
**KRUNGSRI SECURITIES PUBLIC
COMPANY LIMITED**

Financial Statements

Six-month period ended June 30, 2020



บริษัท ดีลอยท์ ทูเช่ โทมัทสึ ไซยอก
สอบบัญชี จำกัด
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REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS KRUNGSRI SECURITIES PUBLIC COMPANY LIMITED

Opinion

We have audited the financial statements of Krungsri Securities Public Company 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 Krungsri Securities Public Company 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 together with the ethical requirements 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 Matter

We draw attention to Note 2.2 to the financial statements 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 matter.

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 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.



Chavala Tienpasertkij
Certified Public Accountant (Thailand)
Registration No. 4301

BANGKOK
August 25, 2020

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

KRUNGSRI SECURITIES PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

UNIT : BAHT

	Notes	As at June 30, 2020	As at December 31, 2019
ASSETS			
Cash and cash equivalents	4.2	1,391,439,514	1,327,916,076
Receivables from Clearing House	4.3	12,118,802	99,914,081
Securities and derivatives business receivables	4.4	1,536,074,875	743,038,964
Derivatives assets	4.6	166,100	-
Non-collateralised investments	4.7	65,758,881	61,653,980
Equipment	4.8	16,406,411	19,268,470
Intangible assets	4.9	27,677,992	27,269,800
Right-of-use assets	4.10	14,409,278	-
Deferred tax assets	4.11	19,634,494	18,595,874
Other assets	4.12	104,094,963	88,695,244
TOTAL ASSETS		3,187,781,310	2,386,352,489

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

KRUNGSRI SECURITIES PUBLIC COMPANY 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			
Payables to Clearing House		150,748,073	-
Securities and derivatives business payables		863,773,451	279,196,552
Income tax payable		6,177,119	-
Lease liabilities	4.10	14,430,120	-
Provision for liabilities	4.13	90,106,018	81,477,096
Other liabilities	4.14	74,977,855	65,451,850
TOTAL LIABILITIES		<u>1,200,212,636</u>	<u>426,125,498</u>
OWNERS' EQUITY			
Issued and paid-up share capital			
135,000,000 ordinary shares of Baht 10 each		1,350,000,000	1,350,000,000
Retained earnings			
Appropriated - Legal reserve	4.15	44,946,200	44,946,200
Unappropriated		592,622,474	565,280,791
TOTAL OWNERS' EQUITY		<u>1,987,568,674</u>	<u>1,960,226,991</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>3,187,781,310</u>	<u>2,386,352,489</u>

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

KRUNGSRI SECURITIES PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

UNIT : BAHT			
	Notes	2020	2019
INCOME			
Brokerage fees income	4.16	252,467,228	209,816,183
Fees and services income	4.17	50,755,405	36,708,121
Interest income	4.18	20,853,065	31,012,428
Gain and return on financial instruments	4.19	2,666,092	2,580,459
Other income		6,133,060	2,551,828
Total income		332,874,850	282,669,019
EXPENSES			
Employee benefits expenses	4.20	198,589,611	196,888,673
Fee and service expenses		40,609,103	41,039,712
Interest expenses		4,096,145	6,318,920
Expected credit losses		1,753,104	-
Bad debt and doubtful expenses (reversal)		-	(1,686,175)
Other expenses	4.21	53,327,085	67,125,992
Total expenses		298,375,048	309,687,122
INCOME (LOSS) BEFORE INCOME TAX EXPENSE		34,499,802	(27,018,103)
INCOME TAX EXPENSE (INCOME)	4.22	6,819,337	(5,718,006)
NET PROFIT (LOSS) FOR THE PERIOD		27,680,465	(21,300,097)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Gains on investments measuring by fair value through other comprehensive income		238,750	-
Income tax relating to components of other comprehensive income		(47,750)	-
Total other comprehensive income net		191,000	-
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD		27,871,465	(21,300,097)
BASIC EARNINGS (LOSS) PER SHARE	BAHT	0.21	(0.16)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES			
	SHARES	135,000,000	135,000,000

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

KRUNGSRI SECURITIES PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

UNIT : BAHT

	Note	Issued and paid-up share capital	Retained earnings		Unappropriated	Other components of owners' equity		
			Appropriated - Legal Reserve	Unappropriated		income (expense)		
						Gain (loss) on re-measuring financial assets	Total other components of owners' equity	Total owners' equity
Beginning balance as of January 1, 2019		1,350,000,000	44,945,000	576,243,053	-	-	-	1,971,188,053
<u>Changes during the period</u>		-	-	(21,300,097)	-	-	-	(21,300,097)
Ending balance as of June 30, 2019		<u>1,350,000,000</u>	<u>44,945,000</u>	<u>554,942,956</u>	-	-	-	<u>1,949,887,956</u>
Beginning balance as of January 1, 2020		1,350,000,000	44,946,200	565,280,791	-	-	-	1,960,226,991
- previously reported								
Impact of first-time adoption of new accounting standards	2.2	-	-	(1,312,045)	782,263	782,263	782,263	(529,782)
Balance as at January 1, 2020 as adjusted		<u>1,350,000,000</u>	<u>44,946,200</u>	<u>563,968,746</u>	<u>782,263</u>	<u>782,263</u>	<u>782,263</u>	<u>1,959,697,209</u>
<u>Changes during the period</u>		-	-	27,680,465	191,000	191,000	191,000	27,871,465
Ending balance as of June 30, 2020		<u>1,350,000,000</u>	<u>44,946,200</u>	<u>591,649,211</u>	<u>973,263</u>	<u>973,263</u>	<u>973,263</u>	<u>1,987,568,674</u>

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

KRUNGSRI SECURITIES PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

UNIT : BAHT

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	34,499,802	(27,018,103)
Adjustments to reconcile income (loss) before income tax to cash received (paid) from operating activities		
Depreciation and amortization	18,608,235	9,860,605
Reversal of allowance for doubtful accounts	-	(1,686,175)
Expected credit losses	1,753,104	-
Loss from change in fair value of investment	70,003	1,575,572
Gain from change in fair value of derivatives assets	(166,100)	-
Gain on sale and write-off of equipment	(8,917)	(47,546)
Interest expenses from finance lease	104,869	-
Interest expenses	3,991,276	6,318,920
Interest income	(20,829,746)	(31,019,983)
Dividend income	(315,600)	(383,050)
Income (loss) from operations before changes in operating assets and liabilities	37,706,926	(42,399,760)
Operating assets (increase) decrease		
Receivables from Clearing House	87,795,279	(1,119,361,765)
Securities and derivatives business receivables	(793,946,371)	(333,780,658)
Non-collateralised investments	(2,958,325)	(16,415,572)
Other assets	(16,995,861)	(17,385,995)
Operating liabilities increase (decrease)		
Payables to Clearing House	150,748,073	1,015,640
Securities and derivatives business payables	584,576,899	1,627,859,209
Provision for liabilities	5,811,980	14,752,669
Other liabilities	11,153,901	1,399,119,113
Cash received from operations	26,185,575	1,555,802,641
Dividend income	315,600	383,050
Interest expenses	(5,831,984)	(6,615,288)
Interest income	21,163,988	32,104,526
Income tax paid	-	(2,295,337)
Net cash provided by operating activities	79,540,105	1,536,979,832

KRUNGSRI SECURITIES PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

	UNIT : BAHT	
	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash received (paid) from investing activities		
Cash paid for purchases of equipment	(308,327)	(5,505,949)
Cash received from sale of equipment	8,972	49,056
Cash paid for purchases of intangible assets	(3,755,084)	(2,136,604)
Net cash used in investing activities	(4,054,439)	(7,593,497)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Cash paid from financing activities		
Cash paid for repayment of liabilities under lease agreements	(11,962,228)	-
Net cash used in financing activities	(11,962,228)	-
 Net increase in cash and cash equivalents	63,523,438	1,529,386,335
Cash and cash equivalents at the beginning of the period	1,327,916,076	1,170,368,310
Cash and cash equivalents at the ending of the period	1,391,439,514	2,699,754,645

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

KRUNGSRI SECURITIES PUBLIC COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

1. THE COMPANY'S OPERATIONS

Krungsri Securities Public Company Limited (the "Company") is a company registered in Thailand on December 21, 1998 to undertake the securities business. The Company is located at 898 Ploenchit Tower, 3rd Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok, and as at June 30, 2020 and December 31, 2019, the Company has total numbers of staff are 277 persons and 281 persons, respectively, and the Company has 10 branches (2562 : 11 branches).

Bank of Ayudhya Public Company Limited is the parent company, holding 99.84% of the Company's issued and paid-up share capital. The major shareholder of the parent company is MUFG Bank, Ltd. ("MUFG") and its ultimate parent company is Mitsubishi UFJ Financial Group, Inc, both companies are registered in Japan. The Ministry of Commerce granted approval for the Company to operate business under Foreign Business Act B.E. 2542 on September 26, 2014.

The Company has been granted securities business licenses to operate the following securities businesses:

1. Securities Brokerage
2. Securities Trading
3. Investment Advisory Service
4. Securities Underwriting
5. Private Fund Management
6. Derivatives Agent
7. Securities Borrowings and Lending

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 Company 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 THE FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand, where the format of financial statements is based on Thai Accounting Standard No. 1 “Presentation of Financial Statements” and also the Notification of the Office of the Securities and Exchange Commission (“SEC”) 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 statements of financial position as at December 31, 2019 and the statements of comprehensive income for the six-month period ended June 30, 2019 have been reclassified accordingly.

The statements of financial position as at December 31, 2019 have been reclassified to conform to the classification used in the statements of financial position as at June 30, 2020 as follows.

	As at December 31, 2019 Baht	Previous Classification	New Classification
Non-collateralised investments	61,653,980	Investments	Non - collateralised investments

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

	For the six-month period ended June 30, 2019 Baht	Previous Classification	New Classification
Interest income	16,949,524	Interest on margin loans	Interest income
Interest income	14,062,904	Gains and return on financial instruments	Interest income
Interest expenses	6,318,920	Finance costs	Interest expenses

2.2 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Company has adopted the new and revised financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2020. 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.

Financial reporting standards on group of financial instruments standards as follows:

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

Group of Financial Instruments Standards introduce new requirements for:

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

Details of these new requirements as well as their impact on the financial statements are described below.

1) Classification and measurement of financial instruments

TFRS 9 requires financial assets to be classified into three measurement categories: amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification depends on the Company's business model for managing its financial assets and the contractual cash flow characteristics of the assets.

Financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, TFRS 9 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk 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 to profit or loss.

Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

2) Impairment

In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model. The expected credit loss model requires the Company 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 recognised.

Specifically, TFRS 9 requires the Company to recognise allowance for expected credit losses on:

- (1) Cash and cash equivalents
- (2) Receivables from Clearing House
- (3) Securities and derivatives business receivables
- (4) Investment - Deposits at financial institution
- (5) Loan commitments and financial guarantee contracts to which the impairment requirements 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-months ECL.

The change in accounting of the Group of Financial Instruments Standards has been applied in accordance with the relevant transitional provisions set out in TFRS 9 in which the Company has not applied retrospectively. Comparative periods have not been restated in accordance with the relevant transitional provisions set out in TFRSs.

Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption will be recognized in retained earnings and other reserves as at January 1, 2020.

The impact of adopting reporting standards on group of financial instruments on the Company's financial position are as follows:

Previous category	Carrying amounts as at December 31, 2019 as previously reported	Classification	Allowance for expected credit losses	Remeasurement fair valuation	Others	Carrying amounts as at January 1, 2020	Category as at January 1, 2020
ASSETS							
Cash and cash equivalents	1,327,916,076	-	-	-	-	1,327,916,076	Amortised Cost
Investments - net	61,653,980	-	-	977,829	-	62,631,809	Fair value through profit or loss, amortised cost and fair value through other comprehensive income
Securities and derivatives business receivable	743,038,964	5,650,111	(1,672,232)	-	(3,977,879)*	743,038,964	Cost less allowance for expected credit losses
Deferred tax assets	18,595,874	-	-	-	(202,001)	18,393,873	-
LIABILITIES							
Provision for liabilities	81,477,096	-	1,640,056	-	-	83,117,152	Amortised Cost
Other liabilities	65,451,850	-	-	-	(334,446)	65,117,404	-
OWNERS' EQUITY							
Other components of owners' equity	-	-	-	977,829	(195,566)	782,263	-
Unappropriated retained earnings	565,280,791	-	(1,312,045)	-	-	563,968,746	-

* The above reserve is an excess reserve on the first day in compliance with TFRS 9. The Company manages the excess reserve by gradually reducing within 5 years to be in line with the parent company practice.

Thai Financial Reporting Standard No. 16 “Leases” (“TFRS16”)

This TFRS provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

This TFRS superseded the following lease Standards and Interpretations upon its effective date, which are Thai Accounting Standard No.17 “Leases”, Thai Accounting Standard Interpretation No.15 “Operating Lease - Incentives”, Thai Accounting Standard Interpretation No.27 “Evaluating the Substance of Transactions involving the Legal Form of a Lease” and Thai Financial Reporting Standard Interpretation No.4 “Determining whether an Arrangement contains a Lease”.

Under TFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date of a lease, a lessee requires to recognise a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments for most leases. Subsequently, the “right-of-use” asset is depreciated in accordance with principle in TAS 16: Property, Plant and Equipment and the lease liability is accreted over time with interest expense recognised in profit or loss.

The Company applied TFRS 16 that is effective for annual periods that begin on or after January 1, 2020. The Company has applied TFRS 16 using the cumulative catch-up approach at the date of initial application.

The amount of adjustment for each financial statement line item only affected by the application TFRS 16 is as follows:

	Balance as at December 31, 2019 Baht	Effect from adoption TFRS 16 Baht	Balance as at January 1, 2020 Baht
Right-of-use assets	-	14,802,500	14,802,500
Lease liabilities	-	14,802,500	14,802,500

The Company has recognized Baht 14.80 million of right-of-use assets and Baht 14.80 million of lease liabilities upon transition to TFRS 16.

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.

	Amount Baht
Operating lease commitments at December 31, 2019	17,373,532
<u>Less</u> Short-term leases and leases of low-value assets	(2,476,086)
<u>Less</u> Effect of discounting the above amounts	(94,946)
Lease liabilities recognized at January 1, 2020	<u>14,802,500</u>

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

- 1) 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.

- 2) 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 six-month period ended June 30, 2020.

- 2.3 The financial statements of the Company have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The significant accounting policies are summarized as follow:

2.3.1 Revenue and expense recognition

- 1) Brokerage fees income

Brokerage fees income from securities and derivatives business 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.

2) Fees and services income

Underwriting fee

Underwriting fee is recognized when the relevant placing, underwriting, sub-underwriting are completed. Accordingly, the revenue is recognized at a point in time.

Financial advisory fee and Management fees - Private Fund

Financial advisory fee and Management fees - Private Fund income are recognized when the Company has satisfied its performance obligation in providing the promised service to the customer, and recognized based on contractual rate agreed with customers. Accordingly, the revenue is recognized at over time.

Selling agent fee

Selling agent fee is comprised of commission income from front-end fee and back end fee which are recognized on completion of the transaction.

Interest income on margin loans

For fiscal years beginning on January 1, 2020

Interest income is recognized over the term of the loans based on the amount of principal outstanding, with the exception of interest income on general receivables for which the values of collateral do not cover debts, installment loans of which the installment period is less than three months and principal or interest is more than three months past due, installment loans of which the installment period is more than three months except for having the evidence to prove that all loans are collectible.

For the year ended December 31, 2019

Interest income is recognized over the term of the loans based on the amount of principal outstanding, with the exception of interest income on general receivables for which the values of collateral do not cover debts, installment loans of which the installment period is less than three months and principal or interest is more than three months past due, installment loans of which the installment period is more than three months except for having the evidence to prove that all loans are collectible, the financial institution receivables which have certain problems and other receivables of which interest have not been collected for over three installments that are recognized on a cash basis according to the Notification of the Securities and Exchange Commission regarding "Accounting Policies on Securities Companies' Substandard Accounts Receivable".

Gains (losses) and return on financial instruments

The Company's gains (losses) and return on financial instruments consist of gains (losses) on investments and derivatives which are recognized as income or expenses on the transaction dates. Interest income is recognized on an accrual basis and dividends from investments in securities are recognized as income when dividends are declared.

Expenses

Expenses are recognized on an accrual basis.

2.3.2 Recognition and amortization of customer deposits

Money which customers have placed with the Company in cash accounts and credit balance for securities and derivatives trading is recorded as the assets and liabilities of the Company for internal control purposes. As at the statement of financial position date, the Company writes these amounts off from both assets and liabilities and presents only assets and liabilities which belong to the Company.

2.3.3 Cash and cash equivalents

Cash and cash equivalents are cash on hand and all types of deposits with financial institutions, which maturities within 3 months from acquisition date and without commitments but excluding certificates of deposits and Company's deposit accounts for the customers, according to the Notification of the Office of the Securities and Exchange Commission.

2.3.4 Receivables and payables from/to Clearing House

Net balances of receivables or payables incurred from settlement of securities and derivatives trading each day through the Clearing House, are presented as net balances of receivables or payables from/to Clearing House including cash paid as collateral at the Clearing House for securities business.

2.3.5 Securities and derivatives business receivables

For fiscal years beginning on January 1, 2020

Securities and derivatives business receivables are the net securities and derivatives business receivables, after deducting allowance for expected credit losses, and include related accrued interest receivables. In addition, securities business receivables include the net receivable balances of cash accounts, credit balance accounts, securities borrowings receivable and guarantee deposit receivables which comprise cash placed as security with securities lenders or securities depositories and other receivables such as overdue cash customer accounts and securities receivables which are subject to legal proceedings, are undergoing restructuring or are settling in installments.

For the year ended December 31, 2019

Securities and derivatives business receivables are the net securities and derivatives business receivables, after deducting allowance for doubtful accounts, and include related accrued interest receivables. In addition, securities business receivables include the net receivable balances of cash accounts, credit balance accounts, securities borrowings receivable and guarantee deposit receivables which comprise cash placed as security with securities lenders or securities depositories and other receivables such as overdue cash customer accounts and securities receivables which are subject to legal proceedings, are undergoing restructuring or are settling in installments.

2.3.6 Allowance for expected credit loss

For fiscal years beginning on January 1, 2020

The Company recognise a loss allowance for expected credit loss ("ECL") on financial assets measured at amortised cost or measured at fair value through other comprehensive income. However, no impairment loss is recognised on equity instruments measured at fair value through other comprehensive income.

A loss allowance for lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

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.

In subsequent reporting period, if the credit quality of the financial assets and financial commitments improves so that there is no longer a significant increase in credit risk since initial recognition, then a loss allowance can be recognised based on 12-month ECL. The changes in the reversal of loss allowance are recognised in profit or loss as an impairment gain or loss.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment.

Write-off

The Company directly reduces the gross carrying amount of a financial asset when the Company have no reasonable expectations of recovering financial assets in their entirety or portion thereof. A write-off constitutes a derecognition event. Write-offs are recognised in the statement of comprehensive income.

Bad debts recovered from written off receivables will be recognised in the statement of comprehensive income.

Loss allowances for ECL are presented in the statement of financial position as follows:

- For financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- For loan commitments and financial guarantee contracts: as a provision

Allowance for doubtful accounts for the year ended December 31, 2019

The Company provides an allowance for doubtful debts based on a review of debtor's ability to make repayment, taking into consideration recovery risk and the value of the collateral. Such debt classifications and provisions are made in accordance with the guidelines of the Securities and Exchange Commission regarding "Accounting Policies on Securities Companies' Substandard Accounts Receivable", and consideration of other relevant factors.

2.3.7 Financial instruments

For fiscal years beginning on 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 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

(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 may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. 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.

Equity securities not listed in the Stock Exchange of Thailand (SET), the fair value is determined by using the latest net book value of invested company.

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 "Gain and return on financial instruments" line item in profit or loss.

The Company has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of TFRS 9.

(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.

Fair values or market values of equity securities which are listed securities are estimated using the last bidding prices at the Stock Exchange of Thailand on the last business day of the period.

Financial Liabilities

Financial liabilities are initially recognised at fair value plus transaction costs, and are subsequently measured at amortised cost using the effective interest method, except when the liabilities are held at fair value through profit or loss.

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Company become a party to the contractual provisions of the financial instrument. The financial liabilities measured at amortised cost, which is the amount at which the financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

Interest expense and EIR amortisation as well as foreign exchange gains or losses on financial liabilities measured at amortised cost are recognised in the statement of comprehensive income.

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

For the year ended December 31, 2019

Investments in deposits at financial institutions

Investments in deposits at financial institutions are fixed deposits, certificates of deposit, and promissory notes issued by financial institutions with an original maturity of longer than 3 months from acquisition date or fixed deposits, certificates of deposit, and promissory notes issued by financial institutions with an original maturity of 3 months or less from acquisition date, which the Company intends to roll-over them, or deposits subject to withdrawal restrictions. This was excluded the Company's deposit accounts for the customers, according to the Notification of the Office of the Securities and Exchange Commission, the carrying values approximate their fair values which presented in financial statements.

Investments in securities are classified, valued and recognized for gain or loss on the change in carrying value as follows:

The Company's investments consist of equity and debts securities which are classified as trading securities and general investment.

Trading securities are carried at fair value. Unrealized gain or loss on the changes in fair value is recognized as revenues or expenses in the statement of comprehensive income and is included in gain (loss) and return on financial instruments.

Non-marketable securities are classified as general investment and carried at cost, net of valuation allowance for impairment (if any).

Fair values or market values of equity securities which are listed securities are estimated using the last bidding prices at the Stock Exchange of Thailand on the last business day of the period.

For private sector debt and securities in The Thai Bond Market Association, market values are estimated using the bidding prices at The Thai Bond Market Association at the reporting date. In the absence of such prices, market value is estimated by applying the aforementioned risk adjusted yield curve, in accordance with the criteria established by the Bank of Thailand.

Cost of securities sold during the period is computed using the weighted average method.

2.3.8 Equipment and depreciation

Equipment is stated at cost, net of accumulated depreciation.

Depreciation is calculated by the straight-line method, over the estimated useful lives of the assets of 5 years.

2.3.9 Intangible assets and amortization

Intangible assets with definite useful life are stated at cost, net of accumulated amortization.

Amortization of software is calculated by the straight-line method, over the estimated useful lives of the assets of 5 years.

Intangible assets with indefinite useful life are stated at cost to be tested for impairment at every reporting date. Impairment will be set up, if any, and is recorded as loss on impairment in the statement of comprehensive income.

2.3.10 Right-of-use asset

The Company assess whether a contract is or contains a lease, at inception of the contract. The Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease.

A lease that has a lease term of more than 12 months and for which the underlying asset exceeds Baht 150,000 shall be recognised for a right-of-use asset at cost which consists of the amount of the initial measurement of the lease liability (that is the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease), any lease payments made at or before the commencement date, any initial direct costs incurred, and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest (effective interest rate) on the remaining balance of the liability. Finance charges are charged directly to the statements of comprehensive income.

The Company remeasure 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.

Depreciation of right-of-use assets is calculated based on the estimated useful lives in case the lease transfers ownership of the underlying asset; or calculated based on the shorter of the estimated useful lives or the lease term in case the lease does not transfer ownership of the underlying asset.

Impairment of right-of-use assets shall be determined using the TAS 36 Impairment of Assets which explains how to review the carrying amount of its assets, how to determine the recoverable amount of an asset, and when an impairment loss is recognised or reversed.

2.3.11 Securities and derivatives business payables

Securities and derivatives business payables are the obligations of the Company in respect of its securities and derivatives businesses with outside parties.

2.3.12 Long-term operating lease

For the year ended December 31, 2019

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are recognized to the statement of comprehensive income over the period of the lease.

2.3.13 Provision for liabilities

Provisions are recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. In the event that no independent market value can be obtained, then an estimate is assessed.

2.3.14 Employee benefits

2.3.14.1 Employee benefits expenses

Salaries, wages, bonuses, directors' remuneration, the contributions for social security fund and provident fund are recorded as expenses in the statement of comprehensive income on the transaction dates.

2.3.14.2 Employee benefit obligations

1. Post-employment benefit obligations

Legal severance payment

This obligation represents the benefit retiring employees will receive as determined by the Labor Protection Act.

The obligations of this plan is considered unfunded defined benefit obligations according to TAS 19 (Revised 2019) "Employee Benefits" and is separately measured by an actuary using the projected unit credit method to determine the present value of employee benefit cash flows to be paid in the future. Under this method, the obligation is based on an actuarial calculation including the employee's expected salary, staff turnover rate, salary increase rate, mortality rate, discount rate, years of services and other factors.

The expenses for the defined benefit plan are recognized as employee benefits expenses in the statement of comprehensive income.

Actuarial gains (losses) are recognized in other comprehensive income (expense).

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.

2. Benefit from carried forward leave

The benefit from cumulative carried forward leave is recognized as a liability in the statement of financial position and employee benefits expenses in the statement of comprehensive income when the employees render the service.

2.3.15 Customer loyalty programmes

Customer loyalty programmes are to grant the points to customer who joins the program. The points are based on the certain transactions determined under customer loyalty programmes and able to be redeemed for rewards.

Obligation from granting the points is recognized and measured at the fair value of the consideration received or receivable which is derived from outstanding points expected future redemption multiplied by estimated fair value per point.

Such obligation is allocated from consideration received or receivable and recorded through “Deferred revenue customer loyalty programmes” under other liabilities and recognized as “Brokerage fees” when the points are redeemed by customers.

2.3.16 Income tax

Income tax expenses (income) represent the sum of the tax currently payable and deferred tax.

2.3.16.1 Current tax

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date.

2.3.16.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized.

Deferred tax assets will be diluted as much as taxable profit be had a chance to use. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted at the statement of financial position date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognized amounts and the Company intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset when current tax assets and liabilities are offset and when they relate to income taxes levied by the same taxation authority.

Income tax expenses (income) related to profit or loss are presented in the statement of comprehensive income. Current and deferred taxes of related to items recognized directly in other comprehensive income in the same or different period, they will be recognized directly in other comprehensive income.

2.3.17 Basic earnings (loss) per share

Basic earnings (loss) per share are calculated by dividing net income (loss) for the period by the weighted average number of ordinary shares issued and paid-up during the period.

The Company did not have any common share equivalents outstanding which would have a dilutive effect on basic earnings (loss) per share.

2.3.18 Derivative financial instruments

For fiscal years beginning on January 1, 2020

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately.

The fair value of derivatives is based on the daily settlement prices quoted by Thailand Futures Exchange Public Company Limited.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Company has both legal right and intention to offset.

For the year ended December 31, 2019

Financial derivatives are classified as trading derivatives. The Company recognizes gain (loss) from changes in the fair value of derivatives including in the statement of comprehensive income for the reporting period in which they arise. The fair value of derivatives is based on the daily settlement prices quoted by Thailand Futures Exchange Public Company Limited.

The Company records amounts pledged as security for trading derivatives transaction in Thailand Derivatives Market as receivables from Thailand Clearing House (TCH).

2.3.19 Accounting estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Company's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

3. RISKS MANAGEMENT

3.1 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Company's management aims at maintaining flexibility in funding by keeping committed credit lines available.

Under the Notification of the Securities and Exchange Commission No. KorTor. 32/2560 regarding "Net Capital Rules (NCR)" requires the Company to maintain its net capital requirement at the end of the day not less than Baht 15 million and not less than 7% of general liability.

The Company has been granted a derivative business license in the form of derivatives agent in accordance to the law of derivatives agent. The Company has to maintain net capital adequacy at the end of the day at least Baht 25 million and at least 7% of general liability and assets which are used as guarantee.

As at June 30, 2020 and December 31, 2019, the Company maintained its net capital requirement higher than the requirement established by the Securities and Exchange Commission and has owners' equity higher than the requirement of Thailand Clearing House Co., Ltd. (TCH).

Financial assets and liabilities in the statement of financial position classified by maturity are presented in the following table:

As at June 30, 2020					
	At call	Less than		No maturity	Total
	Baht	1 year	1 - 5 years	Baht	Baht
	Baht	Baht	Baht	Baht	Baht
Financial assets					
Cash and cash equivalents	1,391,439,514	-	-	-	1,391,439,514
Receivables from Clearing House	-	12,118,802	-	-	12,118,802
Securities and derivatives					
business receivables	520,011,973	1,020,095,634	-	-	1,540,107,607
Derivatives assets	-	166,100	-	-	166,100
Non-collateralised investments	-	55,860,302	-	9,898,579	65,758,881
Financial liabilities					
Payables to Clearing House	-	150,748,073	-	-	150,748,073
Securities and derivatives business payables	-	863,773,451	-	-	863,773,451
As at December 31, 2019					
	At call	Less than		No maturity	Total
	Baht	1 year	1 - 5 years	Baht	Baht
	Baht	Baht	Baht	Baht	Baht
Financial assets					
Cash and cash equivalents	1,327,916,076	-	-	-	1,327,916,076
Receivables from Clearing House	-	99,914,081	-	-	99,914,081
Securities and derivatives					
business receivables	562,483,278	183,677,958	-	-	746,161,236
Non-collateralised investments	-	52,971,980	-	8,682,000	61,653,980
Financial liabilities					
Securities and derivatives business payables	-	279,196,552	-	-	279,196,552

Managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure.

3.2 Important risks of financial instruments

Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in Note 2.3.

3.2.1 Interest Rate Risk

Interest rate risk of financial assets in the statement of financial position arises from the potential for a change in interest rates to have an adverse effect on the net interest earnings of the Company in the current and in future periods. Interest rate risk arises from the structure and characteristics of the Company's assets, liabilities and equity or the mismatch in repricing of its assets and liabilities.

The Company has no derivatives for hedging with respect to interest rate risk.

The interest rates on financial assets and liabilities

Financial assets and liabilities which have been classified based on maturity of interest repricing period are presented in the following table.

As at June 30, 2020									
Transactions	Floating interest rate Baht	The maturity or interest repricing periods					Total Baht	Interest rate (%)	
		Less than 1 year Baht	1 - 5 years Baht	More than 5 years Baht	No maturity Baht	Non-interest Bearing Baht		Floating rate	Fixed rate
Financial assets									
Cash and cash equivalents	1,295,734,619	-	-	-	-	95,704,895	1,391,439,514	0.10 - 1.00	-
Receivables from Clearing House	-	4,872,278	-	-	-	7,246,524	12,118,802	-	1.30
Securities and derivative business receivables	-	520,011,973	-	-	-	1,020,095,634	1,540,107,607	-	5.50 - 15.00
Derivatives assets	-	-	-	-	-	166,100	166,100	-	-
Non-collateralised investments	-	50,000,000	-	-	-	15,758,881	65,758,881	-	0.35 - 0.75
Financial liabilities									
Payables to Clearing House	-	-	-	-	-	150,748,073	150,748,073	-	-
Securities and derivative business payables	-	-	-	-	-	863,773,451	863,773,451	-	-

As at December 31, 2019									
Transactions	Floating interest rate Baht	The maturity or interest repricing periods					Total Baht	Interest rate (%)	
		Less than 1 year Baht	1 - 5 years Baht	More than 5 years Baht	No maturity Baht	Non-interest Bearing Baht		Floating rate	Fixed rate
Financial assets									
Cash and cash equivalents	1,216,266,941	-	-	-	-	111,649,135	1,327,916,076	0.30 - 1.15	-
Receivables from Clearing House	-	5,156,380	-	-	-	94,757,701	99,914,081	-	2.07
Securities and derivative business receivables	-	562,483,278	-	-	-	183,677,958	746,161,236	-	5.50 - 15.00
Non-collateralised investments	-	50,000,000	-	-	-	11,653,980	61,653,980	-	0.75 - 1.00
Financial liabilities									
Securities and derivative business payables	-	-	-	-	-	279,196,552	279,196,552	-	-

The average yields on the average financial asset balances for interest bearing financial instruments are presented in the following table.

For the six-month period ended June 30, 2020			
Financial instruments	Average balance Baht	Interest income Baht	Average rate of return (%)
Financial Assets			
Cash and cash equivalents	205,251,359	439,623	0.428
Securities business loans	505,702,071	13,287,815	5.255
Investments measured at amortized cost	50,000,000	176,575	0.706

For the six-month period ended June 30, 2019			
Financial instruments	Average balance Baht	Interest income Baht	Average rate of return (%)
Financial Assets			
Cash and cash equivalents	296,054,817	1,676,027	1.132
Securities business loans	631,267,398	16,949,524	5.370
Investments - Deposit at financial institution	50,000,000	247,945	0.992

3.2.2 Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted the policy of dealing with creditworthy counterparts, credit analysis from customers' information and consistent following-up of customer status. As a result, the Company does not expect to incur material financial losses. In addition, the Company is not exposed to concentrations of credit risk because it has a variety of customer base and large number of customers. In relation to impairment of financial assets, TFRS 9 requires the Company to prepare an expected credit loss model. The Company has established and maintain an appropriate credit loss model. The risk management department periodically reviews the parameters and the data used in the credit loss model. In the case of recognized credit risk, the carrying amount of assets is as recorded in the statement of financial position, net of a portion of allowance for expected credit losses.

3.3 Market Risk

The Company's exposure to market situation risk is the risk that volatility on market price of securities and/or derivatives will substantially reduce the value of the Company's investments. However, the Company manages such risk at acceptable levels through risk management policies, and establishment of proper risk limits and parameters, as well as a market risk monitoring function.

3.4 Fair value

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. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

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.

Financial assets or financial liabilities which are measured at fair value at the end of the reporting period:

	Fair Value as at		Fair Value hierarchy
	June 30, 2020 Baht	December 31, 2019 Baht	
Derivatives assets	166,100	-	Level 1
Investments, fair value through profit or loss	5,860,302	2,971,980	Level 1
Investments, fair value through other comprehensive income	9,898,579	-	Level 3

Financial assets or financial liabilities which are not measured at fair value are summarized as follows:

	As at June 30, 2020	
	Carrying amount Baht	Their carrying amounts are considered as a reasonable approximate of fair value Baht
Financial assets		
Cash and cash equivalents	1,391,439,514	1,391,439,514
Receivables from Clearing House	12,118,802	12,118,802
Securities and derivative business receivables	1,540,107,607	1,540,107,607
Non-collateralised investments		
Investments, amortised cost	50,000,000	50,000,000
Financial liabilities		
Payables to Clearing House	150,748,073	150,748,073
Securities and derivative business payables	863,773,451	863,773,451

	As at December 31, 2019	
	Carrying amount	Their carrying amounts are considered as a reasonable approximate of fair value
	Baht	Baht
Financial assets		
Cash and cash equivalents	1,327,916,076	1,327,916,076
Receivables from Clearing House	99,914,081	99,914,081
Securities and derivative business receivables	746,161,236	746,161,236
Non-collateralised investments		
Deposits at financial institution	50,000,000	50,000,000
General investment	8,682,000	8,682,000
Financial liabilities		
Securities and derivative business payables	279,196,552	279,196,552

Valuation technique for financial instruments not measured at fair value is as follows:

Cash and cash equivalents, receivables from clearing house, securities and derivatives business receivables, non-collateralised investments, payables to Clearing House and securities and derivatives business payables, the carrying values approximate their fair values which presented in financial statements.

4. DETAILS OF THE SIGNIFICANT TRANSACTIONS

4.1 Supplementary disclosures of cash flow information

4.1.1 Cash payments for purchases of equipment and intangible assets consist of the following:

	For the six-month periods ended June 30,	
	2020	2019
	Baht	Baht
Payables for purchase of equipment and intangible assets (other liabilities) - beginning balance	881,600	349,154
Purchases of equipment and intangible assets	4,276,222	8,070,879
<u>Less</u> Cash payments for purchase of equipment and intangible assets	<u>(4,063,411)</u>	<u>(7,642,553)</u>
Payables for purchase of equipment and intangible assets (other liabilities) - ending balance	<u>1,094,411</u>	<u>777,480</u>

4.1.2 Changes in liabilities arising from financing activities for the six-month period ended June 30, 2020 are as follows (2019 : Nil):

	For the six-month period ended June 30, 2020 Baht
Beginning balance	-
Effect from first time TFRS 16 adoption	14,802,500
Financing cash flows	(11,962,228)
Addition during the period	12,243,193
Other non-cash items	(653,345)
Ending balance	<u>14,430,120</u>

4.2 Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As at June 30, 2020 Baht	As at December 31, 2019 Baht
Cash	115,000	120,000
Deposits as current and savings accounts and Certificate of deposit matured within 3 months	1,981,540,572	2,321,334,266
<u>Less</u> Deposit accounts for the customers*	<u>(590,216,058)</u>	<u>(993,538,190)</u>
Total cash and cash equivalents	<u>1,391,439,514</u>	<u>1,327,916,076</u>

* Deposit accounts for the customers are not shown as assets and liabilities in the financial statements according to the Notification of the Office of the Securities and Exchange Committee.

4.3 Receivables from Clearing House

Receivables from Clearing House consist of the following:

	As at June 30, 2020 Baht	As at December 31, 2019 Baht
Receivables from Clearing House	42,082,863	114,981,572
<u>Less</u> Receivables from Clearing House for the customers*	<u>(29,964,061)</u>	<u>(15,067,491)</u>
Total receivables from Clearing House	<u>12,118,802</u>	<u>99,914,081</u>

* Receivables from Clearing House for the customers is not shown as assets and liabilities in the financial statements according to the Notification of the Office of the Securities and Exchange Committee.

As at December 31, 2019, the Company has outstanding derivatives, future contracts-short position, which has total notional amount of Baht 2.98 million. Future contracts are matured in March 2020. Delivery method of Futures is cash settlement. Real exposure is a difference between cost of futures and value of underlying instruments on settlement date. Such difference is included in "Receivables from Clearing House".

4.4 Securities and derivatives business receivables

Securities and derivatives business receivables consist of the following:

	As at June 30, 2020 Baht	As at December 31, 2019 Baht
<u>Securities business receivables</u>		
Clients' accounts - cash	1,020,095,634	183,677,958
Securities business loans	<u>520,011,973</u>	<u>562,483,278</u>
Total securities business receivables	1,540,107,607	746,161,236
<u>Add</u> Accrued interest receivables	2,193,597	2,527,839
<u>Less</u> Allowance for expected credit losses (Note 4.5)	(6,226,329)	-
<u>Less</u> Allowance for doubtful accounts (Note 4.5)	<u>-</u>	<u>(5,650,111)</u>
Total securities and derivatives business receivables	<u><u>1,536,074,875</u></u>	<u><u>743,038,964</u></u>

As at June 30, 2020 the Company classified securities and derivative business receivables including related accrued interest receivables and allowance for expected credit loss. The classification was as follows:

	As at June 30, 2020		
	Securities business receivables and derivatives business receivables and accrued interest receivables Baht	Exposure at Default Baht	Allowance for expected credit loss Baht
<u>Securities business receivables</u>			
Performing debts	1,536,074,875	522,205,570	(6,226,329)
Under-performing debts	-	-	-
Non-performing debts	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><u>1,536,074,875</u></u>	<u><u>522,205,570</u></u>	<u><u>(6,226,329)</u></u>

As at December 31, 2019, the Company has classified securities business receivables and derivatives business receivables including related accrued interest receivables according to the guideline of the Office of the Securities and Exchange Commission regarding “The Disclosure of Quality of Assets”. Securities and derivatives business receivables are classified as follows:

Classification	As at December 31, 2019		
	Securities and derivatives business receivables and accrued interest receivables	Allowance for doubtful accounts	Securities and derivatives business receivables and accrued interest receivables net
	Baht	Baht	Baht
Normal debts	748,689,075	(5,650,111)	743,038,964
Doubtful debts	-	-	-
Total	<u>748,689,075</u>	<u>(5,650,111)</u>	<u>743,038,964</u>

As at June 30, 2020, the Company provided allowance for expected credit losses of Baht 6.23 million.

As at December 31, 2019, the Company provided allowance for doubtful accounts of Baht 5.65 million, in accordance with the guidelines of the Securities and Exchange Commission regarding “Accounting Policies on Securities Companies’ Substandard Accounts Receivable”.

4.5 Allowance for expected credit losses /Allowance for doubtful accounts

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

	As at June 30, 2020			Total Baht
	Allowance for performing Baht	Allowance for under-performing Baht	Allowance for non-performing Baht	
<u>Securities business receivables</u>				
Beginning balance	5,650,111	-	-	5,650,111
Change in allowance for expected credit loss during the period	<u>576,218</u>	<u>-</u>	<u>-</u>	<u>576,218</u>
Ending balance	<u>6,226,329</u>	<u>-</u>	<u>-</u>	<u>6,226,329</u>

Allowance for doubtful accounts as at December 31, 2019 consist of the following:

	As at December 31, 2019 Baht
Balance - beginning of the year	8,194,633
<u>Less</u> Reversal of allowance for doubtful accounts	<u>(1,342,750)</u>
<u>Less</u> Bad debt written off	<u>(1,201,772)</u>
Balance - ending of the year	<u>5,650,111</u>

4.6 Derivatives assets

As at June 30, 2020, the Company has outstanding derivatives, future contracts-short position, which has total notional amount of Baht 6.65 million. Future contracts are matured in September 2020 and March 2021. Delivery method of futures is cash settlement. Real exposure is a difference between cost of futures and value of underlying instruments on settlement date. Counter parties of derivative transaction is Clearing House.

4.7 Non-collateralised investments

Non-collateralised investments consist of the following

	As at June 30, 2020 Fair value/ Amortised cost Baht	As at December 31, 2019 Fair value/ Book value Baht
<u>Fair value</u>		
Investments, fair value through profit or loss		
Equity securities		
Listed securities	5,860,302	-
Total	5,860,302	-
Investments, fair value through other comprehensive income		
Equity securities		
Ordinary shares	9,898,579	-
Total	9,898,579	-
<u>Amortised cost</u>		
Fixed deposit	1,100,000,000	-
Certificate of deposit matured longer than 3 months	100,000,000	-
<u>Less</u> Investments held for customers*	(1,150,000,000)	-
Total	50,000,000	-
<u>Trading securities</u>		
Equity securities	-	2,971,980
Total	-	2,971,980
<u>Investments to be held-to-maturity</u>		
Certificate of deposit matured longer than 3 months	-	130,000,000
<u>Less</u> Investments held for customers*	-	(80,000,000)
Total	-	50,000,000
<u>Cost</u>		
General investment		
General investment	-	8,682,000
Total	-	8,682,000
Total investments	65,758,881	61,653,980

* Investments for the customers are not shown as assets and liabilities in the financial statements according to the Notification of the Office of the Securities and Exchange Committee.

Investments in deposits at financial institutions with outstanding maturities of contracts as follow:

	As at June 30, 2020			Total Baht
	Within 1 year Baht	1-5 years Baht	Over 5 years Baht	
Certificate of deposit matured longer than 3 months	50,000,000	-	-	50,000,000
Total	50,000,000	-	-	50,000,000

	As at December 31, 2019			Total Baht
	Within 1 year Baht	1-5 years Baht	Over 5 years Baht	
Certificate of deposit matured longer than 3 months	50,000,000	-	-	50,000,000
Total	50,000,000	-	-	50,000,000

Investment in equity instruments designated at FVTOCI were as follow:

Investments	Reason for use of alternative in presentation as mentioned	As at June 30, 2020		
		Fair value Baht	Dividend received Baht	Retained earnings or retained losses transferred in owner's equity Baht
TSFC Securities Public Company Limited	Intention to held in long-term period	9,034,700	249,600	-
ASCO Business Promotion Company Limited	Intention to held in long-term period	863,879	-	-
Total		9,898,579	249,600	-

4.8 Equipment

Equipment consists of the following:

	Balance as at January 1, 2020 Baht	Additions Baht	Disposals Baht	Transfer in/ (Transfer out) Baht	Balance as at June 30, 2020 Baht
Cost					
Furniture and fixtures	9,898,647	-	(150,506)	-	9,748,141
Office equipment	14,273,988	70,985	(119,909)	-	14,225,064
Computer	69,195,852	166,923	-	-	69,362,775
Leasehold improvement	42,491,127	14,533	(628,781)	-	41,876,879
Dismantling and removing costs	4,648,000	-	-	-	4,648,000
Total cost	140,507,614	252,441	(899,196)	-	139,860,859
Accumulated depreciation					
Furniture and fixtures	(9,313,332)	(94,547)	150,476	-	(9,257,403)
Office equipment	(13,499,620)	(161,342)	119,903	-	(13,541,059)
Computer	(52,966,375)	(3,048,806)	-	-	(56,015,181)
Leasehold improvement	(40,811,817)	(331,214)	628,762	-	(40,514,269)
Dismantling and removing costs	(4,648,000)	-	-	-	(4,648,000)
Total accumulated depreciation	(121,239,144)	(3,635,909)	899,141	-	(123,975,912)
Work in progress	-	521,464	-	-	521,464
Equipment	19,268,470				16,406,411
	Balance as at January 1, 2019 Baht	Additions Baht	Disposals Baht	Transfer in/ (Transfer out)/ Reclassification* Baht	Balance as at December 31, 2019 Baht
Cost					
Furniture and fixtures	42,262,989	438,018	(805,186)	(31,997,174)	9,898,647
Office equipment	17,070,346	413,310	(2,253,846)	(955,822)	14,273,988
Computer	86,931,639	1,186,045	(13,933,901)	(4,987,931)	69,195,852
Leasehold improvement	-	-	-	42,491,127	42,491,127
Dismantling and removing costs	4,648,000	-	-	-	4,648,000
Total cost	150,912,974	2,037,373	(16,992,933)	4,550,200	140,507,614
Accumulated depreciation					
Furniture and fixtures	(37,989,223)	(2,852,120)	805,145	30,722,866	(9,313,332)
Office equipment	(15,734,856)	(524,437)	2,253,689	505,984	(13,499,620)
Computer	(69,079,251)	(7,572,008)	13,932,247	9,752,637	(52,966,375)
Leasehold improvement	-	(85,127)	-	(40,726,690)	(40,811,817)
Dismantling and removing costs	(4,150,714)	(497,286)	-	-	(4,648,000)
Total accumulated depreciation	(126,954,044)	(11,530,978)	16,991,081	254,797	(121,239,144)
Work in progress	-	4,805,000	-	(4,805,000)	-
Equipment	23,958,930				19,268,470

* As at December 31, 2019, the Company has reclassified for furniture and fixtures, office equipment, computer and leasehold improvement.

**For the six-month periods
ended June 30,
2020 2019
Baht Baht**

Depreciation	3,635,909	7,102,138
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As at June 30, 2020 and December 31, 2019, the costs of fully depreciated assets still in use are Baht 100.63 million and Baht 95.84 million, respectively.

4.9 Intangible assets

Intangible assets consist of the following:

		Remaining Useful life	Balance as at January 1, 2020 Baht	Additions Baht	Disposals Baht	Transfer in/ (Transfer out) Baht	Balance as at June 30, 2020 Baht
Cost							
Computer software	1-5 years		65,341,627	753,941	-	791,549	66,887,117
TFEX membership fee			3,912,329	-	-	-	3,912,329
Settrade One Click fee			519,740	-	-	-	519,740
Total cost			69,773,696	753,941	-	791,549	71,319,186
Accumulated amortization							
Computer software			(46,515,621)	(3,094,125)	-	-	(49,609,746)
Total accumulated amortization			(46,515,621)	(3,094,125)	-	-	(49,609,746)
Computer software under installation			4,011,725	2,748,376	-	(791,549)	5,968,552
Intangible assets			27,269,800				27,677,992

		Remaining Useful life	Balance as at January 1, 2019 Baht	Additions Baht	Disposals Baht	Transfer in/ (Transfer out) Baht	Balance as at December 31, 2019 Baht
Cost							
Computer software	1 - 5 years		65,314,604	1,877,907	(6,965,059)	5,114,175	65,341,627
TFEX membership fee			3,912,329	-	-	-	3,912,329
Settrade One Click fee			519,740	-	-	-	519,740
Total cost			69,746,673	1,877,907	(6,965,059)	5,114,175	69,773,696
Accumulated amortization							
Computer software			(47,604,200)	(5,621,640)	6,965,016	(254,797)	(46,515,621)
Total accumulated amortization			(47,604,200)	(5,621,640)	6,965,016	(254,797)	(46,515,621)
Computer software under installation			4,391,479	4,479,621	-	(4,859,375)	4,011,725
Intangible assets			26,533,952				27,269,800

*As at December 31, 2019, the Company has reclassified for computer software.

	For the six-month periods	
	ended June 30,	
	2020	2019
	Baht	Baht
Amortization	3,094,125	2,758,467

As at June 30, 2020 and December 31, 2019, the costs of fully amortized intangible assets still in use are Baht 35.68 million and Baht 33.80 million, respectively.

4.10 Right-of-use assets and lease liabilities

Right-of-use assets and lease liabilities as at June 30, 2020 as follows:

	As at
	June 30, 2020
	Baht
Right-of-use assets	
Building	12,753,214
Vehicles	1,656,064
Total right-of-use assets	<u>14,409,278</u>
Lease liabilities	
Current	1,652,790
Non-current	12,777,330
Total lease liabilities	<u>14,430,120</u>

The statement of comprehensive income included following transactions related to leases for the six-month period ended June 30, 2020 as follows:

	For the six-month
	period ended
	June 30, 2020
	Baht
Depreciation charge of right-of-use assets	
Building	10,195,771
Vehicles	1,682,430
Total depreciation charge of right-of-use assets	<u>11,878,201</u>
Interest expenses relating to leases	
Interest expenses relating to leases	104,869

The Company has adopted TFRS 16 from January 1, 2020 under the modified retrospective approach and the comparative figures have not been restated. The impact from the adoption of new financial reporting standards on the lease liabilities as at January 1, 2020 has been presented in Note 2.2.

4.11 Deferred tax

Movements in deferred tax during the period/year were as follows:

	For the six-month period ended June 30, 2020					As at June 30, 2020 Baht
	As at January 1, 2020 as previously reported Baht	Effect of change in accounting policy Baht	As at January 1, 2020 as adjusted Baht	Items as recognized into profit or loss Baht	Items as recognized into other comprehensive income (expense) Baht	
Deferred tax assets						
Temporary differences						
Amortization - Computer software	1,821,961	-	1,821,961	200,981	-	2,022,942
Allowance for doubtful accounts	1,130,022	(1,130,022)	-	-	-	-
Allowance for expected credit loss	-	1,123,587	1,123,587	155,820	-	1,279,407
Employee benefits obligation	15,365,819	-	15,365,819	1,162,396	-	16,528,215
Dismantling and removing costs	929,600	-	929,600	-	-	929,600
Loss on changing in fair value through other comprehensive income	-	3,972	3,972	-	(348)	3,624
Others	240,355	-	240,355	(236,296)	-	4,059
Total	19,487,757	(2,463)	19,485,294	1,282,901	(348)	20,767,847
Deferred tax liabilities						
Temporary differences						
Gain on changing in fair value through profit or loss	5,470	-	5,470	(5,470)	-	-
Amortization - intangible assets	886,413	-	886,413	-	-	886,413
Gain on changing in fair value through other comprehensive income	-	199,538	199,538	-	47,402	246,940
Total	891,883	199,538	1,091,421	(5,470)	47,402	1,133,353
Deferred tax assets net	18,595,874	(202,001)	18,393,873	1,288,371	(47,750)	19,634,494

	For the year ended December 31, 2019			As at December 31, 2019 Baht
	As at January 1, 2019 Baht	Items as recognized into profit or loss Baht	Items as recognized into other comprehensive income (expense) Baht	
Deferred tax assets				
Temporary differences				
Amortization - Computer software	1,446,698	375,263	-	1,821,961
Allowance for doubtful accounts	1,398,572	(268,550)	-	1,130,022
Employee benefits obligation	10,532,894	2,087,154	2,745,771	15,365,819
Dismantling and removing costs	830,143	99,457	-	929,600
Others	-	240,355	-	240,355
Total	14,208,307	2,533,679	2,745,771	19,487,757
Deferred tax liabilities				
Temporary differences				
Gain on changing in fair value of trading investments	-	5,470	-	5,470
Amortization - intangible assets	886,413	-	-	886,413
Total	886,413	5,470	-	891,883
Deferred tax assets net	13,321,894	2,528,209	2,745,771	18,595,874

4.12 Other assets

Other assets consist of the following:

	As at June 30, 2020 Baht	As at December 31, 2019 Baht
Deposits	7,134,707	7,244,097
Income tax deducted at source	5,004,569	4,526,644
Member Account Clearing Fund	66,492,779	60,705,296
Prepaid expenses	12,033,891	3,175,743
Fee and service receivables net	11,486,484	10,870,142
Other assets	1,942,533	2,173,322
Total	104,094,963	88,695,244

4.13 Provision for liabilities

Provision for liabilities, consist of the following:

	As at June 30, 2020 Baht	As at December 31, 2019 Baht
Short-term employee benefit obligations	4,288,980	2,302,889
Employee benefit obligations	78,352,096	74,526,207
Dismantling and removing payable	4,648,000	4,648,000
Provision for loan commitments and financial guarantee contracts	2,816,942	-
Total	<u>90,106,018</u>	<u>81,477,096</u>

4.13.1 Employee benefit obligations

The Company operates post-employment benefits plans under the Thai Labor Protection Act. Amounts recognized in statements of comprehensive income in respect of the defined benefit plans are as follows:

	For the six-month periods ended June 30,	
	2020 Baht	2019 Baht
Past service cost	-	12,052,215
Current service cost	5,745,745	4,308,710
Interest cost	629,310	847,465
	<u>6,375,055</u>	<u>17,208,390</u>

On December 13, 2018, the National Legislative Assembly passed an amendment bill to the Labor Protection Act. Consequently, the Labor Protection Act (No. 7) B.E. 2562 announced in the Royal Gazette on April 5, 2019 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 12.05 million as the expense for the six-month period ended June 30, 2019, in the Company's financial statements.

Movements in the present value of the defined benefits obligation are as follows:

	As at June 30, 2020 Baht	As at December 31, 2019 Baht
Opening defined benefit obligation	74,526,207	49,912,565
Past service cost	-	12,052,215
Current service cost	5,745,745	8,617,421
Interest cost	629,310	1,694,930
Remeasurement		
Actuarial loss due to experience adjustments	-	4,695,742
Actuarial gain arising from changes in demographic assumptions	-	(600,946)
Actuarial loss arising from changes in financial assumptions	-	9,634,060
Employee transferal	15,134	(338,813)
Benefit paid	(2,564,300)	(11,140,967)
Closing defined benefits obligation	<u>78,352,096</u>	<u>74,526,207</u>

The principle actuarial assumptions used to calculate the obligation under the defined benefit plans are as follows:

	As at June 30, 2020 %	As at December 31, 2019 %
Financial assumptions		
Discount rate	1.70	1.70
Inflation rate	6.00	6.00

Significant Actuarial Assumptions - Impact on increase/(decrease) in Defined Benefit Obligation are as follow:

	As at June 30, 2020 Baht	As at December 31, 2019 Baht
Discount rate - 1% increase	(8,870,322)	(7,617,196)
Discount rate - 1% decrease	10,390,110	8,922,281
Rate of salary increase - 1% increase	9,834,896	8,445,503
Rate of salary increase - 1% decrease	(8,611,879)	(7,395,264)

4.13.2 Provision for loan commitments and financial guarantee contracts as at June 30, 2020 are as follows:

	As at June 30, 2020 Baht
Beginning balance - previously reported	-
Effect of change in new accounting standards (Note 2.2)	<u>1,640,056</u>
Beginning balance - as adjusted	1,640,056
Change in ECL during the period	<u>1,176,886</u>
Ending balance	<u><u>2,816,942</u></u>

4.14 Other liabilities

Other liabilities consist of the following:

	As at June 30, 2020 Baht	As at December 31, 2019 Baht
Accrued staff's bonus expenses	19,611,046	18,153,522
Accrued staff's commission expenses	31,771,571	13,037,427
Withholding tax payable - staff	1,860,186	4,685,255
Accrued expenses	8,453,786	9,638,582
Other liabilities	<u>13,281,266</u>	<u>19,937,064</u>
Total	<u><u>74,977,855</u></u>	<u><u>65,451,850</u></u>

4.15 Legal reserve

Under the Public Companies Act, the Company is required to set aside as a legal reserve at least 5% of its net income after retained deficit brought forward (if any) until the reserve is not less than 10% of registered capital. The reserve is not available for dividend distribution.

4.16 Brokerage fees income

Brokerage fees income consist of the following:

	For the six-month period ended June 30, 2020		
	Timing of revenue recognition		
	At a point in time Baht	Overtime Baht	Total Baht
Brokerage fees from securities business	234,352,825	-	234,352,825
Brokerage fees from derivatives business	17,697,573	-	17,697,573
Other brokerage fees	<u>416,830</u>	<u>-</u>	<u>416,830</u>
Total	<u><u>252,467,228</u></u>	<u><u>-</u></u>	<u><u>252,467,228</u></u>

For the six-month period ended June 30, 2019

	Timing of revenue recognition		
	At a point in time	Overtime	Total
	Baht	Baht	Baht
Brokerage fees from securities business	183,783,562	-	183,783,562
Brokerage fees from derivatives business	13,443,852	-	13,443,852
Other brokerage fees	12,588,769	-	12,588,769
Total	209,816,183	-	209,816,183

4.17 Fees and services income

Fees and services income consist of the following:

For the six-month period ended June 30, 2020

	Timing of revenue recognition		
	At a point in time	Overtime	Total
	Baht	Baht	Baht
Underwriting fee	9,757,750	-	9,757,750
Management fees - Private Fund	-	7,328,261	7,328,261
Mutual Funds Selling Agent fee	33,669,394	-	33,669,394
Total	43,427,144	7,328,261	50,755,405

For the six-month period ended June 30, 2019

	Timing of revenue recognition		
	At a point in time	Overtime	Total
	Baht	Baht	Baht
Management fees - Private Fund	-	4,986,404	4,986,404
Mutual Funds Selling Agent fee	31,721,717	-	31,721,717
Total	31,721,717	4,986,404	36,708,121

4.18 Interest income

Interest income consisted of the following:

	For the six-month periods ended June 30,	
	2020	2019
	Baht	Baht
Margin loans	13,287,815	16,949,524
Deposit at financial institutions	7,426,901	13,855,732
Others	138,349	207,172
Total	20,853,065	31,012,428

4.19 Gain and return on financial instruments

Gain and return on financial instruments consist of the following:

	For the six-month periods ended June 30,	
	2020	2019
	Baht	Baht
Gain (loss) on investment	(5,526,267)	786,923
Gain on derivatives	7,876,759	1,410,486
Dividend income	315,600	383,050
Total	<u>2,666,092</u>	<u>2,580,459</u>

4.20 Employee benefit expenses

Employee benefit expenses included director's remuneration for the six-month periods ended June 30, 2020 and 2019 amounting to Baht 750,000 and Baht 810,000, respectively.

4.21 Other expenses

Other expenses consist of the following:

	For the six-month periods ended June 30,	
	2020	2019
	Baht	Baht
Premises and equipment expenses	29,087,140	31,839,572
Other expenses	24,239,945	35,286,420
Total	<u>53,327,085</u>	<u>67,125,992</u>

4.22 Income tax

Income tax consists of the following:

	For the six-month periods ended June 30,	
	2020	2019
	Baht	Baht
Current tax:		
Current tax expense (income) in respect of the current period	<u>8,107,708</u>	<u>(128,062)</u>
Deferred tax:		
The amount of deferred tax income relating to the origination and reversal of temporary differences	<u>(1,288,371)</u>	<u>(5,589,944)</u>
Total deferred tax	<u>(1,288,371)</u>	<u>(5,589,944)</u>
Total income tax expense (income)	<u>6,819,337</u>	<u>(5,718,006)</u>

Reconciliation of income tax expenses between domestic tax rate and effective tax rate

	For the six-month periods ended June 30,			
	2020		2019	
	Baht	Tax rate (%)	Baht	Tax rate (%)
Income (loss) before income tax expense	<u>34,499,802</u>		<u>(27,018,103)</u>	
Income tax at the tax rate	6,899,960	20.00	(5,403,621)	20.00
<u>Add</u> Tax effect of expenses that are not deductible for tax purposes	315,891		204,153	
<u>Less</u> Tax effect of income and expenses that are exempt for tax purposes	(315,415)		(342,916)	
Adjustments recognized in the current period in relation to the current tax of prior period	<u>(81,099)</u>		<u>(175,622)</u>	
Total income tax expense (income)	<u>6,819,337</u>	19.77	<u>(5,718,006)</u>	21.16

The Company used tax rate of 20% for income tax calculation for the six-month periods ended June 30, 2020 and 2019. Income tax expense is calculated from income before tax, added back transactions which are non-deductible expenses and deducted income or expense exemption under the Revenue Code.

4.23 Provident fund

The Company and employees set up a provident fund which is contributory and was registered as the provident fund in accordance with the Provident Fund Act B.E. 2530.

	For the six-month periods ended June 30,	
	2020	2019
	Baht	Baht
Provident fund included in personnel expenses	7,532,405	7,267,762

5. ADDITIONAL INFORMATION

5.1 Directors and managements' remuneration

The compensations paid to key management personnel under TAS 24 "Related Party Disclosures" are as follows:

	For the six-month periods ended June 30,	
	2020	2019
	Baht	Baht
Short-term employee benefits	35,731,262	42,052,451
Post-employment benefits	1,973,243	1,750,094
Total	<u>37,704,505</u>	<u>43,802,545</u>

5.2 Related party transactions

The Company has business transactions with related companies. These transactions are with companies that have common shareholders and/or directors with the Company and/or under the parent company or have relationship with the parent company. The financial statements reflect the effects of these transactions in the normal business practice, and the price, interest rates, terms and conditions are considered to be in normal business practice and normal terms and conditions.

The names of the related companies, that have business transactions with the Company, are shown as follows:

Name	Relationship	Business type
Bank of Ayudhya Public Company Limited	Parent company	Commercial bank
Krung Sri Asset Management Company Limited	Related company	Investment management
Bangkok Broadcasting & TV Company Limited	Related company	Advertising agency
K Group Company Limited	Related company	Holding company
KR & Associates Company Limited	Related company	Property for rent
G.L. Assets Company Limited	Related company	Advertising agency and Property for rent
Cyber Venture Company Limited	Related company	Investment in securities
Sunrise Equity Company Limited	Related company	Consulting for investment in Thailand
C.K.R Company Limited	Related company	Holding company
BBTV Sattlevision Company Limited	Related company	Advertising agency
BBTV Productions Company Limited	Related company	Advertising agency
BBTV Equity Company Limited	Related company	Advertising agency
BBTV Asset Management Company Limited	Related company	Advertising agency
Krung Sri Ayudhya Card Company Limited	Related company	Personal loan and credit card
Federal Travel International Company Limited	Related company	Business travel services
Siam Realty and Services Security Company Limited	Related company	Car rental service
Stronghold Assets Company Limited	Related company	Advertising agency
Allianz Ayudhya Capital Public Company Limited (formerly Sri Ayudhya Capital Public Company Limited)	Related company	Holding company
MUFG Securities Asia Limited	Related company	Securities
Morgan Stanley & Co. International Public Company Limited	Related company	Financial service

Significant balances and transactions with the related companies consist mainly of the following:

	As at June 30, 2020 Baht	As at December 31, 2019 Baht
Cash and cash equivalents		
Bank of Ayudhya Public Company Limited	1,227,802,051	1,135,223,352
Right-of-use assets		
Siam Realty and Services Security Company Limited	1,656,064	-
Other assets - deposits		
Bank of Ayudhya Public Company Limited	307,284	479,488
BBTV Equity Company Limited	4,674,922	4,674,922
Total	<u>4,982,206</u>	<u>5,154,410</u>
Other assets - fee and service receivables		
Bank of Ayudhya Public Company Limited	859,094	4,104,089
Krungsri Asset Management Company Limited	421,390	1,258,430
Total	<u>1,280,484</u>	<u>5,362,519</u>
Other assets - others		
Bank of Ayudhya Public Company Limited	1,477,310	310,250
Krungsriayudhya Card Company Limited	589	-
Total	<u>1,477,899</u>	<u>310,250</u>
Lease liabilities		
Siam Realty and Services Security Company Limited	1,652,790	-
Other liabilities - others		
Bank of Ayudhya Public Company Limited	1,570,144	2,492,878
BBTV Equity Company Limited	384,265	326,375
Federal Travel International Company Limited	-	11,479
Siam Realty and Services Security Company Limited	-	306,900
Total	<u>1,954,409</u>	<u>3,137,632</u>

	For the six-month periods		Pricing Policies
	ended June 30,		
	2020	2019	
	Baht	Baht	
Income			
Brokerage fees income			
Bank of Ayudhya Public Company Limited	1,257,569	-	0.025% - 0.25% of trading
Bangkok Broadcasting & TV Company Limited	1,554	-	volume and/or as specified
K Group Company Limited	-	64,048	in contract
BBTV Production Company Limited	493	236,537	
BBTV Equity Company Limited	37,861	8,529	
Allianz Ayudhya Capital Public Company Limited (formerly Sri Ayudhya Capital Public Company Limited)	195,298	291,230	
MUFG Securities Asia Limited	-	18,083	
Morgan Stanley & Co. International Public Company Limited	4,599,825	2,397,262	
Total	<u>6,092,600</u>	<u>3,015,689</u>	
Fees and services income			
Bank of Ayudhya Public Company Limited	1,831,158	3,719,179	As specified in contract
Krungsri Asset Management Company Limited	5,191,315	6,784,029	As specified in contract
Total	<u>7,022,473</u>	<u>10,503,208</u>	
Interest income			
Bank of Ayudhya Public Company Limited	6,973,655	13,044,705	At market
Other income			
Bank of Ayudhya Public Company Limited	419	-	At market
Krungsriayudhya Card Company Limited	550	1,100	As specified in contract
Siam Realty and Services Security Company Limited	364	-	As specified in contract
Morgan Stanley & Co. International Public Company Limited	-	165,440	As specified in contract
Total	<u>1,333</u>	<u>166,540</u>	
Expenses			
Employee benefits expenses			
Bank of Ayudhya Public Company Limited	-	359	As specified in contract
Fee and service expenses			
Bank of Ayudhya Public Company Limited	1,894,276	2,414,501	As specified in contract
Interest expense			
Bank of Ayudhya Public Company Limited	2,247	-	At market
BBTV Equity Company Limited	19,773	-	As specified in contract
Siam Realty and Services Security Company Limited	18,235	-	As specified in contract
Total	<u>40,255</u>	<u>-</u>	

	For the six-month periods		Pricing Policies
	ended June 30,		
	2020	2019	
	Baht	Baht	
Other expenses			
Bank of Ayudhya Public Company Limited	5,984,727	9,841,745	As specified in contract
Krungsri Asset Management Company Limited	-	30,000	As specified in contract
BBTV Equity Company Limited	12,412,793	11,589,192	As specified in contract
Federal Travel International Company Limited	-	56,444	As specified in contract
Siam Realty and Services Security Company Limited	1,654,941	1,841,400	As specified in contract
Allianz Ayudhya Capital Public Company Limited (formerly Sri Ayudhya Capital Public Company Limited)	29,557	-	As specified in contract
Total	<u>20,082,018</u>	<u>23,358,781</u>	

5.3 Segment information

The majority of the operations of the Company involve the single business segment of securities, and the business is mainly carried on in a single geographic area in Thailand. Therefore, the management concludes that the Company has only one business segment and one geographic area.

5.4 Long-term operating lease and service agreements

Long-term operating lease and service agreements are as follows:

	As at June 30, 2020		As at December 31, 2019	
	Baht	USD	Baht	USD
Not later than 1 year	3,192,181	23,250	13,969,810	31,000
Later 1 year but not later than 5 years	2,473,288	72,333	3,403,722	87,833

As at December 31, 2019, the Company has commitment under agreements for office space lease and services which were previously classified as operating lease according to TAS17 of Baht 17.37 million. Later on January 1, 2020, TFRS16 was become effective. Therefore, those lease agreements were considered as right-of-use assets as described in Note 2.2.

5.5 The approval date of financial statements

The financial statements for the six-month period ended June 30, 2020 have been approved for issue by the Company's Board of Directors on August 25, 2020.