019, consisted of the following:

| | As at June 30, 2020 | (Unit : Baht) As at December 31, 2019 |
|--|---------------------------|--|
| <u>Securities business payables</u> | | |
| Cash accounts | 75,535,823 | 58,294,872 |
| Total securities and derivatives business payables | <u>75,535,823</u> | <u>58,294,872</u> |

18. DEBT ISSUED

Debt issued as at June 30, 2020 and December 31, 2019 consisted of the following:

| | | As at June 30, 2020 Remaining periods to maturity | | (Unit: Baht) Total |
|-------------------|---|--|-------------|-----------------------|
| | Interest rate Percentage (% p.a.) | Within 1 year | 1 - 5 years | |
| Promissory note | 2.20 | 20,000,000 | - | 20,000,000 |
| Total debt issued | | <u>20,000,000</u> | <u>-</u> | <u>20,000,000</u> |

| | | As at December 31, 2019 Remaining periods to maturity | | (Unit: Baht) Total |
|-------------------|---|--|-------------|-----------------------|
| | Interest rate Percentage (% p.a.) | Within 1 year | 1 - 5 years | |
| Promissory note | 2.20 | 20,000,000 | - | 20,000,000 |
| Total debt issued | | <u>20,000,000</u> | <u>-</u> | <u>20,000,000</u> |

As at June 30, 2020 and December 31, 2019, the Company had a promissory note amounting to Baht 20.00 million, for use in their operation. The promissory note has a term of 6 months, maturing in August 2020 and January 2020, respectively, which carry interest at a fixed rate of 2.20% per annum and payable at the maturity date.

19. LEASE LIABILITIES

Movements in lease liabilities for the six-month period ended June 30, 2020 are as follows:

| | (Unit : Baht) |
|--|--------------------------|
| | As at June 30, 2020 |
| Lease liabilities as at January 1, 2020, as previously stated | 1,209,056 |
| Effects of the initial adoption of TFRS 16 | 20,703,486 |
| Lease liabilities as at January 1, 2020, as restated | <u>21,912,542</u> |
| Addition | - |
| Interest expense | 437,106 |
| Lease obligation reduction/Repayment | (2,795,984) |
| Lease liabilities as at June 30, 2020 | <u><u>19,553,664</u></u> |

The undiscounted maturity analysis of lease liabilities as at June 30, 2020 are as follows:

| | (Unit : Baht) |
|---------------------------------|--------------------------|
| | As at June 30, 2020 |
| Lease liabilities | |
| Less than one year | 8,140,920 |
| Between one year and five years | 13,105,644 |
| Total | <u><u>21,246,564</u></u> |

Lease liabilities as at June 30, 2020, consisted of the following:

| | (Unit : Baht) |
|--|--------------------------|
| | As at June 30, 2020 |
| Lease liabilities | 21,246,564 |
| <u>Less</u> Deferred interest expenses | (1,692,900) |
| Total | <u><u>19,553,664</u></u> |

Lease liabilities as at December 31, 2019, consisted of the following:

| | (Unit : Baht) | |
|--|----------------------------|---|
| | Minimum lease payments | Present value of minimum lease payments |
| | As at December 31, 2019 | As at December 31, 2019 |
| Not later than 1 year | 556,920 | 496,460 |
| Later than 1 year but not later than 5 years | 744,104 | 712,596 |
| | <u>1,301,024</u> | <u>1,209,056</u> |
| <u>Less</u> Deferred interest expenses | (91,968) | - |
| Total lease liabilities | <u><u>1,209,056</u></u> | <u><u>1,209,056</u></u> |

20. PROVISIONS

Provisions as at June 30, 2020 and December 31, 2019, consisted of the following:

| | As at June 30, 2020 | (Unit : Baht) As at December 31, 2019 |
|---|---------------------------|--|
| Provision for restoring costs of leasehold office improvement | 2,090,789 | 2,072,625 |
| Employee benefit obligations | 6,452,118 | 5,382,084 |
| Total provisions | <u>8,542,907</u> | <u>7,454,709</u> |

20.1 Provision for restoring costs of leasehold office improvement

Provision for restoring costs of leasehold office improvement as at June 30, 2020 and December 31, 2019, are as follows:

| | As at June 30, 2020 | (Unit : Baht) As at December 31, 2019 |
|--------------------------------------|---------------------------|--|
| Beginning balance of the period/year | 2,072,625 | 1,186,491 |
| Increase during the period/year | <u>18,164</u> | <u>886,134</u> |
| Ending balance of the period/year | <u>2,090,789</u> | <u>2,072,625</u> |

20.2 Employee benefit obligations

Movements in the present value of the employment benefit obligations as at June 30, 2020 and December 31, 2019, are as follows:

| | As at June 30, 2020 | (Unit : Baht) As at December 31, 2019 |
|---|---------------------|--|
| Beginning balance of the period/year | 5,382,084 | 6,027,302 |
| Current service cost | 1,023,339 | 3,549,190 |
| Interest cost | 46,695 | 163,117 |
| Past service cost | <u>-</u> | <u>532,265</u> |
| Components of employee benefit costs recognized in the statements of comprehensive income | 1,070,034 | 4,244,572 |
| Remeasurements: | | |
| Gain from change in demographic assumptions | - | (82,922) |
| Gain from change in financial assumptions | - | (3,015,111) |
| Gain from change in experiences | <u>-</u> | <u>(1,791,757)</u> |
| Components of employee benefit costs recognized in other comprehensive income | - | (4,889,790) |
| Ending balance of the period/year | <u>6,452,118</u> | <u>5,382,084</u> |

Employee benefit expenses recognized in profit or loss for the three-month periods ended June 30, 2020 and 2019, consisted of the following:

| | (Unit : Baht) | |
|----------------------|----------------|----------------|
| | “Unaudited” | |
| | 2020 | 2019 |
| | “Unreviewed” | |
| Current service cost | 511,669 | 887,298 |
| Interest cost | 23,348 | 40,779 |
| Total | <u>535,017</u> | <u>928,077</u> |

Employee benefit expenses recognized in profit or loss for the six-month periods ended June 30, 2020 and 2019, consisted of the following:

| | (Unit : Baht) | |
|----------------------|------------------|------------------|
| | 2020 | 2019 |
| Current service cost | 1,023,339 | 1,774,595 |
| Interest cost | 46,695 | 81,559 |
| Total | <u>1,070,034</u> | <u>1,856,154</u> |

On April 5, 2019, the Labor Protection Act (No. 7) B.E. 2562 announced in the Royal Gazette and was effective on May 5, 2019 onwards. This new Thai labor law amends the amount of severance pay for an employee who has worked at least 20 years in accordance with the entity’s working rules and regulations to be increased to 400 days at the employee’s last wage rate which impact on the post-employee benefit plan. The Company has considered to amend the post-employee benefit plan and recognize the increase of the post-employment benefit obligation as at the financial reporting date and the increase in such severance pay of Baht 0.53 million as the expense for the year ended December 31, 2019, in the Company’s financial statements.

The principal actuarial assumptions as at June 30, 2020 and December 31, 2019 are as follows:

| | As at June 30, 2020 (% p.a.) | As at December 31, 2019 (% p.a.) |
|----------------------------|------------------------------------|-------------------------------------|
| Discount rate | 1.32 - 2.31 | 1.32 - 2.31 |
| Salary increase rate | 5 | 5 |
| Employee turnover | 0 - 25 (depend on employee’s ages) | 0 - 25 (depend on employee’s ages) |
| Mortality rate | TMO 2017 (mortality table 2017) | TMO 2017 (mortality table 2017) |
| Improvement mortality rate | 3 | 3 |

Significant actuarial assumptions for the determination of the employee benefit obligations are discount rate, expected salary increase rate, employee turnover rate and improving mortality rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective actuarial assumption occurring at the end of the reporting period, while holding all other assumptions constant.

| | (Unit : Baht) | | |
|--------------------------|--|------------------------|------------------------|
| | Impact on employee benefit obligations | | |
| | As at June 30, 2020 | | |
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 1% | (474,360) | 577,719 |
| Salary increase rate | 1% | 594,005 | (496,858) |
| Employee turnover rate | 20% | (434,680) | 532,356 |
| Improving mortality rate | 1% | 20,213 | (23,269) |

| | (Unit : Baht) | | |
|--------------------------|--|------------------------|------------------------|
| | Impact on employee benefit obligations | | |
| | As at December 31, 2019 | | |
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 1% | (712,182) | 871,288 |
| Salary increase rate | 1% | 833,892 | (698,882) |
| Employee turnover rate | 20% | (607,521) | 742,457 |
| Improving mortality rate | 1% | 28,372 | (32,625) |

The sensitivity analysis presented above may not be representative of the actual change in the employee benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the employee benefit obligations have been calculated using the Projected Unit Credit Method at the end of the report period, which is the same as that applied in calculating the post-employment benefit obligations liability recognized in the statement of financial position.

21. OTHER LIABILITIES

Other liabilities as at June 30, 2020 and December 31, 2019, consisted of the following:

| | (Unit : Baht) | |
|---|---------------------|-------------------------|
| | As at June 30, 2020 | As at December 31, 2019 |
| Accrued expense - related companies (see Note 29) | 2,577,314 | 1,610,745 |
| Accrued expense - other companies | 12,407,681 | 12,195,611 |
| Other payables - a related company (see Note 29) | 95,100 | 133,859 |
| Other payables - other companies | 3,160,950 | 3,791,148 |
| Withholding tax payables | 718,496 | 672,237 |
| Total other liabilities | <u>18,959,541</u> | <u>18,403,600</u> |

22. SHARE CAPITAL

On February 6, 2019, the Extraordinary General Meeting of shareholder No. 1/2019 passed a resolution to increase the Company's authorized share capital from Baht 1,000,000,000 to Baht 1,300,000,000, the issue of 30,000,000 additional ordinary shares at par value of Baht 10.00 each, totaling Baht 300,000,000. The Company fully received share subscription on February 8, 2019 and registered the capital increase with the Department of Business Development, Ministry of Commerce on February 11, 2019.

On May 7, 2019, the Extraordinary General Meeting of shareholder No. 2/2019 passed a resolution to increase the Company's authorized share capital from Baht 1,300,000,000 to Baht 1,500,000,000, the issue of 20,000,000 additional ordinary shares at par value of Baht 10.00 each, totaling Baht 200,000,000. The Company fully received share subscription on May 9, 2019 and registered the capital increase with the Department of Business Development, Ministry of Commerce on May 10, 2019.

On December 20, 2019, the Extraordinary General Meeting of shareholder No. 3/2019 passed a resolution to increase the Company's authorized share capital from Baht 1,500,000,000 to Baht 2,000,000,000, the issue of 50,000,000 additional ordinary shares at par value of Baht 10.00 each, totaling Baht 500,000,000. The Company fully received share subscription on December 23, 2019 and registered the capital increase with the Department of Business Development, Ministry of Commerce on December 24, 2019.

23. CAPITAL MANAGEMENT

The primary objectives of the Company's capital management are to maintain the Company's ability to continue as a going concern and to maintain net liquid capital rule in accordance with Notifications of the SEC.

24. INTEREST INCOME

Interest income for the three-month periods ended June 30, 2020 and 2019, consisted of the following:

| | (Unit : Baht) | |
|---|-------------------|-------------------|
| | 2020 | 2019 |
| | "Unaudited" | "Unreviewed" |
| Interest on margin loans | 73,497,647 | 49,697,892 |
| Interest from deposit at financial institutions | 5,268,929 | 1,396,555 |
| Others | 1,821,661 | 10,774 |
| Total interest income | <u>80,588,237</u> | <u>51,105,221</u> |

Interest income for the six-month periods ended June 30, 2020 and 2019, consisted of the following:

| | (Unit : Baht) | |
|---|--------------------|-------------------|
| | 2020 | 2019 |
| Interest on margin loans | 163,116,476 | 80,333,790 |
| Interest from deposit at financial institutions | 7,199,487 | 2,297,149 |
| Others | 2,338,163 | 19,939 |
| Total interest income | <u>172,654,126</u> | <u>82,650,878</u> |

25. DIRECTORS AND KEY MANAGERMENTS' REMUNERATION

25.1 The Company paid directors' remuneration for the six-month period ended June 30, 2019, amounting to Baht 0.03 million. The remuneration does not include salaries, bonus and other benefits to its directors who hold executive position (For the three-month periods ended June 30, 2020 and 2019 and the six-month period ended June 30, 2020: Nil).

- 25.2 Compensation or remuneration payable to key managements of the Company, which is presented as part of “Employee benefits expenses” for the three-month periods ended June 30, 2020 and 2019, are as follows:

| | (Unit : Baht) | |
|--------------------------|------------------|------------------|
| | “Unaudited” | |
| | 2020 | 2019 |
| | “Unreviewed” | |
| Short-term benefits | 5,688,750 | 5,297,250 |
| Post-employment benefits | 321,960 | 290,778 |
| Total | <u>6,010,710</u> | <u>5,588,028</u> |

Compensation or remuneration payable to key managements of the Company, which is presented as part of “Employee benefits expenses” for the six-month periods ended June 30, 2020 and 2019, are as follows:

| | (Unit : Baht) | |
|--------------------------|-------------------|-------------------|
| | 2020 | 2019 |
| Short-term benefits | 11,226,000 | 10,852,500 |
| Post-employment benefits | 643,919 | 1,171,019 |
| Total | <u>11,869,919</u> | <u>12,023,519</u> |

26. EXPECTED CREDIT LOSS

Expected credit loss (reversal) for the three-month period ended June 30, 2020, consisted of the following:

| | (Unit : Baht) |
|---------------------------------------|--------------------|
| | 2020 |
| Cash and cash equivalent | 122,406 |
| Securities business receivables | (7,771,770) |
| Non-collateralized investments | (2,988) |
| Collateralized investments | (10,352) |
| Total expected credit loss (reversal) | <u>(7,662,704)</u> |

Expected credit loss for the six-month period ended June 30, 2020, consisted of the following:

| | (Unit : Baht) |
|---------------------------------|-------------------|
| | 2020 |
| Cash and cash equivalent | 1,332,309 |
| Securities business receivables | 10,423,430 |
| Non-collateralized investments | 7,569 |
| Collateralized investments | (31,631) |
| Total expected credit loss | <u>11,731,677</u> |

27. OTHER EXPENSES

Other expenses for the three-month periods ended June 30, 2020 and 2019, consisted of the following:

| | (Unit : Baht) | |
|-----------------------------------|-------------------|-------------------|
| | 2020 | 2019 |
| | “Unaudited” | “Unreviewed” |
| Premises and equipment expenses | 13,477,725 | 7,812,061 |
| Consultancy and services expenses | 550,081 | 140,632 |
| Marketing expenses | 1,969,547 | 646,214 |
| Information technology expenses | 3,213,421 | 3,051,007 |
| Specific business taxes | 2,792,287 | 1,843,523 |
| Others | 3,476,169 | 1,981,017 |
| Total other expenses | <u>25,479,230</u> | <u>15,474,454</u> |

Other expenses for the six-month periods ended June 30, 2020 and 2019, consisted of the following:

| | (Unit : Baht) | |
|-----------------------------------|-------------------|-------------------|
| | 2020 | 2019 |
| Premises and equipment expenses | 27,322,905 | 19,360,838 |
| Consultancy and services expenses | 774,665 | 5,289,670 |
| Marketing expenses | 4,114,582 | 2,122,765 |
| Information technology expenses | 6,455,470 | 2,773,226 |
| Specific business taxes | 6,125,830 | 3,008,026 |
| Others | 6,264,097 | 4,471,279 |
| Total other expenses | <u>51,057,549</u> | <u>37,025,804</u> |

28. BASIC EARNINGS (LOSS) PER SHARE

28.1 Basic earnings per share for the three-month periods ended June 30, 2020 and 2019, consisted of the following:

| | 2020 | 2019 |
|--|-------------|--------------|
| | “Unaudited” | “Unreviewed” |
| Profit attributable to shareholders (Baht) | 12,512,543 | 1,915,143 |
| Weight average number of ordinary shares outstanding (Share) | 200,000,000 | 141,648,352 |
| Basic earnings per share (Baht) | 0.06 | 0.01 |

Basic loss per share for the six-month periods ended June 30, 2020 and 2019, consisted of the following:

| | 2020 | 2019 |
|--|--------------|--------------|
| Loss attributable to shareholders (Baht) | (33,331,594) | (13,133,658) |
| Weight average number of ordinary shares outstanding (Share) | 200,000,000 | 129,558,011 |
| Basic loss per share (Baht) | (0.17) | (0.10) |

The Company had no dilutive ordinary shares during the three-month and six-month periods ended June 30, 2020 and 2019.

- 28.2 Weighted average number of ordinary shares for the three-month periods ended June 30, 2020 and 2019, consisted of the following:

| | (Unit : Share) | |
|---|----------------|-------------|
| | “Unaudited” | |
| | 2020 | 2019 |
| | “Unreviewed” | |
| Number of ordinary shares | | |
| Outstanding as at April 1, | 200,000,000 | 130,000,000 |
| Weight average number of ordinary shares subscription received during the year (Number of increased shares capital of 20,000,000 shares x 53/91 days) | - | 11,648,352 |
| Weight average number of ordinary shares outstanding as at June 30, | 200,000,000 | 141,648,352 |

Weighted average number of ordinary shares for the six-month periods ended June 30, 2020 and 2019, consisted of the following:

| | (Unit : Share) | |
|---|----------------|-------------|
| | 2020 | |
| | 2020 | 2019 |
| Number of ordinary shares | | |
| Outstanding as at January 1, | 200,000,000 | 100,000,000 |
| Weight average number of ordinary shares subscription received during the year (Number of increased shares capital of 30,000,000 shares x 143/181 days) | - | 23,701,657 |
| (Number of increased shares capital of 20,000,000 shares x 53/181 days) | - | 5,856,354 |
| Weight average number of ordinary shares outstanding as at June 30, | 200,000,000 | 129,558,011 |

29. RELATED PARTY TRANSACTIONS

The relationships with related parties are as follows:

| The Company's name | Type of business | Type of relationship |
|------------------------------|--|-------------------------|
| GMO Internet, Inc. | Service of internet infrastructure, online advertising and media and online stock trading in Japan | Ultimate parent company |
| GMO Financial Holdings, Inc. | Management of group companies and subsidiaries and other related operations | Parent company |
| NetDesign Host Co., Ltd. | Wired and wireless Internet access | Related party |
| GMO-Z.com Pte. Ltd. | Service of domain, web hosting, cloud hosting, WordPress, SSL | Related party |

Business transactions with related parties arose in the ordinary course of businesses and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

Significant revenues and expenses derived from transactions with related parties for the three-month periods ended June 30, 2020 and 2019, are as follows:

| | (Unit : Baht) | | |
|------------------------------|----------------------|-------------|----------------------------|
| | “Unaudited” | | |
| | 2020 | 2019 | Pricing policy |
| | “Unreviewed” | | |
| Interest expenses | | | |
| GMO Financial Holdings, Inc. | 5,061,849 | 7,322,191 | Contractually agreed price |
| Management fee | | | |
| GMO Financial Holdings, Inc. | 199,781 | 140,633 | Contractually agreed price |
| Other expenses | | | |
| GMO Internet, Inc. | - | 47,632 | Agreed-upon prices |
| GMO Financial Holdings, Inc. | 1,743,752 | 246,272 | Agreed-upon prices |
| NetDesign Host Co., Ltd. | 1,176,147 | 980,570 | Agreed-upon prices |

Significant revenues and expenses derived from transactions with related parties for the six-month periods ended June 30, 2020 and 2019, are as follows:

| | (Unit : Baht) | | |
|------------------------------|-----------------------|-------------|----------------------------|
| | 2020 | 2019 | |
| | Pricing policy | | |
| Interest expenses | | | |
| GMO Financial Holdings, Inc. | 11,938,543 | 10,718,452 | Contractually agreed price |
| Management fee | | | |
| GMO Financial Holdings, Inc. | 424,365 | 316,082 | Contractually agreed price |
| Other expenses | | | |
| GMO Internet, Inc. | - | 47,632 | Agreed-upon prices |
| GMO Financial Holdings, Inc. | 2,944,967 | 417,789 | Agreed-upon prices |
| NetDesign Host Co., Ltd. | 2,337,190 | 2,699,118 | Agreed-upon prices |

Significant outstanding balance with its related parties as at June 30, 2020 and December 31, 2019, are as follows:

| | As at | (Unit : Baht) |
|--|------------------|----------------------|
| | June 30, | As at |
| | 2020 | December 31, |
| | | 2019 |
| Other receivable | | |
| GMO Financial Holdings, Inc. | 979,790 | 382,600 |
| Prepaid expenses | | |
| GMO Financial Holdings, Inc. | 952,606 | 323,578 |
| Borrowings from a financial institution | | |
| GMO Financial Holdings, Inc. | - | 559,206,000 |
| Accrued expenses | | |
| GMO Financial Holdings, Inc. | 2,185,014 | 1,228,995 |
| NetDesign Host Co., Ltd. | 392,300 | 381,750 |
| | <u>2,577,314</u> | <u>1,610,745</u> |
| Other payable | | |
| GMO Financial Holdings, Inc. | 95,100 | 133,859 |

Significant agreement with a related company

As at as at June 30, 2020 and December 31, 2019, the Company and the parent company have the warranty consignment agreements, which the obligation as guarantee of joint liability to be borne by the parent company based on the consignment of the Company shall be the borrower's principal amount borrowed against a bank. The term of warranty consignment is the same as the term of contract with the commercial bank. The Company must enact conditions and paid fees which were specified in the agreements.

30. SIGNIFICANT AGREEMENTS

On September 20, 2018, the Company had entered into Securities Reverse Repurchase Agreement ("REPO") with TSFC Securities Public Company Limited ("TSFC"). REPO agreement is for short-term borrowings with collateral, whereby the Company will sell Company's securities as collateral to TSFC and agree to repurchase at the buyback price, interest rate and period as specified in REPO agreement. However, as at June 30, 2020 and December 31, 2019, the Company did not have such contractual transactions.

31. COMMITMENTS

As at June 30, 2020 and December 31, 2019, the Company had the following outstanding operating lease and service commitments under the long-term lease and service agreements for its office building which the Company is to pay rental and service fees in the future as follows:

| | (Unit : Baht) | |
|--|---------------------------|-------------------------------|
| | As at June 30, 2020 | As at December 31, 2019 |
| To be paid within 1 year | - | 7,442,533 |
| To be paid over than 1 year but not over 5 years | - | 16,432,000 |
| Total | - | 23,874,533 |

The Company's long-term operating lease and service agreements recorded as expenses in the statement of comprehensive income for the three-month period ended June 30, 2019, was Baht 2.25 million (2020: Nil).

The Company's long-term operating lease and service agreements recorded as expenses in the statement of comprehensive income for the six-month periods ended June 30, 2020 and 2019, were Baht 1.14 million and Baht 4.49 million, respectively.

32. RISK MANAGERMENTS

32.1 Net liquid capital

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

Additionally, under the Notification of the Office of the Securities and Exchange Commission No. Kor Thor. 32/2560 regarding “Maintenance of Net Liquid Capital”, securities company is required to maintain its net liquid capital at the end of working day not less than Baht 15 million and not less than 7% of general liabilities.

As at June 30, 2020 and December 31, 2019, the Company has net liquid capital higher than the requirement of the Office of the Securities and Exchange Commission and has owners’ equity higher than the requirement of Thailand Clearing House Co., Ltd.

The periods of time from the statement of financial position date to the maturity dates of financial instruments as at June 30, 2020 and December 31, 2019, are as follows:

| (Unit : Thousand Baht) | | | | | | |
|--|---|---------------|-------------|--------------|-------------|-----------|
| As at June 30, 2020 | | | | | | |
| | Outstanding balances of financial instruments | | | | | Total |
| | At call | Within 1 year | 1 - 5 years | Over 5 years | No maturity | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 158,402 | 420,447 | - | - | - | 578,849 |
| Receivables from Clearing House and broker - dealers | - | 5,799 | - | - | - | 5,799 |
| Securities and derivatives business receivables | - | 81,112 | - | - | 4,960,030 | 5,041,142 |
| Non-collateralized investments | - | 309,962 | - | - | 668 | 310,630 |
| Collateralized investments | - | 20,057 | - | - | - | 20,057 |
| Loans to employees | - | 649 | 556 | - | - | 1,205 |
| Financial liabilities | | | | | | |
| Borrowings from financial institutions | - | 4,390,000 | - | - | - | 4,390,000 |
| Payables to Clearing House and broker - dealers | - | 43,158 | - | - | - | 43,158 |
| Securities and derivatives business payables | - | 75,536 | - | - | - | 75,536 |
| Debt issued | - | 20,000 | - | - | - | 20,000 |
| Lease liabilities | - | 7,125 | 12,429 | - | - | 19,554 |
| (Unit : Thousand Baht) | | | | | | |
| As at December 31, 2019 | | | | | | |
| | Outstanding balances of financial instruments | | | | | Total |
| | At call | Within 1 year | 1 - 5 years | Over 5 years | No maturity | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 187,444 | - | - | - | - | 187,444 |
| Receivables from Clearing House and broker - dealers | - | 28,776 | - | - | - | 28,776 |
| Securities and derivatives business receivables | - | 29,214 | - | - | 5,165,164 | 5,194,378 |
| Non-collateralized investments | - | 100,197 | - | - | 668 | 100,865 |
| Collateralized investments | - | 20,100 | - | - | - | 20,100 |
| Loans to employees | - | 360 | 321 | - | - | 681 |
| Financial liabilities | | | | | | |
| Borrowings from financial institutions | - | 3,989,206 | - | - | - | 3,989,206 |
| Securities and derivatives business payables | - | 58,295 | - | - | - | 58,295 |
| Debt issued | - | 20,000 | - | - | - | 20,000 |
| Lease liabilities | - | 496 | 713 | - | - | 1,209 |

32.2 The significant risk of financial instruments

As at June 30, 2020 and December 31, 2019, the Company did not have policy to speculate or trade in any derivatives financial instruments.

32.2.1 Credit risk

Credit risk is the risk that a counterparty will fail to fulfil an obligation under a financial instrument causing the Company to incur a financial loss. The financial assets of the Company are not subject to significant concentration of credit risk. The maximum credit risk exposure is the carrying amount of the financial assets, less provision for losses, as stated in the statement of financial position.

32.2.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates and it will affect the operational results of the Company and its cash flows.

(Unit : Thousand Baht)

| As at June 30, 2020 | | | | | | | | |
|--|------------------------|---------|---------------|-------------|-------------|-----------|-------------------|--------------|
| Outstanding balances of financial instruments | | | | | | | | |
| Remaining period to the contractual maturity dates | | | | | | | | |
| | Floating interest rate | At call | Within 1 year | 1 - 5 years | No interest | Total | Interest rate (%) | |
| | | | | | | | Floating rate | Fixed rate |
| Financial assets | | | | | | | | |
| Cash and cash equivalents | 156,402 | - | 420,447 | - | 2,000 | 578,849 | 0.05 - 0.50 | 3.50 |
| Receivables from Clearing House and broker - dealers | - | - | - | - | 5,799 | 5,799 | - | - |
| Securities and derivatives business receivables | - | - | 4,953,222 | - | 87,920 | 5,041,142 | - | 5.65 - 10.00 |
| Non-collateralized investments | - | - | 309,962 | - | 668 | 310,630 | - | 0.85 - 1.75 |
| Collateralized investments | - | - | 20,057 | - | - | 20,057 | - | 0.50 - 1.25 |
| Loans to employees | - | - | 649 | 556 | - | 1,205 | - | 5.06 - 5.95 |
| Financial liabilities | | | | | | | | |
| Borrowings from financial institutions | - | - | 4,390,000 | - | - | 4,390,000 | - | 1.65 - 2.70 |
| Payables to Clearing House and broker - dealers | - | - | - | - | 43,158 | 43,158 | - | - |
| Securities and derivatives business payables | - | - | - | - | 75,536 | 75,536 | - | - |
| Debt issued | - | - | 20,000 | - | - | 20,000 | - | 2.20 |
| Lease liabilities | - | - | 7,125 | 12,429 | - | 19,554 | - | 6.03 - 6.35 |

(Unit : Thousand Baht)

| As at December 31, 2019 | | | | | | | | |
|--|------------------------|---------|---------------|-------------|-------------|-----------|-------------------|-------------|
| Outstanding balances of financial instruments | | | | | | | | |
| Remaining period to the contractual maturity dates | | | | | | | | |
| | Floating interest rate | At call | Within 1 year | 1 - 5 years | No interest | Total | Interest rate (%) | |
| | | | | | | | Floating rate | Fixed rate |
| Financial assets | | | | | | | | |
| Cash and cash equivalents | 186,971 | - | - | - | 473 | 187,444 | 0.10 - 1.10 | - |
| Receivables from Clearing House and broker - dealers | - | - | - | - | 28,776 | 28,776 | - | - |
| Securities and derivatives business receivables | - | - | 5,137,856 | - | 56,522 | 5,194,378 | - | 5.31 - 9.95 |
| Non-collateralized investments | - | - | 100,197 | - | 668 | 100,865 | - | 0.50 - 1.75 |
| Collateralized investments | - | - | 20,100 | - | - | 20,100 | - | 0.50 - 1.75 |
| Loans to employees | - | - | 360 | 321 | - | 681 | - | 5.06 - 5.95 |
| Financial liabilities | | | | | | | | |
| Borrowings from financial institutions | - | - | 3,989,206 | - | - | 3,989,206 | - | 2.40 - 2.90 |
| Securities and derivatives business payables | - | - | - | - | 58,295 | 58,295 | - | - |
| Debt issued | - | - | 20,000 | - | - | 20,000 | - | 2.20 |
| Lease liabilities | - | - | 496 | 713 | - | 1,209 | - | 6.03 - 6.25 |

32.2.3 Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate because of changes in foreign exchange rates.

As at December 31, 2019, the Company expects to incur material effect on financial liabilities of the Company in respect of borrowings from financial institutions in foreign currencies (see Note 15). The Company does not use any financial instrument to manage such risk (As at June 30, 2020: The Company has no outstanding amount of borrowings from financial institutions in foreign currencies).

32.2.4 Fair value

Considerable judgment is necessarily required in estimation of the fair value of financial assets and financial liabilities. Accordingly, the estimated fair value presented herein is not necessarily indicative of the amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions were used by the Company in estimating fair values of financial instruments.

Financial assets measured at fair value

| (Unit: Thousand Baht) | | | | | |
|---|---------------------|-------------------------|----------------------|-------------------------------------|---|
| Financial assets | Fair value | | Fair value hierarchy | Valuation techniques and key inputs | Significant unobservable inputs and relationship of unobservable inputs to fair value ⁽¹⁾ |
| | As at June 30, 2020 | As at December 31, 2019 | | | |
| Investments | | | | | |
| Fair value through other comprehensive income | | | | | |
| Equity securities | 668 | - | Level 3 | Cost | The shares are not listed on Stock Exchange, and there are no recent observable arm's length transactions in the shares |

(1) Applicable only for the fair value hierarchy Level 3

Financial instruments not measured at fair value

Fair value of financial instruments which are not measured at fair value and their fair value hierarchy level classification are summarized as follows:

| (Unit : Thousand Baht) | | | |
|--|---------------|------------------------|-------------------------|
| | | As at June 30, 2020 | Fair value hierarchy |
| | Book Value | Fair Value | |
| Financial assets | | | |
| Cash and cash equivalents | 578,849 | 578,849 | 3 |
| Receivables from Clearing House and broker - dealers | 5,799 | 5,799 | 3 |
| Securities and derivatives business receivables | 5,041,142 | 5,041,142 | 3 |
| Non-collateralized investments | 309,962 | 309,962 | 3 |
| Collateralized investments | 20,057 | 20,057 | 3 |
| Loans to employees | 1,205 | 1,205 | 3 |
| Financial liabilities | | | |
| Borrowings from financial institutions | 4,390,000 | 4,390,000 | 3 |
| Payables to Clearing House and broker - dealers | 43,158 | 43,158 | 3 |
| Securities and derivatives business payables | 75,536 | 75,536 | 3 |
| Debt issued | 20,000 | 20,000 | 3 |

| (Unit : Thousand Baht) | | | |
|--|---------------|----------------------------|-------------------------|
| | | As at December 31, 2019 | Fair value hierarchy |
| | Book Value | Fair Value | |
| Financial assets | | | |
| Cash and cash equivalents | 187,444 | 187,444 | 3 |
| Receivables from Clearing House and broker - dealers | 28,776 | 28,776 | 3 |
| Securities and derivatives business receivables | 5,194,378 | 5,194,378 | 3 |
| Non-collateralized investments | 100,865 | 100,865 | 3 |
| Collateralized investments | 20,100 | 20,100 | 3 |
| Loans to employees | 681 | 681 | 3 |
| Financial liabilities | | | |
| Borrowings from financial institutions | 3,989,206 | 3,989,206 | 3 |
| Securities and derivatives business payables | 58,295 | 58,295 | 3 |
| Debt issued | 20,000 | 20,000 | 3 |

The approximate fair values of most financial assets and financial liabilities are based on the amounts recognized in the statement of financial position as they are short-term and non-interest sensitive. For deposits at financial institutions, a fair value is equal to the carrying amount as they are short-term maturity.

As at June 30, 2020 and December 31, 2019, the fair values of financial assets and liabilities are not significantly different from carrying amounts.

33. EVENT AFTER THE REPORTING PERIOD

On August 5, 2020, the Company has withdrawn promissory notes with the commercial bank in Thailand amounting to Baht 100.00 million.

34. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were authorized for issue by Board of Directors of the Company on August 19, 2020.