

SEAMICO

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ANNUAL REPORT **2016**
รายงานประจำปี 2559

บริษัทหลักทรัพย์ ซีมีโก้ จำกัด (มหาชน)
Seamico Securities Public Company Limited



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“The investor can find more information of the Company from Annual Report (From 56-1) from www.sec.or.th”

MESSAGE FROM CHAIRMAN AND CEO



S. W. M.
Suthep Wongvorazathe
Chairman

ZMICO'S 2016 PERFORMANCE

The Company's financial result in 2016 has significantly improved over the previous year of 2015. The consolidated profit increased by almost 300% to 227.02 million baht. Higher profitability generated by the brokerage business and better return from its investments were the main contribution to the increase. The Company's asset management companies faced more intense competition which hurt their financial performances. This year the Company exited one investment and added one new company in the beauty business. The Company also continues to utilize its liquidity to make better yields for its shareholders.

Summary of performance of ZMICO's key businesses are as follows:

KT ZMICO

ZMICO's brokerage joint venture with Krungthai Bank had its best performance since its inception several years ago. After starting the first five months very slow, the market activities picked up with higher trading volume and strong flow from international investors. The SET index finished the year at 1,543 which was 20% over the previous year closing of 1,288. The net buy from overseas was a strong 80 billion baht.

Although Thai stock brokerage business ended the year with 2.57% market share from a 2.80% in 2015, KT ZMICO still manage to maintain its average brokerage fee of 0.156% which is higher than the industry average of 0.12-0.13%. The significant drop in its market share also reflects its weak international brokerage flows due to the lack of dedicated international partner. KT ZMICO's clients assets under management increased to 174 billion baht from 135 billion in 2015. KT ZMICO continues to see increased outbound investments by its clients especially into Vietnam stock market. Although its sister broker, KTZ Ruby Hill Securities Co., Ltd. (KTzRH), in Myanmar has fully operated, but the current law does not allow foreign investors to participate in the Yangon Stock Exchange. The company hopes to see this change in year 2017.

The primary market activities witnessed tougher regulations in 2016. Consequently, many IPOs were delayed and KT ZMICO's securities underwriting was down to 4,938 million baht from 7,390 million baht in 2015. Fortunately, KT ZMICO did close several advisory deals which helped lift its revenue to 235 million baht from 185 million baht in 2015. In addition, the company recorded profit of 160 million baht from its own investment portfolio which is becoming one of major source of income for all the brokerage industry. KT ZMICO ended the year 2016 with a consolidated profit of 378 million baht.

SOLARIS

In 2016, Solaris post revenue of 105.55 million baht, decreasing by 4.04% from 110.20 million baht in 2015. And its profit also reduced to 11.94 million baht. Main factor was a decrease in size of high yield debt fund management business. Solaris has foreseen the trend and adopt conservative approach by reducing the size of this type of fund since earlier of 2016. The problem that some issuers default and not be able to redeem their bill of exchange has resulted in losing confidence from investors. Solaris's Asset Under Management (AUM) at the end of 2016 stood at 23,352 million baht

compared with 28,239 million baht at the end of 2015. Nevertheless, Solaris is currently exploring new type of fund management such as Private Equity Trust, Algorithm Trade Fund, etc. in order to generate new source of revenues.

LUMPINI AM

2016 was a difficult year to bid for distressed assets. The company was unsuccessful in all its bids for banks NPLs due to aggressive pricing by competitors. Nevertheless, the company keeps the running costs for this business low and will scale up only when the company can successfully accumulate assets.

DIRECT INVESTMENT

After Beacon Offshore Ltd went through the completion of business restructuring, and with the help of higher oil prices, the Company successfully exited from this loss making investment. Another investment, Advance Finance, has grown significantly in asset size and profitability, and has started to look at potential listing in the SET.

In 2016, ZMICO decided to invest in 4 additional companies which are mainly in life style and health industry. Scentimental Co., Ltd. is in beauty business with its own unique products utilizing famous actors and actresses, and sold through all major retailers including Seven Eleven in Thailand. It is also expanding into the ASEAN countries applying the same business model but utilizing local celebrities. The remaining investments are expected to be closed shortly in the first quarter of 2017.

ZMICO's small investment in Finch & Partners Asia has helped the Company to gain big access into this life style and health industries. ZMICO will continue to actively explore new investment opportunities in these high growth sectors, including food and biotechnology. The Company's investment objectives are to generate even more revenue streams against the swings from brokerage business, and to create more value to its shareholders when realizing full values from these investments.

GOOD CORPORATE GOVERNANCE AND CSR

The Company and its Board of Directors realize the importance of Good Corporate Governance and are committed to conducting all its businesses in compliance with good governance principles and guidelines. In 2016, the Company has won an "Excellent" rating for the AGM 2016 assessed by the Thai Investors Association. The Company also earned a "Very Good" rating for the Corporate Governance 2016 assessed by the Thai Institute of Director (IOD). ZMICO remain committed to keep the strong corporate value and to strive success in all its business units.

ZMICO and all its subsidiaries are highly focused on Corporate Social Responsibility throughout the year. In 2016, its activities include supporting the anti-corruption organization, providing financial support for the education and health of the under privileged, and promoting of meditation and well being.

The Company would like to express the sincere gratitude to all the hard working and dedicated employees and shareholders for supporting the Company. The Company looks forward to improving its successes in the near future and provides better returns to its shareholders.



Chaipatr Srivisarvacha
Chief Executive Officer



Report of the Board of Directors' Responsibilities for Financial Statements

Seamico Securities Public Company Limited and its subsidiaries

The Board of Directors is responsible for the financial statements and the consolidated financial statements of the Company and its subsidiaries, which are reported in conformity with the generally accepted accounting principles of Thailand. These financial statements were prepared based on appropriate accounting policy with consistency, with adequate disclosures provided in the notes to the financial statements.

The Board of Directors has appointed an Audit and Risk Management Committee, which comprises of Independent Directors, to oversee the sufficiency and credibility of financial reports and evaluating the effectiveness of internal control and internal audit functions to ensure accurate, complete, adequate financial information and timeliness and prevention of frauds or any significant irregularities.

The Committee has expressed its opinions with regard to the stated matters in the Report of Audit and Risk Management Committee, which is presented in the annual report.

The Board of Directors is of the opinion that the internal control system of the Company is adequate and appropriate, and thus provides an assurance that the financial statements and consolidated financial statements of the Company and its subsidiaries including financial information for the year ended 31st December 2016 are reasonably reliable.



Chaipatr Srivisarvacha

Vice Chairman and Chief Executive Officer

Audit and Risk Management Committee Report present in Annual Report 2016

Seamico Securities Public Company Limited

The Board of Directors of Seamico Securities Public Company Limited appointed an Audit and Risk Management Committee, which comprises of 3 independent directors as follows:-

1. Mr. Peter Emil Romhild Chairman
2. Ms. Phornpun Phornprapha Member
3. Dr. Tanasak Wahawisan Member

The Committee has the important responsibility to review the Company's financial reports in order to ensure their accuracy and that they comply with accounting standards and the sufficiency of disclosure, to review the appropriateness and effectiveness of the internal control and audit systems, to review the transparency of management and their compliance with the Company's policies and all applicable laws and regulations, as well as to provide advice concerning the appointment of the Company's auditor and the proposed audit fee.

The Audit and Risk Management Committee held 4 meetings with the management, the head of Accounting and Finance department, the head of Compliance and Internal Audit department and the Company's external auditor to review the quarterly and annual financial statements for 2016 and the disclosure of financial reports and notes to the financial reports, regular discussions and recommendations concerning problems that might result in a violation of the applicable laws and regulations, as well as the sufficiency of the internal control system.

Based upon the information provided to us, the Audit and Risk Management Committee is unaware of any instance which would lead us to believe that the financial reports have not been prepared in accordance with established accounting standards and fairly presented in all material respects. Connected transactions is undertaken with careful consideration of appropriateness and benefit to the Company. Furthermore, the Committee is of the opinion that the internal audit function, control system and risk management are satisfactory. We are unaware that significant laws and regulations have not been complied with in all material respects.

For 2017, the Audit and Risk Management Committee has proposed to the Board of Directors that Mr. Chavala Tienpasertkij, Mr. Wonlop Vilaivaravit, Dr. Suwatchai Meakhaamouychai, Mrs. Nisakorn Songmanee of Deloitte Touche Tohmatsu Jaiyos Audit Company Limited be nominated as the Company's auditors at the annual general meeting of shareholders.

On behalf of the Audit and Risk Management Committee,



(Mr. Peter Emil Romhild)

Chairman, Audit and Risk Management Committee

FINANCIAL HIGHLIGHT

Million Baht

	2016	2015	2014
Total Assets	3,339.08	3,500.71	2,639.53
Paid-up Share Capital	653.87	653.87	653.87
Total Shareholder' Equity	2,674.65	2,335.76	2,408.49
Securities Business Income	160.70	128.83	103.35
Securities Business Expenses	42.77	40.45	20.98
Net income	227.02	59.62	158.14
Profitability Ratio			
Gross Profit Margin (%)	73.38	68.60	79.70
Net Profit Margin (%)	64.24	23.96	62.09
Return on Equity (%)	9.28	2.49	6.70
Efficiency Ratio			
Return on Total Assets (%)	6.90	1.96	6.18
Asset Turnover (Times)	0.05	0.05	0.04
Financial Policy Ratio			
Liquid Assets to Borrowing (Times)	3.33	1.84	N/A*
Earning Assets to Borrowing (Times)	6.07	3.09	N/A*
Liquid Assets to Total Assets (%)	46.66	50.88	29.47
Earning Assets to Total Assets (%)	85.08	85.49	78.73
Debt to Equity (Times)	0.25	0.50	0.10
Payout Ratio (%)	75.00	70.14	87.70
Other Ratio			
Investment in Securities to Total Asset (%)	42.19	44.99	19.18
Net Capital Rule (NCR) (%)	NA**	NA**	N/A**
Per Share			
Book Value (Baht)	2.05	1.79	1.84
Earning Per Share (Baht)	0.174	0.046	0.121
Dividend (Baht)	0.10	0.09	0.05
Par Value (Baht)	0.50	0.50	0.50

* In year 2014, The Company has no borrowing

** Since May 1, 2009, The Company has approved to temporary cease its operation on securities and derivatives business from the Securities and Exchange Commission, therefore the Company is not required to maintain its net liquid capital.

BOARD OF DIRECTORS



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- 1** Mr. Suthep Wongvorazathe
- Authorized Director
 - Chairman
 - Chairman of Investment Committee
 - Chairman of Nominating and Compensation Committee

- 4** Asst. Prof. Pimol Srivikorn
- Director
 - Member of Investment Committee
 - Chairman of Corporate Governance Committee

- 7** Dr. Tanasak Wahawisan
- Independent Director
 - Member of Audit and Risk Management Committee

- 2** Mr. Chaipatr Srivisarvacha
- Authorized Director
 - Vice Chairman
 - Chief Executive Officer
 - Member of Investment Committee

- 5** Mr. Peter E. Romhild
- Independent Director
 - Chairman of Audit and Risk Management Committee
 - Member of Nominating and Compensation Committee

- 8** Mr. Peter J. Emblin
- Independent Director
 - Member of Investment Committee
 - Member of Nominating and Compensation Committee

- 3** Mr. Pinit Puapan
- Authorized Director
 - Managing Director
 - Member of Investment Committee

- 6** Mrs. Phornpun Phornprapha
- Independent Director
 - Member of Audit and Risk Management Committee

- 9** Mr. Jesadavat Priebjrvat
- Independent Director
 - Member of Corporate Governance Committee

GENERAL INFORMATION

Name	SEAMICO SECURITIES PUBLIC COMPANY LIMITED
Address	287 Liberty Square Building 18 th Floor, Silom Road, Bangrak, Bangkok 10500
Type of Business	Securities Business
Registration No	0107537002460
Telephone	+66 2 624 6399
Fax	+66 2 624 6398
website	www.seamico.com
Paid-up shares	1,307,736,926 share
Par Value	Baht 0.50 each
Type of share	Ordinary share



JURISTIC PERSONS IN WHICH THE COMPANY HOLDS SHARES EQUAL TO OR IN EXCESS OF 10%

Company Name	Address	Type of Business	Type of Share	No. of Issued Shares	No. of Shares Held	Investment Value (million baht)	Shareholding Percentage
Subsidiary							
Solaris Asset Management Company Limited	8 th Floor, 287 Liberty Square Building, Silom Road, Bangrak, Bangkok 10500 Tel. 0-2624-6300 Fax. 0-2624-6330	Mutual Fund Management	Ordinary	22,800,000	22,800,000	173.05	100
Lumpini Asset Management Company Limited	18 th Floor, 287 Liberty Square Building, Silom Road, Bangrak, Bangkok 10500	Purchasing or taking transfer of non-performing assets of financial institutions	Ordinary	2,500,000	2,500,000	25.00	100
Associate Company							
KT ZMICO Securities Company Limited	16 th Floor, 287 Liberty Square Building, Silom Road, Bangrak, Bangkok 10500 Tel. 0-2695-5000 Fax. 0-2631-1709	Securities	Ordinary	259,127,200	128,801,600	1,244.10	49.71
Other							
Thanh Cong Securities Joint Stock Company	3 rd & 5 th Floor, Centec tower, 72-74 Nguyen Thi Minh Khai St., Ward 6, District 3, HCMC, Vietnam	Securities	Ordinary	36,000,000	6,796,500	156.02	18.88
BCEL Krungthai Securities Company Limited (invested by KT ZMICO Securities Company Limited)	7 th Floor, Stock Market Building, Khampaengmouang Road, Xaysettha District, Vientiane Capital, Lao PDR	Securities	Ordinary	1,000,000	300,000	115.52	30
KTZ Ruby Hill Securities Co., Ltd. (invested by KT ZMICO Securities Company Limited)	No. 117 Wardan Road Lanmadaw Township, Yangon Myanmar.	Securities	Ordinary	1,502,667	738,568	204.67	49.15

OTHER REFERENCES

(a) Share Registrar

Thailand Securities Depository Company Limited
93 Ratchadaphisek Road, Dindaeng, Dindaeng
Bangkok 10400, Thailand
Tel: +66 2 009 9000 Fax: +66 2 009 9991

(b) Auditor

- Mr. Chavala Tienpasertkit Certified Public Accountant (Thailand) No. 4301 and/or
- Mr. Permsak Wongpatcharakorn Certified Public Accountant (Thailand) No. 3427 and/or
- Dr. Kiatniyom Kuntisook Certified Public Accountant (Thailand) No. 4800 and/or
- Mrs. Nisakorn Songmanee Certified Public Accountant (Thailand) No. 5035

Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.
AIA Sathorn Tower, 23rd - 27th Floor
11/1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120
Telephone: +66 2 034 0000 Fax: +66 2 034 0100

(c) Legal Advisor

- Siam Premier International Law Office Limited
26th Floor of the Offices at Central World,
No. 999/9 Rama I Road, Khwaeng Pathumwan,
Khet Pathumwan, Bangkok 10330
Telephone: +66 2 646 1888 Fax: +66 2 646 1919
- Patanasith Law Office
550/36 Soi Po-pun, Asoke-Dindaeng Road
Dindaeng, Bangkok 10310
Telephone: +66 2 246 6061 Fax: 66 2 641 8267

BUSINESS POLICY & OVERVIEW

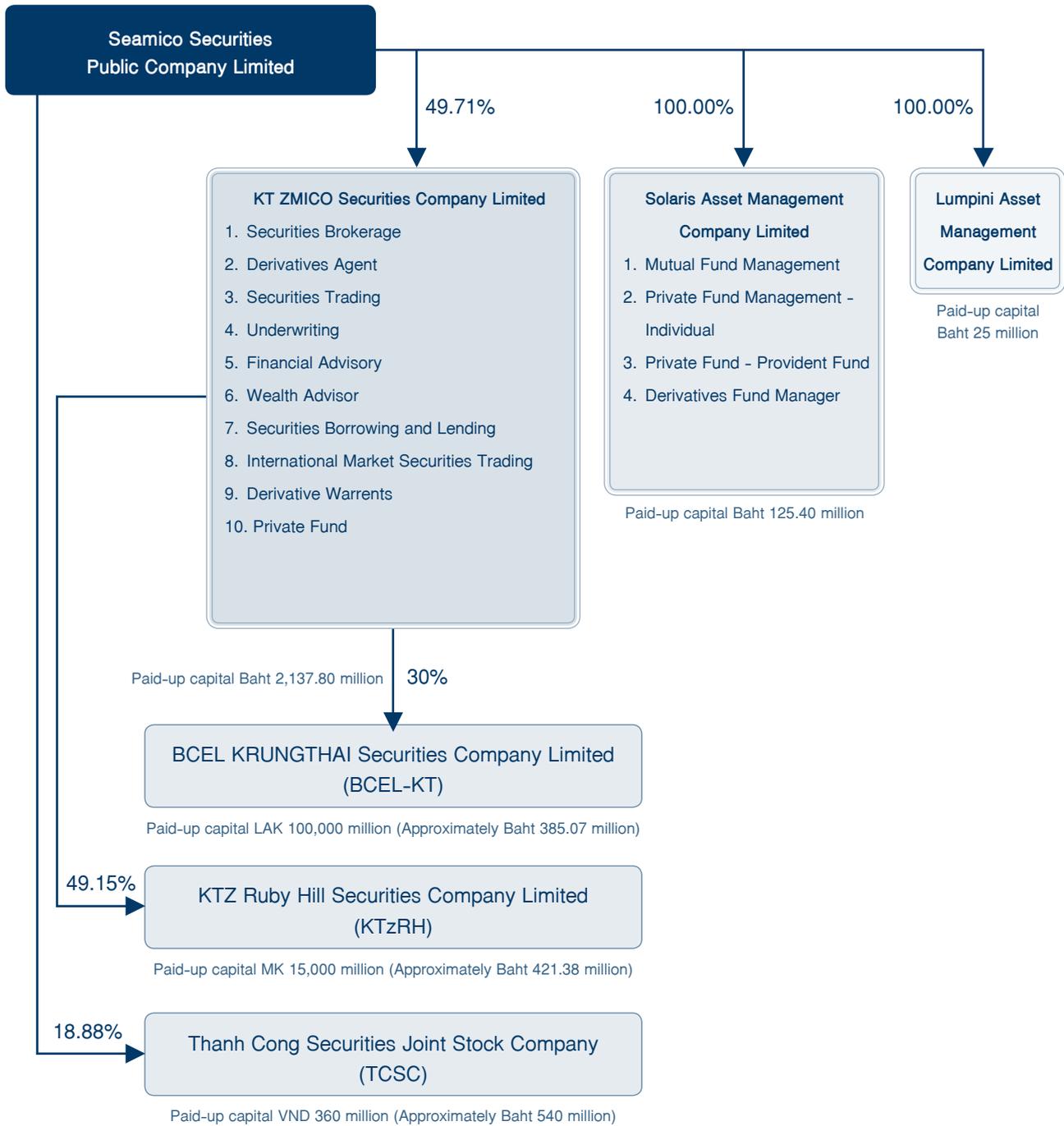
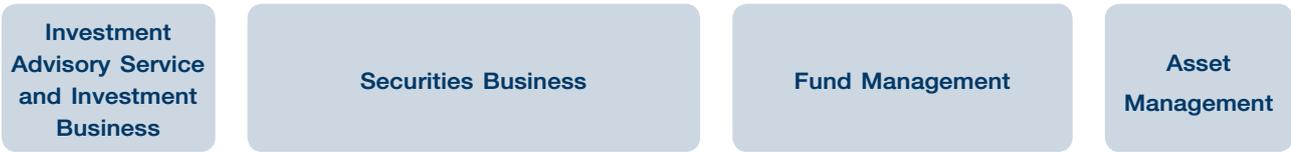
Currently, Seamico Securities Public Company Limited operates business as an investment advisory under the securities business license which was approved by the Securities and Exchange Commission. Regarding to securities business, the company has operated through its associated company namely “KT ZMICO Securities Company Limited”. Besides, the Company has invested in many potential businesses to generate additional revenues.

- Securities Business in CLMV consist of
 - Securities Business in Vietnam by holding 18.88% of Thanh Cong Securities Joint Stock Company (TCSC) of the issued shares.
 - Securities Business in Laos through accompanying KTZMICO with Banque Pour Le Commerce Exterieur Lao Public to establish BCEL-KT Securities (BCEL-KT); 30% of KTZMICO holding.
 - Securities Business in Myanmar through accompanying KTZMICO with Myanmar Ruby Hill Finance to establish KTZ Ruby Hill Securities (KTzRH); 49.15% of KTZMICO holding.
- Asset Management Business by holding 100% under the management of Solaris Asset Management Company
- Investment in other business by holding 100% of Lumpini Asset Management Company which purchased, transferred, and managed of non-performing assets (NPA) of financial institution.

Business Overview

Business operations of the Company, Subsidiaries and Associated Company are as follows:

- 1) Investment Advisory Service and Investment Business under Seamico Securities Public Company Limited
- 2) Securities Business under KT ZMICO Securities Company Limited, BCEL-KT Securities Company Limited, KTZ Ruby Hill Securities Company Limited and Thanh Cong Securities Joint Stock Company
- 3) Fund Management Business by Solaris Asset Management Company Limited.
- 4) Asset Management Business by Lumpini Asset Management Company Limited.



NATURE OF BUSINESS

Consolidated Revenue Structure

	2016		2015		2014	
	Million Baht	%	Million Baht	%	Million Baht	%
Fees and Services Income Asset Management	103.54	29.30	108.94	43.78	56.29	22.10
Gain on Securities Trading	36.58	10.35	8.29	3.33	37.21	14.61
Share of Profit from Associated company	187.80	53.14	89.57	36.00	144.61	56.78
Interest and Dividend Income	20.58	5.82	11.59	4.66	9.85	3.87
Gain on Transferred of Asset and Business to an Associated Company	0.06	0.02	0.06	0.02	1.73	0.68
Other Income	4.85	1.37	30.39	12.21	5.00	1.96
Total Income	353.41	100.00	248.84	100.00	254.69	100.00

TYPES OF BUSINESS

1) Investment Advisory Business and Investment Business

Seamico Securities Public Company Limited operates business as an investment advisory under the securities business license which was approved by the Securities and Exchange Commission. Besides, the Company has invested in many potential businesses in Thailand and overseas to generate additional revenues.

2) Securities Business

Provide securities business under KTZMICO since May 1, 2009. KTZMICO was granted license by the Ministry of Finance and the Securities and Exchange Commission of Thailand (SEC) to engage in business activities related to the securities industry. As at December 31, 2015, KTZMICO encompasses 19 branches, with 8 branches in Bangkok and 11 branches in upcountry.

The Company has expanded its securities business to Laos through BCEL Krungthai Securities (BCEL-KT). BCEL-KT, a joint venture between BCEL bank and KTZMICO

KTZMICO is definitely positioning to be "Gateway to Greater Mekong Subregion" and plans to offer financial service coverage into Vietnam, Laos, Myanmar and Cambodia. KTZMICO can penetrate the market and makes a relationship with Greater Mekong Subregion countries. It makes KTZMICO specialized in this region and has network in almost all countries.

In December 2015, the company has expanded its securities business to Myanmar through KTZ Ruby Hill Securities company Limited ("KTzRH"), a joint venture between Ruby Hill Finance Company and KTZMICO.

3) Fund Management Business

Solaris Asset Management (“S-Funds”) provides fund management services for clients both public and individual. As end of 31 December 2016, S-Funds have 53 funds under management including fixed income funds (19 funds), equity funds (4 funds), and private funds (30 funds), with total asset under management (AUM) of Baht 23,352 millions.

4) Asset Management Business

The core business of the asset management company is purchasing or accepting transfer of non performing assets including their collaterals from financial institutions for the purposes of managing or reselling. The Company has been granted permission to operate this business from Bank of Thailand.

1. Investment Advisory Business and Investment Business

Seamico Securities Public Company Limited operates business as an investment advisory under the securities business license which was approved by the Securities and Exchange Commission. Regarding to securities business, the Company has operated through its associated company namely “KT ZMICO Securities Company Limited”. Besides, the Company has invested in many potential businesses to generate additional revenues.

- Expand fund management and securities businesses into neighboring countries to capture the surging capital inflows into CLMV. In addition to the Company’s investment in Thanh Cong Securities Joint Stock Company (TCSC) in Vietnam in 2009, the Company expanded its securities business to Laos under BCEL-KT, a joint venture between KTZMICO and BCEL. As of December 31, 2010, KTZMICO held 30% of share capital (1 million registered shares, paid-up 30%, par at 100,000 kip) with an initial investment of Baht 33.93 million from paid-up capital of Baht 113.10 million. In November 2011, KTZMICO paid the remaining 70% of unpaid-up capital, making the total investment increase to Baht 115.52 million. BCEL-KT is one of the first two securities companies in Laos. In addition, in 2015, KTZMICO expanded its securities business to Myanmar through KTZ Ruby Hill Securities company Limited (“KTzRH”) holding by the portion of 49.15%, total investment cost of Baht 204.67 million. The KTzRH started operating in March 2016.
- Increase returns by seeking opportunities to co-invest in high growth potential business. The Company has created an investment committee, comprising of committee members who have well-knowledge in joint venture, to scrutinize and impose investment policies through investment division which searches for business opportunities and possibility of co-investment aiming to get the highest return with the lowest risk. The Company also diversifies the business risk by making a joint venture in a company whose management team has more than 20 years of experiences.

2. Securities Business

After the merger, KTZMICO's securities business can be divided into the following categories:

Securities Brokerage

KTZMICO provides a comprehensive range of quality services to local and foreign clients both individual and institutional investors by highly experienced marketing officers and research teams giving investment advices on both fundamental and technical basis.

The types of services offered include:

1. Cash Accounts and Cash Balance Accounts
2. Credit Balance Accounts
3. Internet Accounts - Securities trading via internet

KTZMICO provides useful information on its website, www.ktzmico.com, to help clients with their decision-making. KTZMICO applied many trading programs for investors from both in-house developed and outsources such as Znet Plus, Streaming and i2Trade. The trading programs enable clients to trade securities via Notebook, Tablet and Smartphone and supports Android, IOS Phone operating systems. KTZMICO is also developing web base trading platform as an analysis tools such as Stock Simulation Program.

KTZMICO has been recognized as a market leader in providing institutions with broker-assisted, online, and direct market access trading of securities.

KTZMICO and Krung Thai Bank have continually participated in The Stock Exchange of Thailand (SET) campaign "One for All - A simple way to trade online via banks," which aimed at increasing convenience for internet banking. The campaign was a huge success, enabling KTB-investors to trade via www.ktb.com.

KTZMICO continually provides loan for clients which contribute to the increasing of KTZMICO's trading volume. As at end of 2016, KTZMICO's outstanding credit balance loan was Baht 6.7 billion increased from Baht 3.6 billion as at end of 2015. This business of providing loans to clients has been financed by KTB, a major shareholder.

KTZMICO manages risks by reviewing credit lines in accordance with Risk Management's protocols. KTZMICO has a high level of quality control made possible by closely monitoring clients' trading transactions, limiting investment proportions and reviewing whether the clients should be called for more collateral. In case of a default payment, the operation services department will follow up so that payments are made in full.

Market Share

Million Baht	2016	2015	2014
SET & MAI Market Turnover	12,816,259	10,765,469	11,139,291
SET & MAI Market Turnover (exclude Proprietary Trading)	11,468,573	9,774,699	10,172,620
KTZMICO's Trading Volume	588,475	546,712	603,126
KTZMICO's Market Share (exclude Proprietary Trading) (%)	2.57%	2.80%	2.96%
Rank 19	14	13	

Market Turnover for 2016 was Baht 11,468,573 million; trading volume of KTZMICO was Baht 588,475 million, accounting for 2.57% market share.

Securities' trading volume and the percentage of the top 10 clients is shown below:

	2016		2015		2014	
	Million Baht	%	Million Baht	%	Million Baht	%
Top 10 Securities Trading Clients	110,396	18.76	83,061	15.20	65,283	10.83

The majority of KTZMICO's clients are local retail investors who trade on cash basis. The proportion of client types is shown in the table below:

Clients Proportion	2016	2015	2014
Retail : Institution	89 : 11	92 : 8	92 : 8
Local : Foreign	93 : 7	95 : 5	95 : 5
Cash Account : Credit Balance	78 : 22	83 : 17	87 : 13

Policy on opening new accounts

KTZMICO has established a policy regarding to the opening of new accounts based on our "Know Your Client" principle. This involves providing significant and adequate information required from an applicant in terms of investment objective, investment risk knowledge, experience and investment history. In order to assess whether to approve a credit line, a client's financial status as well as settlement ability is examined in order to prevent or limit any loss that might occur. KTZMICO have delegated employees with the authority to approve loans subjected to a credit line's risk level. KTZMICO has also established a procedure to review credit lines on a regular basis to keep track of a client's trading and settlement history and to ensure that client data is kept up to date.

• **Derivatives Agent Business**

After the merger in May 2009, KTZMICO started operating as a derivatives agent and offer all exchanged-traded derivatives products, namely, SET50 Index Futures, SET50 Index Options, Single Stock Futures, 50 Baht Gold Futures, 10 Baht Gold Futures, Sector Index Futures, Silver Futures, Crude Oil Futures including USD Futures.

In 2016, trading volume of KTZMICO was 3,490,411 contracts, accounting for 2.51% market share.

	2016	2015	2014
No. of Contracts - TFEX	69,576,164	48,538,899	36,021,150
No. of Contracts - Company	3,490,411	3,972,358	4,245,819
Marketshare	2.51%	4.09%	5.89%
Rank	13	4	4

As KTZMICO emphasizes on expanding its investor base in the derivatives market, “Derivatives Department” was formed to educate investors. It provides variety of training courses related to derivatives instruments to its clients, employees and general investors and also regularly takes part as an educator in seminar events and conferences organized by TFEX. Moreover, KTZMICO also started publicizing its daily derivatives research papers for both fundamental and technical research.

- **Securities Borrowing and Lending**

KTZMICO conducts Securities Borrowing and Lending business to expand investment alternatives for clients during the economic recession. Stock lender can generate return (borrowing fee) from existing shares which they offer for lending at call or term. While stock borrower do short selling in credit balance account by paying borrowing fee to the lender at the rate base on KTZMICO’s announcement.

Securities Borrowing and Lending (SBL) has been growing in demand with the development of the securities market. KTZMICO provides the service as an alternative investment and also for clients to hedge against market fluctuations. KTZMICO serves as a principal for securities listed in the SET100 Index. In 2016, KTZMICO still plans to continually expand its KTB’s customer base.

- **Derivative Warrants (DW)**

KTZMICO began offering Derivative Warrants (DW) for the first time in December 2010. KTZMICO offered a total of 9 Derivative Warrants for 2016. As of December 31, 2016, there are 4 outstanding Derivative Warrants as the following:

Ticker	Total Issuance (units)	Underlying	Last Trading Date	Exercise Price (Baht per share)	Conversion Ratio (unit of DW per Underlying)
ANAN18C1705A	20,000,000	ANAN	12 May 2017	4.5	1.75
BANP18C1705A	20,000,000	BANPU	12 May 2017	14.5	6.00
KBAN18C1705A	20,000,000	KBANK	12 May 2017	210	25.00
WORK18C1704A	20,000,000	WORK	28 April 2017	37	9.00

KTZMICO plans to offer complex financial products such as structured products.

- **Securities Trading**

KTZMICO invests and trades in securities with the objective of generating additional income and has a policy of investing in high-return securities. KTZMICO defines its policy in compliance with the SEC regulations, which cover important policies as follows:

- Policy concerning authorized persons for securities dealing.
- Policy on risk management.
- Policy on preventing conflicts of interest.
- Policy on compliance.
- Policy on proper capital allocation to each security.
- Policy on the investment objectives and expected return targets compared with benchmark returns.

In 2016, investments in securities were classified into three categories:

- 1) Investments in equity securities including listed securities and unit trust to support securities business expansion, and hedging portfolio.
- 2) Investments in debt securities which have optimum returns issuance by Government and Corporate with a credit rating of BBB or higher in the short-term period (less than 6 months) as approved by the Executive Committee.
- 3) Investment in Private Fund to boost higher income.

- **Underwriting Business**

KTZMICO offers a full range of financial advisory services, including the sale of securities products. KTZMICO acts as a financial advisor and subsequently adopts the role of underwriter. KTZMICO joins with financial institutions and other securities companies in offering a variety of securities products, including government bonds, state enterprise bonds, common shares, preferred shares, debentures and convertible debentures. KTZMICO is actively engaged in the underwriting business and has extensive experience in the role of lead and co-underwriter, underwriter and selling agent.

Revenue from underwriting business as the following:

	2016	2015	2014
No. of clients	24	21	23
Underwriting Value (Million Baht)	4,938.13	7,389.87	9,053.45
Fee Charged (Million Baht)	20.54	102.24	124.27

- **Financial Advisory Business**

KTZMICO offers a number of financial advisory services, including issuing equity instruments through initial public offerings, private placements, convertible debentures, rights issues and debentures with warrants, new listings on the SET and the MAI, mergers and acquisitions services, firm valuation, source of fund providing, business restructuring and other financial advisory services.

KTZMICO has been a member of M&A International Inc., the world's leading international M&A network with over 40 member firms worldwide, to broaden investment banking business. Currently, KTZMICO acts as a financial advisor in several M&A deals.

KTZMICO is positioning itself as the gateway to Greater Mekong Subregion. It already expanded its business to Laos through BCEL Krungthai Securities (BCEL-KT), a joint venture between BCEL bank and KTZMICO. It acts as the financial advisor to BCEL-KT and underwriter of EDL Generation, the first initial public offering in Laos. KTZMICO is confident that being able to establish a strong foothold in Laos marks the first step in realizing its goal as the gateway to Greater Mekong Subregion.

In addition, KTZMICO has received a securities license in Myanmar from the Government of Myanmar ("GOM"). KTZMICO was the only securities company from Thailand to win a brokering license and competed with one another on the basis of service. The company is being issued ahead of the launch of the Yangon Stock Exchange. It has expanded its securities business to Myanmar through KTZ Ruby Hill Securities company Limited ("KTzRH") holding by the portion of 49.15%, the joint venture of locally-owned Ruby Hill Finance Company and started operating in March 2016

Revenue from financial advisory services is shown below:

(Million Baht)	2559	2558	2557
Revenue	85.79	61.04	18.70

- **Wealth Advisor**

KTZMICO established wealth advisory services to serve clients in terms of wealth creation, wealth accumulation, wealth preservation and wealth distribution according to their financial objectives, status and expected return with an acceptable risk. KTZMICO provides one stop service to fulfill clients' financial goals through variety of financial products such as Equities, Fixed Income, Derivatives and Offshore Investments to ensure a diversified portfolio, with either direct investments or mutual funds. KTZMICO was a unit trust selling agent, before being approved by the SEC to be a selling agent for omnibus account. It currently covers 17 Asset Management Companies. At the end of December 2016, Asset under management was Baht 4,681 million. Moreover, KTZMICO continues acted as a participating dealer in ETF Fund.

- **Private Fund**

In 2012, KTZMICO was approved by the Securities and Exchange Commission to operate private fund. With the cooperation and supports of KTB, a major shareholder, the business starts operating since the late of year 2012. At the end of December 2016, net asset value of private fund was Baht 302 million.

- **International Market Securities Trading**

KTZMICO provides service on international market securities trading (offshore) with the objectives of seeking a better return than investing in the domestic market and to diversify risks. Currently, KTZMICO offers securities trading in several major securities markets such as the U.S., Hong Kong, and Singapore. In the past year, investors' response to the Lao Securities Exchange (LSX), and Vietnam's Stock Exchange that is Hochiminh Stock Exchange (HOSE) and Hanoi Stock Exchange (HNX) has been overwhelming.

In addition to KTZMICO's efficient trading systems, KTZMICO also ensures the reliability and efficiency in the international settlements by appointing highly reputable global institutions as agent. This is to assure clients of KTZMICO's settlement capabilities that are on par with international practice providing high efficiency and security in offshore trading.

INDUSTRY OUTLOOK AND COMPETITION

Overall market in 2016 and 2017 outlook

The overall stock market in 2016 improved well in line with global equity markets despite a number of hindering factors, both internal ones (i.e., the passing of King Rama IV) and external ones (i.e., Brexit and the US presidential election). However, the overall market managed to hold up fairly well, cushioned mainly by continued economic recovery, political stability, recovery in commodity prices, as well as easing monetary policies employed by major central banks. In 2016, the Thai equity market saw capital inflows amounting to approximately 78 billion baht vs. combined outflow of 380 billion baht during 2013-2015. Regarding the Thai fixed income market, foreign investors increased their holdings of Thai bonds by 60 billion baht owing to a heavier search-for-yield stance by investors. However, in the last quarter of 2016, the market saw heavy capital outflows owing to the increase in bond yields as a result of the Fed's rate hike.

In 2017, the market may either remain flat or improve slightly. Key drivers are likely to include the ongoing Thai economic recovery as well as major state infrastructure projects. It should be noted that there will be no positive catalyst from the general election theme this year as it is likely to be postponed to Second half of 2018. Externally, despite a YoY improvement in global economies, risk seems to be greater given several factors. First, major central banks are likely to reduce their easing monetary stance, especially in the case of the Fed, which is likely to hike its rate sooner than the market's expectation as US inflation has accelerated while the labor market remains rather strong. Second, a number of elections are coming up in Europe and some candidates are from anti-EU parties. There is concern that victories by these anti-EU candidates may shake the stability of the Eurozone. Finally, there are worries about Trump's policies, especially in regard to trade and international relations, specifically potential further tightening of immigration policies. In addition, Trump has a policy to impose import tariffs against some countries with which the US has seen huge trade deficits, including China (this may have a negative impact on Thailand's supply chain).

Market capitalization and market turnover

	Average market capitalization (Bt mn)	Growth rate YoY (%)	Total market turnover (Bt mn)	Growth rate YoY (%)	Average daily market turnover (Bt mn)
2006	5,251,270	11%	3,983,676	-2%	16,394
2007	5,897,591	12%	4,271,820	7%	17,436
2008	5,422,512	-8%	3,981,230	-7%	16,118
2009	4,684,108	-14%	4,428,979	11%	18,226
2010	6,901,687	47%	7,033,947	59%	29,066
2011	8,429,008	22%	7,191,481	2%	29,473
2012	10,102,932	20%	7,914,567	10%	32,304
2013	12,790,231	27%	12,330,669	56%	50,329
2014	13,401,318	5%	11,139,291	-10%	45,466
2015	14,125,607	5%	10,765,470	-3%	44,302
2016	14,129,420	0%	12,816,259	19%	52,526

Source: Stock Exchange of Thailand (SET), The Securities and Exchange Commission (SEC), KT ZMICO

The SET's market turnover increased by 19% YoY in 2016 and the average daily turnover stood at 52,526 million baht in 2016, up from 44,302 million baht in 2015. Looking ahead to 2017, we expect the average daily turnover to increase from the level seen in 2016, driven by ongoing economic recovery, which continued from 2016 when the economy registered growth of 3.2%. We have projected Thai GDP growth of 3.3% in 2017. The Thai economic growth for 2017 will be driven mainly by state spending, especially on major infrastructure projects that have shown good progress, household consumption and revenue from the tourism sector, which are expected to continue boosting economic activities. Key favourable factors include better farm income, recovery in the number of Chinese tourists following the crackdown on zero-dollar tours, etc. Furthermore, another boost to the economy this year will be from the expected expansion of exports.

The funding activities through the capital market in 2016 were rather subdued, with 24 initial public offerings (IPOs) (i.e., 11 IPOs in the SET and 13 IPOs in MAI) vs. 36 IPOs in 2015 and 37 IPOs in 2014. For 2017, the number of IPOs may improve from the figure in 2016 as the economy is projected to recover going forward.

In 2016, the investor mix in the SET changed from what was seen during 2014-2015. To elaborate, the proportion of retail investors dropped to 54% of the total turnover versus 59% in 2015 and 62% in 2014. On the contrary, the proportion of foreign investors increased significantly to 26% versus 22% in 2015. Meanwhile, the proportion of domestic institutional investors and brokerage firms' portfolios stood at 10% versus 9% seen during 2014-2015. Finally, internet trading in 2016 was at 35% of the total trading volume, down slightly from 38% in 2015. This slight decrease may have been attributable to the significant increase in foreign investors during the year. However, we still believe internet trading will continue growing in the long term.

Key market statistics

	2016	2015	2014
SET Index	1,542.94	1,288.02	1,497.67
Total market turnover (Million Baht)	12,816,259	10,765,470	11,139,291
SET	12,259,772	9,997,372	10,193,179
MAI	556,487	768,098	946,112
Average daily market turnover (Million Baht)	52,526	44,302	45,466
SET	50,245	41,141	41,605
MAI	2,281	3,161	3,862
Average daily market turnover (exclude proprietary trading) (Million Baht)	47,002	40,225	41,521
Average daily market turnover of proprietary trading (Million Baht)	5,524	4,077	3,946
Number of newly listed companies (IPOs)	24	36	37
SET	11	23	17
MAI	13	13	20
Internet trading value (Million Baht)	4,473,664	4,076,975	4,147,508
Internet trading/ total market turnover (%)	35%	38%	37%
No. of brokerage firms offering internet trading	31	31	29
Investor breakdown by types			
Retail investors	54%	59%	62%
Domestic institutional investors	10%	10%	9%
Proprietary Trading	10%	9%	9%
Foreign investors	26%	22%	20%
Total	100%	100%	100%

Source: Stock Exchange of Thailand (SET), The Securities and Exchange Commission (SEC), KT ZMICO

Industry overview and competition

The overall market environment in 2016 showed a continuation of intense competition. As for a major change in the industry, one new brokerage firm opened during the year, namely Yuanta Securities (Thailand). Note that Yuanta Securities Asia Financial Services Limited acquired the entirety of shares in KK Trade Securities on 8 July 2016 from Phatra Securities, i.e., a subsidiary of Kiatnakin Bank Plc. (KKP). In comparison, in 2015 two new brokerage firms opened during the year, namely ASL Plc or ASL, which commenced operations in May 2015, and SBI Thai Online Co., Ltd (SBITO), which commenced operations in October 2015. Back in 2014, there was just one new brokerage firm called Land and House Securities Plc. and in 2013 three new players, namely, AEC Securities, Asia Wealth Securities and Apple Wealth Securities, entered the market. The new players, especially SBITO, have used aggressive pricing strategies to compete in the market.

SBITO is a joint venture between the SBI Group (a leading Japanese financial firm holding the biggest market share in online securities and derivatives trading in Japan) and Finansia Syrus Securities and partners.

Performance of brokerage firms

In 2016, brokerage firms reported a combined net profit of 10,256 million baht, up by 19% from net profit of 8,638 million baht in 2015. The earnings increase is attributable mainly to two factors. First, the investment gain increased significantly in 2016 on a year-on-year basis, especially from investment in equity securities that was driven by the gain in the SET Index by 20% year-on-year to 1,543 points as of the end of 2016 versus 1,288 points at the end of 2015. Second, total brokerage fees increased by 9% in 2016 as the daily market turnover increased by 19% to 52,526 million baht versus 44,302 million baht in 2015; this was in spite of the fact that the average commission rate (exclusive of brokerage firms' portfolios) decreased from 0.14% in 2015 to 0.13% in 2016. Meanwhile, fee and service income in 2016 decreased by 20% owing mainly to lower underwriting fees following the smaller number of IPOs to 24 in 2016 versus 36 IPOs in 2015.

Operating performance and key financial ratios

Key financial ratios (%)	2016	2015	2014
Net profit (loss) (Million Baht)	10,256	8,638	10,716
Net profit growth(YoY)	19%	-19%	-27%
Net profit margin	23%	20%	24%
Return on equity (ROE)	11%	9%	12%
Average commission rate (excluding brokers' portfolios)	0.13%	0.14%	0.15%
Total operating costs to total revenue	71%	74%	70%
Operating costs to total revenue	58%	60%	57%
Personnel costs to total revenue	38%	40%	38%

Source: The Securities and Exchange Commission (SEC) and KT ZMICO

Brokerage firms' revenue structure	2016	2015	2014
Brokerage fees	68%	67%	68%
Investment banking fees and other fees	6%	9%	7%
Gain (loss) from investment and derivatives	11%	6%	8%
Interest and dividend income	6%	8%	7%
Interest income from margin loans	7%	8%	7%
Other income	1%	3%	3%
Total	100%	100%	100%

Source: The Securities and Exchange Commission (SEC) and KT ZMICO

Provision of product or services

1. Source of Fund

Most of the Company's source of fund is from shareholders, Board of Directors' approved to issue bill of exchange at a maximum of Baht 1,500 million.

KTZMICO is granted loans of Baht 3,000 million in addition to other lending facilities from KTB, a major shareholder, to support credit balance. Also KTB supports call loan and bank overdraft. Moreover, the Board of Directors' approved to issue bill of exchange at a maximum of Baht 4,000 million and corporate bond at maximum of Baht 1,000 million. KTZMICO incorporates asset, liability and capital market risk factors in order to appropriately allocate capital in a way that is most beneficial to shareholders.

2. Financing Fund from Persons related to Management or Major Shareholders

The Company has no fund provided by persons related to Management or major shareholders.

3. Net Capital Rule (NCR)

The Company is not required to maintain Net Liquid Capital and NCR since the Company temporarily discontinued operating securities business.

For KTZMICO, its policy is to keep its NCR well above Securities and Exchange Commission's requirements. The SEC requires all securities companies to maintain the shareholders' equity at a minimum of Baht 100 million, along with maintaining a minimum net liquid capital of Baht 25 million in addition to the 7% net capital ratio. As at the end of 2016, KTZMICO had Net Liquid Capital of Baht 1,078 million with NCR ratio at 13% and total shareholders' equity of Baht 2,446 million.

3. Fund Management Business

Solaris Asset Management (S-Funds) currently holds 4 fund management licenses as follows:

1. Mutual Fund

S-Funds was granted a mutual fund management license under the securities and exchange act B.E. 2535 since January 8, 2007 (License No. 0009/2549) for managing all type of mutual funds under supervision of the Securities and Exchange Commission. The company had officially started up this business since May 10, 2007.

Mutual fund is an investment vehicle made up of a pool of funds collected from many investors for the purpose of investing in financial assets such as stocks, bonds, fund market instruments and similar assets. Mutual funds are operated by fund managers, who invest the fund's capital and attempt to produce capital gains and income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus. Mutual fund also requires having custodian or trustee in order to monitor and enforce the fund manager to act on behalf of unit holders and to follow the fund prospectus. Mutual fund is the juristic person that segregates from the fund management company, therefore, the company earnings and creditability may not reflect the investment performance or the creditability of the fund.

2. Private Fund: Individual Private Fund

S-Funds was granted a private fund management license (individual private fund) under the securities and exchange act B.E. 2535 since August 14, 2007 (License No. 0008/2550) for managing all type of private fund under supervision of the Securities and Exchange Commission. The company had officially started up this business since December 3, 2007.

Private fund is another investment vehicle that is made up by fund of individual or group of small investors for the purpose of investing in financial assets such as stocks, bonds, money market instruments and similar assets. Fund manager will be authorized to manage the fund on behalf of client and attempt to produce capital gains and income under the regulation by the S.E.C. and the fund investment policy.

3. Private Fund: Provident Fund

S-Funds was granted a private fund management license (provident fund) under the securities and exchange act B.E. 2535 since February 22, 2010 (License No. 0001/2555) for managing all types of provident fund under supervision of the Securities and Exchange Commission. S-Funds had officially started up this business since February 22, 2010. As of December 31, 2013, S-Funds has none of provident fund under management.

The provident funds are come from contribution gathering from employees and employers. The fund from employees called “savings” while the fund from employers called “contributions”. The concept of provident fund is that the employers have to pay the contributions equal or greater than employees’ savings. The provident fund is another kind of social welfare insurance for employees who have been employed by private sector and also regulated under the provident fund act.

4. Derivatives Fund Manager

S-Funds was granted a derivatives fund manager license under the derivatives act B.E. 2546 since July 13, 2007 (License No. 0009/2550) for being a fund manager to invest in derivatives instruments. However, S-Funds has not operated this kind of business yet.

Market and Competition

In 2016, due to the low deposit rates, investors look for various choices of investment. At the same time, mutual fund industry has been developing its products and services to respond to the needs of investors. As a result, the industries’ growth rate is high. As of December 31, 2016, mutual fund industry has asset under management (AUM) of Baht 4.65 trillion (an increase of 0.59 trillion or 14.42% from last year). However, S-Funds has slowed down gradually from last year. S-Funds’ asset under management (AUM) has decreased from Baht 25,869 million at the end of 2015, account for 0.64% of industry market share, to Baht 22,778 million at the end of 2016, account for 0.49% of industry market share. This is equivalent to a decrease of 11.95% from last year.

Fund Management Company		AUM (Million Baht)		
		2016	2015	change (%)
1	Kasikorn Asset Management	986,136,215,406.12	921,486,723,908.27	7.02
2	SCB Asset Management	862,174,332,334.81	800,400,833,685.97	7.72
3	Krung Asset Management Plc.	639,765,548,287.91	525,981,815,224.89	21.63
4	BBL Asset Management	627,707,036,703.25	532,467,420,787.77	17.89
5	TMB Asset Management	305,972,052,261.04	216,126,257,058.46	41.57
6	Krungsri Asset Management	294,965,951,546.91	263,185,343,799.79	12.04
7	MFC Asset Management Plc.	238,830,386,014.60	192,755,074,549.99	23.90
8	Thanachart Fund Management	159,889,618,384.01	141,950,581,580.64	12.64
9	UOB Asset Management	157,188,719,593.63	137,904,757,739.89	13.98
10	Land and House Fund Management	64,276,158,374.47	49,858,059,682.26	28.92
11	Cimb-Principle Asset Management	63,822,242,686.39	53,297,519,403.97	19.75
12	ONE Asset Management	51,784,652,969.10	48,854,754,972.76	6.00
13	Aberdeen Asset Management	45,887,523,184.80	43,631,346,874.52	5.17
14	Phatra Asset Management	42,998,619,120.55	35,295,796,578.79	21.82
15	Asset Plus Fund Management	35,721,172,690.15	30,269,194,949.18	18.01
16	TISCO Asset Management	35,360,802,427.16	33,503,211,548.47	5.54
17	SOLARIS Asset Management	22,778,226,887.44	25,869,011,428.70	-11.95
18	MANULIFE Asset Management	6,942,248,028.01	6,705,439,817.01	3.53
19	Phillip Asset Management	3,614,511,299.00	2,723,414,717.67	32.72
20	Capital Link Fund Management	1,265,107,224.30	817,730,448.07	54.71
21	Bangkok Capital Asset Management	1,094,487,005.42	-	-
22	Talis Asset Management	909,025,604.78	-	-
Total		4,648,984,638,033.85	4,063,084,288,757.07	14.42

Source: AIMC

Asset management industry comprises of 22 asset management companies, 11 companies are commercial banks' subsidiary, 4 companies are Securities Company's subsidiary and 7 companies are other financial institution's subsidiary. Notably, bank's subsidiary asset management companies gather 90.28% market share.

S-Funds sees the objections and limit ability to compete with bank's subsidiary competitors; therefore, we attempt to differentiate our business model from other asset management companies in general by positioning ourselves as fast-response to clients' needs, active fund management style and a leader in offering new mutual fund products. In 2014-2016, S-Funds delivered a very successful outcome by offering the high yield fixed income rollover fund for accredited investors (S.E.C. defined) with the name of "Privilege". Thus, we are proud to be part of the improved and expanded bill of exchange (BE) market, which is the crucial source of fund to support growth of prime enterprises. For 2017, S-Funds will focus on finding investment opportunities by selecting high growth potential companies; hence, S-Funds can be part to further improve the bond market in the future.

For the distribution channel, S-Funds mainly sells our products through selling agents. As end of 2016, S-Funds has 27 selling agents consisting of 3 commercial banks (Land and House Bank, Kiatnakin Bank and CIMB Thai Bank), 20 securities firms (KTZMICO Securities, Phatra Securities, AEC Securities, Capital Nomura Securities, Bualuang Securities, CIMB International Securities (Thailand), Asia Wealth Securities, KGI Securities (Thailand), Phillip Securities (Thailand), Krungsri Securities, Finansia Syrus Securities, AIRA Securities, Maybank Kim Eng Securities (Thailand), Finansia Syrus securities Plc., Country Group Securities, Thanachart Securities, UOB Kayhian Securities (Thailand), RHB OSK Securities (Thailand)), KTB Securities and Merchant Partners Securities and 4 licensed agents. (LBDU: Limited broker, dealer and underwriter) (Wealth Magik Mutual Fund Brokerage Company, Hua Seng Heng Gold Futures Company, Advance Life Assurance and Infiniti Unit Investment Securities)

Provision of products or services

As end of 2016, S-Funds has 29 full-time employees including 3 fund managers, 6 marketing officers and other 20 functional employees. All of them are knowledgeable, competence and highly experience people in asset management field.

S-Funds has a careful investment process for all funds under management as fiduciary duty, in order to maximize return to our clients. Our investment decision making process is very systematic and reliable, i.e. top-down analysis including global and domestic economies, securities fundamental and technical analysis, company visits, management discussions as well as other regular investment researches by top tier securities houses.

Additionally, S-Funds has also set up the investment committee to cover securities selection and keep updating the quality of any securities in portfolio continuously, together with, the risk management committee who monitors all risks. S-Funds is also regulated by the SEC., so investors can do assure that we operate all business with the strictly corporate governance mind at all time.

4. Asset Management Business

Lumpini Asset Management Co., Ltd. is an asset management complied with the Emergency Decree on Asset Management Company B.E. 2541 and amendment.

1. Managing non performing loan transferred from the other financial institutions

The Company pays attention to debt restructuring with the customer in order to take the reasonable benefit to the Company and Debtors to help the honest debtors return to regular debtors.

2. Disposal of non performing asset

The company shall provide the effective system to dispose the non performing asset to treat the debtors fairly with the reasonable price and conditions to ease the debtors' burden and the maintaining cost of the company. For un-saleable NPA, the company also may lease to the other persons.

Market and Competition

The core business of the asset management company is purchasing or accepting transfer of non performing assets including their collaterals from financial institutions for the purposes of managing or reselling. So, Market and competition in this business also depends on the characteristics and the quantities of NPL.

At present, there are 41 asset management companies and can divided into 3 types.

1. The Government is major shareholder
2. The Bank is major shareholder
3. The independent company

Lumpini Asset Management Co., Ltd. is classified into type 3. Because there are various types of NPL, Each asset management company limited may focus on the each NPLs they have competences and focus on only the NPLs of parent companies.

Provision of products or services

The company will acquiring non-performing loans (NPLs) from other financial institutions by auction and manage them through the process of debt restructuring negotiations to transform them to be regular assets for a short time and take advantage of this opportunity to benefit the economic system by considering the possibility of bidding, expected profit margin, possibility of debt collection, sources of fund and liquidity, the value of non performing asset and the value of collateral.

Main products or services of the company are consisted of

1. Debt restructuring process debt restructuring process is the voluntary agreements between debtors and creditors to determine new debt agreement such as;
 - 1.1 Lessening the payment condition such as reducing its debts, interest amount, interest rate or revising a payment plan.
 - 1.2 Converting debt-to-equity the company may converts a loan amount into equity shares and the company gets an equity position in exchange for cancellation of the debt.
 - 1.3 Selling the debtor's asset to the bidding market to reduce its' debt and to prevent the impairment of that asset.
 - 1.4 Other approaches: asset swap, loan to debtor.
2. Non performing asset's management

The company can sell the non performing asset to settle its debt or to complete its unfinished projects to improve the quality of assets and enhance its value including distribution channels to enhance the opportunity to sell these assets.

RISK FACTORS

Risk from subsidiaries

The Company has invested in three subsidiaries consisting of KT-ZMICO Securities Company Limited providing securities brokerage service, Solaris Asset Management Company Limited providing fund management services and Lumpini Asset Management Company Limited providing asset management services. Therefore, there are three principal risk factors of concern are

1. KT-ZMICO Securities Company Limited

The Company has core business in brokerage in securities and derivatives, securities and derivatives trading, debt trading and investment banking business. Consequently, its core revenues had been influenced by ability to manage strategic business to be achievement. In addition, external factors become essential such as economic fluctuations, political uncertainties, and money market and capital market movements as well as changes in regulation rules.

The Company has planned the strategies for expanding customer base , the transaction types and new investments to maintain our competitiveness and to stabilize the company income in the long term are the following:

- The company has expanded its investment banking business to foreign countries. The company was a financial advisor of BCEL-KT Securities Company Limited at Lao PDR and the company expand the new business to Indochina in 2016 such as opening broker in the Yangon Stock Exchange from joint-venture with Myanmar partner.
- Cooperation between the company and KTB, the company has succeeded in expanding customer base and increasing income continuously.
- The company has issued Derivatives Warrants - DW, which were listed on the Stock Exchange since the end of 2010 and arbitrage trading between financial instrument in the SET and TFEX. Including the development of the primary and the secondary bond market has enabled the company to expand income base in new business.
- The company has expanded to provide high net worth clients through transactions Private Fund Management which started business in 2013 from existing customer base of the company and KTB's customer.

2. Solaris Asset Management Company Limited

As a fund management company, the company derives its core revenues from mutual fund and private fund management. Hence, the main risk factors will impact on major income contributed by external factors such as market risk, interest rate risk, and foreign exchange risk related to changes in the economic situation and financial markets. Also, these factors may cause the net asset value under fund management will decrease and adversely affect the company's operating results.

Moreover, with facing an intensifying competition may affect the positioning of new Asset Management Company. Therefore, the Company plans to expand full coverage of distribution management and to provide new investment fund strategies in order to increase client satisfaction and align with acceptable risk management.

3. Lumpini Asset Management Company Limited

The company has the relevant risk relating to liquidity .Because in this business ,Asset Management Company is required to pay the money after finish the bidding of NPL and after that the Company will manage its asset to maintain cash flow all the project's time .

The problems relating to liquidity and operation's result may occur if the Company fail to manage the relevant procedures such as the due diligence process ,bidding process,debt restructuring process, debt collection process ,complain process and NPA management.

SHAREHOLDERS

MAJOR SHAREHOLDERS (as at 30th December 2016)

Name	No. of Shares Held	% of Paid-up Capital
1. Mr. Suthep Wongvorazathe	100,000,000	7.647
2. Ms. Sunsanee Wongvorazathe	63,930,400	4.889
3. Quam Securities Company Limited A/C Client	51,707,154	3.954
4. Mr. Prasart Mahagitsiri	39,413,200	3.014
5. Khonburi Capital Co., Ltd.	33,600,000	2.569
6. The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch	31,764,567	2.429
7. Mr. Pimol Srivikorn	31,373,300	2.399
8. Mr. Wachira Thayanaraporn	30,000,000	2.294
9. UOB Kay Hian Private Limited	22,775,456	1.742
10. Mr. Pinit Kaothor	21,584,700	1.651
Other	881,588,149	67.413
Total	1,307,736,926	100.000

MAJOR SHAREHOLDER GROUP

No major shareholder group has significant influence over the Company's policy and management.

DIVIDEND POLICY

The dividend payment will be considered on the basis of the Company's profitability and liquidity and approval from the shareholders' meeting.

The Board of Directors will determine dividend policy of subsidiaries.

MANAGEMENT STRUCTURE

1. BOARD OF DIRECTORS

Name	Position
1. Mr. Suthep Wongvorazathe	<ul style="list-style-type: none"> • Authorized Director • Chairman • Chairman of Investment Committee • Chairman of Nominating and Compensation Committee
2. Mr. Chaipatr Srivisarvacha	<ul style="list-style-type: none"> • Authorized Director • Chief Executive Officer • Vice Chairman • Member of Investment Committee
3. Mr. Pinit Puapan	<ul style="list-style-type: none"> • Authorized Director • Managing Director • Member of Investment Committee
4. Asst. Prof. Pimol Srivikorn	<ul style="list-style-type: none"> • Director • Member of Investment Committee • Chairman of Corporate Governance Committee
5. Mrs. Phornpun Phornprapha	<ul style="list-style-type: none"> • Independent Director • Member of Audit and Risk Management Committee
6. Mr. Peter J. Emblin	<ul style="list-style-type: none"> • Independent Director • Member of Investment Committee • Member of Nominating and Compensation Committee
7. Mr. Peter E. Romhild	<ul style="list-style-type: none"> • Independent Director • Chairman of Audit and Risk Management Committee • Member of Nominating and Compensation Committee
8. Mr. Jesadavat Priebjrivat	<ul style="list-style-type: none"> • Independent Director • Member of Corporate Governance Committee
9. Dr. Tanasak Wahawisan	<ul style="list-style-type: none"> • Independent Director • Member of Audit and Risk Management Committee
Mrs. Pornpilas Harnchanpanich	<ul style="list-style-type: none"> • Company Secretary • Secretary to the Board of Directors

SCOPE OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors shall perform their duties and carry on the business of the Company in accordance with the laws, the Company's objectives and the Articles of Association as well as the resolutions of shareholders' meetings, and shall also be authorized to engage in any activities as prescribed in the Memorandum or those related thereto.

The Board of Directors may assign one or more persons to carry out any activities on behalf of the Board of Directors. No authorization shall entitle the grantee to consider and approve transactions that may cause a conflict of interest between the grantee or any related person or interested person.

Directors Authorization and Limitation thereof

Mr. Suthep Wongvorazathe, Mr. Chaipatr Srivisarvacha, Mr. Pinit Puapan any two of these three directors signing together with the Company's seal being affixed.

ATTENDANCE RECORD IN 2016

In 2016, the Board of Directors met 6 times. Details of the attendance are as follows:

Name	Meeting Attended
1. Mr. Suthep Wongvorazathe	6/6
2. Mr. Chaipatr Srivisarvacha	6/6
3. Mr. Pinit Puapan	6/6
4. Asst. Prof. Pimol Srivikorn	3/6
5. Mrs. Phornpun Phornprapha	5/6
6. Mr. Peter J. Emblin	6/6
7. Mr. Peter E. Romhild	4/6
8. Mr. Jesadavat Priebjrivat	4/6
9. Dr. Tanasak Wahawisan	5/6

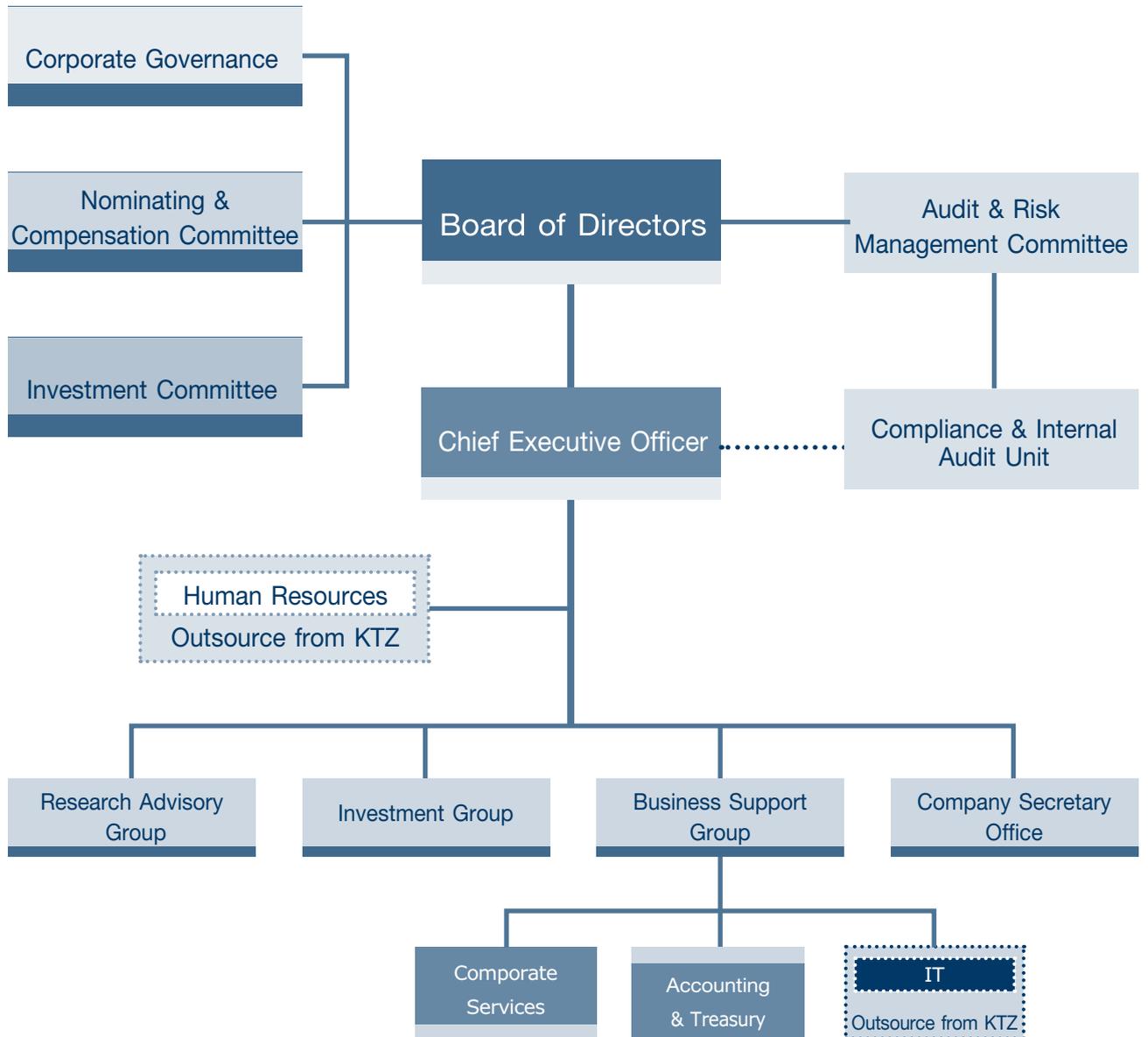
2. MANAGEMENT

1. Mr. Chaipatr Srivisarvacha	<ul style="list-style-type: none">• Authorized Director• Chief Executive Officer• Vice Chairman• Member of Investment Committee
2. Mr. Pinit Puapan	<ul style="list-style-type: none">• Authorized Director• Managing Director• Member of Investment Committee
3. Mr. Chirayu Chueyam	<ul style="list-style-type: none">• Senior Vice President, Investment Group• Secretary to Investment Committee
4. Mr. Terapat Mathanukraw	<ul style="list-style-type: none">• Senior Vice President, Advisory Research Group
5. Ms. Sumalee Tangsajjanurak	<ul style="list-style-type: none">• Senior Vice President, Business Support Group
6. Mrs. Banchit Chittanusart	<ul style="list-style-type: none">• Chief Financial Officer <p>Finance Control and Treasury Department KT ZMICO Securities Co., Ltd. (According to Service Agreement between Seamico Securities Plc. and KT ZMICO Securities Co., Ltd.)</p>

3. COMPANY SECRETARY

Mrs. Pornpilas Harnchanpanich has been appointed as the Company Secretary by resolution of the Board of Directors Meeting No. 5/2015 dated 9th November 2015.

ORGANIZATION CHART



DIRECTORS, MANAGEMENT AND COMPANY SECRETARY PROFILES

Mr. Suthep Wongvorazathe

Position	<ul style="list-style-type: none"> • Authorized Director • Chairman • Chairman of Investment Committee • Chairman of Nominating and Compensation Committee
Age	68 Years
Date of Appointment	20 September 2013
Education	MBA, University of Wisconsin, U.S.A. (1971)
Training	<ul style="list-style-type: none"> • Director Accreditation Program (DAP) (2005) • Corporate Governance for Capital Market Intermediaries (CGI) (2016)
% of Shareholding	7.65%
Relationship with Management	None
Experience	
Company Group	
20 September 2013 - Present	<ul style="list-style-type: none"> • Chairman, Seamico Securities Plc.
8 November 2013 - Present	<ul style="list-style-type: none"> • Chairman of Investment Committee, Seamico Securities Plc.
12 February 2014 - Present	<ul style="list-style-type: none"> • Chairman of Nominating and Compensation Committee Seamico Securities Plc.
14 May 2014 - Present	<ul style="list-style-type: none"> • Executive Chairman, KT ZMICO Securities Co., Ltd.
22 August 2014 - Present	<ul style="list-style-type: none"> • Authorized Director, KT ZMICO Securities Co., Ltd.
26 February 2014 - 21 August 2014	<ul style="list-style-type: none"> • Non-authorized Director, KT ZMICO Securities Co., Ltd.
Other Listed Companies in the SET	
February 2007 - Present	<ul style="list-style-type: none"> • Chairman, Khonburi Sugar Plc.
October 2012 - Present	<ul style="list-style-type: none"> • Chairman of Audit Committee, Independent Director The Bangchak Petroleum Plc.
15 June 2015 - Present	<ul style="list-style-type: none"> • Chairman, Executive Chairman, M.K. Real Estate Development Plc.
Other Companies	
24 June 2015 - Present	<ul style="list-style-type: none"> • Director, Banthat Thong Co., Ltd.
2011 - Present	<ul style="list-style-type: none"> • Authorized Director, New Corp Co., Ltd.
2009 - Present	<ul style="list-style-type: none"> • Authorized Director, Asia Kangnam Co., Ltd.
Other Past Experience	
March 2003 - April 2016	<ul style="list-style-type: none"> • Chairman of Audit Committee and Independent Director Chumporn Palm Oil Industry Plc.
July 2013 - 2015	<ul style="list-style-type: none"> • Authorized Director, The Mall Group
2010 - 2011	<ul style="list-style-type: none"> • Chairman of Executive Board, Export-Import Bank of Thailand
2009 - 2011	<ul style="list-style-type: none"> • Director, The Board of Investment of Thailand
2007 - 2010	<ul style="list-style-type: none"> • Chairman, Pacific Assets Plc.

Mr. Chaipatr Srivisarvacha

Position	<ul style="list-style-type: none"> • Authorized Director • Vice Chairman • Chief Executive Officer • Member of Investment Committee
Age	57 Years
Date of Appointment	18 April 2007
Education	MBA (Finance), Illinois Benedictine College (1984)
Training	<ul style="list-style-type: none"> • Director Certification Program (DCP) (2003) • Corporate Governance for Capital Market Intermediaries (CGI) (2015)
% of Shareholding	0.64%
Relationship with Management	None
Experience	
Company Group	
28 May 2007 - Present	<ul style="list-style-type: none"> • Chief Executive Officer, Vice Chairman, Seamico Securities Plc.
25 June 2007 - 8 November 2013	<ul style="list-style-type: none"> • Executive Chairman, Seamico Securities Plc.
8 November 2013 - Present	<ul style="list-style-type: none"> • Member of Investment Committee, Seamico Securities Plc.
1 May 2009 - Present	<ul style="list-style-type: none"> • Chief Executive Officer, KT ZMICO Securities Co., Ltd.
29 November 2011 - Present	<ul style="list-style-type: none"> • Director, Solaris Asset Management Co., Ltd.
11 March 2016 - Present	<ul style="list-style-type: none"> • Director, Lumpini Asset Management Co., Ltd.
August 2009 - Present	<ul style="list-style-type: none"> • Chairman of the Board and Executive Chairman Thanh Cong Securities J.S.C.
Other Listed Companies in the SET	
14 March 2011 - Present	<ul style="list-style-type: none"> • Independent Director, Precious Shipping Plc.
28 December 2015 - Present	<ul style="list-style-type: none"> • Chairman of the Board of Directors, Thaifoods Group Plc.
Other Companies	
28 May 2015 - Present	<ul style="list-style-type: none"> • Governor, The Stock Exchange of Thailand
23 May 2016 - Present	<ul style="list-style-type: none"> • Non-authorized Director, TSFC Securities Public Co., Ltd.
1 June 2007 - Present	<ul style="list-style-type: none"> • Director, CapMaxx Co., Ltd.
Other Past Experience	
28 May 2012 - 27 May 2014	<ul style="list-style-type: none"> • Governor, The Stock Exchange of Thailand
19 June 2013 - 27 May 2014	<ul style="list-style-type: none"> • Member of Audit Committee, The Stock Exchange of Thailand
20 June 2012 - 19 June 2013	<ul style="list-style-type: none"> • Director, Thailand Futures Exchange Plc.
1 January 2013 - 19 June 2013	<ul style="list-style-type: none"> • Chairman Derivatives Investor Protection Fund Committee Thailand Futures Exchange Plc.
2003 - 16 May 2013	<ul style="list-style-type: none"> • Independent Director and Audit Committee Member, Brooker Group Plc.
11 November 2010 - 31 July 2012	<ul style="list-style-type: none"> • Independent Director, Evolution Capital Plc.
8 September 2010 - 3 November 2011	<ul style="list-style-type: none"> • Independent Director and Chairman of Audit Committee Dhanarak Asset Development Co., Ltd.
31 January 2011 - 3 November 2011	<ul style="list-style-type: none"> • Chairman, DAD SPV Co., Ltd.
2004 - April 2009	<ul style="list-style-type: none"> • Independent Director, G Steel Plc.
3 July 2001 - 18 April 2007	<ul style="list-style-type: none"> • Independent Director and Audit Committee Member Thanachart Bank Plc.
1999 - 2003	<ul style="list-style-type: none"> • Independent Director, Pacific Assets Plc.
1999	<ul style="list-style-type: none"> • Director and Executive Director, Krung Thai Bank Plc.

Mr. Pinit Puapan

Position	<ul style="list-style-type: none">• Authorized Director• Managing Director• Member of Investment Committee
Age	50 Years
Date of Appointment	30 January 2009
Education	<ul style="list-style-type: none">• Advanced Management Program, Harvard Business School (2006)• MSC, Economics, London School of Economics (1990)• BA, Economics & Political Science, Tufts University (1989)• Certificate, Leader Program, Capital Market Academy (CMA 11) (2010)• Certificate, Advanced Security Management Program, The Association National Defense College of Thailand (ASMP 5) (2014)• Public Director Certification Program (PDI 15), King Prajadhipok's Institute (2016)
Training	<ul style="list-style-type: none">• Audit Committee Program (2004)• Director Accreditation Program (DAP) (2004)• Corporate Governance for Capital Market Intermediaries (CGI) (2015)
% of Shareholding	0%
Relationship with Management	None
Experience	
Company Group	
2 March 2009 - Present	- Authorized Director, Seamico Securities Plc.
3 July 2007 - Present	- Managing Director, Seamico Securities Plc.
8 November 2013 - Present	- Member of Investment Committee, Seamico Securities Plc.
28 May 2007 - 8 November 2013	- Member of the Executive Committee, Seamico Securities Plc.
21 May 2007 - 21 October 2008	- Authorized Director, Seamico Securities Plc.
28 October 2008 - Present	- Authorized Director, KT ZMICO Securities Co., Ltd.
28 October 2008 - 31 December 2014	- Managing Director, KT ZMICO Securities Co., Ltd.
28 April 2009 - Present	- Director, Solaris Asset Management Co., Ltd.
August 2009 - 29 March 2013	- Director, Thanh Cong Securities J.S.C.
2010 - 31 January 2012	- Director, BCEL-KT Securities Co., Ltd.
Other Listed Companies in the SET	
2002 - Present	- Audit Committee and Independent Director Charn Issara Development Plc.
8 June 2015 - Present	- Non-authorized Director, CAT Telecom Plc.
22 December 2015 - Present	- Non-authorized Director, Srisawad Power 1979 Plc.
Other Companies	
2002 - Present	- Director, Thai Dairy Industry Co., Ltd.
2008 - Present	- Director, Ideas 1606 Co., Ltd.
2013 - Present	- Authorized Director, Veyla Cha Am Residences Co., Ltd
Present	- Authorized Director, Talon Holdings Co., Ltd.
2014 - Present	- Authorized Director, Mali Group 1962 Co., Ltd.

Mrs. Phornpun Phornprapha

Position	<ul style="list-style-type: none"> Independent Director Member of Audit and Risk Management Committee
Age	64 Years
Date of Appointment	18 April 2007
Education	Marry Mount College, U.S.A.
Training	<ul style="list-style-type: none"> Audit Committee Program (2008) Director Accreditation Program (DAP) (2008) Corporate Governance for Capital Market Intermediaries (CGI) (2016)
% of Shareholding	0.014%
Relationship with Management	None
Experience	
Company Group	
21 May 2007 - Present	<ul style="list-style-type: none"> Independent Director, Seamico Securities Plc.
28 May 2007 - Present	<ul style="list-style-type: none"> Audit and Risk Management Committee, Seamico Securities Plc.
Other Listed Companies in the SET	<ul style="list-style-type: none"> None
Other Companies	
1977 - Present	<ul style="list-style-type: none"> Director, Siam Motors Co., Ltd.
1979 - Present	<ul style="list-style-type: none"> Managing Director, Thaworn Holding Co., Ltd.
1979 - Present	<ul style="list-style-type: none"> Managing Director, Thaworn Estate Co., Ltd.
1980 - Present	<ul style="list-style-type: none"> Managing Director, Thong Thaworn Pattana Co., Ltd.

Mr. Peter John Emblin

Position	<ul style="list-style-type: none">• Independent Director• Member of Investment Committee• Member of Nominating and Compensation Committee
Age	58 Years
Date of Appointment	26 February 2010
Education	<ul style="list-style-type: none">• B. Bus., Fellow of the Financial Services Institute of Australasia• Fellow of the Thai Institute of Directors
Training	<ul style="list-style-type: none">• Director Certification Program (DCP 153/2011) (2011)• Corporate Governance for Capital Market Intermediaries (CGI 9/2015) (2015)• Chartered Director Class (CDC 10/2015) (2015)• Diploma Director Certification Program (2012)
% of Shareholding	0%
Relationship with Management	None
Experience	
Company Group	
20 September 2013 - Present	<ul style="list-style-type: none">• Independent Director, Seamico Securities Plc.• Member of Nominating and Compensation Committee Seamico Securities Plc.
8 November 2013 - Present	<ul style="list-style-type: none">• Member of Investment Committee, Seamico Securities Plc.
20 September 2013 - 13 November 2014	<ul style="list-style-type: none">• Member of Corporate Governance Committee, Seamico Securities Plc.
18 March 2010 - 19 September 2013	<ul style="list-style-type: none">• Director, Seamico Securities Plc.
11 November 2010 - 8 November 2013	<ul style="list-style-type: none">• Member of Executive Committee, Seamico Securities Plc.
Other Listed Companies in the SET	<ul style="list-style-type: none">• None
Other Companies	
1 December 2016 - Present	<ul style="list-style-type: none">• Advisor, D.W.P. Co., Ltd.
1 December 2016 - Present	<ul style="list-style-type: none">• Advisor, Delight Plus Co., Ltd.
Other Past Experience	
April 2014 - 30 November 2016	<ul style="list-style-type: none">• Advisor, MBMG Corporate Solutions Co., Ltd.
November 2008 - 31 December 2013	<ul style="list-style-type: none">• Executive, Thai Strategic Capital Management Co., Ltd.

Mr. Peter Emil Romhild

Position	<ul style="list-style-type: none"> Independent Director Chairman of Audit and Risk Management Committee Member of Nominating and Compensation Committee
Age	65 Years
Date of Appointment	27 April 2012
Education	EAC's Internal School, Copenhagen
Training	<ul style="list-style-type: none"> Directors Accreditation Program (DAP) (2011) Director Certification Program (DCP) (2012) 3rd National Director Conference 2014 under topic "Improving Corporate Governance : Key to Advancing Thailand (2014) Corporate Governance for Capital Market Intermediaries (CGI) (2015)
% of Shareholding	0%
Relationship with Management	None
Experience	
Company Group	
10 May 2012 - Present	<ul style="list-style-type: none"> Independent Director, Seamico Securities Plc. Member of Nominating and Compensation Committee Seamico Securities Plc.
9 May 2014 - Present	<ul style="list-style-type: none"> Chairman of Audit and Risk Management Committee Seamico Securities Plc.
10 May 2012 - 8 May 2014	<ul style="list-style-type: none"> Member of Audit and Risk Management Committee Seamico Securities Plc.
10 May 2012 - 20 September 2013	<ul style="list-style-type: none"> Member of Corporate Governance Committee, Seamico Securities Plc.
Other Listed Companies in the SET	<ul style="list-style-type: none"> None
Other Companies	
2016 - Present	<ul style="list-style-type: none"> Executive Board Director, ECCO (Vietnam) Co., Ltd.
April 2012 - Present	<ul style="list-style-type: none"> Vice Chairman, ECCO (Thailand) Co. Ltd.
October 2013 - Present	<ul style="list-style-type: none"> Executive Board Director, ECCO Tannery (Thailand) Co., Ltd. Executive Board Director, PT ECCO Indonesia Executive Board Director, PT ECCO Tannery Indonesia
Other Past Experience	
January - March 2012	<ul style="list-style-type: none"> Advisor, Berli Jucker Pcl.
January 2007 - December 2011	<ul style="list-style-type: none"> Sr. Executive Vice President, Berli Jucker Pcl.
January 2001 - December 2007	<ul style="list-style-type: none"> Executive Vice President, Berli Jucker Pcl.

Mr. Jesadavat Priebjivat

Position	<ul style="list-style-type: none">• Independent Director• Member of Corporate Governance Committee
Age	60 Years
Date of Appointment	10 May 2013
Education	<ul style="list-style-type: none">• MBA, New York University, U.S.A. (1984)• MEA, George Washington University, U.S.A. (1980)
Training	<ul style="list-style-type: none">• Role of the Chairman Program (ROCP) V. 2 (2011)• Corporate Good Governance for the Director & Executives of Enterprise & Public Organization V. 4 (2010)• Director Certification Program (DCP) V. 115 (2009)• Audit Committee Program (ACP) V. 1 (2009)• Change Management for Top Executive Program (GRID Thailand)• Corporate Governance for Capital Market Intermediaries (CGI) (2016)
% of Shareholding	0%
Relationship with Management	None
Experience	
Company Group	
10 May 2013 - Present	<ul style="list-style-type: none">• Independent Director, Seamico Securities Plc.
20 September 2013 - Present	<ul style="list-style-type: none">• Member of Corporate Governance Committee, Seamico Securities Plc.
Other Listed Companies in the SET	
May 2011 - Present	<ul style="list-style-type: none">• Chairman of Audit Committee, Trang Seafood Products Plc.
June 2010 - Present	<ul style="list-style-type: none">• Chairman, Gratitude Infinite Plc.
May 2008 - Present	<ul style="list-style-type: none">• Chairman of Audit Committee, Sansiri Plc.
Other Past Experience	
June 2010 - 2012	<ul style="list-style-type: none">• Chief Financial Officer, CAT Telecom Plc.

Assistant Professor Pimol Srivikorn

Position	<ul style="list-style-type: none"> • Non-authorized Director • Chairman of Corporate Governance Committee • Member of Investment Committee
Age	53 Years
Date of Appointment	20 September 2013
Education	<ul style="list-style-type: none"> • MBA, University of California at Los Angeles John E. Anderson, U.S.A. (1989)
Training	-
% of Shareholding	2.40%
Relationship with Management	None
Experience	
Company Group	
20 September 2013 - Present	<ul style="list-style-type: none"> • Non-authorized Director, Seamico Securities Plc. • Chairman of Corporate Governance Committee, Seamico Securities Plc. • Member of Investment Committee, Seamico Securities Plc.
8 November 2013 - Present	
Other Listed Companies in the SET	
January 2013 - Present	<ul style="list-style-type: none"> • Independent Director and Chairman of Audit Committee Nok Airlines Plc.
May 1993 - Present	<ul style="list-style-type: none"> • Chairman, Thailand Carpet Manufacturing Plc.
Other Companies	
January 1989 - Present	<ul style="list-style-type: none"> • Director, President Hotel and Tower Co., Ltd.
March 2007 - Present	<ul style="list-style-type: none"> • President , Taekwondo Association of Thailand
December 2011 - Present	<ul style="list-style-type: none"> • License Holder and School Director Srivikorn School - Srivikorn Business School
January 2012 - Present	<ul style="list-style-type: none"> • Executive Director, Srivikorn Group Holding Co., Ltd.
March 2015-Present	<ul style="list-style-type: none"> • Chief Executive Officer , Scomadi Thailand Co., Ltd.

Dr. Tanasak Wahawisan

Position	<ul style="list-style-type: none">• Independent Director• Member of Audit and Risk Management Committee
Age	59 Years
Date of Appointment	28 April 2014
Education	<ul style="list-style-type: none">• Graduate School of International Studies, University of Denver Ph.D. International Studies (1986-1988)• Graduate School of International Studies, University of Denver M.A. International Studies (1985-1986)• Department of Political Science, The Ohio State University M.A. Political Science (1980-1981)• Faculty of Political Science, Chulalongkorn University B.A. Political Science (International Relations) (1976-1979)
Training	<ul style="list-style-type: none">• Directors Certification Program• Corporate Governance for Capital Market Intermediaries (CGI) (2015)
% of Shareholding	0%
Relationship with Management	None
Experience	
Company Group	
28 April 2014 - Present	<ul style="list-style-type: none">• Independent Director, Seamico Securities Plc.
28 August 2014 - Present	<ul style="list-style-type: none">• Member of Audit and Risk Management Committee, Seamico Securities Plc.
Other Listed Companies in the SET	<ul style="list-style-type: none">• None
Other Companies	
16 April 2014 - Present	<ul style="list-style-type: none">• Independent Director and Member of Audit Committee Advance Finance Plc.
2000 - Present	<ul style="list-style-type: none">• Director and General Manager, Apollo (Thailand) Co., Ltd.
2006 - Present	<ul style="list-style-type: none">• Founding Member and Lecturer Institute of Diplomacy and International Studies, Rangsit university

Mr. Chirayu Chueyam

Position	<ul style="list-style-type: none"> • Senior Vice President, Investment Group • Secretary to Investment Committee
Age	42 Years
Education	<ul style="list-style-type: none"> • MBA, Chulalongkorn University • BBA, Chulalongkorn University
Training	-
% of Shareholding	0%
Relationship with Management	None
Experience	
Company Group	
August 2013 - Present	<ul style="list-style-type: none"> • Senior Vice President, Investment Group and Secretary to Investment Committee, Seamico Securities Plc.
August 2016 - Present	<ul style="list-style-type: none"> • Authorized Director and Executive Director Solaris Asset Management Co., Ltd.
December 2015 - Present	<ul style="list-style-type: none"> • Authorized Director, Lumpini Asset Management Co., Ltd.
July 2007 - August 2009	<ul style="list-style-type: none"> • Vice President, Investment Banking, Seamico Securities Plc.
Other Listed Companies in the SET	<ul style="list-style-type: none"> • None
Other Past Experience	
April 2014 - December 2016	<ul style="list-style-type: none"> • Director, Beacon Offshore Co., Ltd.
September 2009 - July 2013	<ul style="list-style-type: none"> • Senior Manager, Portfolio Management, Intouch Holding Plc.
May 2005 - December 2006	<ul style="list-style-type: none"> • Investment Manager, New Business, Shin Corporations Plc.
April 1999 - April 2005	<ul style="list-style-type: none"> • Assistant Vice President, CapMaxx Co., Ltd.

Mr. Terapatr Mathanukraw

Position	<ul style="list-style-type: none">Senior Vice President, Advisory Research Group
Age	52 Years
Education	<ul style="list-style-type: none">MBA (Finance), Eastern Michigan University, U.S.A.
Training	<ul style="list-style-type: none">Training for Fund Manager License, AMC (2010)Valuation of Oil and Gas Assets, Institute of Southeast Asian Studies, SingaporeEquity Derivatives: Managing, Trading, Hedging and Arbitrage (SAA)Analysis and Valuation of Telecommunication Industry (SAA)
% of Shareholding	0.000001%
Relationship with Management	None
Experience	
Company Group	
2015 - Present	<ul style="list-style-type: none">Senior Vice President, Research, Seamico Securities Plc.
2015 - Present	<ul style="list-style-type: none">Authorized Director, Lumpini Asset Management Co., Ltd.
2011 - 2015	<ul style="list-style-type: none">Fund Manager, Portfolio Management, KT-ZMICO Securities Co., Ltd.
Other Listed Companies in the SET	<ul style="list-style-type: none">None

Ms. Sumalee Tangsajjanurak

Position	<ul style="list-style-type: none">Senior Vice President, Business Support Group
Age	56 Years
Education	<ul style="list-style-type: none">MBA, Business Administration, Thammasat University
Training	-
% of Shareholding	0%
Relationship with Management	None
Experience	
Company Group	
2016 - Present	<ul style="list-style-type: none">Senior Vice President, Business Support Group, Seamico Securities Plc.
2013 - 2016	<ul style="list-style-type: none">Senior Vice President of IT Innovative, KT ZMICO Securities Co., Ltd.
1994 - 2012	<ul style="list-style-type: none">Senior Vice President of IT Department, Seamico Securities Plc., KT ZMICO Securities Co., Ltd.
Other Listed Companies in the SET	<ul style="list-style-type: none">None

Mrs. Banchit Chittanusart

Position	<ul style="list-style-type: none"> Chief Financial Officer - Finance Control and Treasury Department (According to Service Agreement between Seamico Securities Plc. and KT ZMICO Securities Co., Ltd.)
Age	55 Years
Education	<ul style="list-style-type: none"> Master Degree of Accounting, Thammasat University (1990)
Training	-
% of Shareholding	0.000005%
Relationship with Management	None
Experience	
Company Group	
April 2009 - Present	<ul style="list-style-type: none"> Chief Financial Officer — Financial Control and Treasury Department, KT ZMICO Securities Co., Ltd.
April 2004 - September 2008	<ul style="list-style-type: none"> Executive Vice President - Finance, Account and Treasury Department, Seamico Securities Plc.
Other Listed Companies in the SET	<ul style="list-style-type: none"> None
Other Past Experience	
October 2008 - March 2009	<ul style="list-style-type: none"> Director, KTB Securities Co., Ltd.
February 1998 - March 2004	<ul style="list-style-type: none"> Senior Director of Finance and Accounting Department, Government Pension Fund

Mrs. Pornpilas Harnchanpanich

Position	<ul style="list-style-type: none"> • Company Secretary • Secretary to the Board of Directors • Vice President, Company Secretary Office
Age	51 Years
Education	<ul style="list-style-type: none"> • Bachelor of Arts, Kasetsart University (1986)
Training	<ul style="list-style-type: none"> • Company Secretary Program (CSP# 2/2002) (IOD) (2002) • Corporate Secretary Development Program (Course 10 Days) (Faculty of Commerce and Accountancy, Chulalongkorn University and Thai Listed Companies Association) (2003) • Corporate Secretary Development Program (Course 3 Days) (Thai Listed Companies Association and the SET) (2007) • Fundamental Practice for Corporate Secretary (FPCS 18) (Course 4 Days) (Thai Listed Companies Association) (2008) • Board Reporting (BRP #3/2010) (IOD) (2010) • Effective Minutes Taking (EMT #17/2010) (IOD) (2010) • Fundamental Practice for Corporate Secretary (FPCS 23) (Course 4 Days) (Thai Listed Companies Association) (2011) • Advanced for Corporate Secretaries (Course 4 Days) (Company Secretary Association, Thai Listed Companies Association, the SET, the SEC) (2015) • Company Reporting Program (CRP#16/2016) (IOD) (2016) • CSR for Corporate Sustainability (P01) (#9/2016) (the SET) (2016)
% of Shareholding	0%
Relationship with Management	None
Experience	
Company Group	
January 2016 - Present	<ul style="list-style-type: none"> • Company Secretary and Secretary to the Board of Directors Seamico Securities Plc.
July 2014 - Present	<ul style="list-style-type: none"> • Vice President, Company Secretary Office, Seamico Securities Plc.
2001 - June 2014	<ul style="list-style-type: none"> • Assistant Vice President, Office of the Board of Directors Seamico Securities Plc.
Other Listed Companies in the SET	<ul style="list-style-type: none"> • None

DETAILS OF SUBSIDIARY AND ASSOCIATED COMPANY'S DIRECTORS

Subsidiary Company

Company Name	Solaris Asset Management Company Limited
Location	287 Liberty Square 8th Floor, Silom Road, Bangrak Bangkok 10500
Type of Business	Asset Management
Date of Establishment	28 th June 2006

Director	Position
1. Mrs. Siripen Sitasuwan	Chairman, Independent Director
2. Mr. Pinit Puapan	Authorized Director
3. Mr. Chirayu Chueyam	Authorized Director
4. Mr. Somporn Sasiroj	Authorized Director
5. Mr. Chaipatr Srivisarvacha	Director
6. Mr. Pichai Yimjaipoonsup	Director
7. Mr. Praves Suttirat	Independent Director
8. Mr. Vuthichai Tumasaroj	Independent Director
9. Mr. Phuempchol Prasertlum	Independent Director
10. Mr. Suphan Settapanich	Authorized Director and Managing Director

Subsidiary Company

Company Name	Lumpini Asset Management Company Limited
Location	287 Liberty Square 18th Floor, Silom Road, Bangrak Bangkok 10500
Type of Business	Purchasing or accepting transfer of any non-performing assets including their collaterals from financial institutions for the purposes of managing or reselling and other relevant businesses as prescribed by the Law
Date of Establishment	1 st December 2015

Director	Position
1. Mr. Chaipatr Srivisarvacha	Authorized Director
2. Mr. Somporn Sasiroj	Authorized Director
3. Mr. Chirayu Chueyam	Authorized Director
4. Mr. Terapatr Mathanukraw	Authorized Director
5. Mr. Lertsak Polanun	Authorized Director

Associated Company

Company Name	KT ZMICO Securities Company Limited
Location	287 Liberty Square 16th Floor, Silom Road, Bangrak Bangkok 10500
Type of Business	Securities
Date of Establishment	30 th May 2000

Director	Position
1. Mr. Kraithip Krairiksh	Independent Director, Chairman of the Board
2. Mr. Suthep Wongvorazathe	Authorized Director, Executive Chairman
3. Mr. Vinit Samritpricha	Independent Director, Chairman of Audit Committee
4. Mr. Chaipatr Srivisarvacha	Authorized Director, Chief Executive Officer
5. Mr. Udomsak Rojviboonchai	Director, Audit Committee Member
6. Mr. Prasith Wasupath	Authorized Director
7. Mr. Pinit Puapan	Authorized Director
8. Ms. Poonpat Sripleng	Authorized Director
9. Mr. Chao Arunyawat	Director

4. REMUNERATION FOR DIRECTORS AND MANAGEMENT IN 2016

(1) Monetary Remuneration

Directors

Name	Responsibilities	Remuneration	
		Directors' Fee	Bonus*
1. Mr. Suthep Wongvorazathe	<ul style="list-style-type: none"> Authorized Director Chairman Chairman of Investment Committee Chairman of Nominating and Compensation Committee 	780,000	567,205.60
2. Mr. Chaipatr Srivisarvacha**	<ul style="list-style-type: none"> Authorized Director Chief Executive Officer Vice Chairman Member of Investment Committee 	-	-
3. Mr. Pinit Puapan**	<ul style="list-style-type: none"> Authorized Director Managing Director Member of Investment Committee 		
4. Asst. Prof. Pimol Srivikorn	<ul style="list-style-type: none"> Directors Member of Investment Committee Chairman of Corporate Governance Committee 	350,000	277,568.29

Name	Responsibilities	Remuneration	
		Directors' Fee	Bonus*
5. Mrs. Phornpun Phornprapha	<ul style="list-style-type: none"> Independent Director Member of Audit and Risk Management Committee 	370,000	243,889.54
6. Mr. Peter J. Emblin	<ul style="list-style-type: none"> Independent Director Member of Investment Committee Member of Nominating and Compensation Committee 	440,000	419,019.07
7. Mr. Peter E. Romhild	<ul style="list-style-type: none"> Independent Director Chairman of Audit and Risk Management Committee Member of Nominating and Compensation Committee 	375,000	338,190.05
8. Mr. Jesadavat Priebjrivat	<ul style="list-style-type: none"> Independent Director Member of Corporate Governance Committee 	280,000	243,889.54
9. Dr. Tanasak Wahawisan	<ul style="list-style-type: none"> Independent Director Member of Audit and Risk Management Committee 	350,000	284,304.04
Resigned Directors		4,000	225,933.87
Total		2,949,000	2,600,000

Note * Bonus of 2015 performance paid in 2016

** Two executive directors are not entitled to directors' remuneration.

Executive Directors and Management

Type of Remuneration	Remuneration (Baht)
Salary and Bonus	12,215,590

2. Other Remuneration

For 2016, the Company contributed Baht 811,888 for the management to the Company's provident fund.

CORPORATE GOVERNANCE

1. CORPORATE GOVERNANCE 2016

The Company and its Board of Directors realizes the importance of Good Corporate Governance is committed to conducting all its business in compliance with the good corporate governance principles and guidelines set by the Stock Exchange of Thailand (SET).

In 2016, the Company received a “Very Good Grade” from the Thai IOD survey of good governance.

The Company has implemented several parts of the practice guidelines already such as allowing minority shareholders to forward their suggestions before the AGM and also faster dissemination of AGM’s resolutions after the AGM and continues to implement further Good Governance Principles.

Some of the key aspects of the Company’s corporate governance principles are as follows:

1. Rights of Shareholders

The right to obtain information

All shareholders shall receive notice and details of meetings together with the Board of Directors’ opinion on such matters not less than 14 days prior to the meeting date, and also receive notice of the AGM, with details provided on our website not less than 30 days prior to the meeting date, and the company will publicize the AGM’s minutes on its website within 14 days after the meeting date. This will ensure that shareholders have timely and sufficient information regarding the issues to be decided at meetings.

Voting rights

s have the right to attend shareholders’ meetings and vote in accordance with the Articles of Association of the Company. The Company also provides a proxy form for shareholders who cannot attend meetings to appoint an independent director as a grantee in which the shareholder can specify their vote for each matter on the meeting’s agenda.

For the election of the Company’s directors, each candidate is introduced one by one, and shareholders vote for each individual.

A legal advisor from a law office will be invited to attend the meeting in order to inspect voting and observe the transparency meeting.

The rights to express opinions and ask questions

Shareholders are given the opportunity to express their opinions and ask questions at the meetings and the Company attempts to supply shareholders with sufficient information prior to the meeting.

The rights to be treated equally

All shareholders rights and benefits shall be treated equally.

The Company has a policy to support and facilitate the shareholders, including institutional investors, to attend the general meetings of shareholders by selecting the meeting venues where the mass transit system are available and sufficient for the shareholders to conveniently commute to attend the meetings.

2. Equitable Treatment of Shareholders

In 2016, the Company website was adjusted to allow shareholders to propose additional agenda items and nominate qualified directors prior to the AGM meeting.

The minutes of the shareholders' meetings are disclosed on the Company's website and presented at the next meeting to be certified.

Policies regarding the Keeping of Confidential information and the prevention of the use of inside information have been implemented. Directors and senior executive are required to report their shareholding of the company to board of directors regularly. And the company applies silent periods ahead of any announcements in line with SET guidelines

3. Roles of Stakeholders

The Company realizes that the growth and success of the Company is derived from the support of all its stakeholders. The Company, therefore, as a general practice serves all stakeholders, as follows:

3.1 Shareholders

Accurate and timely disclosure of all material matters are made through appropriate channels, such as the Regular Set Information Management System (RSIMS), the Company's website, newspapers, press releases, letters, etc.

3.2 Clients

"Customer satisfaction" is a major concern of the Company. To this end, focus is made on the development of services and the creation of additional approved and licensed financial and investment instruments. A code of ethics is implemented; any claim or suggestion from clients is put into action immediately.

3.3 Employees

Employees are key to the company's growth. Appropriate remuneration competitive to other companies in the same industry is provided and reviewed regularly. The Company remunerates staff in the form of salary and bonus based on their performance for both the short and long term. The Company may ask shareholders to approve an Employee Stock Ownership Plan (ESOP) to create motivation and sense of participation in the ownership of the Company.

The Company provides orientation programs and a corporate manual for new employees outlining its policies, focusing on its rules and regulations and associated disciplines. It also covers benefits and welfare, leave obligation, group medical & hospitalization insurance scheme, group life & accident insurance plan and provident fund. Focus on the capability of employees is provided by in-house training and external seminars to increase their knowledge, ability and efficiency to enable them to cope with dynamic changes in rules, products and technology. Employee brain storming, and the creating and sharing opinions is strongly encouraged. Such things to emerge from this access have been the energy saving project, the development of working systems, derivatives products, the financial advisory program and etc.

The Company also promotes activities to harmonize and sustain good relationships among employees such as an Annual Blessing Ceremony, recreation activities, sports days and awareness of health and hygiene.

3.4 Governance office, Government, Public Corporate

The Company adheres to the rules and regulations of the finance sector, the SET and the SEC and gives them its full co-operation when the need arises.

The Company also adheres to the rules and regulations of other government organizations which have a bearing on its business and role in the community, such as the Revenue Department, Bank of Thailand, Ministry of Finance, Labor Department and Ministry of Commerce.

It also supports organizations, such as the Thai Institute of Directors Association (IOD), where the Company's directors have joined its seminars and undertaken training conducted by the Institute. The company also is an active and cooperative member of ASCO. In 2013, the Company instituted a policy on anti-corruption across the entire organization from the Board level down. It is prohibited to offer or receive any benefit in exchange for doing, or avoiding from doing, one's duties or undertaking any unethical conduct aimed at gaining personal benefit, or for entering into inappropriate business activities. The Company ensures all employees participate in risk assessment procedures to ensure that risk is managed within the company guidelines.

The policies include a policy of zero tolerance of bribery to all employees and the public in every channel, training programs, regulation, a sanctions procedure and "Whistle-Blowing" channels. The anti-corruption program is reviewed to ensure that it is well-designed and effective.

Procedures for the continuing appropriate training of directors, managers and employees so that they clearly understand the Company's program, know the Company's expectations and the sanctions procedure in the event of a violation are in place.

Employees are trained both internally and externally and are provided with secure and accessible channels through which they are able to raise concerns and report violations (“whistle blowing”) in confidence. Employees are encouraged to seek guidance or discuss issues about this program.

3.5 Society, Community, Environment

The Company is fully aware of its social responsibility and participates in several social services. Environmental friendly practices that preserve natural resources are encouraged, such as the use of paperless technologies via the use of electronic-mail and other modern communication tools and recycles any suitable paper. It also looks to effectively reduce electricity consumption and other associated environmental costs.

3.6 Creditors, Suppliers, Competitors

Responsibility to outside organizations and agents, such as creditors, suppliers and competitors is at the forefront of company thinking. It strives to treat them fairly and equitably in any negotiations, based on good business practices, and does not take advantage of its competitors.

There are clear procedures on whistle-blowing for related parties or stakeholders and these are published on the website or annual report.

All stakeholders can lodge their complaints directly to the Company or express opinions through various channels as follows:

Corporate Governance Committee

E-mail: Zmico_CG@seamico.co.th

Fax: +66 2 624 6398

Mail: Corporate Governance Committee
Seamico Securities Public Company Limited
287 Liberty Square 18th Floor, Silom Road
Bangrak, Bangkok 10500, Thailand

Company Secretary Office

E-mail: Zmico_CompanySecretary@seamico.co.th

Fax: +66 2 624 6398

Mail: Company Secretary Office
Seamico Securities Public Company Limited
287 Liberty Square 18th Floor, Silom Road
Bangrak, Bangkok 10500, Thailand

The structure of the businesses of the Company’s and Articles of Association are available on the website.

4. Disclosure and Transparency

Disclosure policy

The Board of Directors implements and directs the Company's policies by monitoring and supervising its operations to maximize economic value and long-term shareholders' wealth. The Company treats all fairly.

Sufficient information shall be disclosed to all concerned persons and shall comply with the laws and regulations of all regulating units.

Company policy requires that all important related transaction must be approved by Board of Directors.

In addition, the Company has follows the principles of Good Corporate Governance as outlined by the Thai IOD.

Directors and Management's Securities Holding

The Change in directors and management's securities holding

Director / Management	No. of Shares Held			% of Shareholdings	
	31 Dec. 15	Changed during 2016			31 Dec. 16
		Acquisition	Disposition		
1. Mr. Suthep Wongvorazathe	100,000,000	-	-	100,000,000	7.647
Spouse and Minor Child	-	-	-	-	-
2. Mr. Chaipatr Srivisarvacha	-	840,800	-	840,800	0.064
Spouse and Minor Child	-	-	-	-	-
3. Mr. Pinit Puapan	-	-	-	-	-
Spouse and Minor Child	-	-	-	-	-
4. Asst. Prof. Pimol Srivikorn	31,373,300	-	-	31,373,300	2.399
Spouse and Minor Child	-	-	-	-	-
5. Mrs. Phornpun Phornprapha	182,100	-	-	182,100	0.014
Spouse and Minor Child	-	-	-	-	-
6. Mr. Peter E. Romhild	-	-	-	-	-
Spouse and Minor Child	-	-	-	-	-
7. Mr. Peter E. Romhild	-	-	-	-	-
Spouse and Minor Child	-	-	-	-	-
8. Mr. Jesadavat Priebjrivat	-	-	-	-	-
Spouse and Minor Child	-	-	-	-	-
9. Dr. Tanasak Wahawisan	-	-	-	-	-
Spouse and Minor Child	-	-	-	-	-
10. Mr. Chirayu Chueyam	-	-	-	-	-
Spouse and Minor Child	-	-	-	-	-
11. Mr. Terapatr Mathanukraw	17	-	-	17	0.000001
Spouse and Minor Child	-	-	-	-	-

Director / Management	No. of Shares Held			% of Shareholdings	
	31 Dec. 15	Changed during 2016			31 Dec. 16
		Acquisition	Disposition		
12. Ms. Sumalee Tangsajjanurak	-	-	-	-	
Spouse and Minor Child	-	-	-	-	
13. Mrs. Banchit Chittanusart	-	-	-	-	
Spouse and Minor Child	65	-	-	0.000005	

The structure of the Company's business groups has been disclosed under the section BUSINESS OVERVIEW and on the website.

In 2016, the Company's directors participated in various training courses. Details are shown in the section Directors Training.

Directors' reporting

The Board of Directors is responsible for the accuracy, completeness and transparency of the Company's financial reports and non-financial reports that are disclosed to shareholders and investors.

The Board of Directors has appointed an Audit and Risk Management Committee to review the sufficiency, credibility and objectivity of financial reporting and to review the adequacy and effectiveness of internal controls and compliance with Laws and the Company's policies, as well as to consider and advise on the appointment of external auditors and their audit fees.

The Board of Directors is of the opinion that the Company has prepared its financial reports in accordance with normally accepted accounting standards. Sufficient information is disclosed, and no transaction has been found that might materially affect the reports. The internal audit and control system is appropriate and effective, and applicable laws and regulations have been complied with.

Remuneration of directors and management

Director Remuneration

All director remuneration is presented clearly, transparently, and the amount is appropriate with each one's responsibility. The total amount did not exceed the approved amount set by the shareholders' meeting.

The Annual General Meeting of Shareholders for the year 2016 dated 29th April 2016 approved directors' remuneration which comprised of the retainer fee, attendance fee and the annual director bonus for the year 2016 in total at the amount not exceed Baht 7,000,000.

Principal

The Compensation Committee had proposed the directors' remuneration which had been thoroughly considered numerous factors and references from the similar industries including the future business expansions.

Retainer Fee

- Chairman of the Board : 2 times of other Board members
- Other Board members : Baht 20,000 per month

Attendance Fee

Committee	Chairman (Baht/Time)	Member (Baht/Time)
Board of Directors Meeting	15,000	10,000
Audit and Risk Management Committee Meeting	25,000	20,000
Other Committee Meeting	15,000	10,000

Directors' Bonus

The Board of Directors will consider the allocation with the criteria as in the past.

Other Fee -None-

Management Remuneration

The remuneration of management is set according to the regulations and policies of the Board of Directors and is approved by the Company's Compensation Committee based on the Company's performance, return on equity and industry standards.

The remuneration for the Chief Executive Officer is comparable to the industry, his experience, duties and scope of responsibilities including his performance. The Compensation Committee is responsible for approving the compensation for the Chief Executive Officer.

The remuneration for the Chief Executive Officer is through salaries, bonus (bonus payment will be depended on the results of operations of the Company and the executive performance) and contribution to a provident fund.

The Chief Executive Officer is not entitled to receive remuneration as a director. His long-term compensation is up to the discretion of the Board of Directors.

Remuneration in 2016

See details in "REMUNERATION FOR DIRECTORS AND MANAGEMENT".

Board of Directors meetings

According to the Company's articles of association, Board of Directors' meetings are to be held at least once every three months with the schedule of meetings delivered to all directors in advance. However, other meetings may also be held when appropriate. The Company Secretary will inform all board members of the date, time and venue of any meeting and send documents for the meeting to all directors in advance.

During each meeting, the directors may raise any additional matter for consideration, and each director may also freely present his or her opinion. The minutes of each meeting shall be presented to the Board of Directors to be certified and kept for future reference. Reports of securities holdings in the Company and the directors' attendance records have been presented to Board of Director meetings since 2001.

The attendance record of Directors for 2016 are shown in the section “ATTENDANCE RECORD IN 2016”

Investor relations

The Board of Directors works to ensure transparency in the disclosure of timely and accurate material information regarding financial information or any significant information, which might affect the Company’s share price.

The channels for disseminating information are through the Regular SET Information Management System (RSIMS), the Company’s website, Press Releases, etc.

Apart from this, any investor can check the Company’s information via phone or Company’s website about Investor Relationship or recommendation of analyst. The details are as follows;

Seamico Securities Public Company Limited
 287 Liberty Square Building 18th Floor,
 Silom Road, Bangrak, Bangkok 10500, Thailand
 Telephone: +66 2 624 6399 Fax: +66 2 624 6398
www.seamico.com

5. Board Responsibilities

Leadership and vision

The Board of Directors consists of directors who have adequate education, capability and experience to provide benefit to the Company.

The Board of Directors participates in developing the vision, strategy, goals and plans of the Company. The Board of Directors monitors the members of management by:

- Explicitly segregating duties between each committee and management.
- Establishing an Audit and Risk Management Committee composed solely of independent directors and outside directors to oversee the Company’s financial reports and internal controls.
- Sending a Compliance and Internal Audit report directly to the Audit Committee.
- Setting up an authorization level appropriate for internal control and risk management.
- Established a Corporate Governance Committee.

The Board of Directors has the power to oversee:

- The Company’s Management acts in accordance with its objectives, the Articles of Association, resolutions of Shareholders’ Meeting as prescribed in Public Company Act, B.E. 2535.
- Any transaction or any act which may have material effect on the financial position, obligation on liabilities, and reputation of the Company, e.g. borrowing money from financial institution.
- Any connected transaction between the Company, its subsidiaries, or affiliated companies and connected persons that does not require approval from a Shareholders’ Meeting.
- Internal control systems and efficient internal audit procedures.

- Financial and other information reporting to shareholders and other concerned parties.
- Nominate and define scope of duties and responsibility of Sub-Committees.
- Nominate and change authorized signatories who can bind the Company.
- The policies, business strategies, business plan, and annual budget for the Company.
- Results of the work and business performance of the Company quarterly and annually.
- Any contract that is not the normal business of the Company, or any material contract of a normal business nature.
- The principles of good corporate governance.
- Amend or change the scope of authorities and responsibility of the Board as mentioned above.

Director Training

The Company has a Directors' handbook for new directors to introduce the Company's business, services, structure, and management team.

Directors will continuously receive information by attending seminars arranged by organizations such as the SET or SEC in order to remain up to date and keep abreast with new business development. The Company shall encourage and facilitate training for directors regularly

No individual Director of the Company may sit on more than five boards of listed companies simultaneously without exception. And independent directors may not serve on the board beyond nine years from the date of their first appointment without exception.

The structure of the board shall consist of directors with various qualifications, skills, experience, gender and expertise that are useful to the company, and at least one non-executive director must have prior working experience in the securities business.

In 2016, the Company supported directors in attending the continuing the below development programs or seminars for director.

Director's Name	Course	Institution Name
Mr. Suthep Wongvorazathe	• Corporate Governance for Capital Market Intermediaries (CGI)	Thai Institute of Directors
Mr. Jesadavat Priebjrivat	• Corporate Governance for Capital Market Intermediaries (CGI)	Thai Institute of Directors
Mrs. Phornpun Phornprapha	• Corporate Governance for Capital Market Intermediaries (CGI)	Thai Institute of Directors

Board self-assessment is conducted yearly, to allow all members of the board to consider the board's performance and solve any problems they may have. A benchmark of the board's performance should be systematically set in advance.

Conflict of interest

The Company guards against conflicts of interest, as follows:

- Determines prices and conditions equivalent to the fair value applied to other parties.
- Complies with SET and SEC regulations.
- Discloses connected transactions in its Financial Statements, Annual Reports (in the Audit and Risk management committee report) and Forms for Annual Information (Form 56-1) for shareholders.
- Implements written compliance policies to ensure that management or related parties do not benefit from inside information which are regulated by the Compliance and Internal Audit functions.

Code of ethics

The Board of Directors performs their duties in accordance with the law, the Company's objectives and Articles of Association, as well as by resolutions of the shareholders' meetings.

The code of ethics is stated in the compliance manual provided to management and employees for acknowledgement and agreement to practice at the time they join the Company. The penalty for failing to comply with the code of ethics is also specified in the manual.

- **The balance of power for non-executive directors**

The Board structure of the Company has been determined by the following:

The Composition of the Board of Directors

Executive Director	2	persons
Non-Executive Director	7	persons
Consisting of:		
Independent Director	5	persons
Outside Director	2	persons

- **Chairman' Responsibilities**

1. To monitor and administer the other sub-committees to achieve their objectives as plans.
2. To preside over the Board of Directors meetings and shareholder meetings.

- **The Appointment of Audit and Risk Management Committee**

To be as transparent as possible, the Company has appointed a specific committee, the Audit Committee, to oversee financial reporting, the internal control system and corporate governance to comply with the Company's policy, nominate a person, who is independent, to be in charge as an auditor of the Company, as well as to consider dismissal of the auditor and propose a remuneration of the auditor to the Board of Directors of the Company. The Audit and Risk Management Committee receives information directly from the Compliance and Internal Audit Department. Meetings are held at least once every three months or on any urgent occasion.

- **Aggregation or segregation of positions**

The Chairman has no relationship with the management. The Chairman is not the same person as the Chief Executive Officer in order to segregate duties for directing the Company's policies and day-to-day management.

- **Committees**

Various committees have been established, such as:

- Investment Committee
- Audit and Risk Management Committee
- Nominating and Compensation Committee
- Corporate Governance Committee

These assist the Board of Directors in overseeing matters assigned by the Board of Directors. The composition of the Audit and Risk Management Committee and Nominating and Compensation Committee is composed of independent directors in order to maintain independence and transparency.

- **Control system and internal audit**

Details of the Company's control system and internal audit system are summarized, as follows:

In relation to operational controls

The Company applies internal control and audit systems throughout the organization by discriminately reviewing each department's revenue from operations and control departments. The Company has documented the scope of responsibilities for each function comprising operation, audit and authorization to ensure a proper check and balance system and calls for regular financial reports to relevant management.

In relation to internal audits

The Company has established a Compliance and Internal Audit Department. Its main duty is to consider and review the implementation of the Company's policy, financial transactions and compliance to relevant laws and regulations and the Anti-Money Laundering Control Act. The Company has also contracted an outside audit firm to conduct independent reviews and assessments of the IT security control environment as defined by the SEC. All significant issues are duly rectified and reported to the Audit & Risk Management Committee. In order to have independent management, the Company's Board of Directors assigned the head of the Compliance and Internal Audit Department as the secretary of the Audit & Risk Management Committee. In addition, the Compliance and Internal Audit Department hold meetings to report its findings directly to the Audit and Risk Management Committee without the participation of management.

In relation to risk management

The Company established a Risk Management Committee for the purpose of determining the policies and scope of authority for risk management and to develop a practical and effective risk management system to maintain an acceptable level of risk exposure by assigning a Risk Management Office to develop and maintain the risk management system. This was accomplished by co-ordination with executives in all business functions to identify, measure and assess risks as well as review and monitor the results of risk identification and report the related risk information to the Risk Management and Audit & Risk Management committees. There will be a revision of the policies, procedures and measures in regard to risk management every two years. The Compliance and Internal Audit department monitors and audits all business activities for strict adherence to the Company's risk management policy and reports discrepancies in practices to the Audit and Risk Management Committee.

The Board of Directors is committed to conducting its business in compliance with the good corporate governance principles and guidelines set by the Stock Exchange of Thailand (SET). The Company is determined to apply good corporate governance as its guiding principle in conducting business for the efficiency of its management and sustainable business development. In 2006, the Company implemented the Principle of Good Corporate Governance and published a handbook for all directors and staff to ensure that all policies are strictly adhered too. The essentials of the Company's corporate governance practices are as follows:

The Principles of Corporate Governance of Seamico Securities Public Company Limited

1. Philosophy of Work of the Company

Seamico Securities Public Company Limited relies on 4 principles of Good Corporate Governance, namely: Responsibility & Accountability, Honesty & Integrity, Transparency, and Creation of long-term value to all persons sharing in joint-benefits (stakeholders). To achieve Good Corporate Governance, 3 necessary factors must exist - Professionalism, Good Internal Control Systems, Transparency and Fiduciary Duties towards all stakeholders, which includes Shareholders, Customers and Employees

2. Policies Concerning the Board of Directors

The members of the Board of Directors shall strictly comply with the codes of conduct of a director in compliance with all laws, for the benefits of all stakeholders and with honesty and with no interest in the business either directly or indirectly causing a conflict of interest.

3. Structure of Board of Directors

The Board of Directors comprises of Executive and Non-Executive Directors, appropriately appointed and balanced, to appointed sub-committees to take charge of particular matters in supervising defined roles, for example,

- The Investment Committee
- The Audit & Risk Management Committee
- The Corporate Governance Committee
- The Nominating and Compensation Committee

The Nominating and Compensation Committee shall be responsible for nominating qualified persons from various fields to become a director replacing retired directors by rotation or for any other reason, and propose to the Board of Directors and/or the Meeting of the Shareholders, for resolution of such appointment. At every annual general meeting, at least one-third of the directors shall retire, and a retiring director is eligible for re-election. The term of a sub-committee shall be in compliance with the office term of the director of the Company and the specific duties and responsibilities of the said sub-committee.

The Company gives appropriate remuneration to the Board of Directors of the Company comparable to industry standards. Information on remuneration is clearly disclosed in the annual report.

4. Duties and responsibilities of the Board of Directors

The Board of Directors has the duty to determine the vision, mission and business policies of the company to comply with its corporate governance principles and practices in accordance with the guidelines of the SET and SEC by the appointment of a suitable person to the Management who can carry out his work independently from any shareholder and has the skills in business management and administration.

The Board of Director manages conflict of interest with care, fairness and transparency with the full disclosure of information. In the case where any director has an interest in the matter, such director shall not attend the meeting or cast a vote on that matter.

The Board of Directors has set up an independent Compliance and Internal Audit Department and a Risk Management Office. The Audit & Risk Management Committee is also entrusted to evaluate the efficiency of the internal control and risk management systems and reporting regularly to the Board of Directors.

The Board of Directors is aware of its duty to ensure that all shareholders, both major and minor, in accordance with their rights and equitability, receive correct, complete, transparent information and news.

At a meeting of the Board of Directors, at least one half of the total number of directors present shall form a quorum. In the year 2016, all directors attended at least two-thirds of total number of board meetings held during the year. The Company has a policy that each director should attend at least 75%.

The Company has appointed a Company Secretary who is educated and trained in company secretarial practices as shown in “DIRECTORS AND MANAGEMENT PROFILES”

Work Performance of the Board of Directors

The Board of Directors shall convene at least 4 times a year. The consideration of agenda shall rely on the fair treatment of all shareholders and interested persons. Sub-committees shall be obliged to hold meetings as per the duty entrusted to them.

The Board of Directors shall report the operational results together with a report of the auditors and the Audit & Risk Management Committee in the annual report and shall prepare the disclosure of information under the relevant laws and regulations.

The Board of Directors shall hold a Shareholders' Meeting, the Annual General Meeting, within 4 months after the yearend. The Board of Directors may at any time call an Extraordinary Meeting of Shareholders. The Company shall deliver the notice to shareholders and agenda of all meetings with the clear opinion of the Board of Directors in each agenda at least 14 days prior to the date of the Meeting.

5. Duties and Responsibilities of the Management

The Executive Management shall have responsibilities assigned to them by the Board of Directors with the aim to be the most efficient in conducting their duties with honesty and in compliance with the vision, mission and corporate value as determined by the Board of Directors, and shall report the operational results regularly to the Board of Directors.

6. Policy on Conflict of Interest

The Company provides a Compliance Manual which specify the Company's rules. Executives and Employees must sign their acknowledgement of these rules and strictly follow them for the transparent and fair treatment of the related persons in every group, such as:

The Board of Directors has appropriately considered a conflict of interest, related items or connected items as well as has disclosed information to the public on the items likely to have a conflict of interest.

The company has a policy to supervise the use of inside information of every department and regulate the trading of securities by directors and employees.

7. Policy on Internal Control and Risk Management System

The Company has a policy to provide an internal control system that is efficient enough for the acceptable risk level by determining the measures and internal control procedures in line with the work environment and encourage a balance between the flexibility in performing work and the sufficiency of efficient internal control as well as uphold the Risk Management Policy as directed by The Board of Directors. Executives and employees are responsible for assessing, monitoring, and promoting the efficient risk management system and structure.

8. Policy on Accounting and Financial Transactions

The company provides accounting and financial reports that are correct, timely and accountable. They shall be complete documents, which make available for distribution appropriate and timely information. The accounting and financial reports are prepared based on appropriate and consistent accounting policies, and in line with generally accepted accounting principles, including the sufficient disclosure of significant information.

9. Policy on the Trading of Securities

The Board of Directors and Executive Management shall have the duty to report their securities holding in compliance with the rules and regulations of the Securities Exchange of Thailand and the Securities and Exchange Commission. The Company also prohibits relevant persons who have known or may know any inside information from trading in related shares if the relevant information has not been disclosed to the public, including prohibiting the directors, Management Department and employees who are participating in the preparation, or having known the significant internal information, from selling or purchasing of the Company shares at certain times. Any individuals found violating the restrictions shall be subjected to disciplinary action and/or the law, as the case may be.

10. Policy on the Social Responsibility

The Company has a social responsibility and contributes to social development by allocating certain amounts of its annual budget to support social activities such as Education, Public Benefits, or relief works for victims of natural disasters.

2. SUB-COMMITTEE

1. Investment Committee

Name	Position	Meeting Attended in 2016
1. Mr. Suthep Wongvorazathe	Chairman	12/12
2. Mr. Chaipatr Srivisarvacha	Director	12/12
3. Mr. Pinit Puapan	Director	9/12
4. Assistant Professor Pimol Srivikorn	Director	6/12
5. Mr. Peter J. Emblin	Director	12/12
Mr. Chirayu Chueyam	Secretary	

Scope of Duties and Responsibilities of the Investment Committee

- The Investment Committee shall be responsible for reviewing and approving investments and their subsequent divestment.
- The Investment Committee will establish the investment criteria for all the Company's investment and such criteria will be approved by the Board of Directors.

2. Audit and Risk Management Committee

Name	Position	Meeting Attended in 2016
1. Mr. Peter E. Romhild	Chairman	3/4
2. Mrs. Phornpun Phornprapha	Director	4/4
3. Dr. Tanasak Wahawisan	Director	3/4
Mr. Sombat Vithayavatcharoen	Secretary	

The members of Audit and Risk Management Committee have knowledge of accounting and experience in auditing financial statements.

Scope of Duties and Responsibilities of the Audit and Risk Management Committee

- Review the sufficiency, credibility and objectivity of the financial reporting by coordinating with the external auditors and management responsible for preparing the quarterly and yearly financial reports. The Audit and Risk Management Committee may suggest issues or matters to be included for review or audit by the external auditors during its audit of the company.
- Review the adequacy and effectiveness of the internal control systems and internal audit functions by coordinating with the external and internal auditors.
- Review and approve audit plans, budgets and manpower of Compliance and Internal Audit Department.
- Consider and review independent and auditing results of Compliance and Internal Audit Department.
- Participate on the appointment, dismissal, resignation and evaluation of head of Compliance and Internal Audit Department.
- Review the adequacy and effectiveness of the risk management control system by coordinating with Risk Management Committee and Risk Management Office.
- Review compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws.
- Consider and advise the appointment of the external auditors including the audit fee by considering the creditability, the adequacy of its resources, the firm's audit engagements, and the experience of its supervisory and professional staff.
- Consider compliance with all connected transaction disclosures or the conflict of interests disclosures.
- Take care of any other matters assigned to it by the board of directors, such as reviewing the company's financial and risk management policies, reviewing compliance with the Code of Corporate Conduct of the management, and reviewing with the company's management, all important reports which must be disclosed to the public according to the law. (e. g. Management Discussion and Analysis (MD&A), etc.).

11. Report the activities of the Audit and Risk Management Committee in the Company's annual report, which must be signed by the chairman of the Audit and Risk Management Committee. The following information should be included in the report:
 - Comments on the Company's financial reporting process and the disclosure of its financial information, which must be correct, sufficient, and credible.
 - Comments on the adequacy of the Company's internal control systems.
 - Statements on whether the Company's auditor is suitable for re-appointment.
 - Comments on compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws.
 - Other statements that shareholders and general investors deem to be considered under the scope of the functions and responsibilities assigned to them by the board.
12. Review Charter of Audit and Risk Management Committee at least once a year.
13. Perform self-assessment at least once a year and report the results to the Board of Directors.
14. Take all necessary actions to insure that the Board of Directors / Executive Management have evaluated, addressed and are monitoring the material risk associated with the Company's operations.

3. Nominating and Compensation Committee

Name	Position	Meeting Attended in 2016
1. Mr. Suthep Wongvorazathe	Chairman	2/2
2. Mr. Peter E. Romhild	Director	2/2
3. Mr. Peter J. Emblin	Director	2/2
Mr. Chaipatr Srivisarvacha	Secretary	

Scope of Duties and Responsibilities of the Nominating and Compensation Committee

1. To consider, make decisions and submit the remuneration of Top management as specified below for the Board and/or Shareholders' meeting approval.
 - Board of Directors' Remuneration
 - Senior Management Compensation
 - Senior Management Contracts
 - Overall remuneration increase
2. To consider, comment, and evaluate ESOP Schemes for employees and Directors. The final ESOP Schemes must be submitted to Board of Directors and/or Shareholders' meeting for approval.
3. To propose the suitable person to be director of the Company and take responsibility in setting criteria of selecting the most suitable candidate.

4. Corporate Governance Committee

Name	Position
1. Assistant Professor Pimol Srivikorn	Chairman
2. Mr. Jesadavat Priebjrivat	Director

Scope of Duties and Responsibilities of the Corporate Governance and Nominating Committee

1. Review operational guidelines and Corporate Governance to ensure consistency and compatibility with the company's business.
2. Review and evaluate the practical results of Corporate Governance at least once a year.
3. Report to the Board of Directors on matters related to Corporate Governance and suggest improvements, where appropriate.
4. Propose the director evaluation process to the Board of Directors as well as evaluate and follow up on the improvement as evaluation results.

3. DIRECTOR SELECTION**1. Independent Director**

Selection of Independent Director

In the selection of an independent director, the Nominating Committee shall use the same criteria as in the selection of other directors, but the independent director's qualifications shall not conflict with the below definition.

Definition of Independent Director of the Company

The definition of the Company's Independent Directors is equal to the minimum regulations of the SEC and SET as follows:

1. Holding not more than 1% of the shares with voting rights of the company, parent company, subsidiary company, associated company or any juristic person with possible conflicts of interest, which shall be inclusive of the shares held by related persons.
2. Being a director who does not take part in the management of the company, parent company, subsidiary company, associated company or any juristic person with possible conflicts of interest. (Present and the past 2 years before appointed)
Not being an employee, staff member or advisor who receives a regular salary from the company, parent company, subsidiary company, associated company or any juristic person with possible conflicts of interest. (Present and the past 2 years before appointed)
3. Not being a relative or by a legal register, a father, mother, spouse, brother, sister or child including the spouse of such child, with director, management, major shareholder, controlling person of the company or the person who is going to be proposed as the management or the controller of the company or subsidiary company.

4. Not being professional advisor or having business relationship with the company, parent company, subsidiary company, associated company or any juristic person with possible conflicts of interest (present and the past 2 years before appointed). Details are as follow:
 - Professional advisor
 - Auditor - not allowed in all cases.
 - Other advisors (ex; legal advisor, financial advisor, appraiser) - not allowed for case(s) with value of transactions > 2 million Baht per year.
 - Business relationship
 - Scope - cover normal business transaction, rental or lease of immovable property transaction, asset or service transaction, and financial assistance transaction.
 - Value of transactions - not exceeding 20 million Baht or 3% of Net Tangible Assets, whichever is lower (including transactions undertaken with the same person over the last year).
 - For existing independent director, any case deemed to be necessary and appropriate and not be a regular case, the board of directors with unanimous resolution may exempt the transaction which exceeds the above value. In such case, the company will disclose such transaction in its registration statement, Form 56-1 and annual report. If an ID is to be re-appointed for another term, such relationship must also be disclosed in the notice of meetings.
5. Being a director whom is not appointed as a representative to safeguard interests of the company's directors, majority shareholders or shareholders who are related to the company's majority shareholders.
6. Being capable of performing duties, giving opinions with independence.
7. An ID who satisfies qualification specified in 1 to 6 above may be empowered by the board to make decision in normal business operation provided that the decision process is in form of collective decision.

2. Director Selection

Nominated potential directors shall be considered by the Nominating Committee. The Nominating Committee shall evaluate the suitability of each candidate based on the criteria and suitable qualifications that the committee has set up and shall propose the said person to a meeting of the Board of Directors and/or shareholders for consideration in accordance with the Company's Articles of Association.

Director qualifications as specified by the Principles of Corporate Governance of the Company and Securities and Exchange Act

The Company's director must have the full qualifications and must not have any prohibited characteristics for being a member of a Board in accordance with Section 103 of the Securities and Exchange Act B.E. 2535 and any notifications announced in accordance with the same Section.

The Board of Directors shall strictly comply with the codes of conduct of directors in compliance with the law for the benefits of the stakeholders with honesty and with no interest in the business either directly or indirectly, as well as prevent conflict of interest.

At least half of the directors shall be residents of the Kingdom of Thailand.

The Criteria and procedure to elect directors at the shareholders meeting in accordance with the Company's Articles of Association shall be as follows:

- a) Each shareholder shall have one vote for each share held;
- b) Each shareholder shall exercise all votes applicable under (a) in voting for one or more persons to be a director provided that a vote shall not be divisible;
- c) Candidates who have the most votes shall be elected to the Board of Directors according to the number of directors required; in case votes for two or more candidates are equal, the Chairman shall have the deciding vote.

Therefore, all shareholders have the right to select a director by attending shareholders' meetings and voting in accordance with the Company's Articles of Association.

The Company realizes the importance of Good Corporate Governance and realizes that the growth and success of the Company are derived from the support of all groups of stakeholders. The Company ensures that all shareholders are treated equally concerning the rights and benefits they deserve. Shareholders can propose additional agenda items and nominate candidates for Company director through the Company's website before the AGM.

4. SUBSIDIARIES AND ASSOCIATES COMPANY SUPERVISION

The Company holds shares in subsidiary and associated companies as follows;

- 1) Solaris Asset Management Co., Ltd. (Subsidiary Company)

	Name	Shareholding (%)
1	Seamico Securities Plc.	99.99
2	Other Shareholders	0.01

- 2) Lumpini Asset Management Co., Ltd. (Subsidiary Company)

	Name	Shareholding (%)
1	Seamico Securities Plc.	99.99
2	Other Shareholders	0.01

3) KT ZMICO Securities Co., Ltd. (Associated Company)

	Name	Shareholding (%)
1.	Krungthai Bank Plc.	50.00
2.	Seamico Securities Plc.	49.71
3.	Other Shareholders	0.29

The Company has rules for new directors, or the management in subsidiary and associated companies, who are legally authorized to act on behalf of the Company who must be appointed by the Board of Directors. The Board of Directors must consider the person who has the appropriate qualifications and no prohibiting characteristics as specified in Securities and Exchange Act. In the case the Board of directors will appoint a person to be an independent director or Audit and Risk Management Committee director or any other sub committees the Company will do this within comp the Act. Furthermore, the directors and the managers of subsidiary and associated companies must be granted approval by the office of the Securities and Exchanges too.

The Company determines the powers and duties of directors and management who are legally authorized to act on behalf of the Company, its subsidiary or associated companies, in controlling or participating in any important policy relating to the business operations. The company will comply with the effective internal control system by determining operating procedures, delegation of approvals to prevent the directors or the management engaging in any act which may cause damage to any subsidiary and associated companies.

The Company has the mechanisms for controlling subsidiary and associated companies regarding the disclose of their financial position and results of operations, Disclosure of information and other acts of listed companies concerning connected transactions, Disclosure of information and other acts of listed companies concerning the acquisition and disposition of assets, or any important transactions, is consistent with the criteria of the Company. Some subsidiary and associated companies are securities companies. They have duty to disclose information as specified by law and the Company, subsidiary and associated companies have the staff to coordinate disclosure. Furthermore, Each Company has an Audit and Risk Management Committee or independent compliance officer to supervise or give opinions in order to comply with relevant laws. The person who is appointed to be a director of a subsidiary and/or associated companies has a duty to operate transparently the business for the best interest of these companies.

The Company has determined suitable internal control systems for subsidiaries companies and mechanisms to supervise its such as

1. In Shareholder meetings, the Company on behalf of the major shareholders has the right to vote on important agenda items such as increase or reductions of capital, Dissolution of subsidiary company etc.
2. In management terms, the Company determines the representative who is assigned as the director or the management of subsidiaries companies and who has the duty to report the results of operations

including any problems, ensuring the Board of Directors' meets at least every quarter or in the case of emergency. The Company will have a meeting for acknowledgement and approval or rectification of any problems.

The Company has entered into an agreement with Krungthai Bank Plc. to manage KTZMICO, an associated company. This agreement follows the transfer by the company of its operating assets and major staff to KTZMICO to protect the business from higher competition as a result of liberalization of the securities business. The Company has temporarily ceased its operation of its securities and derivative business to act in accordance with the agreement between the Company and KTB and both parties can appoint their representatives to be directors and management.

In 2016, the Board of directors had the role to supervise the operations of the Company in accordance with all laws and regulations. The Company did not fail to comply with the law.

5. SUPERVISION ON USING INSIDE INFORMATION

The Company has formulated policies and measures as specified in its Compliance Manual, as well as other Company procedures and other relevant rules to prevent the Company, its management and employees from using inside information arising from their duties for their own interests.

The various preventive policies and measures relating to inside information are as follows:

1. In reference to the Company's organization, each department is clearly divided according to its particular function. A secure entry system is used by all departments dealing with important and confidential information, such as Investment Banking, Research, Securities Trading, Debt Trading, Finance & Account, Risk Management, Operation and Information Technology.
2. Rules preventing conflicts of interest specify that employees shall perform their tasks in accordance with the Company's code and standard practices so as to avoid a probable conflict of interest, which can be monitored, as follows:
 - 2.1 According to Employee Trading Regulations, all employees shall open a trading account only with the Company. For transparency, fairness and appropriate compliance and internal control purposes, they shall disclose trading information of related persons who have a trading account with the Company or other brokers.
 - 2.2 In reference to Prohibited Trading in the Company's Securities regulation, Directors, Executive Management and Related Officers are prohibited from buying/selling securities of the Company using inside information arising from their duties which may significantly affect the price of the Company's securities from the end of an accounting period until the day after the announcement of financial statements to the public. Also, they must report changes in securities holding during Company Board meetings or disclose and certify that there is no conflict of interest when they consider transactions.

- 2.3 With respect to the monitoring of disclosure of the Company's conflicts of interest by management and marketing officers, marketing officers who have a conflict of interest are to disclose such information prior to soliciting or persuading customers to trade in such securities. Also, the Company must provide a disclaimer in its research papers to comply with SEC regulations.
- 2.4 Management and all officers of the company and its subsidiaries are prohibited from subscribing to securities in which the Company is the underwriter during the specified underwriting period.
3. A Watch List, Restricted List and Research List shall be prepared as a tool to review compliance among employees, the management, or the investment committee who are in possession of inside information arising from their duties. Before such information is disclosed to the public, these persons are not allowed to trade securities on the predetermined lists for a certain period, either for themselves, for others, or on behalf of the Company.

In May 2009, the Company transferred its securities and derivative businesses, including its assets and key staff to KT ZMICO according to the plan to develop the securities business between the Company and Krungthai Bank Plc. The Company obtained permission from the Securities and Exchange Commission Office (SEC) and the Stock Exchange of Thailand (SET) to temporary cease its securities and derivative businesses. As a result the company re-organized its organizational structure according to the new structure in order to have proper and efficient business management. As a result, the Good Corporate Governance, Internal control and the Measurement of the prevention of the use of inside information were adjusted accordingly. Under the new structure, the company has continuously maintained its major principals of good corporate governance.

The Compliance and Internal Audit department will report directly to the Audit Committee and shall exert its influence to ensure that the above policies and measures are carried out. In case the management or employees act in violation of the applicable policies and measures, they shall be subject to disciplinary action.

6. AUDITOR'S REMUNERATION

1. Audit fee

The Company and its two subsidiaries, Solaris Asset Management Co., Ltd. and Lumpini Asset Management Co., Ltd. paid audit fee to Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. for the year 2016 of Baht 850,000, 440,000 and 160,000 respectively.

2. Non-audit fee

-None-

7. OTHER CORPORATE GOVERNANCE

The Company as a securities company has complied with the laws and regulations and good corporate governance practices which improve its standards as follows

- 1) The Company applied for membership of the Compliance Club membership of the Association of Securities Company. The objective of this club is to promote the coordination of compliance officers to share information, knowledge, and review Rules and Regulations. Seminar are held between the members to increase the understanding of their work and to buildup good relationships between the member and Regulators.
- 2) The Company organizes for Compliance officers to take part in compliance seminars and courses which is in compliance with the SEC's regulation and take refresher course every 2 years after their first appointment.

CORPORATE SOCIAL RESPONSIBILITIES

Seamico Securities Public Company Limited was highly focused on corporate social responsibility throughout the year. The Company was engaged in developing local communities as well as showing great concerns for global environmental through CSR campaigns. Apart from providing a complete range of securities services to support customers in their everyday life and business, we also help strengthen local communities and the nation with various activities including supporting the economy, education, environment, society etc.

The Company and KT ZMICO Securities Company Limited together with an affiliated company had approached to develop and contributed to major development with variety aspects through different organization who are serving with particular areas in which details of activities are as following.

- **Economy & Business**

Sustaining economic development gives people the tools they need to help themselves, while also strengthening society. The company actively promotes balanced economic development through business training, education and the sharing of knowledge

- **Education**

Fostering a new generation of bright and ethical people is the best investment for the future, so learning and development has always been one of the key initiatives project. In 2016 the company has granted funds to the following organization;

1. Phradabos Foundation





Phradabos School's Academic Programme

2. CCF (Community Children Foundation) Under the Royal Patronage of HRH Princess Maha Chakri Sirindhorn

An organization that mobilizes social engagement in child and youth development to enable them to grow up to be qualified adults.



Examples of CCF's Home-based Food Security' program



Youth Leader Sufficient Economy Project, Sisaket. Sam received from CCF with local breeds of catfish.



The Happy Life of Miyu (a young Karen), Chiang Mai Her the family received support from CCF with local breeds of chicken and mushroom spawn bags

- Religion



Annual Merit and dhamma talk 2016.



Morning chanting and dhamma talk at Buddhadasa Indapanno Archives, Bangkok.



Songkran Day, a traditional way to celebrate with the executives.

- Employees

To provide our employees with a high quality of life, healthy lifestyle and fulfilling careers, Employees are encouraged to take part of any course of education to support their duty. Besides, the company promotes physical activities and sports among the employee. Sports can also use as a tool for healthy development and social development.



Singha Broker Cup



Broker Badminton Championship



SET-Broker Table Tennis Championship

- Social and Community

The company promotes the idea of social and community development, social care child protection and the disabilities.

1. SOS Children's Villages Thailand

An independent non-governmental social organisation that helps children without parental care and families living in difficult conditions.





SOS Children's Village, Bangpu Samutprakarn

2. Thai Environmental And Community Development Association
3. Empowerment of Persons with Disabilities by support in agricultural career in Chiangrai and Lampang.
4. Foundation for the Welfare of the Crippled. Pakkred, Nonthaburi



The Welfare of the Crippled Center



Sri Sangwan School

5. Support the distribution of southern langsat and jasmine rice directly with local farmer.



Langsat from 3 southern border provinces.



Jasmine rice from Ubon Ratchathani.



Jasmine rice from Phayao to support Phrabatnampu Temple, Saraburi and Foundation For Children, Nakhon Pathom.

6. Samui Hospital

7. Volunteers for Dad



8. Pidthong Foundation



INTERNAL CONTROL AND RISK MANAGEMENT

For 2016, the Audit and Risk Management Committee held 4 meetings with the management, the head of Accounting and Finance department, the head of Compliance and Internal Audit department, and the Company's external auditor including concerning management officers to review the quarterly and annual financial statements for 2016 and the disclosure of financial reports and notes to the financial reports, including regular discussions and recommendations concerning problems that might result in a violation of the applicable laws and regulations, as well as the sufficiency of the internal control system.

Based upon the information provided to us, the Audit and Risk Management Committee is of the opinion that the internal audit function, control system and risk management are satisfactory. We are unaware that significant laws and regulations have not been complied with in all material respects.

The Board of Directors is of the opinion that there is sufficiency and satisfaction in internal control system which could obtained reasonable assurance that the separate and consolidated financial statement of the company included the financial information stated in Annual Report for the year ended December 31, 2016 had presented fairly in all material respect, the financial position of the Company and its subsidiary.

RELATED PARTIES AND CONNECTED TRANSACTIONS

Related party and connected transactions of the Company mainly were the purchase/sale of goods or services transactions associated with the Company's businesses. The pricing and fee charged to related parties were the arm's length price applied in the normal course of business as disclosed in the table. The approvals of related party transactions were in compliance with rule and regulations of The SEC. As at 31 December 2016, the Company did not change policies or increase in related parties contracts.

1. Purchase / Sale of goods and/or services

Connected Party / Relationship	Description	Value (Baht Million)			Price / Fee	Notes
		2016	2015	2014		
1) Solaris Asset Management Co., Ltd. (Seamico's current subsidiary) Related by way of common director are Mr. Chaipatr Srivisanvacha and Mr. Pinit Puapan Related by way of the company's representative as common director is Mr. Chirayu Chueyarn	- Accrued private fund management fee expenses - Private Fund management fee - Office rental expense	0.03 0.31 -	0.03 0.58 -	0.03 0.45 0.12	- At the rate determined under the contract 0.2% of net asset value per year - At the rate determined under the contract Baht 62,025 per month since August 2013	The Company has holding of 100% in their equity The agreement was terminated from March 2014 onwards
2) Lumpini Asset Management Co., Ltd. (Seamico's current subsidiary) Related by way of common director is Mr. Chaipatr Srivisanvacha Related by way of the company's representative as common director are Mr. Chirayu Chueyarn Mr. Terapatr Mathanukraw	- Other receivable - Rental income	- 0.18	0.14 -	- -	- Actual receivable incurred - At the rate determined under the contract Baht 22,050 per month from May 2016 to January 2019	The Company has holding of 100% in their equity.

1. Purchase / Sale of goods and/or services (continued)

Connected Party / Relationship	Description	Value (Baht Million)			Price / Fee	Notes
		2016	2015	2014		
3) KT Zmico Securities Co., Ltd. (Seamico's current associated) Related by way of common director are Mr. Suthep Wongvorazathe Mr. Chaipatr Srivisaracha and Mr. Pinit Puapan	<ul style="list-style-type: none"> - Other payables - Cash balance for securities trading - Service expenses 	0.61 9.79 3.63	1.22 10.65 5.85	0.53 - 5.61	<ul style="list-style-type: none"> - Actual outstanding value of payables - Actual cash deposit - At the rate determined under the contract at rate of Baht 487,500 per month since June 2014 - At the rate of Baht 197,500 per month since January 2016 - At the rate of Baht 407,500 per month since July 2016 	The Company has holding of 49.71% in their equity
4) Thanh Cong Securities Joint Stock Company Related by way of common director is Mr. Chaipatr Srivisaracha	<ul style="list-style-type: none"> - Research fee income - Other fee expense - Other service expense - Commission expense for securities - Other receivable 	3.00 1.17 - 0.01 -	2.50 2.30 0.02 0.55 0.01	3.00 - - -	<ul style="list-style-type: none"> - At the rate determined under the contract - At the rate determined under the contract - Actual expense incurred - At the rate determined under the contract - Actual outstanding value of receivable 	The Company has holding of 18.88% in their equity.
5) Beacon Offshore Ltd. (Seamico's associated until December 13, 2016) Related by way of the company's representative as common director is Mr. Chirayu Chueyarn	- Interest income from Bill of Exchange	0.54	2.89	4.81	- At the interest rate of Bill of Exchange	The Company has holding of 18.70% in their equity, and Seamico sold all ordinary shares of Beacon offshore Ltd. on December 13, 2016
6) Phira Khanong Land Co., Ltd. (Seamico's joint control) Related by way of the company's representative as common director is Mr. Warot Wanankawit	- Interest income from Bill of Exchange	27.15	18.90	-	- At the interest rate of Bill of Exchange	

1. Purchase / Sale of goods and/or services (continued)

Connected Party / Relationship	Description	Value (Baht Million)			Price / Fee	Notes
		2016	2015	2014		
7) Related between Solaris Asset Management Co., Ltd. and KT Zmico Securities Co., Ltd. (Seamico's current subsidiary and associated)	<ul style="list-style-type: none"> - Rental income - Private Fund management fee - Selling agent fee expenses - Service fee expenses - Commission expense for securities trading 	-	0.37	0.31	<ul style="list-style-type: none"> - At the rate determined under the contract of Baht 30,525 per month since March 2014 - At the rate determined under the contract at 0.5% of net asset value per year - At the rate determined under the contract - At the rate determined under the contract of Baht 66,600 per month since June 2014 - At the rate determined under the contract 	Cancelled the agreement on January 1, 2016
		1.69	1.47	0.97		
		0.80	0.80	0.59		
		0.01	0.01	-		

2. Purchase / Sale assets and investments

Connected Party / Relationship	Description	Value (Baht Million)			Price / Fee	Notes
		2016	2015	2014		
1) Solaris Asset Management Co., Ltd. (Seamico's current subsidiary) Related by way of common director are Mr. Chaipatr Srivisarvacha and Mr. Pinit Puapan Related by way of the company's representative as common director is Mr. Chirayu Chueyarn	<ul style="list-style-type: none"> - Investment in common shares at the end of year - Increase investment in common shares - Investment in mutual fund managed by subsidiary - Withdrawal mutual fund managed by subsidiary - Investment value in private fund at the end of year - Investment in private fund managed by subsidiary - Withdrawal private fund managed by subsidiary 	98.83	86.89	50.06	<ul style="list-style-type: none"> - Investment portion 100% - In year 2014 amount 1.8 million shares at 5.5 Baht per share - At value of investment - At net asset value of the fund - At net asset value of the fund - At value of investment - At value of investment 	
		-	-	9.90		
		-	-	31.20		
		-	-	122.21		
		57.26	58.41	60.28		
		-	200.00	-		
		-	150.00	55.00		

2. Purchase / Sale assets and investments (continued)

Connected Party / Relationship	Description	Value (Baht Million)			Price / Fee	Notes
		2016	2015	2014		
2) Lumpini Asset Management Co., Ltd. (Seamico's current subsidiary) Related by way of common director is Mr. Chaipatr Srivisarvacha Related by way of the company's representative as common director are Mr. Chirayu Chueyem Mr. Terapatr Mathanukraw	- Investment in common shares at the end of year	25.00	25.00	-	- Investment portion at 100%	
3) KT Zmico Securities Co., Ltd. (Seamico's current associated) Related by way of common director are Mr. Suthep Wongvorazathe Mr. Chaipatr Srivisarvacha and Mr. Pinit Puapan	- Investment in common shares at the end of year	1,244.10	1,244.10	1,239.40	- Investment portion at 49.71% in year 2016 and 2015 - Investment portion at 49.64% in year 2014	
4) Thanh Cong Securities Joint Stock Company Related by way of common director is Mr. Chaipatr Srivisarvacha	- Investment in common shares at the end of year	104.80	101.96	92.60	- Total investment 6,796,500 shares at the price VND 11,500 per share	The Company has holding of 18.88% in their equity.
5) Evolution Capital Plc. Related by way of common director is Mr. Chaipatr Srivisarvacha	- Purchase interest in subsidiary (Solaris Asset Management Co., Ltd.)	-	-	6.75	- Total investment 4.55 million shares at the price Baht 1.487317 per share	Mr. Chaipatr Srivisarvacha resigned from director of Evolution Capital Plc. since July 31, 2012

2. Purchase / Sale assets and investments (continued)

Connected Party / Relationship	Description	Value (Baht Million)			Price / Fee	Notes
		2016	2015	2014		
6) Beacon Offshore Ltd. (Seamico's associated until December 13, 2016) Related by way of the company's representative as common director is Mr. Chirayu Chueyarn	- Investment in common shares at the end of year	-	-	60.00	- Total 2 million shares at Baht 30 per share	The Company has holding of 18.70% in their equity.
	- Investment in Bill of exchange	-	17.39	19.89	- At value of investment	and Seamico sold all
	- Invest in Bill of exchange	35.04	25.99	83.33	- At value of investment	Ordinary shares of
	- Withdrawal from Bill of exchange	52.77	23.85	64.00	- At value of investment	Beacon offshore on December 13, 2016
7) Pha Kanong Land Co., Ltd. (Seamico's joint control) Related by way of the company's representative as common director is Mr. Warot Wanankawit	- Outstanding of Investment in Bill of exchange at the end of year	-	479.64	-	- At value of investment	
	- Investment in preference shares	-	0.005	-	- Total 50 shares at Baht 100 per share	
	- Invest in Bill of Exchange	490.33	960.74	-	- At value of investment	
	- Withdrawal from Bill of exchange	996.28	500.00	-	- At value of investment	
8) KTZ Ruby Hill Securities Co., Ltd. (Invest by KT Zmico Securities Co., Ltd.) Representative from KT Zmico Securities Co., Ltd. as common director	- Advance payment for investment	53.49	-	-	- At value of investment	
9) Thai Food Group Plc. Related by way of common director is Mr. Chaipatr Srivisanvacha	- Investment in common shares at the end of year	265.58	58.05	-	- At value of investment	
	- Investment in warrents	16.24	-	-	- At value of investment	

3. Lending

Connected Party / Relationship	Description	Value (Baht Million)			Price / Fee	Notes
		2016	2015	2014		
	- No transaction -					

4. Management contracts or agreements to provide assistance

Connected Party / Relationship	Description	Value (Baht Million)			Price / Fee	Notes
		2016	2015	2014		
	- No transaction -					

Audit Committee's opinion with regard to related parties and connected transaction as of December 31, 2016

Related Parties and Connected Transaction	Audit Committee's Opinion
1. Purchase / Sale of goods and/or services	The transactions are reasonable at market rate or fair value.
2. Purchase / Sale of assets and investment	The transactions are reasonable at market rate or fair value.
3. Lending	- No transaction -
4. Management contracts or agreements to provide assistance	- No transaction -

Policy and Related Parties and Connected Transactions in the Future

The Company's policy relating to connected transactions is to follow the guidelines in accordance with the Securities and Exchange Commission. Any connected transactions shall be considered in terms of transparency, fairness and benefit to the company.

The Company operated only Investment Advisory Service by ceased other types of Securities business. The types of connected transactions are mostly investment in subsidiary and associated companies also investment in mutual fund and private fund managed by subsidiary which related to normal business activities. The groups of related parties are disclosed in the "Related Parties and Connected Transactions" table above.

MANAGEMENT DISCUSSION AND ANALYSIS

1. Overall operating results for the year ended December 31, 2016

Seamico Securities Public Company Limited (“The Company”) and its subsidiary incurred a net profit of Baht 227.02 million for the year ended December 31, 2016 compared with the net profit of Baht 59.62 million recorded last year. The increase in net profit of Baht 167.40 million are mainly from

Total income increased from gain on investment of Baht 28.29 million mainly from gain from investment in equity securities of Baht 39.67 million, gain from investment in debt securities of Baht 14.84 million whereas loss on sell from investment in Beacon offshore Co., Ltd. (“Beacon”) of Baht 26.22 million and share of profit from associated companies, KT ZMICO Securities Company Limited (“KT ZMICO”), increased of Baht 84.34 million. The Company recognized share loss of Beacon of Baht 13.89 million in 2015 but there were not recognized share loss in 2016. Interest and dividend income increased of Baht 8.99 million due to interest from Certificate of Deposit of Baht 2.83 million and dividend income from investment in securities of Baht 7.59 million and Other income decreased of Baht 25.53 million due to gain on sell land as asset held for sale of Baht 24.58 million in 2015.

Total expenses decreased of Baht 75.89 million which came from reversal impairment loss from securities of Baht 51.91 million whereas finance cost increased of Baht 4.33 million, fee and service expenses increased of Baht 2.32 million, personnel expenses increased of Baht 7.40 million, other expenses increased of Baht 2.00 million and income tax expenses increased of Baht 13.06 million. From the above mentioned reasons, the Company and its subsidiary generated net profit of Baht 227.02 million in 2016.

In 2016, KT ZMICO had a market share of 2.57 per cent in the equity market (SET & MAI excluding market share of proprietary trading) and was ranked No. 18 among securities companies. For derivatives market, KT ZMICO achieved 2.51 per cent market share and was ranked No. 13 in the derivative market.

Major Impact that affects the operations in 2016

After transferring the securities business, the Company’s operating results depend largely on the operating results of KT ZMICO. The main source of income of the Company’s financial statement is from share of profit of KT ZMICO under equity method which is equivalent to 49.71 per cent of issued and paid-up share capital of KT ZMICO. Moreover, other sources of income include gain on trading securities in the stock market, Investment in debts securities and direct investment, also interest and dividend income from investments in debt and equity securities for cash management in order to provide the Company with liquidity for day-to-day operations and fee and service income from private fund and mutual fund management of subsidiary (“Solaris”).

The Securities Industry and the Thai Market

In 2016, the SET trading volume rose from the year 2015.

- The SET Index closed at 1,543 points at the end of 2016 which increased by 20 per cent from the end of 2015 that closed at 1,288 points.
- The combined market capitalisation of the SET and MAI increased from Baht 12,606 billion at the end of 2015 to Baht 15,505 billion at the end of 2016, or an increase of 23 per cent.
- The overall average daily trading volume of the market (the SET and MAI) increased from Baht 44.30 billion in 2015 to Baht 52.52 billion in 2016, or an increase of 19 per cent.
- The overall average daily trading volume for derivatives contract of the derivatives market increased from Baht 199,749 contracts in 2015 to Baht 285,148 contracts in 2016, or an increase of 43 per cent.

Customer Base Expansions

- The customer base of KT ZMICO Securities Co., Ltd. ("KT ZMICO") increased by 4 per cent from year 2015 from increment of KTB's customer base by 18 per cent. KT ZMICO continuously rendering securities business services in CLMV. In 2016, KT ZMICO expanded securities business to Myanmar by entered into the joint venture agreement with Myanmar Ruby Hill Finance Company Limited, a finance company incorporated in the Republic of the Union of Myanmar, was consented to operate KTZ Ruby Hills Securities Co., Ltd ("KTzRH") which KT ZMICO was the only securities company from Thailand to win a brokering license in Myanmar from the Government of Myanmar ("GOM") and competed with one another on the basis of service. The company is being issued ahead of the launch of the Yangon Stock Exchange. KTzRH has started serving customers on March 25, 2016.
- As at December 31, 2016, Solaris Asset Management Co., Ltd, the subsidiary, there were 53 mutual funds and private funds under management with total net asset value of Baht 23,352 million.
- On December 1, 2015, the Company has established Lumpini Asset Management Co., Ltd, a subsidiary, which is to carry out the business of purchasing, 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.

Underwriting business

- KT ZMICO provides security underwriting business in which the Company is being an underwriter of many securities such as government bond, state enterprise bond, ordinary share, preference share, debenture, convertible debenture, and other financial debt securities. In 2016, KT ZMICO was being a selling agent and underwriter of 24 securities with the underwriting amount of Baht 4,938 million and recorded underwriting income of Baht 20.54 million decreased from year 2015 in which the Company underwrote 21 securities with the underwriting amount of Baht 7,390 million and recorded underwriting income of Baht 102.24 million.

Investment Activities

- The Company has an investment in KT ZMICO's ordinary shares at Baht 1,244.10 million with the 49.71 per cent shareholding interest in KT ZMICO.
- The Company has an investment in Thanh Cong Securities Joint Stock Company ("TCSC"), the securities company in Vietnam at Baht 156.02 million with the 18.88 per cent shareholding interest in TCSC which is the same as the previous year. In 2016, the Company reduced the allowance for impairment for investment in amounting to Baht 2.84 million. Thereby, as at December 31, 2016, the Company has recorded an allowance for impairment for such investment in sum of Baht 51.22 million and the book value investment was shown at Baht 104.80 million.
- The Company entered into an agreement with Soloris Asset Management Co., Ltd. which is subsidiary company. The subsidiary will manage the Company's fund. Under the agreement, the Company agreed to pay a management fee at the rate of 0.2 per cent per annum of the net asset value of the fund. As at December 31, 2016, the fund has net asset value at Baht 57.26 million.
- The Company has invested in ordinary shares of Advance Finance Public Company Limited amounting to Baht 160 million in which the Company has started to invest with 10 per cent shareholding.
- Furthermore, the Company invested in debt securities - bill of exchange and corporate bond in amounting to Baht 646.86 million and Baht 25.37 million, respectively. In addition, the company invested in equity securities - list securities amounting to Baht 168.28 million.

Local and International Awards and Recognitions

- The Company won an "Excellent" rating for the AGM 2016 assessed by the Thai Investors Association.
- The Company earned a "Very Good" rating for the Corporate Governance 2016 assessed by the Thai Institute of Director (IOD).

Financial Position

- Shareholders' equity of the Company and its subsidiary increased from Baht 2,335.76 million as at December 31, 2015 to Baht 2,674.65 million as at December 31, 2016. Shareholders' equity increased from the Company's profit in amount of Baht 227.02 million. And being decreased from payment of dividend of Baht 65.37 million and share of profit on other comprehensive income of associate include unrealized loss in available for sales investment increased of Baht 177.24 million.
- The Company was approved to temporary discontinue its Securities trading business and Derivatives trading business from the Office of the Securities and Exchange Commission (SEC), effective from May 1, 2009 to December 31, 2011. Subsequently, the Company was granted by the Stock Exchange of Thailand to extend the suspension period for securities and derivatives business operation until December 31, 2016 as the letter No. BorSorChor. 0020/2558 dated October 12, 2015.

On August 4, 2016, the Company was granted by The Stock Exchange of Thailand to extend the recommencing its securities brokerage business operation to December 31, 2017 according to the letter No. BorSorChor. 0005/2559. Therefore, the Company is not required to maintain its net liquid capital as define by the SEC as from May 1, 2009 onwards.

However, since May 2, 2013 the Company was approved to reactivate its investment advisory service according to its existing Securities trading business and Derivative trading business license from the SEC by which the Company is required to maintain its net liquid capital as according to the requirement of the Notification SEC No. Kor Thor 4/2557.

As at December 31, 2016, the Company is able to maintain its net liquid capital more than the condition.

- As at December 31, 2016, the Company has debts which are bills of exchange issued to general public with credit limit of Baht 1,500 million.

2. Operating Results

In 2016, the Company and its subsidiary recorded the total income of Baht 353.41 million, an increase of 42.02 per cent from the previous year.

(Million Baht)

	2016		2015	
	Amount	%	Amount	%
Fee and service income	103.54	29.30	108.94	43.78
Gain on investment	36.58	10.35	8.29	3.33
Share profit of associated company account for under equity method	187.80	53.14	89.57	36.00
Interest and dividend income	20.58	5.82	11.59	4.66
Gain on transfer of business to an associated company	0.06	0.02	0.06	0.02
Other income	4.85	1.37	30.39	12.21
Total income	353.41	100.00	248.84	100.00

(1) Security business income

1.1) Fee and Service Income

The Company and its subsidiary earned Baht 103.54 million of fee and service income in 2016 which came from fee and service income from private funds and mutual funds management. Fee and service income decreased of Baht 5.40 million from the previous year. Asset Under Management has decreased from Baht 28.24 billion to Baht 23.35 billion or 17.32 per cent.

1.2) Gain on Trading in Securities

In 2016, the Company has realized gain on securities trading of Baht 36.58 million which resulted from

- Gain on debt securities trading	Baht	68.89 million
- Loss on equity securities trading	Baht	32.31 million

1.3) Interest and dividend income

In 2016, the Company earned interest income of Baht 20.58 million from deposits at bank and financial institutions, investment in debt and dividend income from securities.

1.4) Share of profit of associated company

In 2016, the Company recognized share of profit of associated company (KT ZMICO) under equity method of Baht 187.80 million.

1.5) Gain on transfer of assets and business to associated company

On May 1, 2009, the Company transferred its business to KT ZMICO with the payment of Baht 500 million received from KT ZMICO. On May 4, 2009 the Company received up front payment of Baht 300 million. The remaining payment of Baht 200 million will be received within 3 years based on the operating results of KT ZMICO. 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.

At the date of assets transfer to KT ZMICO, the Company recognized gain on transfer of assets and business to KT ZMICO in separate financial statements of Baht 185 million. However, the Company recognized such gain on transfer of assets and business to KT ZMICO as income in the consolidated financial statement of Baht 94 million according to the shareholding percentage of the third parties in KT ZMICO at 50.55 per cent. The remaining amount of Baht 91 million was presented as “unrealized gain on transfer of assets to the associated company” in the consolidated statement of financial position.

The Company will realize such “unrealized gain on transfer of assets to the associated company” as income when the Company has lower percentage of shareholding in KT ZMICO or when KT ZMICO sells such transferred assets to the third parties.

In 2009 - 2012, the separate financial statements additionally recorded gain on transfer of assets and business to KT ZMICO of Baht 200 million. However, the Company recognized such gain on transfer of assets and business to associated company as income of Baht 101.10 million in the consolidated financial statement according to the shareholding percentage of the third parties in KT ZMICO at 50.55 per cent. The remaining amount of Baht 98.9 million was presented as “unrealized gain on transfer of assets to the associated company” in the consolidated statement of financial position.

In addition, KT ZMICO transferred assets to the third parties. Therefore, the Company reversed “unrealized gain on transfer of assets to the associated company” and recorded gain on transfer of assets and business to associated company of Baht 34.54 million.

During 2013 - 2016, KT ZMICO sold part of transferred assets to the third parties, therefore, the Company recorded “Unrealized gain on transfer of asset to the associated company” as gain on transfer assets and business to associated company in consolidated financial statement of Baht 7.76 million.

At the end of 2016, the total unrealized gain on transfer of assets to the associated company was Baht 148.34 million which is summarized in the table below.

(Million Baht)

	Gain on transfer of asset		Unrealized gain on Transfer of asset (Liabilities)
	Separated (Income)	Consolidated (Income)	
Recorded as at transferred date (May 2, 2009)	185.51	93.77	91.74
In 2009 - 2012			
Increased gain on transfer of business to KT ZMICO	200.00	101.10	98.90
KT ZMICO sold the transferred assets to the third party	-	34.54	(34.54)
In 2013 - 2016			
KT ZMICO sold the transferred assets to the third party	-	7.76	(7.76)
Balance as at December 31,2016			148.34

(2) Securities Business Expenses

In 2016, The Company had total expenses of Baht 116.52 million, a decrease of Baht 75.88 million or 39.44 per cent from previous year.

(Million Baht)

	2016		2015	
	Amount	%	Amount	%
Finance cost	23.46	20.13	19.13	9.94
Fees and services expenses	42.77	36.71	40.45	21.02
Operating expenses	98.15	84.23	88.27	45.88
Bad debts and doubtful debts	4.05	3.48	2.70	1.40
Impairment loss on securities (reversal)	(51.91)	(44.55)	41.85	21.76
Total expenses	116.52	100.00	192.40	100.00

2.1) Finance cost

Finance cost was interest expenses of bills of exchange which issued by the Company for borrowing with the interest rate 3.45 - 3.60 % per annum.

2.2) Fee and Service Expenses

In 2016, Fees and Service expenses were at Baht 42.77 million which mainly incurred from agent fees for selling unit trusts and annual fee for mutual fund management of subsidiary company.

2.3) Operating expenses

Major porting of operating expenses were personal expenses 51.40 per cent, premises and equipment expenses 11.51 per cent, consulting fee 10.28 per cent and other expenses 15.00 per cent. Total operating expenses increased of Baht 9.88 million or 11.19 per cent from previous year was resulted from personnel expenses increased of Baht 7.40 million due to bonus for staff and the annual increment of salary and other expenses increased of Baht 2.00 million due to loss on exchange rate.

2.4) Bad debts and doubtful debts

In 2016, the Company increased set up allowance for doubtful debts amounting to Baht 4.05 million due to the collateral value has decreased.

2.5) Impairment loss on securities (reversal)

The Company reversed impairment loss on investment of Beacon Offshore Ltd. amounting to Baht 51.21 million and Thanh Cong Securities Joint Stock Company amounting to Baht 2.84 million. However, the Company set up impairment loss on investment of general investment increased of Baht 2.14 million.

(3) Profit Margin

In 2016, the net profit margin increased from 23.96 per cent at the end of 2015 to 64.24 per cent at the end of 2016. This resulted from gain on investment in securities increased of Baht 28.29 million, share of profit of associated companies under equity method increased of Baht 98.23 million and interest and dividend income increased of Baht 8.99 million whereas finance cost increased of Baht 4.33 million, personnel expenses increased of Baht 7.40 million, other expenses increased of Baht 2.00 million and reversal impairment loss on securities of Baht 51.91 million.

(4) Return on Equity

Return on equity was 9.28 per cent in 2016 which increased from 2.49 per cent in 2015.

Overall operating results for the year ended December 31, 2015

Seamico Securities Public Company Limited (“The Company”) and its subsidiary incurred a net profit of Baht 59.62 million for the year ended December 31, 2015 compared with the net profit of Baht 158.14 million recorded last year. The decrease in net profit of Baht 98.52 million, was mainly from share of profit from associated companies, KT ZMICO Securities Company Limited (“KT ZMICO”), decreased by Baht 48.89 million and share of loss from Beacon Offshore Company Limited (“Beacon”) increased by Baht 6.15 million. Gain on investment decreased by Baht 28.92 million. However, the fee and service income recognized from the subsidiary “Solaris Assets Management Company Limited” (“Solaris”) in which the revenue has increased from Baht 56.29 million to Baht 108.94 million resulted in an increase by Baht 52.65 million because Solaris is able to manage mutual fund and private fund whereby the revenue has increased by 94 per cent. Furthermore, the Assets Under Managements have increased from Baht 16.30 billion to Baht 28.24 billion or 73 per cent. Additional, the Company has gain from sold assets classify as hold for sale of Baht 24.07 million.

Total expenses increased by Baht 89.80 million which came from finance cost of Baht 19.12 million, fee and service expenses from mutual fund selling agent of the subsidiary increased by Baht 19.47 million, personnel expenses increased by Baht 3.62 million and impairment loss on securities increased by Baht 40.19 million. From the above mentioned reasons, the Company and the subsidiaries generated net profit of Baht 59.62 million in 2015.

In 2015, KT ZMICO had a market share of 2.80 per cent in the equity market (SET & MAI excluding market share of proprietary trading) and was ranked No. 14 among securities companies. For derivatives market, KT ZMICO achieved 4.09 per cent market share and was ranked No. 9 in the derivative market.

Major Impact that affects the operations in 2015

After transferring the securities business, the Company’s operating results depend largely on the operating results of KT ZMICO. The main source of income of the Company’s financial statement is from share of profit of KT ZMICO under equity method which is equivalent to 49.71 per cent of issued and paid-up share capital of KT ZMICO. Moreover, other sources of income include gain on trading securities in the stock market, Investment in debts securities and direct investment, also interest and dividend income from investments in debt and equity securities for cash management in order to provide the Company with liquidity for day-to-day operations and fee and service income from private fund and mutual fund management of subsidiary (“Solaris”).

The Securities Industry and the Thai Market

In 2015, the SET trading volume decreased from the year 2014.

- The SET Index closed at 1,288.02 points at the end of 2015 which decreased by 14 per cent from the end of 2014 that closed at 1,497.67 points.
- The combined market capitalisation of the SET and MAI decreased from Baht 14,239 billion at the end of 2014 to Baht 12,606 billion at the end of 2015, or a decrease of 11 per cent.
- The overall average daily trading volume of the market (the SET and MAI) decreased from Baht 45.47 billion in 2014 to Baht 44.30 billion in 2015, or a decrease of 3 per cent.

- The overall average daily trading volume for derivatives contract of the derivatives market increased from Baht 147,025 contracts in 2014 to Baht 199,749 contracts in 2015, or an increase of 36 per cent.

Customer Base Expansions

- The customer base of KT ZMICO Securities Co., Ltd. increased by 6.06 per cent from 2014 from increment of KTB's customer base by 7.27 per cent from the prior year. In recent years, the Company opened 12 Cyber branches that were expand wholly of Krung Thai Bank branches throughout the country. In 2015, the securities business in foreign market of KT ZMICO grew strongly. The customers interested in investing in Laos and Vietnam market that trading volume has grew up nearly 4 times. KT ZMICO continuously rendering security business services in the group of countries around Mekong River Region. After the Company established BCEL-KT Securities Co., Ltd. in Laos in 2010, the Company entered into the joint venture agreement with MYANMAR RUBY HILL FINANCE COMPANY LIMITED, a finance company incorporated in the Republic of the Union of Myanmar, was consented to operate KTZ Ruby Hills Securities Co., Ltd in 2015 for seeking the new customer in the Republic of the Union of Myanmar.
- In 2015, Solaris Asset Management Co., Ltd, the subsidiary, launched 16 mutual funds, with approved fund size of Baht 35,427 million. As at the end of 2015, there were 68 mutual funds and private funds under management with total net asset value of Baht 28,239 million.
- On December 1, 2015, the Company has established Lumpini Asset Management Co., Ltd, a subsidiary, which is to carry out the business of purchasing, 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.

Underwriting business

- KT ZMICO provides security underwriting business in which the Company is being an underwriter of many securities such as government bond, state enterprise bond, ordinary share, preference share, debenture, convertible debenture, and other financial debt securities. In 2015, KT ZMIO was being a selling agent and underwriter of 21 securities with the underwriting amount of Baht 7,390 million and recorded underwriting income of Baht 102.24 million decreased from 2014 in which the Company underwrote 23 securities with the underwriting amount of Baht 9,053 million and recorded underwriting income of Baht 124.27 million.

Operating Results

During 2015, the Company and its subsidiary recorded the total income of Baht 248.84 million, a decrease of 5.85 per cent from the previous year.

(Million Baht)

	2015		2014	
	Amount	%	Amount	%
Fee and service income	108.94	43.78	56.29	22.10
Gain on investment	8.29	3.33	37.21	14.61
Share profit of associated company by equity method	89.57	36.00	144.61	56.78
Interest and dividend income	11.59	4.66	9.85	3.87
Gain on transfer of business to an associated company	0.06	0.02	1.73	0.68
Other income	30.39	12.21	5.00	1.96
Total income	248.84	100.00	254.69	100.00

(1) Security business income

1.1) Fee and Service Income

The Company and its subsidiary earned Baht 108.94 million of fee and service income in 2015 which came from fee and service income from private funds and mutual funds management. Fee and service income increased by Baht 52.65 million from the previous year resulted from fee and service income from Solaris by which the revenue increased by 94 per cent and Asset Under Management has increased from Baht 16.30 billion to Baht 28.24 billion or 73 per cent.

1.2) Gain on Trading in Securities

During 2015, the Company's realized gain on securities trading of Baht 8.29 million which resulted from;

- Gain on debt securities trading 54.34 million
- Loss on equity securities trading 46.05 million

1.3) Interest and dividend income

In 2015, the Company earned interest income of Baht 11.59 million from deposits at bank and financial institutions, investment in debt and dividend income from securities.

1.4) Share of profit of associated company

In 2015, the Company recognized share of profit of associated company (KT ZMICO) under equity method of Baht 103.46 million. In addition, the Company recognized share of loss from Beacon Offshore Company Limited under equity method of Baht 13.89 million.

1.5) Other income

In 2015, other income mainly from gain on sale the assets classified as held for sales which are land and condominium in amount of Baht 24.07 million.

(2) Securities Business Expenses

In 2015, The Company had total expenses of Baht 192.4 million, an increase of Baht 89.8 million or 88 per cent from previous year.

(Million Baht)

	2015		2014	
	Amount	%	Amount	%
Finance cost	19.13	9.94	0.01	0.01
Fees and services expenses	40.45	21.02	20.98	20.45
Bad debts and doubtful debts	88.27	45.88	82.66	80.56
Operating expenses	2.70	1.40	(2.70)	(2.63)
Impairment loss on securities (reversal)	41.85	21.76	1.66	1.61
Total expenses	192.40	100.00	102.61	100.00

2.1) Finance cost

Finance cost was interest expenses of bills of exchange which issued by the Company for borrowing with the interest rate 3.40 - 3.60 % per annum.

2.2) Fee and Service Expenses

In 2015, Fees and Service expenses were at Baht 40.45 million which mainly incurred from agent fees for selling unit trusts and annual fee for mutual fund management of subsidiary company.

2.3) Bad debts and doubtful debts

During 2015, the Company set up allowance for doubtful debts amounting to Baht 2.70 million due to the collateral value has decreased from the ended of 2014.

2.4) Impairment loss on securities (reversal)

The Company reversed impairment loss on investment of Thanh Cong Securities Company J.S.C. amounting to Baht 9.36 million. However, the Company set up impairment loss on investment of Beacon Offshore Ltd. amounting to Baht 51.21 million.

(3) Operating Expenses

Major portion of operating expenses were personnel expenses and consulting fees which accounted for 48 per cent and 12 per cent of total operating expenses respectively. Total operating expenses increased by Baht 5.6 million or 7 per cent from previous year was resulted from personnel expense increased by Baht 3.6 million, due to the annual increment of salary, advisory fee increased by Baht 1.7 million and other expenses increased by Baht 2.13 million.

(4) Profit Margin

In 2015, the net profit margin decreased from 62.09 per cent at the end of 2014 to 23.96 per cent at the end of 2015. This resulted from share of profit of associated companies under equity method decreased by Baht 55.04 million, finance cost increased by Baht 19.12 million, fee and service expenses increased by Baht 19.48 million, personnel expenses increased by Baht 3.62 million, advisory fee increased by Baht 1.70 million and impairment loss from investment increased by Baht 40.19 million.

(5) Return on Equity

Return on equity was 2.49 per cent in 2015 which decreased from 6.70 per cent in 2014.

Financial Position as at December 31, 2016

1. Assets

1.1 Component of Assets

As at December 31, 2016, the Company and its subsidiary had total assets of Baht 3,339.08 million by which 55.80 per cent was current assets and 44.20 per cent was non-current assets.

Major changes to assets were as follows:

Cash and Cash Equivalent

Cash and cash equivalents as at December 31, 2016 were Baht 376.37 million, a decrease of Baht 28.34 million, or 7.00 per cent from year 2015 (See details in 3.1 Cash Flow).

Cash at financial institution

Cash at financial institution was consist of the certificates of deposit in foreign institutions of Baht 50.36 million and local institutions of Baht 23.00 million of the subsidiary.

Investment in debt and equity

The Company and its subsidiary invested in debt securities - bill of exchange and corporate bond in amounting to Baht 696.55 million and Baht 25.37 million, respectively and invested in equity securities - list securities in amounting to Baht 176.13 million. In addition, the company invested in general investment amounting to Baht 353.66 million.

In 2016, the Company reversed allowance for loss on impairment for ordinary shares of Thanh Cong Securities Joint Stock Company ("TCSC") of Baht 2.84 million which resulting in book value of TCSC has increased to Baht 104.80 million from the original cost of Baht 156.02 million. In additions, the Company has entered into an agreement with Solaris Asset Management Co., Ltd., which is subsidiary company, to manage the Company's private fund. Total net asset value as at December 31, 2016 was Baht 57.26 million.

Investment in subsidiary company

Solaris Asset Management Co., Ltd.

As at December 31, 2016, the subsidiary company has issued and paid-up share capital of Baht 125.40 million for 22,800,000 ordinary shares with the par value of Baht 5.5 per share and the shareholding of the Company in subsidiary is 100%.

Lumpini Asset Management Co., Ltd

On February 27, 2015, the Board of Investment Committee's meeting passed the resolution to invest in ordinary shares of Lumpini Asset Management Co., Ltd. which is the Company's subsidiary. The subsidiary has issued and paid-up share capital of Baht 25 million for 2,500,000 ordinary shares with the par value of Baht 10 per share. As at December 31, 2016, the shareholding of the Company in subsidiary is 100%.

Investment in associated companies

KT ZMICO Securities Co., Ltd

On December 3, 2014, the Board of Investment Committee's meeting passed the resolution to buy additional investment in ordinary shares in KT ZMICO Securities Co., Ltd. which is the Company's associated company amounting 99,000 shares at Baht 19.18 each from the existing shareholder and on June 17, 2015, the Board of Investment Committee's meeting acknowledged an additional buyer investment in ordinary shares in KT ZMICO Securities Co., Ltd. amounting 170,000 shares at Baht 27.60 each from the existing shareholder. As a result, the shareholding in this associated company has increased from 49.64% to 49.71%.

Beacon Offshore Ltd.

On March 21, 2014, the Company entered into an investment agreement to purchase 2 million ordinary shares of Beacon Offshore Ltd., the share has par value of Baht 10 per share, totally in amount of Baht 60 million, which is 19.05% of total shares. Beacon is provides sale and service of safety and survival equipment for the marine and offshore industries. On March 25, 2015 the Board of Investment Committee's meeting passed the resolution to buy additional investment in ordinary shares in Beacon Offshore Ltd. which is the Company's associated company amounting 768,205 shares at Baht 13 each from Beacon's capital increase. As a result, the shareholding in this associated company has increased from 19.05% to 21.62%. However, on December 24, 2015, the extraordinary shareholders' meeting of the associated company has passed a special resolution to increase its share capital of Baht 2,000,000, from 12,806,000 ordinary shares to 14,806,000 ordinary shares with the par value of Baht 10 per share. The Company did not purchase the additional such shares increase. As a result, the shareholding in this associated company has decreased from 21.62% to 18.70% of issued and paid-up share capital of the associated company.

On December 31, 2015, the Company has fully reserved for impairment loss of investment in Beacon Offshore Ltd., in separate financial statement of Baht 69.99 million and in consolidated financial statement of Baht 51.21 million due to Beacon Offshore Ltd., has operating loss and is in the process of company restructuring.

On December 13, 2016, the Board of Investment Committee's meeting passed the resolution to sell in ordinary shares of Beacon Offshore Ltd., which is the Company's associated company. The Company transferred all 2,768,206 ordinary shares of Baht 8 per share, total amount Baht 22.15 million. The Company received payment from the buyer for the whole amount On December 14, 2016 in accordance with the conditions specified in the acquisition agreement

As at December 31, 2016, the Company had investment in associated companies comprising KT ZMICO Securities Co., Ltd with the shareholding interest of 49.71 per cent which the investment under cost method and equity method were Baht 1,244.10 million and Baht 1,377.16 million, respectively.

Securities Business Receivables

Securities business receivables as at December 31, 2016 were Baht 4.82 million consisted of securities business receivables for proprietary trading at Baht 4.82 million and Securities Business receivables under litigation at Baht 62.65 million with related deduction of allowance for doubtful account of Baht 62.65 million. However, The Company has already reserved full amount of provision for doubtful accounts as per the SEC guideline.

Building improvements and equipment - net

Building improvement and equipment - net as at December 31, 2016 decreased by Baht 3.12 million or 28.15 per cent from year 2015 because the Company purchase office equipment totalling Baht 0.69 million and the Company depreciated its assets amounting to Baht 3.82 million as according to their useful lives.

Other assets

Other assets as at December 31, 2016 were Baht 73.74 million increased of Baht 53.65 million from year 2015 mainly from advance payment for investment in Myanmar increased of Baht 53.49 million.

1.2 Quality of Assets

In the Financial statement, the Company recorded a revaluation adjustment of assets according to accounting standards and the SEC's rule. The major assets can be summarised as follows:

Investment

As at December 31, 2016, the Company had total investments of Baht 1,408.62 million from original cost was Baht 1,251.71 million or 42.19 per cent of total assets which the details are as follows :-

(Million Baht)

	As at December 31, 2016		As at December 31, 2015	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value
<u>Trading securities</u>				
Equity securities - List securities	99.24	90.27	103.43	91.22
Debt securities - Corporate bond	25.37	26.82	108.94	110.95
Debt securities - Bill of exchange	696.55	702.91	1,024.93	1,035.14
Total	821.16	820.00	1,237.30	1,237.31
<u>Add</u> Revaluation adjustments	(1.16)	-	0.01	-
Total trading securities - net	820.00	820.00	1,237.31	1,237.31
<u>Available-for-sale securities</u>				
Equity securities - List securities	76.89	288.33	76.89	61.60
<u>Less</u> Revaluation adjustments	211.44	-	(15.29)	-
Total available-for-sale securities - net	288.33	288.33	61.60	61.60

	As at December 31, 2016		As at December 31, 2015	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value
<u>General investments</u>				
Ordinary shares	353.53	300.16	330.03	275.96
Preference shares	0.13	0.13	0.13	0.13
Total	353.66	300.29	330.16	276.09
<u>Less</u> Allowance for impairment	(53.37)	-	(54.07)	-
Total general investments - net	300.29	300.29	276.09	276.09
Total investments - net	1,408.62	1,408.62	1,575.00	1,575.00

The Company has investments in Bill of Exchange issued by Phra Kanong Land Company Limited of Baht 500 million. The shareholders of such company made the agreement to pledge all of the company's ordinary shares as collateral. In addition, Phra Kanong Land Company Limited issued preferred shares to the Company, in which the preferred shares have the right to joint control with the ordinary shares to control assets of Phra Kanong Land Company Limited. As well as, the Company has representative as a director in Phra Kanong Land Company Limited and has joint control over the asset transactions.

After receiving the repayment on the Bill of Exchange, the Company has to terminate the pledge of the ordinary shares, transfer preferred shares back to Phra Kanong Land Company Limited and cancel the appointment of director in such company in order to ended of the arrangement.

On September 6, 2016, the Company already received the repayment on the Bill of Exchange, terminated the pledge of the ordinary shares, transfer preferred shares back to Phra Kanong Land Company Limited and cancelled the appointment of director. Therefore, the Company has no joint control over such company.

The proportions of investment as at December 31, 2016 are as follows;

Investment in listed securities	27	per cent
Investment in corporate bond and bill of exchange	52	per cent
Investment in general investment	21	per cent

Securities Business Receivables and Accrued Interest Receivables

The Company had total securities receivables and accrued interest receivables as at December 31, 2016 of Baht 67.47 million including securities business receivables for proprietary trading of Baht 4.82 million and the remaining amount of Baht 62.65 million is Securities Business receivables under litigation with allowance for doubtful debt of Baht 62.65 million, or 100 per cent of related loans. The Company's policy is to closely monitor all securities receivables and in cases where any client fails to settle a transaction, will engage in negotiations as the first step. If a settlement with a client cannot be negotiated or if a debtor refuses to settle a debt, legal steps will then be taken.

2. Liabilities

Other borrowings

As at December 31, 2016, the Company has other borrowings, as follows:

		As at December 31, 2016			
		Residual maturities			
<i>maturities</i>		Within 1 year	1 - 5 years	Over 5 years	Total
per annum (%)		Baht	Baht	Baht	Baht
Other borrowings					
Bill of exchange	3.45 - 3.60	467,778,822	-	-	467,778,822
Total other borrowings		467,778,822	-	-	467,778,822

		As at December 31, 2015			
		Residual maturities			
<i>maturities</i>		Within 1 year	1 - 5 years	Over 5 years	Total
per annum (%)		Baht	Baht	Baht	Baht
Other borrowings					
Bill of exchange	3.40 - 3.60	969,504,592	-	-	969,504,592
Total other borrowings		969,504,592	-	-	969,504,592

3. Liquidity

3.1 Cash Flow

Cash and cash equivalents as at December 31, 2016 were Baht 376.37 million which decreased from December 31, 2015 of Baht 28.34 million. The summary of cash-in flow and cash-out flow from various activities are shown in the following table.

(Million Baht)

Activities	December 31, 2016	December 31, 2015
Net cash from Operating Activities	415.60	(835.73)
Net cash from Investing Activities	146.66	105.16
Net cash from Financing Activities	(590.60)	832.67
Net increase (decrease) in Cash and Cash Equivalent	(28.34)	102.10

The Company has used cash in the activities below to generate greater income and facilitate liquidity.

Operating Activities

During 2016, cash from operating activities increased of Baht 415.60 million which came from the following transactions.

Cash increased from

- Deposit at financial institution decreased of Baht 4.27 million.
- Investment in trading securities decreased of Baht 416.14 million.
- Securities business receivables decreased of Baht 2.70 million.
- Accrued expenses increased of Baht 6.92 million.
- Operating activities increased of Baht 43.79 million.

Cash decreased from

- Other assets increased of Baht 51.04 million.
- Securities business payable decreased of Baht 4.37 million.
- Other liabilities decreased of Baht 2.81 million.

Investing Activities

During 2016, cash from investing activities increased of Baht 146.66 million.

Cash increased from

- Cash received for sell of investment in associate of Baht 22.15 million.
- Cash received from interest and dividend from investments in securities of Baht 11.04 million.
- Cash received from dividend from associate (KT ZMICO Securities Co., Ltd) of Baht 137.82 million.

Cash decreased from

- Cash paid for purchase of general investment of Baht 23.50 million.
- Cash paid for purchase of equipment and intangible assets of Baht 0.85 million.

Financing Activities

During 2016, cash from financing activities decreased of Baht 590.60 million due to dividend payment to shareholders of Baht 65.37 million, paid on liabilities under finance lease agreement of Baht 0.05 million and the net borrowing by issued bills of exchange of Baht 525.18 million.

3.2 Significant Liquidity Ratios

The Company had enough liquidity as indicated by the liquidity ratios in the table below.

	2016	2015
Liquid Assets to Total Assets Ratio (%)	46.66	50.88
Net Liquid Capital Ratio (NCR) (%)	N/A	N/A

Since May 1, 2009, The Company was approved to temporary cease its operation on securities and derivatives business from the Securities and Exchange Commission, therefore the Company is not required to maintain its net liquid capital.

4. Capital expenditure

Capital expenditure on investment

See topic “Investment in Securities” under Financial Position 1. Assets and “Investing Activities” under Liquidity 3.1 Cash Flow.

5. Sources of Capital

5.1 Adequacy of Capital Structure

The debt to equity ratio as at December 31, 2016 and 2015 were 0.25 times and 0.50 times, respectively.

5.2 Shareholders' equity

As at December 31, 2016, shareholders' equity amounting to Baht 2,674.65 million, an increase of Baht 338.89 million, or 14.51 per cent from December 31, 2015. The shareholders' equity increased from net profit for the year ended December 31, 2016 of Baht 227.02 million. Shareholders' equity increased from surplus on re-measuring available-for-sale investments of Baht 181.37 million whereas decreased from share of other comprehensive loss of an associated company decreased of Baht 4.13 million and dividend payment of Baht 65.37 million.

5.3 Liabilities

The Company has debts which are bills of exchange issued to general public with credit limit of Baht 1,500 million.

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
SEAMICO SECURITIES PUBLIC COMPANY LIMITED**

Opinion

We have audited the consolidated financial statements of Seamico Securities Public Company Limited and its subsidiary (the “Group”) and the separate financial statements of Seamico Securities Public Company Limited (the “Company”), which comprise the consolidated and separate statements of financial position as at December 31, 2016, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Seamico Securities Public Company Limited and its subsidiaries and of Seamico Securities Public Company Limited as at December 31, 2016, and financial performance and cash flows for the year 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 Consolidated and separate Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants determined by Federation of Accounting Professions under the Royal Patronage of his Majesty the King (the Code of Ethics) in the part of relevance to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit Matters

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

Key Audit Matters	Key Audit Procedures
<p>Impairment of investment</p> <p>Investments consist of investments in trading securities, investments in available for sale securities, general investments and investments in subsidiary and associated companies. The Group's managements have to consider the impairment indicators and estimate the impairment provision of those investments. The consideration is depended on the management judgement and key assumptions. Therefore, the key audit matter is whether the valuation of investment and the impairment have been recognized in accordance with Thai Financial Reporting Standards.</p> <p>The accounting policies of investments in debt and equity securities and investments in subsidiary and associated companies and the details of investments in debt and equity securities and investments in subsidiary and associated companies were disclosed in Note 4.5 Note 4.6 Note 8 and Note 9 to the financial statements respectively.</p>	<p>Key audit procedures include:</p> <ul style="list-style-type: none"> - Understanding the impairment consideration process and internal control procedures relating to the consideration of impairment of investments - Reviewing the design and implementation of the internal control procedures - Performing the operating effectiveness testing over the internal control procedures around impairment consideration process - Perform substantive testing as follows: <ul style="list-style-type: none"> - Examination the supporting documents in relation to the management consideration of impairment indicators for investments - Assessing the appropriateness of the valuation model and key assumptions the management used in the estimation of the impairment provision for investment

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Group.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

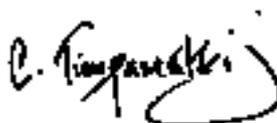
As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group'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 Group'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 consolidated and the separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



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

BANGKOK
February 24, 2017

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

Statement of Financial Position

Seamico Securities Public Company Limited and its Subsidiary

as at December 31, 2016

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2016	2015	2016	2015
ASSETS					
Cash and cash equivalents	5	376,365,581	404,702,084	348,668,156	343,844,697
Deposits at financial institutions		73,356,186	77,631,063	50,356,186	52,074,041
Securities business receivables - net	6	4,821,854	11,570,101	4,821,854	11,570,101
Investments - net	8.1	1,408,622,024	1,575,003,123	1,350,911,871	1,571,572,623
Investments in subsidiary and associated companies - net	9	1,377,157,471	1,328,467,230	1,367,927,806	1,355,983,905
Building improvements and equipment - net	10	7,969,716	11,092,002	5,883,032	8,046,649
Intangible assets - net	11	4,830,167	4,723,485	3,320,549	3,320,549
Deferred tax assets - net	12	11,526,626	66,746,633	-	29,285,053
Assets classified as held for sale - net		688,014	688,014	688,014	688,014
Other assets	13	73,741,535	20,091,065	57,829,118	5,537,902
TOTAL ASSETS		3,339,079,174	3,500,714,800	3,190,406,586	3,381,923,534

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

Statement of Financial Position (continued)

Seamico Securities Public Company Limited and its Subsidiary

as at December 31, 2016

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2016	2015	2016	2015
LIABILITIES AND OWNERS' EQUITY					
LIABILITIES					
Securities business payable - net		4,125,256	8,493,954	4,125,256	8,493,954
Accrued expenses		20,992,268	14,069,643	14,268,110	7,017,293
Unrealized gain on transfer of business to an associated company	33	148,338,009	148,395,063	-	-
Other borrowing	14	467,778,822	969,504,592	467,778,822	969,504,592
Employment benefits obligation	15	7,904,644	6,342,043	5,950,313	4,938,716
Deferred tax liabilities - net	12	-	-	17,082,196	-
Other liabilities	16	15,286,798	18,148,431	13,565,172	14,698,140
Total liabilities		<u>664,425,797</u>	<u>1,164,953,726</u>	<u>522,769,869</u>	<u>1,004,652,695</u>
OWNERS' EQUITY					
Share capital					
Authorized share capital					
1,883,929,172 ordinary shares of Baht 0.50 each		<u>941,964,586</u>	<u>941,964,586</u>	<u>941,964,586</u>	<u>941,964,586</u>
Issued and paid-up share capital					
1,307,736,926 ordinary shares of Baht 0.50 each, fully paid	17	653,868,463	653,868,463	653,868,463	653,868,463
Premium on share capital	20	1,496,406,747	1,496,406,747	1,496,406,747	1,496,406,747

Statement of Financial Position (continued)

Seamico Securities Public Company Limited and its Subsidiary

as at December 31, 2016

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2016	2015	2016	2015
LIABILITIES AND OWNERS' EQUITY					
(CONTINUED)					
Other components of equity		166,130,269	(11,110,995)	175,028,622	(6,347,606)
Retained earnings					
Appropriated					
Statutory reserve	21	108,383,352	108,383,352	108,383,352	108,383,352
Unappropriated		254,424,618	92,773,579	233,949,533	124,959,883
Difference arising on disposal of partial interest					
in subsidiary		(4,560,072)	(4,560,072)	-	-
Total owners' equity		<u>2,674,653,377</u>	<u>2,335,761,074</u>	<u>2,667,636,717</u>	<u>2,377,270,839</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u><u>3,339,079,174</u></u>	<u><u>3,500,714,800</u></u>	<u><u>3,190,406,586</u></u>	<u><u>3,381,923,534</u></u>

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

Statement of Profit or Loss and Other Comprehensive Income

Seamico Securities Public Company Limited and its Subsidiary

for the year ended December 31, 2016

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2016	2015	2016	2015
REVENUES					
Fee and service income	22	103,540,961	108,943,373	-	-
Gain on investments	8.2	36,581,389	8,292,537	14,414,807	8,664,330
Share of profit of associated company accounted for under equity method		187,800,782	89,572,456	-	-
Interest and dividend income		20,577,914	11,590,171	156,925,258	227,108,986
Gain on transfer of business to an associated company	33	57,054	56,897	-	-
Other income		4,856,429	30,385,709	5,032,823	30,008,574
Total revenues		353,414,529	248,841,143	176,372,888	265,781,890
EXPENSES					
Finance cost		23,460,642	19,130,925	23,460,642	19,130,925
Fee and service expenses	23	42,773,115	40,454,446	324,291	648,117
Operating expenses					
Personnel expenses		50,442,856	43,040,235	24,195,777	18,631,649
Premises and equipment expenses		11,293,026	10,847,612	6,192,708	6,066,827
Directors' remuneration	24	8,885,000	7,994,550	6,600,000	6,139,550
Consulting fee		10,088,997	10,705,492	8,003,302	8,610,176
Communication and information expenses		2,710,629	2,960,832	1,216,831	1,244,056
Other expenses	25	14,726,066	12,725,803	9,581,737	8,149,721
Bad debts and doubtful accounts		4,047,260	2,698,173	4,047,260	2,698,173
Impairment loss on securities (reversal)	27	(51,908,970)	41,846,758	(82,631,421)	23,801,203
Total expenses		116,518,621	192,404,826	991,127	95,120,397
INCOME BEFORE INCOME TAX		236,895,908	56,436,317	175,381,761	170,661,493
INCOME TAX - (EXPENSES) INCOME	28	(9,875,951)	3,188,233	(1,023,193)	(2,862,034)
NET INCOME		227,019,957	59,624,550	174,358,568	167,799,459

Statement of Profit or Loss and Other Comprehensive Income (continued)

Seamico Securities Public Company Limited and its Subsidiary

for the year ended December 31, 2016

		BAHT			
	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2016	2015	2016	2015
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
Share of loss on other comprehensive income					
of associates		(4,134,964)	(7,719,412)	-	-
Remeasurement of defined benefit obligation		-	(370,542)	-	(532,193)
Share of loss on remeasurement of defined benefit					
obligation of an associated company		-	(222,663)	-	-
Income tax relating to items that will not be reclassified					
subsequently		-	(32,330)	-	-
Items that will be reclassified subsequently to profit or loss					
Changes in fair value of available-for-sale securities	8.4	226,720,284	(7,934,507)	226,720,284	(7,934,507)
Income tax relating to items that will be reclassified					
subsequently	8.4	(45,344,056)	1,586,901	(45,344,056)	1,586,901
Other comprehensive income (loss) for the period,					
net of income tax		177,241,264	(14,692,553)	181,376,228	(6,879,799)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		404,261,221	44,931,997	355,734,796	160,919,660
EARNINGS PER SHARE					
BASIC EARNINGS PER SHARE	BAHT	0.174	0.046	0.133	0.128
WEIGHTED AVERAGE					
NUMBER OF ORDINARY SHARES	SHARES	1,307,736,926	1,307,736,926	1,307,736,926	1,307,736,926

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

Statement of Changes in Owner's Equity

Seamico Securities Public Company Limited and its Subsidiary

for the year ended December 31, 2016

BAHT

CONSOLIDATED FINANCIAL STATEMENTS

Notes	Issued and paid-up share capital	Premium on share capital	Surplus (deficit) on re-measuring available-for-sale investments	Other components of equity	Appropriated retained earnings	Unappropriated retained earnings (deficit)	Difference arising on disposal of partial interest in subsidiary	Total owners' equity
				Share of other comprehensive income (loss) of an associated company	Statutory reserve			
Balance as at January 1, 2015	653,868,463	1,496,406,747	-	2,956,023	108,383,352	151,430,939	(4,560,072)	2,408,885,452
Total comprehensive income	-	-	(6,347,606)	(7,719,412)	-	58,999,015	-	44,931,997
Dividend	-	-	-	-	-	(117,656,375)	-	(117,656,375)
Ending balance as at December 31, 2015	653,868,463	1,496,406,747	(6,347,606)	(4,763,389)	108,383,352	92,773,579	(4,560,072)	2,335,761,074
Balance as at January 1, 2016	653,868,463	1,496,406,747	(6,347,606)	(4,763,389)	108,383,352	92,773,579	(4,560,072)	2,335,761,074
Total comprehensive income	-	-	181,376,228	(4,134,964)	-	227,019,957	-	404,261,221
Dividend	-	-	-	-	-	(65,368,918)	-	(65,368,918)
Ending balance as at December 31, 2016	653,868,463	1,496,406,747	175,028,022	(8,898,353)	108,383,352	254,424,618	(4,560,072)	2,674,653,377

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

Statement of Changes in Owner's Equity (continued)

Seamco Securities Public Company Limited and its Subsidiary

for the year ended December 31, 2016

	Notes	SEPARATE FINANCIAL STATEMENTS					BAHT
		Issued and paid-up share capital	Premium on share capital	Other components of equity Surplus (deficit) on re-measuring available-for-sale investments	Appropriated retained earnings Statutory reserve	Unappropriated retained earnings	
Balance as at January 1, 2015		653,868,463	1,496,406,747	-	108,383,352	75,348,992	2,334,007,554
Total comprehensive income		-	-	(6,347,606)	-	167,267,266	160,919,660
Dividend	18	-	-	-	-	(117,656,375)	(117,656,375)
Ending balance as at December 31, 2015		653,868,463	1,496,406,747	(6,347,606)	108,383,352	124,959,883	2,377,270,839
Balance as at January 1, 2016		653,868,463	1,496,406,747	(6,347,606)	108,383,352	124,959,883	2,377,270,839
Total comprehensive income		-	-	181,376,228	-	174,358,568	355,734,796
Dividend	18	-	-	-	-	(65,368,918)	(65,368,918)
Ending balance as at December 31, 2016		653,868,463	1,496,406,747	175,028,622	108,383,352	233,949,533	2,667,636,717

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

Statement of Cash Flow

Seamico Securities Public Company Limited and its Subsidiary

as at December 31, 2016

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2016	2015	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES					
Income before income tax		236,895,908	56,436,317	175,381,761	170,661,493
Adjustments					
Depreciation and amortization		3,861,058	3,140,895	2,444,881	2,162,142
Gain on disposal of assets classified as held for sale		-	(24,067,045)	-	(24,067,045)
Bad debt and doubtful accounts		4,047,260	2,698,173	4,047,260	2,698,173
Unrealized loss on re-measuring trading investments		1,165,965	7,261,360	1,711,862	6,889,567
Impairment loss (reversal) from equity securities		(700,855)	(9,361,357)	(700,855)	(9,361,357)
Impairment loss (reversal) from investment in subsidiary		-	-	(11,943,901)	(36,824,105)
Impairment loss (reversal) from investment in associate		(51,208,115)	51,208,115	(69,986,665)	69,986,665
Loss on sell from investment in associate		26,220,332	-	47,841,017	-
Share of profit of an associated company accounted for under equity method		(187,800,782)	(89,572,456)	-	-
Gain on transfer of business to an associated company		(57,054)	(56,897)	-	-
Finance cost		23,460,642	19,130,925	23,460,642	19,130,925
Interest and dividend income		(20,577,914)	(11,590,171)	(156,925,258)	(227,108,986)
Employee benefit expenses		1,562,601	1,319,511	1,011,597	921,420
Cash received from interest		10,225,553	6,125,829	8,996,189	5,517,552
Cash paid for income tax		(3,301,407)	(5,307,900)	(115,329)	(5,307,900)
Gain (loss) from operating before changes in operating assets and liabilities		43,793,192	7,365,299	25,223,201	(24,701,456)
(Increase) decrease in operating assets					
Deposit at financial institutions		4,274,877	(15,437,845)	1,717,855	(1,918,220)
Investments in trading securities		416,139,271	(831,719,873)	469,873,028	(827,917,580)
Securities business receivables		2,700,987	(4,165,897)	2,700,987	(4,165,897)
Other assets		(51,043,247)	5,791,910	(52,734,817)	3,327,944
Increase (decrease) in operating liabilities					
Securities business payable		(4,368,698)	4,068,179	(4,368,698)	4,068,179
Accrued expenses		6,922,625	959,323	7,250,817	(3,220,769)
Other liabilities		(2,814,532)	(2,593,214)	(1,085,866)	1,072,425
Net cash from operating activities		415,604,475	(835,732,118)	448,576,507	(853,455,374)

Statement of Cash Flow (continued)

Seamico Securities Public Company Limited and its Subsidiary

as at December 31, 2016

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2016	2015	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash paid for purchase of investments		(23,503,000)	(173,214,400)	(23,503,000)	(173,214,400)
Cash paid for purchase available for sale securities		-	(69,541,635)	-	(69,541,635)
Cash paid for purchase of investment in subsidiary		-	-	-	(25,000,000)
Cash paid for purchase of investment in associates		-	(14,678,665)	-	(14,678,665)
Cash received for sell of investment in associate		22,145,648	-	22,145,648	-
Cash paid for acquisition of equipment		(693,204)	(4,650,195)	(281,264)	(1,966,400)
Cash paid for acquisition of intangible assets		(152,250)	(71,800)	-	-
Proceeds from sale of assets classified as held for sale		-	146,623,581	-	146,623,581
Proceeds from interest and dividend					
from investments in securities		11,046,548	4,491,243	10,670,288	4,480,243
Cash received from dividend of an associated company	9	137,817,712	216,199,688	137,817,712	216,199,688
Net cash from investing activities		<u>146,661,454</u>	<u>105,157,817</u>	<u>146,849,384</u>	<u>82,902,412</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash paid on liabilities under finance lease agreements		(51,360)	(51,360)	(51,360)	(51,360)
Cash received from other borrowings		999,817,846	2,010,381,656	999,817,846	2,010,381,656
Cash paid for other borrowings		(1,525,000,000)	(1,060,000,000)	(1,525,000,000)	(1,060,000,000)
Cash paid for dividend		(65,368,918)	(117,656,375)	(65,368,918)	(117,656,375)
Net cash from financing activities		<u>(590,602,432)</u>	<u>832,673,921</u>	<u>(590,602,432)</u>	<u>832,673,921</u>
Net increase (decrease) in cash and cash equivalents		(28,336,503)	102,099,620	4,823,459	62,120,959
Cash and cash equivalents as at January 1,		404,702,084	302,602,464	343,844,697	281,723,738
Cash and cash equivalents as at December 31,	5	<u><u>376,365,581</u></u>	<u><u>404,702,084</u></u>	<u><u>348,668,156</u></u>	<u><u>343,844,697</u></u>
Non-cash items					
Increase (Decrease) in surplus on re-measuring available-for-sale investments (net of tax)		175,028,622	(6,347,606)	175,028,622	(6,347,606)

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

Notes to the Financial Statements

Seamico Securities Public Company Limited and its Subsidiary

for the year ended December 31, 2016

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

The Company has subsidiaries as follows:

1. Solaris 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.

As at December 31, 2016 and 2015, the Company has one head office.

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 onward.

Moreover, the Company was granted by The Stock Exchange of Thailand to extend the recommencing its securities brokerage business operation to December 31, 2016 according to the letter No. BorSorChor.0020/2558 dated October 12, 2015.

On August 4, 2016, the Company was granted by The Stock Exchange of Thailand to extend the recommencing its securities brokerage business operation to December 31, 2017 according to the letter No. BorSorChor.0005/2559.

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

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

2.1 The Company prepares its financial statements in conformity with Thai Financial Reporting Standards and practices generally accepted in Thailand, where the format of financial statements is based on Thai Accounting Standard No. 1 (Revised 2015) “Presentation of Financial Statements”, and also the Notification of the Office of the Securities and Exchange Commission (“SEC”) No. SorTor/Kor/Nor. 53/2553, dated December 15, 2010, regarding “The Form of Financial Statements for Securities Companies”.

2.2 The consolidated financial statements for the years ended December 31, 2016 and 2015 include the accounts of the Company, Solaris Asset Management Co., Ltd., and Lumpini Asset Management Co., Ltd. which for the years ended December 31, 2016 and 2015, the Company has a holding of 100% in Solaris Asset Management Co., Ltd. and Lumpini Asset Management Co., Ltd in their equity of both subsidiaries. Significant transactions and balances between the Company and the subsidiaries have been eliminated.

Additionally, the consolidated financial statements for the year ended December 31, 2016 included interest in an associated company’s equity which is determined from the financial statements of KT ZMICO Securities Co., Ltd. and for the year ended December 31, 2015 also included interest in an associated company’s equity which is determined from the financial statements of KT ZMICO Securities Co., Ltd. and Beacon Offshore Limited.

In addition, the Company has investments in Bill of Exchange issued by Phra Kanong Land Company Limited of Baht 500 million. The shareholders of such company made the agreement to pledge all of the company's ordinary shares as collateral. In addition, Phra Kanong Land Company Limited issued preferred shares to the Company, in which the preferred shares have the right to joint control with the ordinary shares to control assets of Phra Kanong Land Company Limited. As well as, the Company has representative as a director in Phra Kanong Land Company Limited and has joint control over the asset transactions.

After receiving the repayment on the Bill of Exchange, the Company has to terminate the pledge of the ordinary shares, transfer preferred shares back to Phra Kanong Land Company Limited and cancel the appointment of director in such company in order to ended of the arrangement.

On September 6, 2016, the Company already received the repayment on the Bill of Exchange, terminated the pledge of the ordinary shares, transfer preferred shares back to Phra Kanong Land Company Limited and cancelled the appointment of director. Therefore, the Company has no joint control over such company.

- 2.3 The preparation of financial statements in conformity with Thai Financial Reporting Standards also 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. NEW THAI FINANCIAL REPORTING STANDARDS

Summary of new Thai Financial Reporting Standards that became effective in the current accounting year and those that will become effective in the future.

3.1 Adoption of new and revised Thai Financial Reporting Standards

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards ("TFRSs") which are effective for the financial statements for the period beginning on or after January 1, 2016 onwards, as follow:

Thai Accounting Standards ("TAS")

TAS 1 (Revised 2015)	Presentation of Financial Statements
TAS 2 (Revised 2015)	Inventories
TAS 7 (Revised 2015)	Statement of Cash Flows
TAS 8 (Revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2015)	Events after the Reporting Period
TAS 11 (Revised 2015)	Construction Contracts
TAS 12 (Revised 2015)	Income Taxes
TAS 16 (Revised 2015)	Property, Plant and Equipment
TAS 17 (Revised 2015)	Leases
TAS 18 (Revised 2015)	Revenue
TAS 19 (Revised 2015)	Employee Benefits
TAS 20 (Revised 2015)	Accounting for Government Grants and Disclosure of Government Assistance

Thai Accounting Standards (“TAS”) (continued)

TAS 21 (Revised 2015)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2015)	Borrowing Costs
TAS 24 (Revised 2015)	Related Party Disclosures
TAS 26 (Revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2015)	Separate Financial Statements
TAS 28 (Revised 2015)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2015)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2015)	Earnings per Share
TAS 34 (Revised 2015)	Interim Financial Reporting
TAS 36 (Revised 2015)	Impairment of Assets
TAS 37 (Revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2015)	Intangible Assets
TAS 40 (Revised 2015)	Investment Property
TAS 41	Agriculture

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2015)	Share-based Payment
TFRS 3 (Revised 2015)	Business Combinations
TFRS 4 (Revised 2015)	Insurance Contracts
TFRS 5 (Revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2015)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2015)	Operating Segments
TFRS 10 (Revised 2015)	Consolidated Financial Statements
TFRS 11 (Revised 2015)	Joint Arrangements
TFRS 12 (Revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2015)	Fair Value Measurement

Thai Accounting Standards Interpretations (“TSIC”)

TSIC 10 (Revised 2015)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2015)	Operating Leases - Incentives
TSIC 25 (Revised 2015)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2015)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (Revised 2015)	Service Concession Arrangements : Disclosures
TSIC 31 (Revised 2015)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2015)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 1 (Revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2015)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2015)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2015)	Applying the Restatement Approach under TAS 29 (Revised 2015) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2015)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2015)	Service Concession Arrangements
TFRIC 13 (Revised 2015)	Customer Loyalty Programmes
TFRIC 14 (Revised 2015)	TAS 19 (Revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2015)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2015)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2015)	Transfers of Assets from Customers
TFRIC 20 (Revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21	Levies

Guideline on Accounting

Guideline on Accounting regarding Recognition and Measurement of Bearer Plants

Guideline on Accounting for Insurance Business regarding Designation of Financial Instruments at Fair Value through Profit or Loss

The adoption of above TFRSs have no material impact on these 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 Notifications regarding Thai Financial Reporting Standards (“TFRSs”) which are effective for the financial statements for the period beginning on or after January 1, 2017 onwards, as follow:

Thai Accounting Standards (“TAS”)

TAS 1 (Revised 2016)	Presentation of Financial Statements
TAS 2 (Revised 2016)	Inventories
TAS 7 (Revised 2016)	Statement of Cash Flows
TAS 8 (Revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2016)	Events after the Reporting Period
TAS 11 (Revised 2016)	Construction Contracts
TAS 12 (Revised 2016)	Income taxes
TAS 16 (Revised 2016)	Property, Plant and Equipment
TAS 17 (Revised 2016)	Leases
TAS 18 (Revised 2016)	Revenue
TAS 19 (Revised 2016)	Employee Benefits
TAS 20 (Revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (Revised 2016)	Borrowing Costs
TAS 24 (Revised 2016)	Related Party Disclosures
TAS 26 (Revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2016)	Separate Financial Statements
TAS 28 (Revised 2016)	Investment in Associates and Joint Ventures
TAS 29 (Revised 2016)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2016)	Earnings Per Share
TAS 34 (Revised 2016)	Interim Financial Reporting
TAS 36 (Revised 2016)	Impairment of Assets
TAS 37 (Revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2016)	Intangible Assets
TAS 40 (Revised 2016)	Investment Property
TAS 41 (Revised 2016)	Agriculture
TAS 104 (Revised 2016)	Accounting for Troubled Debt Restructuring
TAS 105 (Revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (Revised 2016)	Financial Instruments Disclosure and Presentation

Thai Financial Reporting Standards (“TFRS”)

TFRS 2 (Revised 2016)	Share-based Payment
TFRS 3 (Revised 2016)	Business Combinations
TFRS 4 (Revised 2016)	Insurance Contracts
TFRS 5 (Revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2016)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2016)	Operating Segments
TFRS 10 (Revised 2016)	Consolidated Financial Statements
TFRS 11 (Revised 2016)	Joint Arrangements
TFRS 12 (Revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2016)	Fair Value Measurement

Thai Accounting Standard Interpretations (“TSIC”)

TSIC 10 (Revised 2016)	Government Assistance-No Specific Relation to Operating Activities
TSIC 15 (Revised 2016)	Operating Leases - Incentives
TSIC 25 (Revised 2016)	Income Taxes - Changes in the Tax Status of and Enterprise or its Shareholders
TSIC 27 (Revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (Revised 2016)	Service Concession Arrangements: Disclosures
TSIC 31 (Revised 2016)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (Revised 2016)	Intangible Assets - Web Site Costs

Thai Financial Reporting Standard Interpretations (“TFRIC”)

TFRIC 1 (Revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2016)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2016)	Applying the Restatement Approach under TAS 29 (Revised 2016) Financial Reporting in Hyperinflationary Economies
TFRIC 10 (Revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2016)	Service Concession Arrangements
TFRIC 13 (Revised 2016)	Customer Loyalty Programmes
TFRIC 14 (Revised 2016)	TAS 19 (Revised 2016) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (Revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (Revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (Revised 2016)	Transfers of Assets from Customers
TFRIC 20 (Revised 2016)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2016)	Levies

Guideline on Accounting

Guideline on Accounting regarding Derecognition of Financial Assets and Liabilities

The Group’s management will adopt the 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 financial statements have been prepared under the historical cost convention except those disclosed in the significant accounting policies.

Significant accounting policies adopted by the Company and its subsidiary are summarized below:

4.1 Revenue and expense recognition**Brokerage fees**

Brokerage fees on securities and derivatives trading are recognized as income on the transaction dates.

Fees and service income

Fees are recognized as income on an accrual basis and service income is recognized on the basis of percentage of completion, as specified in the service agreement.

Interest on margin loans

Interest is recognized on an accrual basis, but where there is uncertainty as to the collectability of loans and interest, the Company ceases accrual.

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

- 1) Loans which are not fully collateralized
- 2) Installment loans with repayments scheduled less frequently than every 3 months and for which principal or interest is overdue by more than 3 months
- 3) Installment loans with repayments scheduled no less frequently than every 3 months, unless this is clear evidence and a high degree of certainty that full repayment will be received
- 4) Problem financial institution loans
- 5) Other receivables from which interest payment is overdue for 3 months or more

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

Gain (loss) on trading in securities and derivatives

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

Interest and dividend on investments in securities

Interest on investments is recognized as income on an accrual basis. Dividend on investments is recognized as income when the dividend is declared.

Expenses

Expenses are recognized on an accrual basis.

4.2 Interest on borrowing

Interest on borrowing is recognized as expense on an accrual basis.

4.3 Recognition and amortization of customer deposits

Money which customers have placed with the Company in cash accounts and credit balance for securities trading is recorded as the assets and liabilities of the Company for internal control purposes. At the end of reporting period, the Company writes these amounts off from both assets and liabilities and presents only assets and liabilities which belong to the Company.

4.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, current accounts, saving accounts, time deposit with original maturity not more than 3 months and without commitments, call note receivables and term note receivables with original maturity not more than 3 months. This accords with the Notification issued by the Office of the Securities and Exchange Commission.

4.5 Investments in debt and equity securities

Investments in securities held for trading are determined at fair value. Gain or loss arising from change in value of securities is included in the statements of profit or loss and other comprehensive income.

Investments in available-for-sale securities, both held for short-term and long-term investments, are determined at fair value. The change in value of securities is recorded in other components of equity until securities are sold, then, the change shall be included in the statements of profit or loss and other comprehensive income.

Investments in debt securities due within one year and expected to be held to maturity are determined at amortized cost.

The premium/discount on debt securities is amortized using the effective rate method with the amortized amount presented as an adjustment to interest income.

Investments in non-marketable equity securities, which the Company holds as general investments, are valued at cost, net of allowance for impairment (if any).

Gains and losses on sale of investments are determined by the weighted average method and recognized in the statements of profit or loss and other comprehensive income.

Loss on impairment (if any) of investments in available-for-sale securities and general investments are included in statement of profit or loss and other comprehensive income when the carrying amount exceeds its recoverable value.

The fair value of marketable securities is based on the latest bid price of the last working day of the period as quoted on the Stock Exchange of Thailand. The fair value of unit trust is determined from its net asset value. The fair value of debentures is calculated by using the latest bid yield as quoted by the Thai Bond Market Association.

4.6 Investments in subsidiary and associated companies

Investments in subsidiary and associated companies are accounted for under the cost method in the separate financial statement net of allowances for impairment (if any).

Investments in subsidiary and associated companies are accounted for under the equity method in the consolidated financial statements.

4.7 Receivable and payable from/to Clearing House

Net balances of receivable or payable incurred from settlement of securities trading each day through Thailand Securities Depository Co., Ltd., the securities clearing house, are presented as net balance receivable or payable from/to Clearing House in accordance with the Notification of the Office of the Securities and Exchange Commission (“SEC”) No. SorTor/Kor/Nor. 53/2553, dated December 15, 2010, regarding “The Form of Financial Statements for Securities Companies”.

4.8 Securities and derivatives business receivables and allowance for doubtful accounts

Securities and derivatives business receivables comprise three categories which are receivables from securities and derivatives businesses of cash accounts, loan for securities purchases and other receivables. Receivables from securities and derivatives businesses of cash accounts are the receivables that were derived from cash settlements within 3 working days and 1 working day, respectively, after the securities and derivatives purchasing date. Loans for securities purchases are accounts that debtors are granted loans for securities purchasing with collaterals at the rate which is not lower than the rate required by the Stock Exchange of Thailand. Other receivables include overdue receivables from securities and derivatives businesses of cash accounts and restructured or installment receivables.

The allowance for doubtful accounts on securities and derivatives business receivables is based on management’s review and assessment of the status of individual debtor and overall debtors as well as the requirements as stated in the Office of the Securities and Exchange Commission’s Notifications No. Kor Thor. 33/2543 and Kor Thor. 5/2544 dated August 25, 2000 and February 15, 2001, respectively. Such assessment takes into consideration various factors including the risks involved and the value of collateral.

Allowance is made for the estimated losses that might be incurred where the debts are not fully secured and/or there exists a possibility that principal and interest cannot be recovered in full. The Company has provided an allowance for doubtful debts based on a review of debtor’s repayment capability, taking into consideration risk in recovery and value of collateral. An allowance will be set aside for doubtful debts not fully covered by collateral and/or debtors which are expectable not to be recovered in full. Such debt classifications and provisions are in accordance with guidelines of the Office of the Securities and Exchange Commission as follows:

- a) Assets classified as loss are to satisfy the following criteria:
 - 1) Loan balances which the Company has already made every effort to collect, but which remain unpaid and which the Company has already written off in accordance with tax law
 - 2) Loan balances which the Company has forgiven

- b) Doubtful debt is defined as the uncollateralized portion of the value of a debt which meets the following criteria:
- 1) General loans, problem financial institution loans, and other loans for which the collateral value is less than the loan balance
 - 2) Installment loans with repayments scheduled less frequently than every 3 months and for which principal or interest is overdue by more than 3 months
 - 3) Installment loans with repayments scheduled no less frequently than every 3 months, unless there is clear evidence and a high degree of certainty that full repayment will be received
- c) Substandard debt is defined as the collateralized portion of loans which meet the criteria in b).

Loans classified as loss will be written off when identified. Provision will be set aside for loans classified as doubtful at not less than 100% of the loan balances.

4.9 Building improvement and equipment

Building improvement and equipment are stated at cost less accumulated depreciation.

Depreciation is calculated by reference to its cost on a straight-line basis over the following estimated useful lives:

Building improvement	5 years
Office equipment	3 - 5 years
Vehicles	5 years

Impairment

At the end of reporting period, the Company reviews whether there is an indicator indicating that the assets are impaired. In case there is an indicator, the Company will estimate the recoverable amount of such assets. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized as expense immediately.

Gains and losses on disposals are determined by comparing proceeds with carrying amount of building improvement and equipment. These are included in the statements of profit or loss and other comprehensive income.

4.10 Assets classified as held for sale

Assets are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the assets are available for immediate sale in its present condition.

Assets held for sale consist of immovable property which is stated at the lower of cost or fair value after deducting cost to sell. Loss on impairment will be recorded as expense in the statements of profit or loss and other comprehensive income.

Gain or loss on disposals of assets classified as held for sale is recognized in the statements of profit or loss and other comprehensive income at the date of disposal.

4.11 Intangible assets

Intangible assets with definite useful life are stated at cost less accumulated amortization.

Amortization is charged to the statements of profit or loss and other comprehensive income on a straight-line basis over its estimated useful life as follow:

Computer software	5 years
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Intangible assets with indefinite useful life consist of deferred license fees which are tested for impairment annually and whenever there is an indication that the intangible assets may be impaired and allowance for impairment is recognized (if any).

4.12 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, such as the net payable balances of cash accounts.

4.13 Long-term lease

4.13.1 Operating lease

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating lease. Rentals applicable to such operating leases are charged to the statements of profit or loss and other comprehensive income over the lease term.

4.13.2 Finance lease

Lease in which substantially all the risks and rewards of ownership other than legal title are transferred to the Company is accounted for as finance lease. At inception, the fair value of the leased assets is recorded together with the obligation. The leased assets are depreciated using term of contract. Interest or financial charge is recognized by effective interest rate method over the term of contracts. Interest or financial charge and depreciation are recognized as expenses in the statements of profit or loss and other comprehensive income.

4.14 Employee benefits

4.14.1 Provident fund

The Company and its subsidiary set up a provident fund which is a defined contribution plan. Assets of the provident fund have been separated from assets of the Company and its subsidiary and managed by the fund manager. The fund has been contributed by the employee and also the Company and its subsidiary. The contributions for provident fund are recorded as expense in the statements of profit or loss and other comprehensive income for the period they incur.

4.14.2 Post-employment benefits

The Company and its subsidiary operate post-employment benefits plans under the Thai Labor Protection Act and the Company's retirement benefits plan. Such employee benefits are calculated based on actuarial assumptions at the end of reporting period using Projected Unit Credit Method, which is estimated based on the present value of expected cash flows of benefits to be paid in the future taken into account the actuarial assumptions, including salaries, turnover rate, mortality rate, years of service and other factors. Discount rate used in calculation of the post-employment benefits obligation is referred from the yield curve of government bond. Gains or losses from changes in estimate are recognized as other comprehensive income in the statements of profit or loss and other comprehensive income for the period they incur. Expenses related to employee benefits are recognized in the statements of profit or loss and other comprehensive income in order to allocate such costs throughout the service period.

4.14.3 Unused paid vacation leave

The Company and its subsidiary recognize the expected cost of short-term employee benefits in the form of accumulating unused paid vacation leave when the employees render service that increases their entitlement to future paid vacation leave. The expected cost of accumulating unused paid vacation leave is measured as the additional amount that the Company and its subsidiary expect to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

4.15 Provisions

The Company and its subsidiary recognize provisions in the financial statements when the amount of the liability can be reliable estimated and it is current commitment that is probable that loss of resources which are of economic benefit to the Company and its subsidiary will result from settlement of such commitments.

4.16 Income tax

Income tax comprises current income tax and deferred income tax.

4.16.1 Current income tax

Current income tax is the amount income tax expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

4.16.2 Deferred income tax

Deferred income tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit (tax base). The Company and its subsidiary generally recognize deferred tax liabilities 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. The carrying amount of deferred tax assets is reviewed at the reporting date. Deferred tax asset shall be reduced to the extent that utilized taxable profits are decreased. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available to allow total or part of the asset to be recovered by the Company and its subsidiary. The Company and its subsidiary do not recognize deferred tax assets and liabilities for the goodwill.

The Company and its subsidiary measure deferred tax assets and liabilities at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

Current tax assets and liabilities are offset when there is a legally enforceable right for the Company and its subsidiary to off set the recognized amounts and the Company and its subsidiary intend to settle on a net basis or to realize the asset and settle the liability simultaneously and when they relate to income taxes levied by the same taxation authority.

The Company and its subsidiary present income tax expenses or income related to profit or loss in the statement of comprehensive income. Current income taxes and deferred taxes related to items recognized directly in other comprehensive income in equity in the same or different period are recognized directly in other comprehensive income.

4.17 Earnings (loss) per share

Basic earnings (loss) per share are determined by dividing net income (loss) for the period by the weighted average number of ordinary shares held by outside parties outstanding during the period.

During the periods, the Company has no potential ordinary share for calculating diluted earnings (loss) per share.

4.18 Foreign currency translation

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency at the end of reporting period are translated to Thai Baht at the exchange rate prevailing at the end of reporting period. Gain and loss resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of profit or loss and other comprehensive income.

4.19 Risk management and prevention

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

4.20 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and closed members of family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

4.21 Use of management judgments

The preparation of financial statements in conformity with Thai Financial Reporting Standards (TFRSs) requires the Company's management to exercise various 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 year. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

4.22 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group 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 consolidated 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.

5. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Cash, short-term deposits and promissory notes with original maturity less than 3 months	389,320,536	425,456,071	360,930,111	356,213,304
<u>Less</u> Cash deposits held for customers*	<u>(12,954,955)</u>	<u>(20,753,987)</u>	<u>(12,261,955)</u>	<u>(12,368,607)</u>
Total cash and cash equivalents	<u>376,365,581</u>	<u>404,702,084</u>	<u>348,668,156</u>	<u>343,844,697</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 December 31, 2016 and 2015, the Company had deposits at financial institutions held for customers in the consolidated statements of financial position in amounting to Baht 12.95 million and Baht 20.75 million, respectively, and the separate statements of financial position in amounting to Baht 12.26 million and Baht 12.37 million, respectively, which the Company must return to the customers at call.

As at December 31, 2016 and 2015, the securities business cash customers of 446 accounts and 493 accounts, respectively, which were transferred to KT ZMICO Securities Co., Ltd. (see Note 33) 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 4.43 million and Baht 4.54 million, respectively, and shares with the values of Baht 130.06 million and Baht 114.59 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 - NET

The Company has securities business receivables as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2016 Baht	As at December 31, 2015 Baht
Securities business receivables	4,821,854	7,522,841
Other receivables		
Receivables under litigation	62,654,566	62,654,566
Total securities business receivables	67,476,420	70,177,407
Less Allowance for doubtful accounts (see Note 7)	(62,654,566)	(58,607,306)
Total	4,821,854	11,570,101

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 December 31, 2016			As at December 31, 2015		
	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	4,821,854	-	4,821,854	7,522,841	-	7,522,841
Substandard debts	-	-	-	4,047,260	-	4,047,260
Doubtful debts	62,654,566	(62,654,566)	-	58,607,306	(58,607,306)	-
Total	67,476,420	(62,654,566)	4,821,854	70,177,407	(58,607,306)	11,570,101

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 December 31, 2016 Baht	As at December 31, 2015 Baht
Over 3 years	62,654,566	62,654,566
Total	<u>62,654,566</u>	<u>62,654,566</u>

7. ALLOWANCE FOR DOUBTFUL ACCOUNTS

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2016 Baht	As at December 31, 2015 Baht
Beginning balance of the period	58,607,306	55,909,133
Doubtful accounts	4,047,260	2,698,173
Ending balance of the period (see Note 6)	<u>62,654,566</u>	<u>58,607,306</u>

8. INVESTMENTS - NET

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

	CONSOLIDATED FINANCIAL STATEMENTS			
	As at December 31, 2016		As at December 31, 2015	
	Cost/ Book value Baht	Fair value Baht	Cost/ Book value Baht	Fair value Baht
<u>Trading securities</u>				
Equity securities - List securities	99,240,748	90,274,004	103,433,284	91,221,379
Debt securities - Corporate bond	25,373,346	26,824,556	108,934,028	110,951,859
Debt securities - Bill of exchange	696,546,890	702,906,321	1,024,932,944	1,035,136,881
Total	821,160,984	820,004,881	1,237,300,256	1,237,310,119
<u>Add</u> Revaluation adjustments	(1,156,103)	-	9,863	-
Total trading securities - net	<u>820,004,881</u>	<u>820,004,881</u>	<u>1,237,310,119</u>	<u>1,237,310,119</u>
<u>Available-for-sale securities</u>				
Equity securities - List securities	76,893,631	288,327,412	76,893,631	61,607,128
<u>Less</u> Revaluation adjustments	211,433,781	-	(15,286,503)	-
Total available-for-sale securities - net	<u>288,327,412</u>	<u>288,327,412</u>	<u>61,607,128</u>	<u>61,607,128</u>
<u>General investments</u>				
Ordinary shares	353,533,014	300,164,731	330,025,014	275,955,876
Preference shares	125,000	125,000	130,000	130,000
Total	353,658,014	300,289,731	330,155,014	276,085,876
<u>Less</u> Allowance for impairment	(53,368,283)	-	(54,069,138)	-
Total general investments - net	<u>300,289,731</u>	<u>300,289,731</u>	<u>276,085,876</u>	<u>276,085,876</u>
Total investments - net	<u>1,408,622,024</u>	<u>1,408,622,024</u>	<u>1,575,003,123</u>	<u>1,575,003,123</u>

SEPARATE FINANCIAL STATEMENTS				
	As at December 31, 2016		As at December 31, 2015	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value
	Baht	Baht	Baht	Baht
Trading securities				
Equity securities - List securities	91,388,221	82,339,254	99,630,991	87,790,879
Debt securities - Corporate bond	25,373,346	26,824,556	108,934,028	110,951,859
Debt securities - Bill of exchange	646,863,367	653,130,918	1,024,932,944	1,035,136,881
Total	<u>763,624,934</u>	<u>762,294,728</u>	<u>1,233,497,963</u>	<u>1,233,879,619</u>
<u>Add</u> Revaluation adjustments	(1,330,206)	-	381,656	-
Total trading securities - net	<u>762,294,728</u>	<u>762,294,728</u>	<u>1,233,879,619</u>	<u>1,233,879,619</u>
Available-for-sale securities				
Equity securities - List securities	76,893,631	288,327,412	76,893,631	61,607,128
<u>Less</u> Revaluation adjustments	211,433,781	-	(15,286,503)	-
Total available-for-sale securities - net	<u>288,327,412</u>	<u>288,327,412</u>	<u>61,607,128</u>	<u>61,607,128</u>
General investments				
Ordinary shares	353,533,014	300,164,731	330,025,014	275,955,876
Preference shares	125,000	125,000	130,000	130,000
Total	<u>353,658,014</u>	<u>300,289,731</u>	<u>330,155,014</u>	<u>276,085,876</u>
<u>Less</u> Allowance for impairment	(53,368,283)	-	(54,069,138)	-
Total general investments - net	<u>300,289,731</u>	<u>300,289,731</u>	<u>276,085,876</u>	<u>276,085,876</u>
Total investments - net	<u>1,350,911,871</u>	<u>1,350,911,871</u>	<u>1,571,572,623</u>	<u>1,571,572,623</u>

8.2 Gain (loss) on investments

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended December 31,		For the years ended December 31,	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Unrealized gain (loss) on re-measuring trading investments	(1,165,965)	(7,261,360)	(1,711,862)	(6,889,567)
Gain on sale of trading investments	63,967,686	15,553,897	63,967,686	15,553,897
Gain (loss) on sale of investment in associated companies	(26,220,332)	-	(47,841,017)	-
Total	<u>36,581,389</u>	<u>8,292,537</u>	<u>14,414,807</u>	<u>8,664,330</u>

8.3 Interest and dividend from investments in debt and equity securities

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended December 31,		For the years ended December 31,	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Interest income	2,013,394	3,916,190	1,759,228	3,916,190
Dividend	8,741,803	1,152,892	146,183,255	217,341,580
Total	<u>10,755,197</u>	<u>5,069,082</u>	<u>147,942,483</u>	<u>221,257,770</u>

8.4 Surplus (deficit) on re-measuring available-for-sale investments recognized in owners' equity

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2016 Baht	As at December 31, 2015 Baht	As at December 31, 2016 Baht	As at December 31, 2015 Baht
Beginning balance of the period	(6,347,606)	-	(6,347,606)	-
Changes during the period				
- from deferred tax adjustment	(45,344,056)	1,586,901	(45,344,056)	1,586,901
- from re-measuring of investments	226,720,284	(7,934,507)	226,720,284	(7,934,507)
Ending balance of the period	<u>175,028,622</u>	<u>(6,347,606)</u>	<u>175,028,622</u>	<u>(6,347,606)</u>

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

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS					
	As at December 31, 2016			As at December 31, 2015		
	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>845</u>	<u>6,963</u>	<u>7,808</u>	<u>835</u>	<u>6,973</u>
	<u>7,808</u>	<u>845</u>	<u>6,963</u>	<u>7,808</u>	<u>835</u>	<u>6,973</u>

9. INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES - NET

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

Company name	Type of business	Type of shares	CONSOLIDATED FINANCIAL STATEMENTS				Cost method				Equity method	
			Paid-up capital		% of voting right		As at		As at		As at	As at
			As at December 31, 2016 Million Baht	As at December 31, 2015 Million Baht	As at December 31, 2016 %	As at December 31, 2015 %	As at December 31, 2016 Million Baht	As at December 31, 2015 Million Baht	As at December 31, 2016 Million Baht	As at December 31, 2015 Million Baht	As at December 31, 2015 Million Baht	
Associate												
KT ZMICO												
Securities Co., Ltd.	Securities business	Ordinary share	2,138	2,138	49.71	49.71	1,244.1	1,244.1	1,377.2	1,328.5		
Beacon Offshore Ltd.	Sale equipment for marine & offshore industries	Ordinary share	-	148	-	18.70	-	70.0	-	51.2		
<u>Less Allowance for impairment</u>							-	(70.0)	-	(51.2)		
							<u>1,244.1</u>	<u>1,244.1</u>	<u>1,377.2</u>	<u>1,328.5</u>		

SEPARATE FINANCIAL STATEMENTS

Company name	Type of business	Type of shares	Paid-up capital		% of voting right		Cost method		Equity method	
			As at invested	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016
			Million Baht	Million Baht	%	%	Million Baht	Million Baht	Million Baht	Million Baht
Subsidiary										
Solaris Asset Management Co., Ltd.	Mutual, private and provident fund	Ordinary share	125.4	125.4	100.00	100.00	173.1	173.1	98.8	86.9
Lumpini Asset Management Co., Ltd.	Purchasing or taking transfer of non-performing asset of financial institution	Ordinary share	25.0	25.0	100.00	100.00	25.0	25.0	24.5	25.0
<u>Less</u> Allowance for impairment							(74.3)	(86.2)	-	-
							<u>123.8</u>	<u>111.9</u>	<u>123.3</u>	<u>111.9</u>
Associate										
KT ZMICO Securities Co., Ltd.	Securities business	Ordinary share	2,138	2,138	49.71	49.71	1,244.1	1,244.1	1,377.2	1,328.5
Beacon Offshore Ltd.	Sale equipment for marine & offshore industries	Ordinary share	-	148	-	18.70	-	70.0	-	51.2
<u>Less</u> Allowance for impairment							-	(70.0)	-	(51.2)
							<u>1,244.1</u>	<u>1,244.1</u>	<u>1,377.2</u>	<u>1,328.5</u>
							<u>1,367.9</u>	<u>1,356.0</u>	<u>1,500.5</u>	<u>1,440.4</u>

Summarized financial information in respect of the associated companies is set out below:

	As at December 31,	
	2016	2015
	Million Baht	Million Baht
Total assets	10,707.7	6,773.6
Total liabilities	<u>(8,272.5)</u>	<u>(4,299.5)</u>
Net assets	<u>2,435.2</u>	<u>2,474.1</u>
	For the years ended December 31,	
	2016	2015
	Million Baht	Million Baht
Total revenue	2,046.0	1,897.6
Net income for the period	377.8	144.0
Net other comprehensive income (loss) for the period	(2.6)	(9.1)
Dividend received from an associated company	137.8	216.2

On December 3, 2014, the Board of Investment Committee's meeting passed the resolution to buy additional investment in ordinary shares in KT ZMICO Securities Co., Ltd. which is the Company's associated company amounting 99,000 shares at Baht 19.18 each from the existing shareholder and on June 17, 2015, the Board of Investment Committee's meeting acknowledged an additional buyer investment in ordinary shares in KT ZMICO Securities Co., Ltd. amounting 170,000 shares at Baht 27.60 each from the existing shareholder. As a result, the shareholding in this associated company has increased from 49.64% to 49.71%.

On March 21, 2014, the Company entered into an investment agreement to purchase 2 million ordinary shares of Beacon Offshore Ltd., the share has par value of Baht 10 per share, totally in amount of Baht 60 million, which is 19.05% of total shares. Beacon provides sale and service of safety and survival equipment for the marine and offshore industries. On March 25, 2015 the Board of Investment Committee's meeting passed the resolution to buy additional investment in ordinary shares in Beacon Offshore Ltd. which is the Company's associated company amounting 768,205 shares at Baht 13 each from Beacon's capital increase. As a result, the shareholding in this associated company has increased from 19.05% to 21.62%. However, on December 24, 2015, the extraordinary shareholders' meeting of the associated company has passed a special resolution to increase its share capital of Baht 2,000,000, from 12,806,000 ordinary shares to 14,806,000 ordinary shares with the par value of Baht 10 per share. The Company did not purchase the additional such shares increase. As a result, the shareholding in this associated company has decreased from 21.62% to 18.70% of issued and paid-up share capital of the associated company.

On December 31, 2015, the Company has fully reserved for impairment loss of investment in Beacon Offshore Ltd., in separate financial statement of Baht 69.99 million and in consolidated financial statement of Baht 51.21 million due to Beacon Offshore Ltd., has operating loss and is in the process of company restructuring.

On December 13, 2016, the Board of Investment Committee's meeting passed the resolution to sell in ordinary shares of Beacon Offshore Ltd., which is the Company's associated company. The Company transferred all 2,768,206 ordinary shares of Baht 8 per share, total amount Baht 22.15 million. The Company received payment from the buyer for the whole amount On December 14, 2016 in accordance with the conditions specified in the acquisition agreement.

On February 27, 2015, the Board of Investment Committee's meeting passed the resolution to invest in ordinary shares of Lumpini Asset Management Co., Ltd which is the Company's subsidiary. The subsidiary has issued and paid-up share capital of Baht 25 million for 2,500,000 ordinary shares with the par value of Baht 10 per share. As at December 31, 2015, the shareholding of the Company in subsidiary is 100%.

As at December 31, 2016 and 2015, the paid-up share capital of Solaris Asset Management Co., Ltd. which is the Company's subsidiary is Baht 125.4 million, consisting of 22,800,000 ordinary shares of Baht 5.5 per share. As at December 31, 2016 and 2015, the subsidiary's shares are held by the Company 100%.

10. BUILDING IMPROVEMENTS AND EQUIPMENT - NET

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at	Increase	Decrease	Balance as at
	December 31,			December 31,
	2015			2016
	Baht	Baht	Baht	Baht
Cost				
Building improvement	7,491,034	210,620	-	7,701,654
Office equipment	12,081,570	482,584	-	12,564,154
Vehicles	5,782,600	-	-	5,782,600
Total cost	<u>25,355,204</u>	<u>693,204</u>	<u>-</u>	<u>26,048,408</u>
Accumulated depreciation				
Building improvement	(4,189,016)	(1,128,668)	-	(5,317,684)
Office equipment	(8,812,740)	(1,530,302)	-	(10,343,042)
Vehicles	(1,261,446)	(1,156,520)	-	(2,417,966)
Total accumulated depreciation	<u>(14,263,202)</u>	<u>(3,815,490)</u>	<u>-</u>	<u>(18,078,692)</u>
Total building improvements and equipment - net	<u>11,092,002</u>			<u>7,969,716</u>

CONSOLIDATED FINANCIAL STATEMENTS

	Balance as at December 31, 2014 Baht	Increase Baht	Decrease Baht	Balance as at December 31, 2015 Baht
Cost				
Building improvement	7,453,651	37,383	-	7,491,034
Office equipment	9,406,758	2,674,812	-	12,081,570
Vehicles	3,844,600	1,938,000	-	5,782,600
Total cost	20,705,009	4,650,195	-	25,355,204
Accumulated depreciation				
Building improvement	(3,090,163)	(1,098,853)	-	(4,189,016)
Office equipment	(7,678,760)	(1,133,980)	-	(8,812,740)
Vehicles	(415,006)	(846,440)	-	(1,261,446)
Total accumulated depreciation	(11,183,929)	(3,079,273)	-	(14,263,202)
Total building improvements and equipment - net	9,521,080			11,092,002
Depreciation for the years ended December 31,				
2016				3,815,490
2015				3,079,273

SEPARATE FINANCIAL STATEMENTS

	Balance as at December 31, 2015 Baht	Increase Baht	Decrease Baht	Balance as at December 31, 2016 Baht
Cost				
Building improvement	4,656,572	140,000	-	4,796,572
Office equipment	1,944,119	141,264	-	2,085,383
Vehicles	5,782,600	-	-	5,782,600
Total cost	12,383,291	281,264	-	12,664,555
Accumulated depreciation				
Building improvement	(1,665,627)	(952,110)	-	(2,617,737)
Office equipment	(1,409,569)	(336,251)	-	(1,745,820)
Vehicles	(1,261,446)	(1,156,520)	-	(2,417,966)
Total accumulated depreciation	(4,336,642)	(2,444,881)	-	(6,781,523)
Total building improvements and equipment - net	8,046,649			5,883,032

SEPARATE FINANCIAL STATEMENTS

	Balance as at December 31, 2014 Baht	Increase Baht	Decrease Baht	Balance as at December 31, 2015 Baht
Cost				
Building improvement	4,656,572	-	-	4,656,572
Office equipment	1,915,719	28,400	-	1,944,119
Vehicles	3,844,600	1,938,000	-	5,782,600
Total cost	10,416,891	1,966,400	-	12,383,291
Accumulated depreciation				
Building improvement	(728,129)	(937,498)	-	(1,665,627)
Office equipment	(1,032,966)	(376,603)	-	(1,409,569)
Vehicles	(415,006)	(846,440)	-	(1,261,446)
Total accumulated depreciation	(2,176,101)	(2,160,541)	-	(4,336,642)
Total building improvements and equipment - net	8,240,790			8,046,649
Depreciation for the years ended December 31,				
2016				2,444,881
2015				2,160,541

As at December 31, 2016 and 2015, in the consolidated financial statements, there are certain building improvements and equipment items that have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 9.5 million and Baht 8.8 million, respectively.

For the separate financial statements as at December 31, 2016 and 2015 the Company has building improvements and equipment items which have been fully depreciated but are still in use. The original cost before deducting accumulated depreciation, of those assets amounted to Baht 1.1 million and Baht 0.6 million, respectively.

11. INTANGIBLE ASSETS - NET

CONSOLIDATED FINANCIAL STATEMENTS						
As at December 31, 2016						
	Useful lives	Beginning balance	Additions	Amortization	Write-off/ Transfer out	Ending balance
		Baht	Baht	Baht	Baht	Baht
Deferred license fees						
Mutual fund management	Indefinite*	803,836	-	-	-	803,836
Derivatives business	Indefinite*	3,320,548	-	-	-	3,320,548
Private fund management	Indefinite*	464,109	-	-	-	464,109
Asset Management	Indefinite*	-	100,000	-	-	100,000
Computer software	5 years	134,992	52,250	(45,568)	-	141,674
Total		<u>4,723,485</u>	<u>152,250</u>	<u>(45,568)</u>	<u>-</u>	<u>4,830,167</u>

CONSOLIDATED FINANCIAL STATEMENTS						
As at December 31, 2015						
	Useful lives	Beginning balance	Additions	Amortization	Write-off/ Transfer out	Ending balance
		Baht	Baht	Baht	Baht	Baht
Deferred license fees						
Mutual fund management	Indefinite*	803,836	-	-	-	803,836
Derivatives business	Indefinite*	3,320,548	-	-	-	3,320,548
Private fund management	Indefinite*	464,109	-	-	-	464,109
Computer software	5 years	124,814	71,800	(61,622)	-	134,992
Total		<u>4,713,307</u>	<u>71,800</u>	<u>(61,622)</u>	<u>-</u>	<u>4,723,485</u>

Amortization for the years ended December 31,

2016	<u>45,568</u>
2015	<u>61,622</u>

SEPARATE FINANCIAL STATEMENTS						
As at December 31, 2016						
	Useful lives	Beginning balance	Additions	Amortization	Write-off/ Transfer out	Ending balance
		Baht	Baht	Baht	Baht	Baht
Deferred license fees						
Derivatives business	Indefinite*	3,320,548	-	-	-	3,320,548
Computer software	5 years	1	-	-	-	1
Total		<u>3,320,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,320,549</u>

SEPARATE FINANCIAL STATEMENTS

As at December 31, 2015

	Useful lives	Beginning balance Baht	Additions Baht	Amortization Baht	Write-off/ Transfer out Baht	Ending balance Baht
Deferred license fees						
Derivatives business	Indefinite*	3,320,548	-	-	-	3,320,548
Computer software	5 years	1,602	-	(1,601)	-	1
Total		3,322,150	-	(1,601)	-	3,320,549

Amortization for the years ended December 31,

2016

-

2015

1,601

* Deferred license fees have indefinite useful lives as they have no expiring date and they are expected to contribute to the Company and its subsidiary's net cash inflows indefinitely.

As at December 31, 2016 and 2015, for the consolidated financial statements, the original cost before deducting accumulated amortization of computer software items, which have been fully amortized but are still in use is Baht 7.54 million and Baht 7.51 million, respectively. As at December 31, 2016 and 2015, for the separate financial statements, the Company has computer software items which have been fully amortized but are still in use is Baht 0.02 million.

12. DEFERRED INCOME TAX - NET

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2016 Baht	As at December 31, 2015 Baht	As at December 31, 2016 Baht	As at December 31, 2015 Baht
Deferred tax assets				
Allowance for doubtful accounts	211,285	216,610	211,285	216,610
Allowance for impairment of investments	26,983,118	29,512,066	26,983,118	29,512,066
Employee benefit obligations	390,866	312,996	-	-
Unrealized loss on re-measuring trading investments	2,112,743	1,678,667	2,028,330	1,599,536
Unrealized loss on re-measuring available-for-sale investments	-	1,586,901	-	1,586,901
Tax loss carried forward	5,754,969	14,567,337	-	-
Other assets	10,357	10,357	10,357	10,357
Unrealized gain on transfer of business to an associated company	22,744,602	22,756,013	-	-
	58,207,940	70,640,947	29,233,090	32,925,470
Deferred tax liabilities				
Unrealized gain on re-measuring trading investments	1,940,204	2,542,644	1,820,971	2,537,872
Unrealized loss on re-measuring available-for-sale investments	43,757,155	-	43,757,155	-
Unrealized gain on exchange rate	73,050	470,490	73,050	470,490
Amortization of license fees	910,905	848,850	664,110	632,055
Gain on remeasurement of defined benefit obligation	-	32,330	-	-
	46,681,314	3,894,314	46,315,286	3,640,417
Deferred tax assets (liabilities) - net	11,526,626	66,746,633	(17,082,196)	29,285,053

The movements of deferred tax assets and liabilities during the periods are as follows:

CONSOLIDATED FINANCIAL STATEMENTS				
	As at January 1, 2016	Items as recognized in profit or loss (see Note 28)	Items as recognized in other comprehensive income	As at December 31, 2016
	Baht	Baht	Baht	Baht
Deferred tax assets				
Allowance for doubtful accounts	216,610	(5,325)	-	211,285
Allowance for impairment of investments	29,512,066	(2,528,948)	-	26,983,118
Employee benefit obligations	312,996	77,870	-	390,866
Unrealized loss on re-measuring trading investments	1,678,667	434,076	-	2,112,743
Unrealized gain on re-measuring available investments	1,586,901	-	(1,586,901)	-
Other assets	10,357	-	-	10,357
Tax loss carried forward from subsidiary	14,567,337	(8,812,368)	-	5,754,969
Unrealized gain on transfer of business to an associated company	22,756,013	(11,411)	-	22,744,602
	<u>70,640,947</u>	<u>(10,846,106)</u>	<u>(1,586,901)</u>	<u>58,207,940</u>
Deferred tax liabilities				
Unrealized gain on re-measuring trading investments	2,542,644	(602,440)	-	1,940,204
Unrealized gain on re-measuring Available-for-sale investments	-	-	43,757,155	43,757,155
Unrealized gain on exchange rate	470,490	(397,440)	-	73,050
Amortization of derivative license	848,850	62,055	-	910,905
Gain on remeasurement of defined benefit obligation	32,330	(32,330)	-	-
	<u>3,894,314</u>	<u>(970,155)</u>	<u>43,757,155</u>	<u>46,681,314</u>
Deferred tax assets - net	<u>66,746,633</u>	<u>(9,875,951)</u>	<u>(45,344,056)</u>	<u>11,526,626</u>

CONSOLIDATED FINANCIAL STATEMENTS

	As at January 1, 2015	Items as recognized in profit or loss (see Note 28)	Items as recognized in other comprehensive income	As at December 31, 2015
	Baht	Baht	Baht	Baht
Deferred tax assets				
Allowance for doubtful accounts	216,610	-	-	216,610
Allowance for impairment of investments	32,378,201	(2,866,135)	-	29,512,066
Employee benefit obligations	233,378	79,618	-	312,996
Unrealized loss on re-measuring trading investments	169,477	1,509,190	-	1,678,667
Unrealized gain on re-measuring available-for-sale investments	-	-	1,586,901	1,586,901
Other assets	10,357	-	-	10,357
Tax loss carried forward from subsidiary	8,629,668	5,937,669	-	14,567,337
Unrealized gain on transfer of business to an associated company	22,767,392	(11,379)	-	22,756,013
	<u>64,405,083</u>	<u>4,648,963</u>	<u>1,586,901</u>	<u>70,640,947</u>
Deferred tax liabilities				
Unrealized gain on re-measuring trading investments	1,682,404	860,240	-	2,542,644
Unrealized gain on exchange rate	-	470,490	-	470,490
Amortization of derivative license	718,850	130,000	-	848,850
Gain on remeasurement of defined benefit obligation	-	-	32,330	32,330
	<u>2,401,254</u>	<u>1,460,730</u>	<u>32,330</u>	<u>3,894,314</u>
Deferred tax assets - net	<u>62,003,829</u>	<u>3,188,233</u>	<u>1,554,571</u>	<u>66,746,633</u>

SEPARATE FINANCIAL STATEMENTS

	As at January 1, 2016	Items as recognized in profit or loss (see Note 28)	Items as recognized in other comprehensive income	As at December 31, 2016
	Baht	Baht	Baht	Baht
Deferred tax assets				
Allowance for doubtful accounts	261,610	(5,325)	-	211,285
Allowance for impairment of investments	29,512,066	(2,528,948)	-	26,983,118
Unrealized loss on re-measuring Trading investments	1,599,536	428,794	-	2,028,330
Unrealized loss on re-measuring available-for-sale investments	1,586,901	-	(1,586,901)	-
Other assets	10,357	-	-	10,357
	<u>32,925,470</u>	<u>(2,105,479)</u>	<u>(1,586,901)</u>	<u>29,233,090</u>
Deferred tax liabilities				
Unrealized gain on re-measuring trading investments	2,537,872	(716,901)	-	1,820,971
Unrealized gain on re-measuring available-for-sale investments	-	-	43,757,155	43,757,155
Unrealized gain on exchange rate	470,490	(397,440)	-	73,050
Amortization of derivative license	632,055	32,055	-	664,110
	<u>3,640,417</u>	<u>(1,082,286)</u>	<u>43,757,155</u>	<u>46,315,286</u>
Deferred tax assets (liabilities) - net	<u>29,285,053</u>	<u>(1,023,193)</u>	<u>(45,344,056)</u>	<u>(17,082,196)</u>

	SEPARATE FINANCIAL STATEMENTS			
	As at January 1, 2015	Items as recognized in profit or loss (see Note 28)	Items as recognized in other comprehensive income	As at December 31, 2015
	Baht	Baht	Baht	Baht
Deferred tax assets				
Allowance for doubtful accounts	216,610	-	-	216,610
Allowance for impairment of investments	32,378,201	(2,866,135)	-	29,512,066
Unrealized loss on re-measuring trading investments	169,477	1,430,059	-	1,599,536
Unrealized loss on re-measuring available-for-sale investments	-	-	1,586,901	1,586,901
Other assets	10,357	-	-	10,357
	<u>32,774,645</u>	<u>(1,436,076)</u>	<u>1,586,901</u>	<u>32,925,470</u>
Deferred tax liabilities				
Unrealized gain on re-measuring trading investments	1,682,404	855,468	-	2,537,872
Unrealized gain on exchange rate	-	470,490	-	470,490
Amortization of derivative license	532,055	100,000	-	632,055
	<u>2,214,459</u>	<u>1,425,958</u>	<u>-</u>	<u>3,640,417</u>
Deferred tax assets - net	<u>30,560,186</u>	<u>(2,862,034)</u>	<u>1,586,901</u>	<u>29,285,053</u>

For the years ended December 31, 2016 and 2015, the Company has unused tax losses carry forward amounting to Baht 89.25 million and Baht 49.18 million, respectively, which will be expired within 5 years.

For the year ended December 31, 2016, the subsidiary reviewed the carrying amount of deferred tax and wrote down the deferred tax assets of Baht 4.76 million which arose from loss carry forward for the amount of Baht 23.78 million because the subsidiary expects there are no sufficient future taxable profit will be available against which the temporary differences can be utilized in the future.

As at December 31, 2016 and 2015, the subsidiary has unused tax carry forward of Baht 16.49 million and Baht 3.42 million, respectively, which will be expired within 5 years.

13. OTHER ASSETS

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2016 Baht	As at December 31, 2015 Baht	As at December 31, 2016 Baht	As at December 31, 2015 Baht
Accrued interest income	504,843	1,214,030	503,425	1,077,356
Prepaid insurance	182,381	129,418	182,381	129,418
Prepaid repair and maintenance	98,005	106,065	-	12,122
Prepaid SET fee	109,389	109,693	109,389	109,693
Prepaid membership	-	16,345	-	16,345
Prepaid other	313,332	431,101	89,131	98,634
Other deposits	1,130,628	1,133,228	783,878	786,878
Fund management fee and service income receivables	6,652,734	8,214,995	-	-
Corporate income tax claim receivable	10,559,626	7,854,985	2,361,201	2,543,703
Advance payment for investment in Myanmar	53,488,200	-	53,488,200	-
Others	702,397	881,205	311,513	763,753
Total	73,741,535	20,091,065	57,829,118	5,537,902

14. OTHER BORROWINGS

As at December 31, 2016 and 2015, the Company has other borrowings, as follows:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
As at December 31, 2016				
Residual maturities				
Interest rate per annum (%)	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	Total Baht
Other borrowings				
Bill of exchange	467,778,822	-	-	467,778,822
Total other borrowings	467,778,822	-	-	467,778,822

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
As at December 31, 2015				
Residual maturities				
Interest rate per annum (%)	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht	Total Baht
Other borrowings				
Bill of exchange	969,504,592	-	-	969,504,592
Total other borrowings	969,504,592	-	-	969,504,592

15. EMPLOYMENT BENEFITS OBLIGATION

Employment benefits obligation consists of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2016 Baht	As at December 31, 2015 Baht	As at December 31, 2016 Baht	As at December 31, 2015 Baht
Post-employment benefits obligation	6,896,312	5,445,935	5,480,726	4,495,476
Unused paid vacation leave	1,008,332	896,108	469,587	443,240
	<u>7,904,644</u>	<u>6,342,043</u>	<u>5,950,313</u>	<u>4,938,716</u>

Post-employment benefits obligation

The Company and its subsidiary operate post-employment benefits plans under the Thai Labor Protection Act and the Company's retirement benefits plan, which are considered as unfunded defined benefit plans.

Amounts recognized in the statements of comprehensive income in respect of the post-employment benefits plans are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended December 31,		For the years ended December 31,	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Current service cost	1,308,145	1,120,842	869,718	778,429
Interest cost	142,232	109,748	115,532	93,132
	<u>1,450,377</u>	<u>1,230,590</u>	<u>985,250</u>	<u>871,561</u>

Movements in the present value of the post-employment benefits obligation are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended December 31,		For the years ended December 31,	
	2016 Baht	2015 Baht	2016 Baht	2015 Baht
Beginning balance of post-employment benefits obligation	5,445,935	3,844,803	4,495,476	3,091,722
Current service cost	1,308,145	1,120,842	869,718	778,429
Interest cost	142,232	109,748	115,532	93,132
Actuarial (gain) loss in statement of profit of loss and other comprehensive income				
- from experience adjustment	-	175,774	-	292,658
- from changes in demographic assumption	-	(134,467)	-	(53,497)
- from changes in financial assumption	-	329,235	-	293,032
Ending balance of post-employment benefits obligation	<u>6,896,312</u>	<u>5,445,935</u>	<u>5,480,726</u>	<u>4,495,476</u>

The principle actuarial assumptions used to calculate the obligation under the post-employment benefits plans as at December 31, 2016 and 2015 are as follows:

Financial assumptions	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (% per annum)	
	December 31, 2016	December 31, 2015
	Discount rate	2.57 - 2.81
Employee turnover rate	7.0 - 31.0	7.0 - 31.0
Expected rate of salary increase	Subject to range of age of employee 5.0 - 6.0	Subject to range of age of employee 5.0 - 6.0

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	Salary incremental rates - 1% increase	508,346	434,109	374,830
Salary incremental rates - 1% decrease	(463,731)	(395,602)	(343,227)	(308,101)
Life expectancy - 1% increase	45,450	39,347	38,030	33,932
Life expectancy - 1% decrease	(45,109)	(39,042)	(37,734)	(33,666)
Discount rate - 1% increase	(440,973)	(378,347)	(325,702)	(294,163)
Discount rate - 1% decrease	492,699	422,958	362,587	327,495

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

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

16. OTHER LIABILITIES

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	December 31, 2016 Baht	December 31, 2015 Baht	December 31, 2016 Baht	December 31, 2015 Baht
Withholding tax payable	504,425	820,273	257,064	553,857
Value-added-tax payable	507,012	597,506	207,331	230,681
Others payable	7,235,558	8,926,123	6,154,918	6,205,285
Amounts of capital reduction and dividend not redeemed by shareholders	5,540,317	5,490,678	5,540,317	5,490,678
Liabilities under finance lease	16,770	63,871	16,770	63,871
Others	1,482,716	2,249,980	1,388,772	2,153,768
Total	15,286,798	18,148,431	13,565,172	14,698,140

17. SHARE CAPITAL

As at December 31, 2016 and 2015, the Company has issued and paid-up share capital of Baht 653,868,463.

Net asset value

As at December 31, 2016 and 2015, net asset value per share, which was determined by dividing owners' equity by the number of issued and paid-up shares which net of the number of treasury stocks at the end of reporting date, is as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	December 31, 2016 Baht	December 31, 2015 Baht	December 31, 2016 Baht	December 31, 2015 Baht
Net asset value (per share)	2.05	1.79	2.04	1.82

18. DIVIDEND

On April 29, 2016, the ordinary shareholders' meeting of the year 2016 has passed the resolution to approve the dividend payment for the operation for the year ended December 31, 2015 to the shareholders at the rate of Baht 0.09 per share equalling to Baht 117.69 million of which Baht 0.04 per share or totally Baht 52.30 million was paid as an interim dividend on September 24, 2015. Therefore, the remaining dividend to be paid for the year 2015 is Baht 0.05 per share equalling to Baht 65.37 million. The Company paid such dividend to the shareholders on May 13, 2016.

On August 27, 2015, the Board of Director Meeting has passed the resolution to approve the interim dividend payment for the operation for the six- month period ended June 30, 2015 to the shareholders at the rate of Baht 0.04 per share equalling to Baht 52.30 million. The dividend will be paid on September 24, 2015.

On May 20, 2015, the ordinary shareholders' meeting of the year 2015 has passed the resolution to approve the dividend payment for the operation for the year ended December 31, 2014 to the shareholders at the rate of Baht 0.05 per share equalling to Baht 65.36 million. The dividend will be paid on May 29, 2015.

19. CAPITAL MANAGEMENT

The objectives of capital management of the Company and its subsidiary are to sustain the Company and its subsidiary's ability to continue as a going concern in order to generate returns to the shareholders and benefits for other stakeholders and also to maintain an optimal capital structure.

In addition, the Company and its subsidiary have to maintain their net liquid capital and equity to meet the requirements of the Office of the Securities and Exchange Commission and Thailand Clearing House Co., Ltd. ("TCH").

However, 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. 4/2557 regarding "Ongoing capital adequacy of some specific intermediaries".

As at December 31, 2016 and 2015, the Company is able to maintain its net liquid capital more than the required condition.

20. PREMIUM ON SHARE CAPITAL

The share premium account is set up under the provisions of Section 51 of the Public Companies Act. B.E. 2535, which requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

21. STATUTORY RESERVE

Under the Public Limited Company Act. B.E. 2535, section 116, the Company is required to set aside as a statutory reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The statutory reserve is not available for dividend distribution.

As at December 31, 2016 and 2015, the Company has statutory reserve at the rate of 11.51 percent of authorized share capital.

22. FEE AND SERVICE INCOME

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended December 31,		For the years ended December 31,	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Private fund management, mutual fund management and provident fund management	103,540,961	108,943,373	-	-
Total	<u>103,540,961</u>	<u>108,943,373</u>	<u>-</u>	<u>-</u>

23. FEE AND SERVICE EXPENSES

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended December 31,		For the years ended December 31,	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Fees for private fund, mutual fund and derivative licenses	1,485,548	672,551	-	-
Referral expense	35,848,760	39,000,294	-	-
Others	5,438,807	781,601	324,291	648,117
Total	<u>42,773,115</u>	<u>40,454,446</u>	<u>324,291</u>	<u>648,117</u>

24. 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 2016 was approved by the ordinary shareholders' meeting of the Company and its subsidiary which were held on April 29, 2016 and on April 20, 2016, respectively. Directors' remuneration for the year 2015 was approved by the ordinary shareholders' meetings of the Company and its subsidiary which were held on May 20, 2015 and on April 20, 2015, respectively.

25. OTHER EXPENSES

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the years ended		For the years ended	
	December 31,		December 31,	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Entertainment expenses	617,502	451,245	100,145	24,477
Publication and marketing expenses	617,854	647,605	38,462	54,465
Traveling expenses	926,399	679,208	612,776	457,994
SET fee	2,305,016	3,048,365	2,305,016	3,048,365
Stationery and office supply	917,824	585,463	468,213	132,736
Taxation	322,931	214,565	316,692	205,961
Loss on exchange rate	1,987,201	-	1,987,201	-
Meeting and conference	550,081	1,167,838	526,971	1,159,517
Professional fee	3,354,607	2,599,040	1,298,390	1,250,257
Others	3,126,651	3,332,474	1,927,871	1,815,949
Total	<u>14,726,066</u>	<u>12,725,803</u>	<u>9,581,737</u>	<u>8,149,721</u>

26. PROVIDENT FUND

The Company and its subsidiary set up a provident fund for those employees who elected to participate. The contributions from the employees are deducted from their monthly salaries, and the Company and its subsidiary match the individuals' contributions. The provident fund are managed by MFC Asset Management Public Company Limited, which granted the license by Government to be an authorized fund manager in accordance with the Provident Fund Act B.E. 2530.

For the years ended December 31, 2016 and 2015, the Company has contributed Baht 0.8 million and Baht 0.7 million, respectively, to the fund and the subsidiary has contributed Baht 0.7 million and Baht 0.6 million respectively, to the fund.

27. IMPAIRMENT LOSS ON SECURITIES (REVERSAL)

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the years		For the years	
	ended December 31,		ended December 31,	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Impairment loss (reversal) from equity securities	(700,855)	(9,361,357)	(700,855)	(9,361,357)
Impairment loss (reversal) on investment in subsidiary	-	-	(11,943,901)	(36,824,105)
Impairment loss (reversal) on investment in associate	(51,208,115)	51,208,115	(69,986,665)	69,986,665
Total	<u>(51,908,970)</u>	<u>41,846,758</u>	<u>(82,631,421)</u>	<u>23,801,203</u>

28. CORPORATE INCOME TAX

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended December 31,		For the years ended December 31,	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Income tax (expenses) benefit (see Note 12)	<u>(9,875,951)</u>	<u>3,188,233</u>	<u>(1,023,193)</u>	<u>(2,862,034)</u>
Total	<u>(9,875,951)</u>	<u>3,188,233</u>	<u>(1,023,193)</u>	<u>(2,862,034)</u>

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended December 31,		For the years ended December 31,	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Income before tax	236,895,908	56,436,317	175,381,761	170,661,493
Tax rate	<u>20%</u>	<u>20%</u>	<u>20%</u>	<u>20%</u>
The result of the account profit multiplied				
by the income tax rate - expenses	(47,379,182)	(11,287,264)	(35,076,352)	(34,132,299)
Tax effect of the non-deductible income and expense	37,282,291	14,160,911	29,075,818	43,110,588
Effect of the temporary difference not recognized as deferred tax assets	13,795,016	(7,810,658)	13,795,016	(7,810,658)
Effect of tax loss carried forward not recognized as deferred tax assets	(8,817,675)	(4,029,665)	(8,817,675)	(4,029,665)
Deferred tax relating to the deductible of temporary difference	(8,841,347)	6,061,646	-	-
Use of tax loss carry forward	<u>4,084,946</u>	<u>6,093,263</u>	<u>-</u>	<u>-</u>
Income tax - (expenses) income (see Note 12)	<u>(9,875,951)</u>	<u>3,188,233</u>	<u>(1,023,193)</u>	<u>(2,862,034)</u>

29. RELATED PARTY TRANSACTIONS

The Company and its subsidiary 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:

Balances with related parties as at December 31, 2016 and 2015 are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Subsidiary				
Solaris Asset Management Co., Ltd.				
Investment in subsidiary - net (see Note 9)	-	-	98,832,285	86,888,385
Investment in private fund managed by subsidiary	57,258,259	58,405,520	57,258,259	58,405,520
Accrued private fund management fee expenses	-	-	25,805	26,917
Lumpini Asset Management Co., Ltd.				
Investment in subsidiary - net (see Note 9)	-	-	25,000,000	25,000,000
Other receivable	-	-	-	139,620
Associate				
KT ZMICO Securities Co., Ltd.				
Investment in associate (see Note 9)	1,377,157,471	1,328,467,230	1,244,095,520	1,244,095,520
Cash balance for securities trading	9,790,951	10,647,617	9,790,951	10,647,617
Other receivable	2,500	-	2,500	-
Other payables	611,823	1,219,674	611,823	1,219,674
Beacon Offshore Ltd.				
Investment in Bill of Exchange	-	17,387,941	-	17,387,941
Related companies				
Under common directors				
Thanh Cong Securities Company J.S.C.				
Investment in ordinary shares - net	104,796,263	101,958,477	104,796,263	101,958,477
Other receivable	-	11,040	-	11,040
KTZ Ruby Hill Securities Co., Ltd.				
Advance payment for investment in Myanmar	53,488,200	-	53,488,200	-
Thai Foods Group Plc.				
Investment in ordinary shares	281,818,320	58,048,200	281,818,320	58,048,200
Under joint control				
Phra kanong Land Co., Ltd				
Investment in Bill of Exchange	-	479,641,096	-	479,641,096
Investment in Preferred share	-	5,000	-	5,000

Significant transactions with related parties for the years ended December 31, 2016 and 2015 are as follows:

	CONSOLIDATED		SEPARATE		Pricing policy
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS		
	2016	2015	2016	2015	
	Baht	Baht	Baht	Baht	
Subsidiary					
Solaris Asset Management Co., Ltd.					
Investment in private fund manage by subsidiary	-	200,000,000	-	200,000,000	Investment value
Withdrawal private fund manage by subsidiary	-	150,000,000	-	150,000,000	Investment value
Management fee of private fund	-	-	311,358	582,420	At the rate determined under the contract 0.2% of net asset value per year
Lumpini Asset Management Co., Ltd.					
Rental income	-	-	176,400	-	At the rate determined under the contract
Associate					
KT ZMICO Securities Co., Ltd.					
Research paper	3,000,000	2,500,000	3,000,000	2,500,000	At the rate determined under the contract of Baht 250,000 per month (see Note 30.3)
Service expenses	3,630,000	5,850,000	3,630,000	5,850,000	At the rate determined under the contract (see Note 30.1)
Other fee expenses	1,166,124	2,297,090	1,166,124	2,297,090	At the rate determined under the contract
Other expenses	-	22,470	-	22,470	Actual expense incurred
Commission expense for securities	10,667	545,698	10,667	545,698	At the rate determined under the contract
Beacon Offshore Ltd.					
Interest received from Bill of exchange	542,239	2,885,722	542,239	2,885,722	At the rate determined under the contract
Investment in Bill of exchange	35,040,026	25,990,000	35,040,026	25,990,000	Investment value
Withdrawal from Bill of exchange	52,772,402	23,850,137	52,772,402	23,850,137	Investment value
Related companies					
Under joint control					
Phra kanong Land Co., Ltd					
Interest income from Bill of Exchange	27,154,050	18,902,287	27,154,050	18,902,287	At the rate determined under the contract / Interest rate 8% per annum (see Note 2.2)
Investment in Bill of Exchange	490,327,781	960,738,809	490,327,781	960,738,809	Investment value
Withdrawal in Bill of Exchange	996,283,384	500,000,000	996,283,384	500,000,000	Investment value

	CONSOLIDATED		SEPARATE		Pricing policy
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS		
	2016	2015	2016	2015	
	Baht	Baht	Baht	Baht	
Related with subsidiary and associate					
Rental income	-	366,300	-	366,300	At the rate determined under the contract Baht 30,525 per month, cancelled the agreement on January 1, 2016
Selling agent fee expense	1,692,771	1,473,959	1,692,771	1,473,959	At the rate determined under the contract
Service fee expenses	799,200	799,200	799,200	799,200	At the rate determined under the contract of Baht 66,600 per month
Private fund management fee income	-	135,436	-	135,436	At the rate determined under the contract at 0.5% of net asset value per year
Commission expense for securities trading	5,826	5,694	5,826	5,694	At the rate determined under the contract

For the years ended December 31, 2016 and 2015, compensations paid to key management personnel under TAS 24 (Revised 2015) “Related Party Disclosures” are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the years ended		For the years ended	
	December 31,		December 31,	
	2016	2015	2016	2015
	Baht	Baht	Baht	Baht
Short-term employee benefits	7,123,772	6,797,196	3,767,460	3,661,033
Post-employment benefits	729,008	638,936	610,913	545,287
Total	<u>7,852,780</u>	<u>7,436,132</u>	<u>4,378,373</u>	<u>4,206,320</u>

30. COMMITMENTS

Transactions with related parties

30.1 On May 28, 2009, the Company entered into the agreement with KT ZMICO Securities Co., Ltd. for management service of accounting, 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 and will be automatically extended one year by payment in amount of Baht 150,000 per month 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. Subsequently, on June 1, 2014, the Company made the agreement to change the fee to Baht 197,500 per month from June 1, 2014 to May 31, 2015. The agreement is automatically extended on an annual basis.

On August 1, 2013, the Company entered into agreement with KT ZMICO Securities Company Limited for providing management service of operating and corporate secretary. The term of agreement is one year. The term of agreement is from August 1, 2013 to July 31, 2014 and being extended for another three months of which the Company pays monthly fee and the rate of Baht 290,000. Subsequently on October 31, 2014 the Company extended the agreement for another 14 months starting from November 1, 2014 to December 31, 2015. However, on January 1, 2016, the Company cancelled the agreement.

On June 30, 2016, the Company entered into agreement with KT ZMICO Securities Company Limited for providing management service of operating. The term of agreement is one year. The term of agreement is from July 1, 2016 to June 30, 2017 of which the Company pays monthly fee and the rate of Baht 210,000.

- 30.2 On October 17, 2012, the Company entered into an agreement with Solaris Asset Management Co., Ltd. which is subsidiary company. The subsidiary will manage the Company's fund for one year. Contract, which will be expired on October 17, 2013, is automatically renewed for another year. Under the agreement, the Company agreed to pay a management fee at rated of 0.2 percent per annum of the net asset value of the fund.
- 30.3 On May 1, 2013, the Company entered into agreement with KT ZMICO Securities Company Limited for providing various research papers of offshore. The term of agreement is 2-year 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.
- 30.4 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.

Transactions with other business parties

- 30.5 As at December 31, 2016 and 2015, the Company and its subsidiary have the following outstanding rental and service commitments under long-term lease agreements for its office building and equipment.

(Unit: Million Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2016	As at December 31, 2015	As at December 31, 2016	As at December 31, 2015
Within 1 year	3.4	3.3	2.3	2.3
Over 1 year to 5 years	3.7	7.0	2.5	4.7
Total	7.1	10.3	4.8	7.0

- 30.6 On April 29, 2014, the Company entered into a fee allocation agreement with Mac Capital Advisors Limited, under which the Company agreed to appoint that company as the agent to introduce its clients to the Company as a financial advisor. The agreement will be expired on December 31, 2016. The Company must pay advisory fees to that company as a percentage of the fee income earned from the introduction of that company.

- 30.7 The Company has commitment to invest in ordinary shares of a foreign company amounting to USD 1,000,000 which such foreign company call for partial capital of USD 700,000. The remaining of the capital commitment is USD 300,000. The Company already paid the remaining of the capital commitment on July 6, 2016. As at December 31, 2016, such investment was presented as part of investment-net.

31. BUSINESS/GEOGRAPHICAL SEGMENT INFORMATION

Business segment information of the Company and its subsidiary for the years ended December 31, 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	For the years ended December 31, 2016				Consolidated Financial Statement
	Securities segment	Asset Management Segment	Investment And others Segment	Elimination of inter-segment revenues	
Revenue from external customers	187,801	103,541	88,490	-	379,832
Inter - segment revenues	-	-	-	-	-
Total revenues	187,801	103,541	88,490	-	379,832
Segment income	187,801	18,269	88,490	-	294,560
Unallocated income and expenses :					
Interest and dividend incomes					20,578
Gain on transfer of business to the associated company					57
Other income					4,856
Servicing and administrative expenses					(83,155)
Income tax – expenses					(9,876)
Net profit					227,020

(Unit: Thousand Baht)

For the years ended December 31, 2015					
	Securities segment	Asset Management Segment	Investment And others Segment	Elimination of inter-segment revenues	Consolidated Financial Statement
Revenue from external customers	103,461	108,943	(47,443)	-	164,961
Inter - segment revenues	-	-	-	-	-
Total revenues	103,461	108,943	(47,443)	-	164,961
Segment income (loss)	103,461	29,375	(47,443)	-	85,393
Unallocated income and expenses :					
Interest and dividend incomes					11,590
Gain on transfer of business to the associated company					57
Other income					30,386
Servicing and administrative expenses					(70,989)
Income tax - income					3,188
Net profit					59,625

Assets classified by segment of the Company as at December 31, 2016 and 2015 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 December 31, 2016	1,381,979	109,191	1,408,622	24,613	414,674	3,339,079
As at December 31, 2015	1,340,037	98,706	1,575,003	25,011	461,957	3,500,714

32. RISK MANAGEMENT

32.1 Liquidity risk

The Company

Under the Notification of the Office of the Securities and Exchange Commission No. Kor Thor. 18/2549 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 Membership”, the Ordinary Membership is required to have owners’ equity at least Baht 100 million for membership operating especially in derivatives business.

However, as at December 31, 2016 and 2015, 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 No.1)

Also, according to the Notification of the Securities and Exchange Commission No. KorKhor. 7/2551, Re: Determination of Paid-Up Registered Capital of Securities Company, the securities company licensed to undertake securities business in the category of securities brokerage, excluding the securities company licensed to undertake securities brokerage of debt securities or investment units, shall have paid-up registered capital of not less than Baht 500 million, effective from January 1, 2012 onwards. The Company has already proceeded accordingly.

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. 4/2557 regarding “Ongoing capital adequacy of some specific intermediaries”.

However, as at December 31, 2016, the Company is able to maintain its net liquid capital more than the condition.

Subsidiary

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.

As at December 31, 2016, the subsidiary’s financial statements showed owners’ equity amounting of Baht 98.83 million, which is in accordance with the SEC’s regulations.

The periods of time from the end of reporting period to the maturity dates of financial instruments as of December 31, 2016 and 2015 are as follows:

(Unit: Million Baht)

CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2016

Outstanding balances of net financial instruments

	At call	Within 1 year	1 - 5 years	Over 5 years	Not limit	Non- performing receivables	Total
Financial assets							
Cash and cash equivalents	376	-	-	-	-	-	376
Deposit at financial institution	-	73	-	-	-	-	73
Securities business receivables	-	4	-	-	-	63	67
Investments - net	-	703	16	11	679	-	1,409
Total	376	780	16	11	679	63	1,925
Financial liabilities							
Securities business payable	-	4	-	-	-	-	4
Other borrowing	-	468	-	-	-	-	468
Total	-	472	-	-	-	-	472

(Unit: Million Baht)

CONSOLIDATED FINANCIAL STATEMENTS
As at December 31, 2015

Outstanding balances of net financial instruments

	At call	Within 1 year	1 - 5 years	Over 5 years	Not limit	Non- performing receivables	Total
Financial assets							
Cash and cash equivalents	405	-	-	-	-	-	405
Deposit at financial institution	-	26	52	-	-	-	78
Securities business receivables	-	8	-	-	-	63	71
Investments - net	-	1,035	84	27	429	-	1,575
Total	405	1,069	136	27	429	63	2,129
Financial liabilities							
Securities business payable	-	8	-	-	-	-	8
Other borrowing	-	970	-	-	-	-	970
Total	-	978	-	-	-	-	978

(Unit: Million Baht)

SEPARATE FINANCIAL STATEMENTS
As at December, 2016

Outstanding balances of net financial instruments

	At call	Within 1 year	1 - 5 years	Over 5 years	Not limit	Non- performing receivables	Total
Financial assets							
Cash and cash equivalents	349	-	-	-	-	-	349
Deposit at financial institution	-	50	-	-	-	-	50
Securities business receivables	-	4	-	-	-	63	67
Investments - net	-	653	16	11	671	-	1,351
Total	349	707	16	11	671	63	1,817
Financial liabilities							
Securities business payable	-	4	-	-	-	-	4
Other borrowing	-	468	-	-	-	-	468
Total	-	472	-	-	-	-	472

(Unit: Million Baht)

SEPARATE FINANCIAL STATEMENTS

As at December, 2015

Outstanding balances of net financial instruments

	At call	Reprising or maturity dates					Non-performing receivables	Total
		Within 1 year	1 - 5 years	Over 5 years	Not limit	No interest		
Financial assets								
Cash and cash equivalents	344	-	-	-	-	-	-	344
Deposit at financial institution	-	-	52	-	-	-	-	52
Securities business receivables	-	8	-	-	-	-	63	71
Investments - net	-	1,035	84	27	426	-	-	1,572
Total	344	1,043	136	27	426	63	-	2,039
Financial liabilities								
Securities business payable	-	8	-	-	-	-	-	8
Other borrowing	-	970	-	-	-	-	-	970
Total	-	978	-	-	-	-	-	978

32.2 Significant financial instruments risk

As at December 31, 2016 and 2015, the Company and its subsidiary have not speculated in or engaged in trading of any off-financial position financial derivatives instruments.

32.2.1 Interest rate risk

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

(Unit : Million Baht)

CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2016

Outstanding balances of net financial instruments

Reprising or maturity dates

	Floating interest rate	Reprising or maturity dates					No interest	Total	Interest rate (Percent)	
		At call	Within 1 year	1-5 years	Over 5 years	Non-performing receivables			Floating rate	Fixed rate
Financial assets										
Cash and cash equivalents	339	-	-	-	-	-	37	376	0.375 - 1.15	-
Deposit at financial institution	-	-	73	-	-	-	-	73	-	2.25 - 13.00
Securities business receivables	-	-	4	-	-	63	-	67	-	-
Investments - net	-	-	703	16	11	-	679	1,409	-	-
Total	339	-	780	16	11	63	716	1,925		
Financial liabilities										
Securities business payable	-	-	4	-	-	-	-	4	-	-
Other borrowing	-	-	468	-	-	-	-	468	-	3.45 - 3.60
Total	-	-	472	-	-	-	-	472		

(Unit : Million Baht)

CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2015

Outstanding balances of net financial instruments

Repricing or maturity dates

	Floating interest rate	At call	Within				Non- performing receivables	No interest	Total	Interest rate (Percent)	
			1 year	1-5 years	5 years	Over				Floating rate	Fixed rate
Financial assets											
Cash and cash equivalents	368	-	-	-	-	-	37	405	0.38 - 1.10	-	
Deposit at financial institution	-	-	26	52	-	-	-	78	-	0.90 - 13.00	
Securities business receivables	-	-	8	-	-	63	-	71	-	-	
Investments - net	-	-	1,035	84	27	-	429	1,575	-	-	
Total	368	-	1,069	136	27	63	466	2,129			
Financial liabilities											
Securities business payable	-	-	8	-	-	-	-	8	-	-	
Other borrowing	-	-	970	-	-	-	-	970	-	3.40 - 3.60	
Total	-	-	978	-	-	-	-	978			

(Unit : Million Baht)

SEPARATE FINANCIAL STATEMENTS

As at December 31, 2016

Outstanding balances of net financial instruments

Repricing or maturity dates

	Floating interest rate	At call	Within				Non- performing receivables	No interest	Total	Interest rate (Percent)	
			1 year	1-5 years	5 years	Over				Floating rate	Fixed rate
Financial assets											
Cash and cash equivalents	326	-	-	-	-	-	23	349	0.375 - 1.15	-	
Deposit at financial institution	-	-	50	-	-	-	-	50	-	13.00	
Securities business receivables	-	-	4	-	-	63	-	67	-	-	
Investments - net	-	-	653	16	11	-	671	1,351	-	-	
Total	326	-	707	16	11	63	694	1,817			
Financial liabilities											
Securities business payable	-	-	4	-	-	-	-	4	-	-	
Other borrowing	-	-	468	-	-	-	-	468	-	3.45 - 3.60	
Total	-	-	472	-	-	-	-	472			

(Unit : Million Baht)

SEPARATE FINANCIAL STATEMENTS

As at December 31, 2015

Outstanding balances of net financial instruments

Repricing or maturity dates

	Floating interest rate	At call	Within				Non- performing receivables	No interest	Total	Interest rate (Percent)	
			1 year	1-5 years	5 years	Over				Floating rate	Fixed rate
Financial assets											
Cash and cash equivalents	315	-	-	-	-	-	29	344	0.38 - 1.10	-	
Deposit at financial institution	-	-	-	52	-	-	-	52	-	0.90 - 13.00	
Securities business receivables	-	-	8	-	-	63	-	71	-	-	
Investments - net	-	-	1,035	84	27	-	426	1,572	-	-	
Total	315	-	1,043	136	27	63	455	2,039			
Financial liabilities											
Securities business payable	-	-	8	-	-	-	-	8	-	-	
Other borrowing	-	-	970	-	-	-	-	970	-	3.40 - 3.60	
Total	-	-	978	-	-	-	-	978			

The average yield on average financial asset balances for interests bearing financial instruments are presented in the following table:

(Unit : Baht)			
CONSOLIDATED FINANCIAL STATEMENTS			
As at December 31, 2016			
Financial Instruments	Average balance	Interest income	Average yield (Percent)
Financial assets			
Cash and cash equivalents	346,454,921	2,822,586	0.81
Deposit at financial institution	100,151,425	7,000,131	6.99
Investment in debt securities	835,448,897	75,064,403	8.98
Financial liabilities			
Other borrowing	628,833,333	22,290,259	3.55

(Unit : Baht)			
CONSOLIDATED FINANCIAL STATEMENTS			
As at December 31, 2015			
Financial Instruments	Average balance	Interest income	Average yield (Percent)
Financial assets			
Cash and cash equivalents	225,656,562	1,859,297	0.82
Deposit at financial institution	85,654,955	4,659,397	5.44
Investment in debt securities	804,460,190	51,395,648	6.39
Financial liabilities			
Other borrowing	496,250,000	16,825,845	3.39

(Unit : Baht)			
SEPARATE FINANCIAL STATEMENTS			
As at December 31, 2016			
Financial Instruments	Average balance	Interest income	Average yield (Percent)
Financial assets			
Cash and cash equivalents	242,317,397	2,559,407	1.06
Deposit at financial institution	50,398,697	6,423,368	12.75
Investment in debt securities	835,448,897	75,064,403	8.98
Financial liabilities			
Other borrowing	628,333,333	22,290,259	3.55

(Unit : Baht)

SEPARATE FINANCIAL STATEMENTS

As at December 31, 2015

Financial Instruments	Average balance	Interest income	Average yield (Percent)
Financial assets			
Cash and cash equivalents	172,788,782	1,738,317	1.01
Deposit at financial institution	63,816,069	4,110,505	6.44
Investment in debt securities	804,460,190	51,395,648	6.39
Financial liabilities			
Other borrowing	496,250,000	16,825,845	3.39

32.2.2 Credit risk

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

32.2.3 Foreign exchange risk

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

The Company expects that there may be an effect from changes in exchange rates resulting from a portion of assets in foreign currencies which are not hedged.

As at December 31, 2016, the Company had unhedged foreign currency - denominated assets as follows:

Asset	Foreign currency	Amount (Unit: thousand)	Exchange rate (Baht per foreign exchange rate) as at December 31, 2016
Certificate of deposit	Vietnamese VND	32,000,000	0.0016
Ordinary shares			
EDL-GEN	Lao People's Democratic Republic LAK	8,325,774	0.0043
DBC	Vietnamese VND	1,499,465	0.0016
AMC III	United States USD	1,000	35.566

32.2.4 Market situation risk

The Company's exposure to market situation risk is the risk that volatility on the Stock Exchange of Thailand and The Thailand Futures Exchange will substantially reduce the value of the Company's investments. However, the Company manages such risk at acceptable levels through risk management policies as well as a risk monitoring function.

32.2.5 Fair value

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

32.2.5.1 Certain financial assets and financial liabilities of the Company 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 and determined.

(Unit : Baht)

CONSOLIDATED FINANCIAL STATEMENTS

Financial assets/ Financial liabilities	Fair value		Fair value hierarchy	Valuation techniques and key inputs
	December 31, 2016	December 31, 2015		
<u>Financial Assets</u>				
Investments - Net				
Trading securities				
Listed securities	90,274,004	91,221,379	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Debt securities - Bill of exchange	702,906,321	1,035,136,881	Level 2	Discount cash flow by future cash flows are estimated based on forward interest rate at the end of the reporting period
Debt securities - Corporate bond	26,824,556	110,951,859	Level 2	Yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association
Available-for-sale securities				
Equity securities	288,327,412	61,607,128	Level 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)

Financial assets/ Financial liabilities	SEPARATE FINANCIAL STATEMENTS		Fair value hierarchy	Valuation techniques and key inputs
	Fair value December 31, 2016	Fair value December 31, 2015		
<u>Financial Assets</u>				
Investments - Net				
Trading securities				
Listed securities	82,339,254	87,790,879	Level 1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand
Debt securities - Bill of exchange	653,130,918	1,035,136,881	Level 2	Discount cash flow by future cash flows are estimated based on forward interest rate at the end of the reporting period
Debt securities - Corporate bond	26,824,556	110,951,859	Level 2	Yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association
Available-for-sale securities				
Equity securities	288,327,412	61,607,128	Level 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

32.2.5.2 Financial instruments not measured at fair value

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

	CONSOLIDATED FINANCIAL STATEMENTS		Fair value hierarchy	Valuation techniques and key inputs
	As at December 31, 2016			
	Carrying Amount Baht	Fair Value Baht		
<u>Financial assets</u>				
Cash and cash equivalents	376,365,581	376,365,581	3	Net present value of expected cash inflow
Deposit at financial institution	73,356,186	75,916,038	3	Net present value of expected cash inflow
Securities and derivatives business receivables - net	4,821,854	4,821,854	3	Net present value of expected cash inflow
General Investment				
Equity securities	300,289,731	300,289,731	3	Net asset value of invested company
<u>Financial liabilities</u>				
Loan from financial institutions	467,778,822	467,778,822	3	Net present value of expected cash outflow
Securities and derivatives business payables - net	4,125,256	4,125,256	3	Net present value of expected cash outflow

(Unit : Baht)

	CONSOLIDATED FINANCIAL STATEMENTS		Fair value hierarchy	Valuation techniques and key inputs
	As at December 31, 2015			
	Carrying Amount Baht	Fair Value Baht		
<u>Financial assets</u>				
Cash and cash equivalents	404,702,084	404,702,084	3	Net present value of expected cash inflow
Deposit at financial institution	77,631,063	77,490,406	3	present value of expected cash inflow
Securities and derivatives business receivables - net	11,570,101	11,570,101	3	Net present value of expected cash inflow
General Investment Equity securities	276,085,876	276,085,876	3	Net asset value of invested company
<u>Financial liabilities</u>				
Loan from financial institutions	969,504,592	969,504,592	3	Net present value of expected cash outflow
Securities and derivatives business payables - net	8,493,954	8,493,954	3	Net present value of expected cash outflow

(Unit : Baht)

	SEPARATE FINANCIAL STATEMENTS		Fair value hierarchy	Valuation techniques and key inputs
	As at December 31, 2016			
	Carrying Amount Baht	Fair Value Baht		
<u>Financial assets</u>				
Cash and cash equivalents	348,668,156	348,668,156	3	Net present value of expected cash inflow
Deposit at financial institution	50,356,186	52,916,038	3	Net present value of expected cash inflow
Securities and derivatives business receivables - net	4,821,854	4,821,854	3	Net present value of expected cash inflow
General Investment Equity securities	300,289,731	300,289,731	3	Net asset value of invested
<u>Financial liabilities</u>				
Loan from financial institutions	467,778,822	467,778,822	3	Net present value of expected cash outflow
Securities and derivatives business payables - net	4,125,256	4,125,256	3	Net present value of expected cash outflow

(Unit : Baht)

	SEPARATE FINANCIAL STATEMENTS		Fair value hierarchy	Valuation techniques and key inputs
	As at December 31, 2015			
	Carrying Amount Baht	Fair Value Baht		
<u>Financial assets</u>				
Cash and cash equivalents	343,844,697	343,844,697	3	Net present value of expected cash inflow
Deposit at financial institution	52,074,041	51,933,384	3	Net present value of expected cash inflow
Securities and derivatives business receivables - net	11,570,101	11,570,101	3	Net present value of expected cash inflow
General Investment Equity securities	276,085,876	276,085,876	3	Net asset value of invested company
<u>Financial liabilities</u>				
Loan from financial institutions	969,504,592	969,504,592	3	Net present value of expected cash outflow
Securities and derivatives business payables - net	8,493,954	8,493,954	3	Net present value of expected cash outflow

33. 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 year ended December 31, 2016 and 2015, the Company recognized additional gain on transfer of business to the associated company of Baht 0.06 million, respectively.

As at December 31, 2016 and 2015 the remaining amount unrealized gain on transfer of business to an associated company were Baht 148.34 million and Baht 148.40 million, respectively.

34. EVENT AFTER THE REPORTING PERIOD

- 34.1 On February 9, 2017, the Company entered into investment agreement to subscribe newly issued shares of Scentimental (Thailand) Co., Ltd.. The amount of investment equals to Baht 13,800,000, equivalent to 46% of share capital of total issued and paid up capital.
- 34.2 On February 24, 2017, the Board of Directors' meeting approved the resolutions regarding the payment of dividend for the year 2016 from retained earnings at the rate of Bate 0.10 per share. The dividend will be paid on May 15, 2017. The dividend payment is subject to the Annual General Meeting of the Shareholders approval.

35. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issuing by the audit committee and authorized director of the Company on February 24, 2017.

บริษัทหลักทรัพย์ ซีบีโก้ จำกัด (มหาชน)
Seamico Securities Public Company Limited

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