

SEAMICO SECURITIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2019
“UNAUDITED”

1. GENERAL INFORMATION AND THE OPERATIONS OF THE COMPANY

Seamico Securities Public Company Limited (the “Company”) is a public limited company incorporated and resident in Thailand. The Company converted the status to be a Public Limited Company in accordance with the Public Limited Companies Act. on August 8, 1994 and was listed on the Stock Exchange of Thailand (“SET”) on March 17, 1995. The address of its registered office is 18th Floor, 287 Liberty Square, Silom Road, Bangrak, Bangkok, 10500.

The Company was granted 7 licenses to operate the following securities businesses:

1. Securities Brokerage
2. Securities Trading
3. Investment Advisory Service
4. Securities Underwriting
5. On-line Securities Trading
6. Derivatives Trading
7. Securities Borrowing and Lending

On May 1, 2009, the Company transferred its business and margin loan accounts to KT ZMICO Securities Co., Ltd., an associated company, in accordance with a partnership plan to develop securities business with Krung Thai Bank Plc. The Company has temporarily ceased its operation on securities and derivative business since May 1, 2009 until December 31, 2011 which was approved by the Office of the Securities and Exchange Commission as the letter No. SEC.Thor. 701/2552. Subsequently, the Company was granted by the Office of the Securities and Exchange Commission to extend the suspension period for securities and derivative business operation until April 30, 2013 as the letter No. SEC.Thor. 474/2554 dated April 4, 2011. Consequently, the Company applied the approval system work flow of investment advisory service under the existing securities business license to the Office of the Securities and Exchange Commission. The Company was approved to re-operate its Investment Advisory Services According to the letter No. SEC. BorThor. 994/2556 dated on May 2, 2013 starting from May 2, 2013 onwards.

Moreover, On July 4, 2017, the Company was granted by The Stock Exchange of Thailand to extend the recommencing its securities brokerage business operation to December 31, 2018 according to the letter No. BorSorChor.0004/2560.

On July 11, 2018, the Company was granted by The Stock Exchange of Thailand to extend the recommencing its securities brokerage business operation to December 31, 2019 according to the letter No. BorSorChor.0002/2561.

Currently, the major businesses of the Company are related to investment and securities businesses which shall not compete with KT ZMICO Securities Co., Ltd.

The Company has subsidiaries as follows:

1. Innotech Asset Management Co., Ltd. operates its business in Thailand and has been granted permission to manage mutual fund, private fund and provident fund.
2. Lumpini Asset Management Co., Ltd. operates its business in Thailand. The main objective of the Company is to carry out the business of purchasing or taking transfer and managing of non-performing assets of financial institution which is its commercial bank, business funding or credit fancier license to revoke include related collateral for the purpose of asset management, development and disposals.
3. SE Digital Co., Ltd. operates its business in Thailand. The main objective of the Company is to conduct digital asset business as a digital asset broker and dealer, and ICO portal, authorized by related authorities.

A subsidiary has net loss of Baht 5.15 million for the three-month period ended March 31, 2019 and as at March 31, 2019, the subsidiary has accumulated loss of Baht 177.84 million. However, as at March 31, 2019, the subsidiary can maintain its capital adequacy according to the requirement of the Office of the Securities and Exchange Commission. Currently, the subsidiary is in the process to wait SEC to verify the Company's system work flow according to the business plan in order to reactivate its fund management business (see Note 23).

2. BASIS FOR PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

- 2.1 These interim consolidated and separate financial statements are prepared in Thai Baht and in compliance with Thai Accounting Standard No. 34 (Revised 2018) "Interim Financial Reporting" and accounting practices generally accepted in Thailand. The Company presents the condensed notes to interim financial statements and the additional information is disclosed in accordance with the Notification of the Office of the Securities and Exchange Commission ("SEC") No. SorTor. 22/2559, dated June 2, 2016, regarding "The Form of Financial Statements for Securities Companies (No. 2)" which becomes effective for fiscal years beginning effective on or after January 1, 2017 onward.
- 2.2 The consolidated and separate statements of financial position as at December 31, 2018, presented herein for comparison, have been derived from the consolidated and separate financial statements for the year then ended which had been previously audited.

- 2.3 The unaudited results of operations presented in the three-month period ended March 31, 2019 are not necessarily an indication or anticipation of the operation results for the full year.
- 2.4 Certain financial information which is normally included in annual financial statements prepared in accordance with TFRS, but which is not required for interim reporting purposes, has been omitted. Therefore, the interim financial statements for the three-month period ended March 31, 2019 should be read in conjunction with the audited financial statements for the year ended December 31, 2018.
- 2.5 Material intercompany transactions between the Company and its subsidiaries have been eliminated from this interim consolidated financial statement. The interim consolidated financial statements for the three-month period ended March 31, 2019 has included the subsidiaries' interim financial statements for the three-month period ended March 31, 2019 which were reviewed.

The consolidated financial statements for the three-month period ended March 31, 2019 included the accounts of the Company, Innotech Asset Management Co., Ltd., Lumpini Asset Management Co., Ltd. and SE Digital Co., Ltd., whereas, the consolidated financial statements for the three-month period ended March 31, 2018 included the accounts of the Company, Innotech Asset Management Co., Ltd., and Lumpini Asset Management Co., Ltd. which the Company has a holding of 100% in their equity of three subsidiaries. Significant transactions and balances between the Company and the subsidiaries have been eliminated.

The consolidated financial statements for the three-month period ended March 31, 2019 and 2018 included interest in an associated company's equity which is determined from the financial statements of KT ZMICO Securities Co., Ltd., Scentimental (Thailand) Co., Ltd. and Absolute Yoga Co., Ltd.

3. NEW THAI FINANCIAL REPORTING STANDARDS

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

During the period, the Company has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2019 including Thai Financial Reporting Standard No.15 "Revenue from contracts with customers." The company and its subsidiary determine revenue recognition by performance which is not different than revenue recognition in the previous year. These remaining financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any impact on the Company's financial statements.

3.2 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:

Group of Financial Instruments Standards

Thai Accounting Standards (“TAS”)

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards (“TFRS”)

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

Thai Financial Reporting Standards No. 16 “Leases”

This financial reporting standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the entity. An entity shall consider the terms and conditions of contracts and all relevant facts and circumstances when applying this Standard. An entity shall apply this Standard consistently to contracts with similar characteristics and in similar circumstances.

The Group’s management will adopt such TFRSs in the preparation of the Group’s financial statements when it becomes effective. The Group’s management is in the process to assess the impact of these TFRSs on the financial statements of the Group in the period of initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2018.

5. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	March 31,	December 31,	March 31,	December 31,
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Cash, short-term deposits and promissory notes with original maturity less than 3 months	716,066,358	364,718,370	218,017,929	300,308,119
<u>Less</u> Cash deposits held for customers*	<u>(12,251,191)</u>	<u>(12,273,050)</u>	<u>(12,245,874)</u>	<u>(12,267,733)</u>
Total cash and cash equivalents	<u>703,815,167</u>	<u>352,445,320</u>	<u>205,772,055</u>	<u>288,040,386</u>

(* According to the announcement of the SEC, deposit accounts for the customers are not required to present as assets and liabilities in the financial statements.)

As at March 31, 2019 and December 31, 2018, the Company had deposits at financial institutions held for customers in the consolidated and separate statements of financial position in amounting to Baht 12.25 million and Baht 12.27 million, respectively, which the Company must return to the customers at call.

As at March 31, 2019 and December 31, 2018, the securities business customers with outstanding balance of 439 accounts which were transferred to KT ZMICO Securities Co., Ltd. (see Note 24), have not yet returned the open account agreements for securities trading to KT ZMICO Securities Co., Ltd. Such customers have deposits for securities trading of Baht 4.42 million and Baht 4.44 million, respectively, and shares with the values of Baht 123.68 million and Baht 122.17 million, respectively. However, when the customers have returned the open account agreements for securities trading to KT ZMICO Securities Co., Ltd., the assets of these customers will be returned to KT ZMICO Securities Co., Ltd.

6. SECURITIES BUSINESS RECEIVABLES

The Company has securities business receivables as follows:

	CONSOLIDATED AND SEPARATE	
	FINANCIAL STATEMENTS	
	As at	As at
	March 31,	December 31,
	2019	2018
	Baht	Baht
Other receivables		
Receivables under litigation	62,605,839	62,605,839
Total securities business receivables	62,605,839	62,605,839
<u>Less</u> Allowance for doubtful accounts (see Note 7)	<u>(62,605,839)</u>	<u>(62,605,839)</u>
Total	<u>-</u>	<u>-</u>

The Company has classified securities business receivables in accordance with the Notification of the Office of the Securities and Exchange Commission on the non-performing receivables No. Kor Thor. 33/2543 dated August 25, 2000, which is updated by the Notification No. Kor Thor. 5/2544 dated February 15, 2001 as follows:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS					
As at March 31, 2019			As at December 31, 2018		
Securities business receivables and accrued interest receivables Baht	Allowance for doubtful account set up by the Company Baht	Securities business receivables and accrued interest receivables - net Baht	Securities business receivables and accrued interest receivables Baht	Allowance for doubtful accounts set up by the Company Baht	Securities business receivables and accrued interest receivables - net Baht
Normal debts	-	-	-	-	-
Substandard debts	-	-	-	-	-
Doubtful debts	62,605,839	(62,605,839)	62,605,839	(62,605,839)	-
Total	<u>62,605,839</u>	<u>(62,605,839)</u>	<u>62,605,839</u>	<u>(62,605,839)</u>	<u>-</u>

The substandard and doubtful debts (securities business receivables and accrued interest receivables) are classified by aging as follows:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS		
	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Over 3 years	62,605,839	62,605,839
Total	<u>62,605,839</u>	<u>62,605,839</u>

7. ALLOWANCE FOR DOUBTFUL ACCOUNTS

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS		
	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Beginning balance of the period	62,605,839	62,654,566
Doubtful accounts (reversal)	-	(48,727)
Ending balance of the period (see Note 6)	<u>62,605,839</u>	<u>62,605,839</u>

8. INVESTMENTS

8.1 The Company has investments in debt and equity securities classified by investment type as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	As at March 31, 2019		As at December 31, 2018	
	Cost/		Cost/	
	Book value	Fair value	Book value	Fair value
	Baht	Baht	Baht	Baht
<u>Trading securities</u>				
Equity securities - Listed securities	128,924,146	106,589,483	129,776,771	105,247,574
Equity securities – Unit trust	380,512	383,705	380,512	382,629
Debt securities - Bill of exchange	517,629,841	418,900,992	334,176,059	236,112,869
Total	<u>646,934,499</u>	<u>525,874,180</u>	<u>464,333,342</u>	<u>341,743,072</u>
Less Revaluation adjustments	(16,060,319)	-	(17,590,270)	-
Less Allowance for impairment	(105,000,000)	-	(105,000,000)	-
Total trading securities	<u>525,874,180</u>	<u>525,874,180</u>	<u>341,743,072</u>	<u>341,743,072</u>
<u>Available-for-sale securities</u>				
Equity securities - Listed securities	194,007,796	153,050,908	199,809,914	176,569,011
Less Revaluation adjustments	(40,956,888)	-	(23,240,903)	-
Total available-for-sale securities	<u>153,050,908</u>	<u>153,050,908</u>	<u>176,569,011</u>	<u>176,569,011</u>
<u>Held to-maturity investments</u>				
Deposits at financial institutions	23,360,460	23,360,460	23,289,155	23,289,155
Total held-to-maturity investments	<u>23,360,460</u>	<u>23,360,460</u>	<u>23,289,155</u>	<u>23,289,155</u>
<u>General investments</u>				
Ordinary shares	13,396,323	8,038,744	198,396,323	193,178,152
Preference shares	125,000	125,000	125,000	125,000
Total	<u>13,521,323</u>	<u>8,163,744</u>	<u>198,521,323</u>	<u>193,303,152</u>
Less Allowance for impairment	(5,357,579)	-	(5,218,171)	-
Total general investments	<u>8,163,744</u>	<u>8,163,744</u>	<u>193,303,152</u>	<u>193,303,152</u>
Total investments	<u>710,449,292</u>	<u>710,449,292</u>	<u>734,904,390</u>	<u>734,904,390</u>

SEPARATE FINANCIAL STATEMENTS				
As at March 31, 2019				
As at December 31, 2018				
	Cost/ Book value Baht	Fair value Baht	Cost/ Book value Baht	Fair value Baht
<u>Trading securities</u>				
Equity securities - Listed securities	128,924,146	106,589,483	129,776,771	105,247,574
Equity securities – Unit trust	380,512	383,705	380,512	382,629
Debt securities - Bill of exchange	401,505,725	407,776,876	217,935,584	224,872,394
Total	<u>530,810,383</u>	<u>514,750,064</u>	<u>348,092,867</u>	<u>330,502,597</u>
<u>Less</u> Revaluation adjustments	(16,060,319)	-	(17,590,270)	-
Total trading securities	<u>514,750,064</u>	<u>514,750,064</u>	<u>330,502,597</u>	<u>330,502,597</u>
<u>Available-for-sale securities</u>				
Equity securities - Listed securities	194,007,796	153,050,908	199,809,914	176,569,011
<u>Less</u> Revaluation adjustments	(40,956,888)	-	(23,240,903)	-
Total available-for-sale securities	<u>153,050,908</u>	<u>153,050,908</u>	<u>176,569,011</u>	<u>176,569,011</u>
<u>General investments</u>				
Ordinary shares	13,396,323	8,038,744	198,396,323	193,178,152
Preference shares	125,000	125,000	125,000	125,000
Total	<u>13,521,323</u>	<u>8,163,744</u>	<u>198,521,323</u>	<u>193,303,152</u>
<u>Less</u> Allowance for impairment	(5,357,579)	-	(5,218,171)	-
Total general investments	<u>8,163,744</u>	<u>8,163,744</u>	<u>193,303,152</u>	<u>193,303,152</u>
Total investments	<u>675,964,716</u>	<u>675,964,716</u>	<u>700,374,760</u>	<u>700,374,760</u>

As at December 24, 2018, the Company reclassified one of its securities from trading investment to available-for-sale investments due to the company changed investment policy to held long-term investment for such investments. The reclassification was affected to loss on change investments from reclassified such investment in amount of Baht 123.12 million.

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

CONSOLIDATED FINANCIAL STATEMENTS				
As at March 31, 2019				
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	Total Baht
Deposits at financial institutions	23,360,460	-	-	23,360,460
Total held-to-maturity investments	<u>23,360,460</u>	<u>-</u>	<u>-</u>	<u>23,360,460</u>

CONSOLIDATED FINANCIAL STATEMENTS				
As at December 31, 2018				
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	Total Baht
Deposits at financial institutions	23,289,155	-	-	23,289,155
Total held-to-maturity investments	<u>23,289,155</u>	<u>-</u>	<u>-</u>	<u>23,289,155</u>

(The separate financial statements as at March 31, 2019 and December 31, 2018, held-to-maturity investments: nil.)

8.3 Gain (loss) on re-measuring available-for-sale investments recognized in owners' equity

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at March 31, 2019 Baht	As at December 31, 2018 Baht	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Beginning balance of the period	(12,873,149)	3,540,197	(12,873,149)	3,540,197
Changes during the period				
- from deferred tax adjustment	4,627,439	4,103,336	4,627,439	4,103,336
- from re-measuring of investments	<u>(23,137,196)</u>	<u>(20,516,682)</u>	<u>(23,137,196)</u>	<u>(20,516,682)</u>
Ending balance of the period	<u>(31,382,906)</u>	<u>(12,873,149)</u>	<u>(31,382,906)</u>	<u>(12,873,149)</u>

8.4 The Company has general investments in companies that have financial position and performance problems as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS					
	As at March 31, 2019			As at December 31, 2018		
	Cost/ Book value Baht	Fair value Baht	Allowance for impairment loss Baht	Cost/ Book value Baht	Fair value Baht	Allowance for impairment loss Baht
Ordinary shares	<u>7,808</u>	<u>962</u>	<u>6,846</u>	<u>7,808</u>	<u>962</u>	<u>6,846</u>
	<u>7,808</u>	<u>962</u>	<u>6,846</u>	<u>7,808</u>	<u>962</u>	<u>6,846</u>

9. SHORT-TERM LOANS TO RELATED PARTIES

As at March 31, 2019 and December 31, 2018, the Company has short-term loans to subsidiary amounting to Baht 19 million and the Company has accrued interest amounting to Baht 578,219 and Baht 343,973, respectively. Short-term loans had interest at rate of 5% per annum which without collateral and such short-term loans will mature on July 16, 2019 amounting to Baht 9 million and on September 24, 2019 amounting to Baht 10 million, respectively.

10. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The Company's investments in its subsidiaries and associates, which are companies registered under Thai laws and operating in Thailand, are summarized below:

CONSOLIDATED FINANCIAL STATEMENTS										
Company name	Type of business	Type of shares invested	Paid-up capital		% of voting right		Cost method		Equity method	
			As at	As at	As at	As at	As at	As at	As at	As at
			March 31,	December 31,	March 31,	December 31,	March 31,	December 31,	March 31,	December 31,
			2019	2018	2019	2018	2019	2018	2019	2018
			Million Baht	Million Baht	%	%	Million Baht	Million Baht	Million Baht	Million Baht
Associates										
KT ZMICO										
Securities Co., Ltd.	Securities business	Ordinary share	2,137.8	2,137.8	49.71	49.71	1,244.1	1,244.1	1,291.3	1,306.6
Scentimental (Thailand) Co., Ltd.	Import Export Retail and whole sale perfume and cosmetics	Ordinary share	40.0	40.0	34.50	34.50	13.8	13.8	6.0	6.8
Absolute Yoga Co., Ltd.	Yoga Studio, Food and hotel business	Ordinary share	60.0	60.0	30.00	30.00	217.8	217.8	189.2	189.8
							<u>1,475.7</u>	<u>1,475.7</u>	<u>1,486.5</u>	<u>1,503.2</u>

SEPARATE FINANCIAL STATEMENTS

Company name	Type of business	Type of shares invested	Paid-up capital		% of voting right		Cost method		Equity method	
			As at	As at	As at	As at	As at	As at	As at	As at
			March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2019	December 31, 2018
			Million Baht	Million Baht	%	%	Million Baht	Million Baht	Million Baht	Million Baht
Subsidiaries										
Innotech Asset Management Co., Ltd.	Mutual, private and provident fund	Ordinary								
	management	share	225.4	205.4	100.00	100.00	275.8	255.8	50.4	55.5
Lumpini Asset Management Co., Ltd.	Purchasing or taking transfer and managing of non-performing asset of financial institution	Ordinary								
	managing of	share	25.0	25.0	100.00	100.00	25.0	25.0	24.2	24.2
SE Digital Co., Ltd.	Digital Assets	Ordinary share	475.0	25.0	100.00	100.00	475.0	25.0	467.4	23.8
<u>Less</u>	Allowance for impairment						(225.4)	(220.3)	-	-
							<u>550.4</u>	<u>85.5</u>	<u>542.0</u>	<u>103.5</u>
Associates										
KT ZMICO Securities Co., Ltd.	Securities business	Ordinary share	2,137.8	2,137.8	49.71	49.71	1,244.1	1,244.1	1,291.3	1,306.6
Scentimental (Thailand) Co., Ltd.	Import Export Retail and whole sale perfume and cosmetics	Ordinary share	40.0	40.0	34.50	34.50	13.8	13.8	6.0	6.8
Absolute Yoga Co., Ltd.	Yoga Studio, Food and hotel business	Ordinary share	60.0	60.0	30.00	30.00	217.8	217.8	189.2	189.8
							<u>1,475.7</u>	<u>1,475.7</u>	<u>1,486.5</u>	<u>1,503.2</u>
							<u>2,026.1</u>	<u>1,561.2</u>	<u>2,028.5</u>	<u>1,606.7</u>

Summarized financial information in respect of the associated companies in the financial statements which calculated by the percentage of shareholding are as follows:

	As at March 31, 2019			As at December 31, 2018		
	Million Baht			Million Baht		
	KT ZMICO	Others	Total	KT ZMICO	Others	Total
	Securities Co., Ltd.			Securities Co., Ltd.		
Total assets	3,551.2	156.5	3,707.7	3,311.4	146.2	3,457.6
Total liabilities	(2,426.5)	(117.6)	(2,544.1)	(2,171.4)	(105.7)	(2,277.1)
Net assets	1,124.7	38.9	1,163.6	1,140.0	40.5	1,180.5

	For the three-month periods ended			For the three-month periods ended		
	March 31, 2019			March 31, 2018		
	Million Baht			Million Baht		
	KT ZMICO	Others	Total	KT ZMICO	Others	Total
	Securities Co., Ltd.			Securities Co., Ltd.		
Total revenue	129.8	44.4	174.2	188.2	39.2	227.4
Share of profit (loss) from investment in associates	(4.6)	(1.3)	(5.9)	7.3	(9.5)	(2.2)
Net other comprehensive income (loss) for the period	(10.7)	-	(10.7)	(9.0)	-	(9.0)

On January 17, 2017, the Board of Investment Committee's meeting passed the resolution to invest in ordinary shares of Scentimental (Thailand) Co., Ltd. which is the Company's associated company. The investment value of Baht 13.80 million consists of 138,000 ordinary shares with a par value of Baht 100.00 per share, accounting for 46% of the paid-up share capital of the Company in the associated company.

On September 14, 2018, the extraordinary shareholders' meeting of the associated company has passed a special resolution to increase its share capital 100,000 shares, from 300,000 ordinary shares to 400,000 ordinary shares with the par value of Baht 100.00 per share. The Company did not purchase the additional such shares increase. As a result, the shareholding in this associated company has decreased from 46.00% to 34.50% of issued and paid-up share capital of the associated company.

On February 22, 2017, the Board of Investment Committee's meeting passed the resolution to invest in ordinary shares of Absolute Yoga Co., Ltd. which is the Company's associated company. The investment value of Baht 217.80 million consists of 1,800,000 ordinary shares with a par value of Baht 10.00 per share, accounting for 30% of the paid-up share capital of the Company in the associated company.

On March 15, 2018, the Extraordinary General Shareholders Meeting of Innotech Asset Management Co., Ltd. which is the Company's subsidiary passed the resolution to increase the registered capital of Baht 80.00 million from Baht 125.40 million to Baht 205.40 million with the par value of Baht 10.00 per share and will be sold to the existing shareholders at the Baht 10.35 per or Baht 82.80 million to be used as capital and to maintain the capital adequacy of Management Company according to Notification of the Office of the Securities and Exchange Commission. On April 26, 2018, the Company purchased such shares of Baht 82.80 million. The subsidiary registered the increase of its registered capital with the registrar of Partnership and Companies on April 27, 2018.

On December 11, 2018, the Extraordinary General Shareholders Meeting of Innotech Asset Management Co., Ltd. passed the resolution to increase the registered capital of Baht 20.00 million from Baht 205.40 million to Baht 225.40 million with 2,000,000 ordinary shares of Baht 10.00 per share and will be sold to the existing shareholders at the par value to be used as capital and to maintain the capital adequacy of Management Company according to Notification of the Office of the Securities and Exchange Commission. The subsidiary company already received cash for such increased share capital on December 19, 2018 and registered the increase in authorized share capital and issued and paid-up share capital with the Registrar of Partnerships and Companies on January 4, 2019.

As at March 31, 2019, the paid-up share capital of Innotech Asset Management Co., Ltd. is Baht 225.40 million consisting of 22,540,000 ordinary shares of Baht 10.00 per share and as at December 31, 2018, the paid-up share capital is Baht 205.40 million consisting of 20,540,000 ordinary shares of Baht 10.00 per share. However, As at March 31, 2019 and December 31, 2018, the subsidiary's shares are held by the Company 100%.

As at March 31, 2019 and December 31, 2018, the paid-up share capital of Lumpini Asset Management Co., Ltd. which is the Company's subsidiary is Baht 25.00 million, consisting of 2,500,000 ordinary shares of Baht 10.00 per share. As at March 31, 2019 and December 31, 2018, the subsidiary's shares are held by the Company 100%.

On August 24, 2018, the Board of Directors' meeting passed the resolution to invest in ordinary shares of SE Digital Co., Ltd. which is the Company's subsidiary company is Baht 25.00 million. Moreover, On March 28, 2019, the ordinary shareholders' meetings of SE Digital Co., Ltd. passed the resolution to increase the registered capital of Baht 450.00 million from Baht 25.00 million to Baht 475.00 million with 4,750,000 ordinary shares of Baht 100.00 per share and will be sold to the existing shareholders at the par value to be used in business operations. The subsidiary company already received cash for such increased share capital on March 28, 2019 and registered the increase in authorized share capital and issued and paid-up share capital with the Registrar of Partnerships and Companies on March 29, 2019.

As at March 31, 2019, the paid-up share capital of SE Digital Co., Ltd. is Baht 475.00 million consisting of 4,750,000 ordinary shares of Baht 100.00 per share and as at December 31, 2018, the paid-up share capital is Baht 25.00 million consisting of 250,000 ordinary shares of Baht 100.00 per share. However, As at March 31, 2019 and December 31, 2018, the subsidiary's shares are held by the Company 100%.

11. OTHER ASSETS

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at March 31, 2019 Baht	As at December 31, 2018 Baht	As at March 31, 2019 Baht	As at December 31, 2018 Baht
Accrued interest income	790,442	75,569	746,095	72,868
Accrued dividend income	278,749	38,304	278,749	38,304
Prepaid insurance	542,518	134,900	70,476	134,900
Prepaid repair and maintenance	863,953	87,019	-	-
Prepaid SET fee	341,631	109,389	341,631	109,389
Prepaid other	657,448	152,230	488,527	137,480
Other deposits	1,166,661	944,035	668,550	596,550
Corporate income tax claim receivable	12,732,465	12,232,216	2,708,552	2,617,954
Advance payment for legal fee of funds managed by subsidiary	16,388,266	14,279,980	-	-
Share subscription of subsidiary paid in advance	-	-	-	20,000,000
Other receivables	10,376,758	8,722,734	10,382,631	8,722,734
Others	335,812	335,058	332,093	332,092
Total	44,474,703	37,111,434	16,017,304	32,762,271

12. OTHER BORROWINGS

As at March 31, 2019 and December 31, 2018, the Company has other borrowings, as follows:

	Interest rate per annum (%)	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS As at March 31, 2019 Residual maturities			
		Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	Total Baht
Other borrowings					
Bill of exchange	4.00	419,556,252	-	-	419,556,252
Total other borrowings		419,556,252	-	-	419,556,252

	Interest rate per annum (%)	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS As at December 31, 2018 Residual maturities			
		Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	Total Baht
Other borrowings					
Bill of exchange	4.00	528,062,334	-	-	528,062,334
Total other borrowings		528,062,334	-	-	528,062,334

Movements in other borrowings during As at March 31, 2019 and 2018 are summarized below:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	As at March 31, 2019 Baht	As at March 31, 2018 Baht
Beginning balance	528,062,334	675,908,797
Financing cash flow		
Cash received from other borrowing	385,801,868	456,674,908
Cash paid from other borrowing	(500,000,000)	(440,000,000)
Non - cash item changes		
Finance cost	5,692,050	6,667,774
Ending balance of the period	<u>419,556,252</u>	<u>699,251,479</u>

13. SHARE CAPITAL

On December 12, 2018, the Extraordinary General Meeting of shareholders approved the resolutions are as follow:

- 1) Approved the Company's registered capital decrease from the registered capital of Baht 941,964,586 to Baht 653,868,463 by cancelling 576,192,246 authorized but unissued ordinary shares at the par value of Baht 0.50 per share which the Company registered with the Ministry of Commerce on December 25, 2018.
- 2) Approved the Company's registered capital increase from the registered capital of Baht 653,868,463 to Baht 1,240,302,463 by issuing newly ordinary shares not exceeding 1,172,868,000 shares at the par value of Baht 0.50 per share to be offered for sale to a specific investor on the private placement basis and to accommodate the exercise of the warrants to purchase the Company's newly issued ordinary share with the Ministry of Commerce on December 26, 2018.
- 3) Approved the issuance and allocation of not exceeding 346,000,000 newly issued ordinary shares of the Company at the par value of Baht 0.50 per share, at the offering price of Baht 1.35 per share, totaling Baht 467,100,000 to be offered for sale to a specific investor on the private placement basis which the Company already received cash for such share capital increase on March 8, 2019 and registered the increase in authorized share capital and issued and paid-up share capital with the Ministry of Commerce on March 11, 2019.
- 4) Approved the issuance and allocation of the warrants to purchase the Company's newly issue ordinary shares No. 4 (ZMICO-W4) to the Company's existing shareholders in proportion to their existing shareholdings by way of right offering (the "Warrants") in the amount of not exceeding 413,434,000 units free of charge at the ratio of 4 existing ordinary shares to 1 unit of the Warrants (any fraction thereof would be disregarded), for a term of not exceeding 5 years from the issue date of the Warrants, with the exercise ratio of 1 unit to 2 newly issued ordinary shares, and at the exercise price of THB 2.70 per share. The Company had allocated the Warrants on April 18, 2019

As at March 31, 2019, the Company has authorized share capital of Baht 1,240,302,463 and issued and paid-up share capital of Baht 826,868,463 and as at December 31, 2018, the Company has authorized share capital of Baht 1,240,302,463 and issued and paid-up share capital of Baht 653,868,463.

Weighted average number of ordinary shares as at March 31, 2019 and December 31, 2018 are calculated as follows:

	March 31, 2019 Shares	December 31, 2018 Shares
Beginning balance (Baht 0.50 per share)	1,307,736,926	1,307,736,926
Increase during the period	80,733,334	-
Weighted average number of ordinary shares	<u>1,388,470,260</u>	<u>1,307,736,926</u>

14. FEE AND SERVICE INCOME

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the three-month periods ended March 31,		For the three-month periods ended March 31,	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Private fund management, mutual fund management and provident fund management	97,316	2,437,908	-	-
Other	329,861	-	329,861	-
Total	<u>427,177</u>	<u>2,437,908</u>	<u>329,861</u>	<u>-</u>

15. GAIN (LOSS) AND RETURN ON FINANCIAL INSTRUMENTS

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the three-month periods ended March 31,		For the three-month periods ended March 31,	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Gain (loss) on investment	33,504,769	(28,627,785)	33,156,084	(27,276,340)
Interest and dividend income	1,179,057	7,668,199	2,100,955	7,569,684
Total	<u>34,683,826</u>	<u>(20,959,586)</u>	<u>35,257,039</u>	<u>(19,706,656)</u>

16. DIRECTORS' REMUNERATION

Directors represent the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to directors who hold executive position. Directors' remuneration for the year 2019 and 2018 were approved from the ordinary shareholders' meetings of the Company and its subsidiaries.

For the three-month periods ended March 31, 2019 and 2018, in the consolidated financial statements, the Company and its subsidiaries paid directors' remuneration totalling Baht 2.05 million and Baht 2.62 million, respectively.

For the three-month periods ended March 31, 2019 and 2018, in the separate financial statements, the Company paid directors' remuneration totalling Baht 1.83 million and Baht 2.20 million, respectively.

17. FEE AND SERVICE EXPENSES

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the three-month periods ended		For the three-month periods ended	
	March 31,		March 31,	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Fees for private fund, mutual fund and derivative licenses	6,164	14,060	-	-
Referral expense	11,430	19,174	-	-
Others	320,178	86,635	278,259	-
Total	<u>337,772</u>	<u>119,869</u>	<u>278,259</u>	<u>-</u>

18. IMPAIRMENT LOSS ON SECURITIES

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the three-month periods ended		For the three-month periods ended	
	March 31,		March 31,	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Impairment loss from equity securities	139,407	2,249,648	139,407	2,249,648
Impairment loss from debt securities	-	-	-	8,727,278
Impairment loss on investment in subsidiary	-	-	5,154,797	-
Total	<u>139,407</u>	<u>2,249,648</u>	<u>5,294,204</u>	<u>10,976,926</u>

19. CORPORATE INCOME TAX

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the three-month periods ended		For the three-month periods ended	
	March 31,		March 31,	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Income tax – income	772,188	9,686,512	774,994	9,689,318
Total	<u>772,188</u>	<u>9,686,512</u>	<u>774,994</u>	<u>9,689,318</u>

Reconciliation of income tax and the results of the accounting profit (loss) multiplied by the income tax rate are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the three-month periods ended		For the three-month periods ended	
	March 31,		March 31,	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Profit (loss) before tax	210,026	(51,626,806)	12,541,835	(49,381,296)
Tax rate	20%	20%	20%	20%
The result of the account profit (loss) multiplied by the income tax rate – income (expenses)	(42,005)	10,325,361	(2,508,367)	9,876,259
Tax effect of the non-deductible income and expense	(2,518,522)	2,358,046	(49,354)	1,010,454
Effect of the temporary difference not recognized as deferred tax assets	(131,463)	(99,178)	(131,463)	(99,178)
Effect of tax loss carried forward not recognized as deferred tax assets	-	(2,897,717)	-	(1,098,217)
Use of tax loss carry forward	3,464,178	-	3,464,178	-
Income tax – income	<u>772,188</u>	<u>9,686,512</u>	<u>774,994</u>	<u>9,689,318</u>

20. RELATED PARTY TRANSACTIONS

The Company and its subsidiaries have significant business transactions with related persons and companies that related by way of common shareholders and/or common directors. The Company's management believes that the pricing policy the Company charged to related parties were the arm's length price applied in the normal course of business. These transactions can be summarized as follows:

20.1 Balances with related parties as at March 31, 2019 and December 31, 2018 are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	March 31,	December 31,	March 31,	December 31,
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Subsidiaries				
Innotech Asset Management Co., Ltd.				
Investment in subsidiary (see Note 10)	-	-	50,362,443	55,517,240
Short - term loans	-	-	19,000,000	19,000,000
Accrued interest	-	-	578,219	343,973
Other receivables	-	-	2,670	-
Lumpini Asset Management Co., Ltd.				
Investment in subsidiary (see Note 10)	-	-	25,000,000	25,000,000
SE Digital Co., Ltd.				
Investment in subsidiary (see Note 10)	-	-	475,000,000	25,000,000
Other receivables	-	-	3,203	-
Associates				
KT ZMICO Securities Co., Ltd.				
Investment in associate (see Note 10)	1,291,249,284	1,306,638,315	1,244,095,520	1,244,095,520
Investment in debt securities - Bill of Exchange	199,658,120	-	199,658,120	-
Investment in private fund managed by associate	98,586,286	97,570,267	98,586,286	97,570,267
Cash balance for securities trading	4,872,034	4,991,795	4,872,034	4,991,795
Other receivables	143,382	-	143,382	-
Accrued private fund management fee expenses	93,108	95,199	93,108	95,199
Other payables	352,614	181,614	352,614	181,614
Scentimental (Thailand) Co., Ltd.				
Investment in associate (see Note 10)	6,039,728	6,800,642	13,800,000	13,800,000
Investment in debt securities - Bill of Exchange	38,142,534	52,230,513	38,142,534	52,230,513
Absolute Yoga Co., Ltd.				
Investment in associate (see Note 10)	189,231,176	189,767,845	217,800,000	217,800,000
Related companies				
Under common directors				
Thai Foods Group Plc.				
Investment in ordinary shares	106,292,470	107,755,140	106,292,470	107,755,140

20.2 Significant transactions with related parties for the three-month periods ended March 31, 2019 and 2018 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS		Pricing policy
	For the three-month periods ended March 31,		For the three-month periods ended March 31,		
	2019 Baht	2018 Baht	2019 Baht	2018 Baht	
Subsidiaries					
Innotech Asset Management Co., Ltd.					
Interest income from Bill of exchange	-	-	-	1,994,521	At the rate determined under the contract
Investment in Bill of exchange	-	-	-	80,000,000	Investment value
Withdrawal from Bill of exchange	-	-	-	80,000,000	Investment value
Interest income from short-term loans	-	-	234,247	-	At the rate determined under the contract 5% per year (see Note 9)
Service fee Income	-	-	860,000	-	At the rate determined under the contract of Baht 430,000 per month (see Note 20.3.5)
Rental income	-	-	146,250	-	At the rate determined under the contract of Baht 73,125 per month
Other income	-	-	2,670	-	At the actual rate
Lumpini Asset Management Co., Ltd.					
Rental income	-	-	37,260	66,150	At the rate determined under the contract of Baht 22,050 per month and Baht 7,605 per month since February 1, 2019
SE Digital Co., Ltd.					
Interest income from short-term loans	-	-	801,370	-	At the rate determined under the contract 5% per year
Service fee Income	-	-	940,000	-	At the rate determined under the contract of Baht 470,000 per month (see Note 20.3.6)
Rental income	-	-	160,290	-	At the rate determined under the contract of Baht 80,145 per month
Other income	-	-	3,203	-	At the actual rate
Associates					
KT ZMICO Securities Co., Ltd.					
Research fee	750,000	750,000	750,000	750,000	At the rate determined under the contract of Baht 250,000 per month (see Note 20.3.2)
Service expenses	154,080	930,900	154,080	930,900	At the rate determined under the contract (see Note 20.3.1)
Other fee expenses	533,738	345,295	533,738	345,295	At the rate determined under the contract
Management fee of private fund	269,428	-	269,428	-	At the rate determined under the contract 1.00% – 1.25% of net asset value per year
Investment in Bill of exchange	199,658,120	-	199,658,120	-	Investment value
Scentimental (Thailand) Co., Ltd.					
Interest received from Bill of exchange	2,036,016	2,112,942	2,036,016	2,112,942	At the rate determined under the contract
Investment in Bill of exchange	23,825,065	37,898,247	23,825,065	37,898,247	Investment value
Withdrawal from Bill of exchange	37,913,044	37,887,058	37,913,044	37,887,058	Investment value
Related with subsidiary and associate					
Service fee expenses	252,600	199,800	252,600	199,800	At the rate determined under the contract

For the three-month periods ended March 31, 2019 and 2018, compensations paid to key management personnel under TAS 24 (Revised 2018) “Related Party Disclosures” are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the three-month periods ended		For the three-month periods ended	
	March 31,		March 31,	
	2019	2018	2019	2018
	Baht	Baht	Baht	Baht
Short-term employee benefits	2,052,088	1,851,341	1,246,088	996,066
Post-employment benefits	289,088	177,519	221,593	177,519
Total	<u>2,341,176</u>	<u>2,028,860</u>	<u>1,467,681</u>	<u>1,173,585</u>

20.3 Significant agreements with related parties

20.3.1 On May 28, 2009, the Company entered into the agreement with KT ZMICO Securities Co., Ltd. for management service of operating, information technology including information system development and technical support, compliance, human resource management, general support and general management. The term of agreement is one year by payment in amount of Baht 150,000 per month. Subsequently, from July 3, 2017 to June 30, 2018, the Company made the agreement to change the fee to be Baht 60,000 per month. Subsequently, on June 1, 2018, the Company made the agreement to change the fee to Baht 48,000 per month from July 2, 2018 to June 30, 2019. The agreement is automatically extended on an annual basis unless either party notifies another party for the cancellation in written at least 30 days before the expiry date of the agreement in each time.

On June 30, 2016, the Company entered into agreement with KT ZMICO Securities Co., Ltd. for providing management service of operating. The term of agreement is one year which the Company pays monthly fee and the rate of Baht 210,000. Subsequently, on September 29, 2017, the Company made the agreement to change the fee to be Baht 230,000 per month from October 1, 2017 to September 30, 2018. The agreement is automatically extended on an annual basis unless either party notifies another party for the cancellation in written at least 7 days before the expiry date of the agreement in each time. However, on July 1, 2018, the Company cancelled the agreement.

20.3.2 On May 1, 2013, the Company entered into agreement with KT ZMICO Securities Co., Ltd. for providing various research papers of offshore. The term of agreement is 2 years and will be expired on April 30, 2015. The agreement is automatically extended for one year each, unless by earlier mutual termination. The Company receives a monthly fee of Baht 250,000.

- 20.3.3 On January 12, 2016, the Company entered into an agreement with KTZ Ruby Hill Securities Company Limited. Such company shall act as the investment advisory, Brokerage and Dealing to the Company for the purpose of the securities trade in both Yangon Stock Exchange or YSX and OTC market. The term of agreement is 2 years and can be extended if it is agreed by both parties. The Company agreed to pay fees at rated determined under the agreement.
- 20.3.4 On March 21, 2018, the Company entered into an agreement with KT ZMICO Securities Co., Ltd. which is associated company. The associated company will manage the Company's fund for two years. Contract, which will be renew for one year each unless either the Company notifies for the cancellation in written. Under the agreement, the Company agreed to pay a management fee at rated of 1.00 - 1.25 percent per annum of the net asset value of the fund.
- 20.3.5 On February 1, 2019, the Company entered into agreement with Innotech Asset Management Company Limited which is subsidiary company for providing service of compliance and internal audit, risk management and accounting. The Company will receive a monthly fee of Baht 430,000 with the term of the agreement of is one year from February 1, 2019 to January 31, 2020. The agreement is automatically extended on an annual basis unless either party notifies another party for the cancellation in written at least 120 days before the expiry date of the agreement in each time.
- 20.3.6 On February 1, 2019, the Company entered into agreement with SE Digital Company Limited which is subsidiary company for providing service of compliance and internal audit, risk management, accounting and corporate administration. The Company will receive a monthly fee of Baht 470,000 with the term of the agreement of is one year from February 1, 2019 to January 31, 2020. The agreement is automatically extended on an annual basis unless either party notifies another party for the cancellation in written at least 120 days before the expiry date of the agreement in each time.

21. COMMITMENTS WITH NON-RELATED PARTIES

As at March 31, 2019 and December 31, 2018, the Company and its subsidiary have the following outstanding rental and service commitments under long-term lease agreements for its office building, equipment and vehicle.

	CONSOLIDATED		(Unit: Million Baht) SEPARATE	
	As at March 31, 2019	As at December 31, 2018	As at March 31, 2019	As at December 31, 2018
Within 1 year	5.1	0.3	4.4	0.2
Over 1 year to 5 years	9.6	-	8.0	-
Total	14.7	0.3	12.4	0.2

22. BUSINESS/GEOGRAPHICAL SEGMENT INFORMATION

Business segment information of the Company and its subsidiaries for the three-month periods ended March 31, 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	For the three-month period ended March 31, 2019			
	Securities segment	Asset Management segment	Investment And others segment	Consolidated Financial statement
Revenue from external customers	(4,643)	97	33,577	29,031
Total revenues	(4,643)	97	33,577	29,031
Segment income (loss)	(4,643)	(5,640)	33,577	23,294
Unallocated income and expenses :				
Gain on transfer of business to the associated company				14
Other income				1,142
Servicing and administrative expenses				(24,240)
Income tax - income				772
Net profit				982

	(Unit: Thousand Baht)			
	For the three-month period ended March 31, 2018			
	Securities segment	Asset Management segment	Investment and others segment	Consolidated Financial statement
Revenue from external customers	7,257	2,438	(32,702)	(23,007)
Total revenues	7,257	2,438	(32,702)	(23,007)
Segment income (loss)	7,257	(9,442)	(32,702)	(34,887)
Unallocated income and expenses :				
Gain on transfer of business to the associated company				14
Other income				1,517
Servicing and administrative expenses				(18,271)
Income tax – income				9,687
Net loss				(41,940)

Assets classified by segment of the Company as at March 31, 2019 and December 31, 2018 were presented as follows:

	(Unit: Thousand Baht)					
	Securities segment	Assets Management segment	Investment and others segment	Non-Performing Assets Management segment	Unallocated assets	Consolidated Financial statement
Assets by segment						
As at March 31, 2019	1,291,249	50,362	1,373,160	24,201	357,493	3,096,465
As at December 31, 2018	1,306,638	55,517	931,473	24,237	455,004	2,772,869

23. RISK MANAGEMENT

Liquidity risk

The Company

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

The Company was granted securities business licenses of derivatives agent under the Derivative Act. The Company has to maintain its net liquid capital at the end of working day at least Baht 25 million and at least 7% of general liabilities and assets held as collateral except in case the Company discontinued its derivatives agent business and notified to the Office of the Securities and Exchange Commission, the Company has to maintain its net liquid capital as mentioned in the above paragraph.

Additionally, in accordance with the regulation of Thailand Clearing House Co., Ltd. (“TCH”) chapter 300 “Ordinary Members” regarding the “Qualification of Ordinary Membership”, the Ordinary Membership is required to have owners’ equity at least Baht 500 million for membership operating especially in derivatives business.

However, as at March 31, 2019 and December 31, 2018, the Company is not required to maintain its net liquid capital and equity per those requirements as it was granted by the Office of the Securities and Exchange Commission to temporarily cease its operation on securities and derivative businesses (see Note 1).

Since May 2, 2013, the Company was approved to reactivate its investment advisory service, the Company is required to maintain its net liquid capital according to the Notification of the Securities and Exchange Commission No. Kor Thor. 4/2561 regarding “Ongoing capital adequacy of some specific intermediaries”.

However, as at March 31, 2019, the Company is able to maintain its net liquid capital more than the condition.

Subsidiaries

Under the Notification of the Office of the Securities and Exchange Commission No. KorNor. 20/2552, regarding “The Capital Adequacy of Management Company”, the asset management company has to maintain owners’ equity at least Baht 20 million for mutual fund management business, at least Baht 20 million for private fund management business with provident fund and at least Baht 10 million for private fund management business without provident fund management. Under the Notification of the Office of the Securities and Exchange Commission No. ThorNor. 42/2552, regarding “The Responsibility Insurance of Management Company and the Notification for Capital Adequacy of Management Company”, the warning level at Baht 30 million for mutual fund management business, the warning level at Baht 30 million for private fund management business with provident fund and the warning level at Baht 15 million for private fund management business without provident fund management. In case the Company cannot maintain the capital adequacy over the warning level, the Company has to report to the Office of the Securities and Exchange Commission including the plan to recover its owners’ equity to the warning level.

On January 17, 2018, the Securities and Exchange Commission issued the Notification of the Office of the Securities and Exchange Commission No. KorThor. 3/2561, regarding “The Capital Adequacy of mutual fund management, private fund management, securities brokerage and securities trading, securities underwriting and derivatives fund management” which effective on April 1, 2018. The subsidiary has to maintain the 3 parts of its capital in order to comply with this notification.

1. Owner’s equity: The Company has to maintain its equity at least Baht 20 million.
2. Liquid capital: The Company has to maintain its liquid capital at least the average 3 months per year of business operation expenses.
3. Professional Indemnity Insurance: At least either 0.01 percent of net asset value or the amount of an insurance coverage is required

As at March 31, 2019, the subsidiary is able to maintain the capital adequacy which is in accordance with the SEC’s regulations (see Note 1).

24. TRANSFER OF BUSINESS

On May 1, 2009, the Company transferred its business and margin loan accounts to KT ZMICO Securities Co., Ltd., an associated company, in accordance with a partnership plan to develop securities business with Krung Thai Bank Plc. The Company received returns from the transfer of business in the total amount of Baht 500 million. At the end of year 2011, the Company recognized the entire amount of consideration from the transfer of business of Baht 500 million as the associated company was able to generate 3-year cumulative EBITDA from 2009 - 2011 according to the criteria specified in the agreement.

The Company recognized such gain on transfer of business to an associated company as income in the consolidated financial statements according to the shareholding percentage of the third parties in the associated company. The remaining amount was presented as “unrealized gain on transfer of business to an associated company”. The Company will realize such “unrealized gain on transfer of business to an associated company” as income when the Company has lower percentage of shareholding in the associated company and when the associated company calculates depreciation or sells such transferred assets to the third parties.

For the three-month periods ended March 31, 2019 and 2018, the Company recognized additional gain on transfer of business to the associated company of Baht 0.01 million.

As at March 31, 2019 and December 31, 2018, the remaining amount unrealized gain on transfer of business to an associated company were Baht 148.21 million and Baht 148.22 million, respectively.

25. FAIR VALUE MEASUREMENT

Certain financial assets and financial liabilities of the Company and its subsidiaries are measured at fair value at the end of reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

(Unit : Baht)

CONSOLIDATED FINANCIAL STATEMENTS				
Financial assets/ Financial liabilities	Fair value		Fair value hierarchy	Valuation techniques and key inputs
	March 31, 2019	December 31, 2018		
<u>Financial Assets</u>				
Investments - Net				
Trading securities	106,589,483	105,247,574	1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand and foreign stock exchange
Listed securities				
Trading securities	383,705	382,629	2	Net asset value of the last working day of the reporting period
Unit trust				
Debt securities -	418,900,992	236,112,869	2	Discount cash flow by future cash flows are estimated based on forward interest rate at the end of the reporting period
Bill of exchange				
Available-for-sale securities				
Equity securities	153,050,908	176,569,011	1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand and foreign stock exchange

(Unit : Baht)

SEPARATE FINANCIAL STATEMENTS				
Financial assets/ Financial liabilities	Fair value		Fair value hierarchy	Valuation techniques and key inputs
	March 31, 2019	December 31, 2018		
<u>Financial Assets</u>				
Investments - Net				
Trading securities	106,589,483	105,247,574	1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand and foreign stock exchange
Listed securities				
Trading securities	383,705	382,629	2	Net asset value of the last working day of the reporting period
Unit trust				
Debt securities -	407,776,876	224,872,394	2	Discount cash flow by future cash flows are estimated based on forward interest rate at the end of the reporting period
Bill of exchange				
Available-for-sale securities				
Equity securities	153,050,908	176,569,011	1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand and foreign stock exchange

26. LITIGATIONS

On March 18, 2019, the Company and an associated company have been jointly sued for the infringement in one financial service. The case is in the process of testimony to the court. The Company's management and lawyer have considered the case and believed that the Company has sufficient evidence to refute the allegations.

27. EVENT AFTER THE REPORTING PERIOD

- 27.1 On April 2, 2019, the Company invested in ordinary share of Crystal Sealed Professional Car Coating Company Limited with the amount of investment of Baht 37.80 million for 32,750 ordinary shares.
- 27.2 The Labor Protection Act (No. 7) B.E. 2562 has been announced in the Royal Gazette on April 5, 2019. This Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than 400 days at the employees' latest wage rate. This change is considered an amendment to post-employment benefits plan. The Company has recorded the effect of such plan amendment and already recognized past service cost as an expense in the income statement for the year ended December 31, 2018.

28. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issuing by the audit committee and authorized director of the Company on May 9, 2019.