

# Annual Report 2013

AEC Securities Public Company Limited




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## ● ● ● Message from the Chairman ● ● ●

**2013** was an important and significant year for AEC Securities Public Company Limited. During April 2013, we initiated and planned in preparation for our core business by preparing key human resources, corporate structuring, business planning, applying for key licenses, setting up the trading system, support system, risk control and management system, including developing the necessary technology and communications system, in order to be equipped and prepared to carry out our core businesses in all aspects. This culminated towards the Company's first day of securities trading on 4 October 2013.

Currently, the Company has qualified marketing officers (or brokers), teams of researchers and an investment banking department with high qualifications, experience and expertise in the securities and finance business, in order to support increasing opportunities in the near future as well as responding to the needs of customers with a variety of products.

The Company has set its target to expand its business to encompass the regions surrounding Thailand, from securities trading and brokerage to a full-service and integrated business to support the increasing flows of capital, especially with the ASEAN Economic Community (AEC) being born on 2015. The birth of AEC will attract capital and investment from all over the world into the region as the economic crisis in the United States of America and Europe will require time to recover. This will assist the investment banking, financial advisory and investment advisory business of the Company.

The Board of Directors would like to thank all of our shareholders and customers for their continued trust and support of the Company's business. We would like to express our gratitude to our management executives and our employees for their dedication, sacrifice and determination towards their work in fulfilling the vision and goals of the Company of strengthening and developing the Company and its business under the principles of corporate governance towards a Company that provides quality service with high international standards.

Mom Rajawongse Somlarb Kitiyakorn  
Chairman of the Board of Directors



● ● ● Message from Chairman of the Executive Committee ● ● ●

**From** the policy instructed by the executive committee of AEC Securities Public Company Limited, we strive to create an innovative asset and investment for Thailand by Thais as well as executives and consultants from abroad. We aspire to ignite development and change in terms of business that is useful Thailand, Thais, and ASEAN regional economic community.

Thus, the said policy requires the executives to actively implement the guideline proposed by the board of committee. This guideline is used to manage the business in an innovative, modern way, which focuses primarily on servicing and developing a comprehensive business plan.

This service aims to strengthen managerial advantages for Thai businessmen as well as investors, who wish to invest in all the industrial groups. We believe that all these business dimensions could be improved by following our innovative guideline and policy that will accommodate business management as aforementioned.

Although we have seen both domestic and foreign events that fluctuate the economy, society, and politics for the past few years, AEC Securities Public Company Limited still have confidence in strong potential of Thai businessmen as well as of Thailand and ASEAN. We foresee many business opportunities for investors in near future. Therefore, we believe that overall economic condition of Thailand and the region will exponentially grow in a positive direction. Consequently, we would like to use this opportune moment to create prosperity, strength, and development for the company so that our shareholders, investors, and business partners will be able to utilize this resource effectively and objectively. We, AEC Securities Public Company Limited, are ready to take a step forward to the future laden with opportunities and changes both domestically and internationally. This annual report is another passage of innovative communication management provided by professionals for your best interests.



Mr. Praphol Milindachinla  
Chairman of the Executive Committee

## Vision, Objectives, Goals, Strategy

### Vision

- Moving Your Wealth Forward

### Objectives

- To provide an integrated full-service to customers.
- To increase the standard of services.
- To operate with transparency and accountability.
- To expand the scope of business internationally.

### Strategy

The Company has provided different strategies for three different core businesses as follows:

- Securities Brokerage
- Investment Management
- Investment Banking

In our goal to creating wealth for our customers, AEC Securities Public Company Limited has concentrated our strategy towards providing an integrated and full service to our customers in a variety of products such as stocks, derivatives, debt instruments, mutual funds, or investment banking services for customers in both the private and public sector. To this objective, the Company has employed many qualified and experienced individuals, made business and strategic partnerships domestically and internationally, which is not only limited to our Bangkok office since our Company has planned to offer its services to all regions of Thailand. This path to expansion will be spearheaded by our securities brokerage business to key cities in Thailand. Furthermore, the Company has planned to expand into the Southeast Asia region, especially within the Association of Southeast Asian Nations (ASEAN) by 2015, commencing with investment banking services in Laos and Myanmar.

Therefore, the Company is confident that with the right strategy, quality of service and personnel, operation system and plan, the Company will be able to follow the objectives as directed by the Board of Directors.

● ● ● Directors and Executives ● ● ●

## Mom Rajawongse Somlabh Kitiyakara

Chairman of the Board of Directors

Independent Director



Age 63 years  
Period April 2013 - Present  
(December 2013)

% of Shareholding -None-

Relation among family with  
the Management -None-

Education	<ul style="list-style-type: none"> <li>■ Bachelor of Business Administration, Hotel Management Hawaii School of Business</li> </ul>
Training for the Directors Courses of Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>■ Will take training course Director Accreditation Program (DAP) in May 2014</li> </ul>
Working Experience in the 5 preceding years	<ul style="list-style-type: none"> <li>■ 2012 - Present Chairman of the Board, Muangthong of Savings and Credit Cooperative</li> <li>■ 1992 - Present Her Royal Highness Princess Soamsawali's Privat Secretary, Thewet Palace</li> </ul>
Criminal Offense Record during the Past 10 Year	-None-

## Professor Dr.Wissanu Krea-ngam

Vice Chairman of the Board

Independent Director



Age	62 years
Period	April 2013 - Present (December 2013)
% of Shareholding	-None-
Relation among family with the Management	-None-

### Education

- Ph.D of Law, University of California, Berkeley
- Master of Law, University of California, Berkeley
- Bachelor of Laws, Thammasat University

### Training for the Directors Courses of Thai Institute of Directors Association (IOD)

- Director Accreditation Program (DAP 2008)

### Working Experience in the 5 preceding years

- 2010 – Present Chairman of Director the 2nd. Council of State,  
The office of the Council of State
- 2008 – 2013 Chairman of the Board Directors,  
Bangkok First Investment & Trust Public Co.,Ltd.
- 2008 – 2011 Chairman of the Board Directors,  
BFIT Securities Public Company Limited
- Other (The Past) Deputy Prime Minister

### Criminal Offense Record during the Past 10 Year

-None-

## Associate Professor Dr.Chaiya Yimwilai

Chairman of Audit Committee

Independent Director



Age	61 years
Period	April 2013 - Present (December 2013)
% of Shareholding	-None-
Relation among family with the Management	-None-

Education	<ul style="list-style-type: none"> <li>■ Ph.D, Public Administration, Golden Gate University</li> <li>■ M.A., Public Administration, Ohio State University</li> <li>■ B.A., Public Administration, Ohio Northern University</li> </ul>
Training for the Directors Courses of Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>■ Director Accreditation Program (DAP 2005)</li> </ul>
Working Experience in the 5 preceding years	<ul style="list-style-type: none"> <li>■ 2012 – Present Advisor to the Chairman, Charoen Pokphand Public Company Limited</li> <li>■ 2011 – Present Chairman of the Board, Senate Committee of Offensive Strategic Planning for Public Relation</li> <li>■ 2007 – Present Committee, Research and Development of the Senate</li> <li>■ 2007 – Present Board of Directors, The Government Public Relations Department</li> <li>■ Other (The Past) Government Spokesman, Ministry of Commerce</li> </ul>
Criminal Offense Record during the Past 10 Year	-None-

## Mr.Paisit Kaenchan

Audit Committee

Independent Director



Age	53 years
Period	April 2013 - Present (December 2013)
% of Shareholding	-None-
Relation among family with the Management	-None-

### Education

- Master of Business Administration (Executive) (M.B.A.), Sasin Graduate Institute of Business Administration
- Master of International Development Administration, Western Michigan University
- Master of Arts in Political Science, Western Michigan University
- Bachelor of Arts in Political Science, Thammasat University

### Training for the Directors Courses of Thai Institute of Directors Association (IOD)

- Advance Audit Committee Program (AACP) 13/2013
- Director certification program (DCP 2005)

### Working Experience in the 5 preceding years

- 2010 - 2012 Principal, Hospitality Advisory Services Co.,Ltd.
- 2010 - 2012 Chief Representative Development, Marriott Hotel & Resort Asia
- 2007 - 2009 SEVP & Chief Investment Officer, TCC Hotel Group
- Other (The Past) Vice President – Asset Management, Jardine Flaming Thanakom Co.,Ltd.
- Other (The Past) Vice President – Asset Management, Tisco Securities Public Company Limited

### Criminal Offense Record during the Past 10 Year

-None-

## Miss Siriporn Thongkam

Audit Committee

Independent Director



Age	39 years
Period	April 2013 - Present (December 2013)
% of Shareholding	-None-
Relation among family with the Management	-None-

Education	<ul style="list-style-type: none"> <li>Master of Accountancy Program, Chulalongkorn University</li> </ul>
Training for the Directors Courses of Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>Director Accreditation Program (DAP 2013)</li> </ul>
Working Experience in the 5 preceding years	<ul style="list-style-type: none"> <li>2007 - 2013 Director, 504 LK Construction Company Limited</li> <li>2007 - 2008 Advisory to the Board of Directors Kamol Insurance Public Company Limited</li> </ul>
Criminal Offense Record during the Past 10 Year	-None-

## Mr. Weerasak Kowsurat

### Independent Director



Age	48 years
Period	June 2013 - Present (December 2013)
% of Shareholding	-None-
Relation among family with the Management	-None-

Education	<ul style="list-style-type: none"> <li>■ Master of Laws (LL.M.), Harvard Law School</li> <li>■ Bachelor of Laws, Chulalongkorn University</li> </ul>
Training for the Directors Courses of Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>■ Role of the Chairman Program (RCP 2013)</li> <li>■ Director Accreditation Program (DAP 2009)</li> </ul>
Working Experience in the 5 preceding years	<ul style="list-style-type: none"> <li>■ 2009 - Present Chairman MCS Automation Technology Company Limited</li> <li>■ 2009 - 2009 Chairman of the Board of Directors Tourism Authority of Thailand</li> <li>■ Others (The Past) Minister of ministry of tourism and sport</li> <li>■ Others (The Past) Advisor to the Prime Ministry</li> <li>■ Others (The Past) Secretary to the President of the Senate</li> </ul>
Criminal Offense Record during the Past 10 Year	-None-

## Mr. Praphol Milindachinla

Chairman of the Executive Committee

Authorized Director



Age	54 years
Period	April 2013 - Present (December 2013)
% of Shareholding	25.06%
Relation among family with the Management	-None-

Education	<ul style="list-style-type: none"> <li>■ Master of Political Science, Kasetsart University</li> <li>■ Bachelor of Political Science, Kasetsart University</li> </ul>
Training for the Directors Courses of Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>■ Director Accreditation Program (DAP 2013)</li> </ul>
Working Experience in the 5 preceding years	<ul style="list-style-type: none"> <li>■ 2011 - 2013 Advisory to the Executive Committee Three Sixty Five Public Company Limited</li> <li>■ 2006 - 2013 Advisor Independent Advisor Company Limited</li> <li>■ Others (The Past) Secretary to Minister of Commerce</li> </ul>
Criminal Offense Record during the Past 10 Year	-None-

## Mr. Paiboon Sutuntivorakoon

Executive Committee

Authorized Director



Age	60 years
Period	April 2013 - Present (December 2013)
% of Shareholding	-None-
Relation among family with the Management	-None-

### Education

- Certificate of Laws, University College London
- Barrister at Law of Gray's Inn, London
- Barrister at Law, Thai Bar Association
- Bachelor of Laws, King's College London
- Bachelor of Laws, Thammasat University

### Training for the Directors Courses of Thai Institute of Directors Association (IOD)

- Director Certification Program (DCP 2001)

### Working Experience in the 5 preceding years

- 2001 – Present Advisor, Thai Factors Association
- 1990 – Present Executive Committee,  
Tang Hong Kee Trading Co.,Ltd.
- 1987 – Present Managing Director, PBS Law Limited
- 2008 – 2013 Audit Committee and Independent Director  
Thai Capital Corporation Public Company Limited
- 2001 – 2011 Chairman of Audit Committee and Independent  
Director, Chuo Senko (Thailand) Public Company Limited

### Criminal Offense Record during the Past 10 Year

-None-

## Mr. Kobkiat Boontherawara

Chief Executive Officer

Authorized Director



Age	53 years
Period	April 2013 - Present (December 2013)
% of Shareholding	0.29%
Relation among family with the Management	-None-

Education	<ul style="list-style-type: none"> <li>Master of Business Administration (MBA), City University</li> </ul>
Training for the Directors Courses of Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>Director Certification Program (DCP 2012)</li> </ul>
Working Experience in the 5 preceding years	<ul style="list-style-type: none"> <li>2007 – 2013 Chairman of the Board, Capital Link Advisory Company Limited</li> <li>2007 – 2007 Managing Director Kasikorn Securities Public Company Limited</li> <li>2007-2008 Managing Director KGI Securities Public Company Limited</li> <li>2007-2008 Managing Director TMB Macquarie Securities (Thailand) Limited</li> <li>Others (The Past) Managing Director , Asia Plus Public Company Limited</li> </ul>
Criminal Offense Record during the Past 10 Year	-None-

## Mrs.Jinna Tatiyanupanwong

### Chief Operation Officer

Age	56 years
Period	2013 - Present (December 2013)
% of Shareholding	-None-
Relation among family with the Management	-None-



Education	<ul style="list-style-type: none"> <li>Master of Accounting, Thammasat University</li> </ul>
Working Experience in the 5 preceding years	<ul style="list-style-type: none"> <li>2012 – 2013 Chief Operation Officer Siam Commercial Securities Public Company Limited</li> <li>2006 – 2013 Chief Operation Officer Kasikorn Securities Public Company Limited</li> </ul>

## Mr.Pisit Patumban

### President

Age	48 years
Period	2013 - Present (December 2013)
% of Shareholding	-None-
Relation among family with the Management	-None-



Education	<ul style="list-style-type: none"> <li>Master of Business Administration, National Institute of Development Administration (NIDA)</li> <li>Master of Psychology, Kasetsart University</li> </ul>
Working Experience in the 5 preceding years	<ul style="list-style-type: none"> <li>2006 – 2013 Manager Director KGI Securities Public Company Limited</li> </ul>

## Mr.Kanog Wongsarawit

### Senior Executive Vice President

Age	47 years
Period	2013 - Present (December 2013)
% of Shareholding	-None-
Relation among family with the Management	-None-



Education	<ul style="list-style-type: none"> <li>Master of Economics, University of Wollongong</li> </ul>
Working Experience in the 5 preceding years	<ul style="list-style-type: none"> <li>2011 – 2013 Senior Executive Vice Presiden, Wealth Management, Finansia Syrys Public Company Limited</li> <li>2008 – 2011 Senior Deputy Managing Director, Business Development Group, Sicco Securities Public Company Limited</li> </ul>

## Mr.Thada Chanprasit

### Senior Executive Vice President and Company Secretary

Age	48 years
Period	2013 - Present (December 2013)
% of Shareholding	-None-
Relation among family with the Management	-None-



Education	<ul style="list-style-type: none"> <li>Master of MBA, Thammasat University</li> </ul>
Training of Thai Listed Companies Association	<ul style="list-style-type: none"> <li>Fundamental Practice for Corporate Secretary Program (28/2556)</li> </ul>
Working Experience in the 5 preceding years	<ul style="list-style-type: none"> <li>2012 – 2013 Executive Vice President, Bualuang Securities Public Company Limited</li> <li>2011 – 2012 Chief Operation Officer, RHB OSK Securities Public Company Limited</li> <li>2003 – 2011 Executive Vice President, Asia Plus Securities Public Company Limited</li> </ul>

## Company Highlights

Unit: M. Baht

Period as of	Year Ended 2011 December 31, 2011	Year Ended 2012 December 31, 2012	Year Ended 2013 December 31, 2013
Financial Data			
Assets	992.65	1,009.47	1,146.43
Liabilities	34.80	41.47	218.51
Equities	957.85	968.00	927.92
Paid-up Capital	844.08	844.08	844.08
Revenue	54.02	47.81	50.20
Net Profit	(3.07)	10.15	(40.07)
Earning Per Share (Baht)	(0.02)	0.06	(0.24)
Financial Ratio			
ROA (%)	(0.25)	1.01	(3.72)
ROE (%)	(0.32)	1.05	(4.23)
Net Profit Margin (%)	(5.68)	21.23	(79.83)

Statistics as of	December 30, 2011	December 28, 2012	December 27, 2013
Last Price (Baht)	3.60	6.80	10.80
Market Cap.	607.74	1,147.95	1,823.22
F/S Period (As of date)	September 30, 2011	September 30, 2012	September 30, 2013
P/E	28.07	516.00	N/A
P/B	0.64	1.19	1.90
Book Value per share (Baht)	5.63	5.72	5.7
Dividend Yield (%)	N/A	N/A	N/A

Source: The Stock Exchange of Thailand

## General Information

Name of Company	AEC Securities Public Company Limited
Nature of Business	Securities and Finance <ul style="list-style-type: none"> <li>• Securities Brokerage</li> <li>• Securities Trading</li> <li>• Investment Advisory</li> <li>• Underwriting</li> <li>• Selling Agent</li> </ul> Derivatives Business in Derivatives Brokerage and Advisory
Head Office Address	63 Athenee Tower, 17th Fl., Wireless Rd., Lumpini, Pathumwan, Bangkok 10330
Company Registration No.	0107536001575 (formerly Bor.Mor.Jor.231)
Company Website	<a href="http://www.aecs.com">www.aecs.com</a>
Telephone	0-2659-3456
Facsimile	0-2659-3457
Registered Capital (As of December 31, 2013)	860,000,000 THB Consisting of 172,000,000 ordinary shares at 5 THB each
Paid-up Capital (As of December 31, 2013)	844,083,520 THB Consisting of 168,816,704 ordinary shares at 5 THB each
Registered Capital (As of February 12, 2014)	1,331,716,928 THB Consisting of 1,331,716,928 ordinary shares at 1 THB each
Paid-up Capital (As of February 12, 2014)	844,083,520 THB Consisting of 844,083,520 ordinary shares at 1 THB each
Company Auditor	DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

## History of the Company

AEC Securities Public Company Limited (formerly United Securities Public Company Limited) (the “Company”) was incorporated under the laws of the Kingdom of Thailand on 6 July 1971 and became a public company on 15 December 1993 under the Public Companies Act. The Company became listed on the Stock Exchange of Thailand on 8 August 2001.

On 31 December 2012, UOB Kay Hian Securities Public Company Limited (“UOBKH”), a listed company, held 93.47% shareholding of the paid-up shares of the Company and UOB Holdings Limited, which as a company incorporated in Singapore and the biggest company in the company group, was the parent company. On 2 May 2013, UOBKH sold all their shareholding to a group of investors, who became the majority shareholders as of 31 December 2013.

On 10 June 2013, at the Extraordinary General Meeting of Shareholders No. 1/2014, the shareholders resolved to change the name of the Company from United Securities Public Company Limited to AEC Securities Public Company Limited, which was registered with the Ministry of Commerce as of 12 June 2013.

On 31 December 2012, the Company had an office at No. 1550, Floor 4-5, Thanapoom Tower, New Petchburi Road, Makkasan, Ratchatewi, Bangkok and on 15 July 2013, the Company moved and registered its new address to No. 63 Athenee Tower, Floor 17, Wireless Road, Lumpini, Pathumwan, Bangkok. As of 31 December 2013, the Company has one branch (the Company did not have any branches on 31 December 2012).

The Company operates its business in Thailand with the core business as Securities and Derivatives Brokerage. The Company has received the following licenses to operate as a securities company from the Ministry of Finance, the Securities Exchange Commission (“SEC”) and the Stock Exchange of Thailand (“SET”): (1) Securities Brokerage (2) Securities Trading (3) Investment Advisory (4) Underwriting (5) Derivatives Agent/Brokerage.

On 25 October 2011, the Company sold its assets and business related to Selling Agency for securities and derivatives but did not sell the license to operate such business. The Company transferred its employees related to such business and transferred its customers’ account to UOBKH. Therefore, the Company temporarily stopped its Selling Agency business for securities and derivatives.

The Company was allowed to temporarily stop its Selling Agency business for securities and derivatives from the SEC and SET from 25 October 2011 and from the SET and the Thailand Futures Exchange Public Company Limited (“TFEX”) from 25 October 2011 to 31 December 2013. After the sale and transfer of business, the Company continued to operate its securities brokerage and investment advisory business.

On 30 April 2013, the Company was notified by UOBKH, the majority shareholder of the Company, that UOBKH had signed an agreement to sell all of its shares in the amount of 157,796,396 shares or 93.47 percent of the paid-up shares of the Company to a group of investors.

On 27 September 2013, the SEC and SET approved and allowed the Company to operate its securities and derivatives brokerage business. On the same day, the SET and TFEX issued a written permission to allow the Company to make trading orders for securities and derivatives by providing the symbol “AEC” as of 4 October 2013 and onwards.

The Company operate its business in accordance to its license for securities and derivatives brokerage as prescribed by the SEC and SET in the total amount of 5 licenses comprising of (1) Securities Brokerage (2) Securities Trading (3) Investment Advisory (4) Underwriting (5) Derivatives Agent/Brokerage, including Investment Banking and Selling Agent.

On 31 January 2014, the Company received a Type-Gor (A) license from the Ministry of Commerce and on 20 February 2014, the Company received a Type Sor-1 (S1) license from the SEC and SET (otherwise a “Full Licenses Services” license) allowing the Company to engage in all types business related to securities and derivatives brokerage and trading, making the Company a Type-Gor (A) securities company. The Full Licenses Services for securities comprise of (1) Securities Brokerage (2) Securities Trading (3) Underwriting (4) Investment Advisory (5) Mutual Funds (6) Private Funds (7) Short Selling (8) Capital Fund. The Full Licenses Services for derivatives comprise of (1) Derivatives Agent/Brokerage (2) Derivatives Trading (3) Derivatives Advisory (4) Derivatives Capital Management.

Currently, the Company has opened 5 full service branches at Nakornsawan province branch, Silom Road branch, Chiangmai-Mahidol Road branch, Research Center branch, Central Ladprao branch, and the Company will soon be expanding to cover all of Bangkok and the surrounding region.

 Business

## 1. Revenue and Expense Structure of the Company

### Revenue Structure

Revenue	Year 2013		Year 2012		Year 2011	
	Revenue	%	Revenue	%	Revenue	%
Brokerage fees from Securities business	7,000,849	13.94%	0	0.00%	137,452,723	60.39%
Brokerage fees from Derivatives business	385,678	0.77%	0	0.00%	13,681,999	6.01%
Brokerage fees from selling agent of unit trust	5,958,108	11.87%	823,366	1.72%	0	0.00%
Fees and service income - Investment advisory fees	329,472	0.66%	218,441	0.46%	1,284,251	0.56%
Gain on securities	11,496,209	22.90%	19,001,234	39.74%	18,336,322	8.06%
Interest income	22,706,014	45.23%	25,842,163	54.05%	54,933,505*	24.13%
Other income	2,324,366	4.63%	1,928,040	4.03%	1,928,040	0.85%
<b>Total Revenues</b>	<b>50,200,696</b>	<b>100.00%</b>	<b>47,813,244</b>	<b>100.00%</b>	<b>227,616,840</b>	<b>100.00%</b>

### Expense Structure

Expense	Year 2013	Year 2012	Year 2011
Financial costs	60,131	31,035	5,223,376
Fee and service expenses	6,107,511	6,546,701	22,129,791
Operating expenses			
Personnel expenses	20,091,854	14,959,345	105,900,722
Premises and equipment expenses	17,029,561	4,534,391	37,581,222
Directors and managements' remuneration	33,549,294	440,000	25,853,419
Directors' remuneration (going concern)	0	0	110,000
Other expenses	13,187,268	9,659,458	25,117,469
Total operating expenses	83,857,977	29,593,194	194,562,832
Reverse of bad debt and doubtful accounts	-235,508	-825,604	8,643,762
<b>Total Expenses</b>	<b>89,790,111</b>	<b>35,345,326</b>	<b>230,559,761</b>

## 2. Business Lines

AEC Securities Public Company Limited operates a core business as a securities brokerage for securities and derivatives listed on the Stock Exchange of Thailand (SET) and the Thailand Futures Exchange (TFEX) by providing investment opportunities to customers.

In addition to operating as a securities brokerage for securities and derivatives listed on SET and TFEX, the Company also operates the following business:

- Securities Brokerage
- Derivatives Brokerage
- Electronic Trading
- Investment Banking
- Mutual Funds

### Securities Brokerage

In the goal towards earning trust from the customers in providing investment opportunities, the Company is prepared with qualified personnel that are experienced in providing investment advice for a variety of purposes. In addition, the Company has a complete research department who provide excellent content and guidance as tools for the customers to make their investment decisions more effectively.

#### Types of Securities Trading Account

##### ■ Cash Account

A cash account is a type of securities trading account that the customer can trade under a trading limit that is considered and evaluated from the amount of cash that the customer provided according to the rules and regulations of the Company. The cash or security that the customer provides must have a value of 20% of the trading limit (according to the regulation of SET effective on 2 May 2013). All cash provided by the customer and held by the Company will receive interest (as stipulated under the rules and regulations of the Company), and any payments for the purchase or sale of securities must be provided within 3 (three) days commencing from the date of purchase or sale (T+3). The deduction of such payments will be through the Account Automatic Transfer Service (ATS), and in the case of receiving payments from the sale of securities, the customer will receive such payments within 3 (three) business days commencing from the date of sale through the ATS system.

Under a cash account, the customer will receive the right to purchase additional securities once the Company receives the payment from the purchase of securities from the customer.

##### ■ Cash Balance Account

Under a cash balance account, the customer is allowed to purchase or sell securities according to the amount of cash that they provided to the Company. The cash provided by the customer and held by the Company will receive interest, similar to a cash account.

Under a cash balance account, the customer will receive the right to purchase additional securities when the customer provides more cash to the Company.

##### ■ Credit Balance Account

A credit balance account allows the customer to borrow capital from the Company to purchase or sell securities but the customer must initially provide a minimum amount of cash or securities as collateral to the debt (also known as the initial margin rate). Under a credit balance account, the Company will calculate the value of the margin everyday and if the margin is below the maintenance margin as stipulated by the Company, the Company will call the margin and request the customer to provide additional margin up to the

amount of the maintenance margin. The Company may also force sell the margin and/or the collateral should the customer fail to provide additional margin.

### Derivatives Brokerage

In its objective to protect against the risks associated with investment and providing returns to investors, the Company also operates its business as a derivatives brokerage to provide additional investment opportunities to investors. Currently, the derivatives that the Company can trade on TFEX are Futures, Options and Options on Futures.

### Electronic Trading

Investing in securities and derivatives through electronic/internet trading presents another channel for investors to invest. Regardless of their location, investors can see the price of securities and make trading orders efficiently and quickly to adapt to the changing situations.

### Investment Banking

#### ■ Financial Advisory (FA)

The Company provides financial advisory services on business and financial valuation, project viability and feasibility, financial planning, issuance of warrants, issuing employee stock ownership plans (ESOP), underwriting, providing liquidity to businesses, and de-listing from SET.

#### ■ Mergers and Acquisitions

The Company provides advice on business and financial valuation towards a merger or acquisition, cooperating with quality investors through a network of affiliates and clients, evaluating business positions, providing advice on appropriate price for merger or acquisition, as well as providing advice on the appropriate structure, negotiation strategy and merger and acquisition process.

#### ■ Initial Public Offerings (IPO)

The Company provides advice on raising capital through Initial Public Offerings (IPO), listing of securities, Public Offerings (PO) and through Private Placement (PP).

#### ■ Real Estate Investment Trust (REIT)/Infrastructure Fund

The Company provides advice of structuring mutual funds, relevant regulations, issues on law and tax, distribution, and raising capital through REIT and infrastructure funds.

#### ■ Debt Restructuring

The Company provides advice on debt restructuring such as providing financial restructuring plans and process for debt restructuring, guidelines in rehabilitation, and purchasing of bad debts.

#### ■ Corporate Structuring

The Company provides advice on corporate structuring such as shareholding structure, exchange of shares and corporate restructuring. This includes advice and recommendation on the various choices and procedure involved, issues on law and tax, and any relevant procedure related to government agencies.

#### ■ Capital Restructuring

The Company provides advice on capital restructuring such as finding the appropriate balance between raising capital through debt and equity, changing the structure of assets and liabilities to reduce costs and maximize value for organizations for both return on equity and return on assets.

## Selling Agent

The Company provides services in selling and repurchasing units in mutual funds with efficiency, effectiveness and ease, and customers are able to quickly change their investment in a variety of funds from many leading asset management companies through the Company. Furthermore, customers can follow their investments portfolio with ease through summaries of investments in one statement without any additional fees; and customers has access to information from the Company regarding their investment through detailed research articles, comparison charts of funds, and performance of funds. All of these services are provided by experienced personnel who can advise customers according to their choices.

The Company represents the following asset management companies:

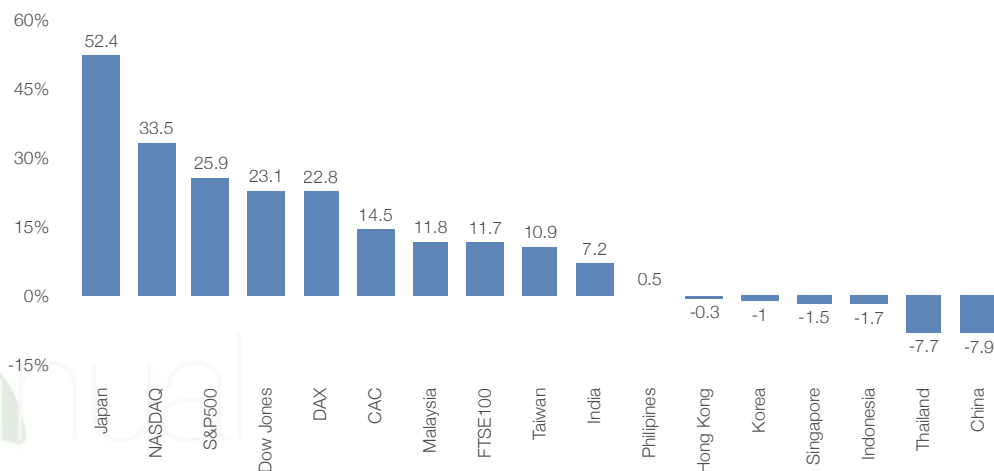
- Krung Thai Asset Management Public Company Limited
- Kasikorn Asset management Company Limited
- SCB Asset Management Company Limited
- Thanachart Fund Management Company Limited
- Phatra Asset Management Company Limited
- CIMB-Principal Asset Management Company Limited
- Finansia Asset Management Limited
- TMB Asset Management Company Limited
- Krungsri Asset Management Company Limited
- MFC Asset Management Public Company Limited
- Asset Plus Fund Management Company Limited
- UOB Asset Management (Thailand) Company Limited
- Solaris Asset Management Company Limited
- One Asset Management Limited
- Land and House Fund Management Company Limited

### 3. Market Overview and Competition

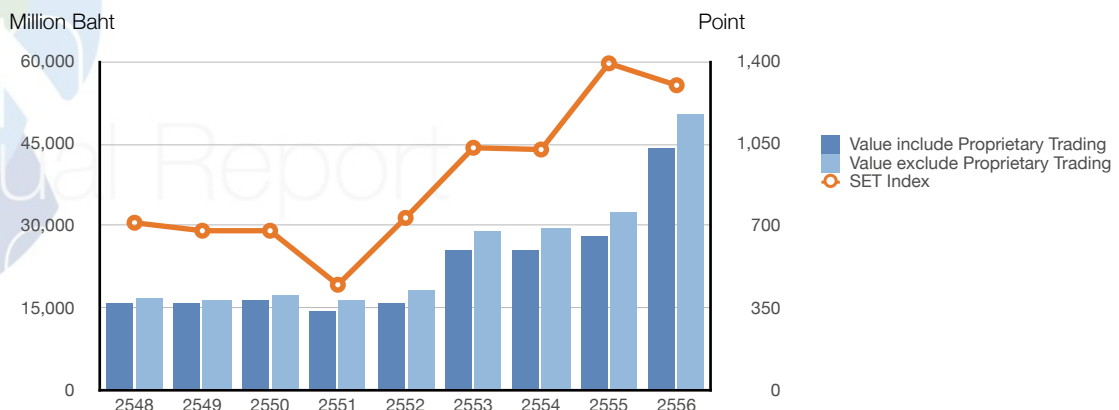
#### Market Overview in 2013

2013 was a fluctuating year for the Thailand stock market, beginning with high liquidity in the global market during the first half of the year resulting from the Federal Reserve's decision to extend their measure of Quantitative Easing (QE) to stimulate the economy of the United States of America. This resulted in a positive outlook towards solving the credit problem. In the meantime, the Thai economy was experiencing a 5.4% year-on-year growth during the first half of 2013, which supported the SET Index to reach its highest point for the past 19 years at 1,649.77 on 21 May 2013, coupled with the strongest Thai Baht for the past 16 years at 28.55 THB per USD. However, the second quarter of 2013, there were indications of capital outflows from the stock markets in Asia, especially in the TIPs Market, back to the US stock market and Europe which showed signs of economic recovery resulting from tapering QE for the next few years. Moreover, economic figures in Thailand became less positive during the second quarter of 2013 and was exacerbated further by the political conflict that began from October 2013. This undermined the SET Index and many foreign investors withdrew their investments. During 2013, the overall value of SET was 195 trillion Thai Baht (including SET and MAI), and its lowest point was at 1,260.26. The SET Index at the end of 2013 was at 1,298.71, a decrease of 7.32% year-on-year which was second last place in Asia ahead on China. Nevertheless, the fluctuations of the market in 2013 led to the largest volume of trading daily in history (including proprietary trading) at 50.3 billion Thai Baht, which was a 55.8% year-on-year increase (if proprietary trading was not included, the trading value would have been 44.4 billion Thai Baht, which is a 56.5% year-on-year increase)

World' Indices (Source: SET and Bloomberg)

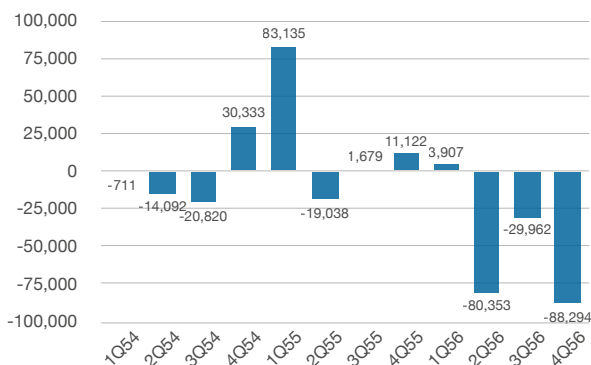


Value and SET Index (Source: SET)

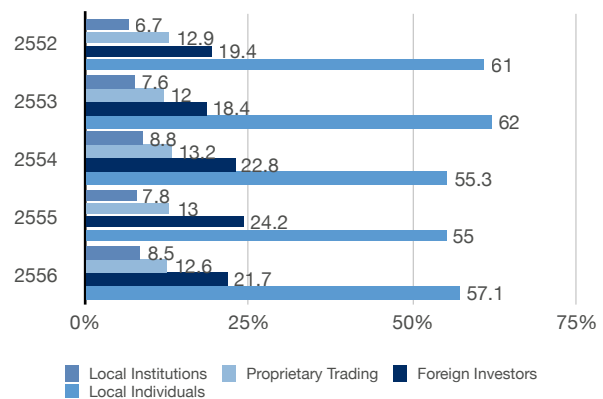


In 2013, the Thai stock market received a net purchase value from institutional investors and retail investors in the amount of 107 and 88.8 billion Thai Baht respectively, both of which have increasing presence in the Thai stock market and reflects their increasing ratio of 8.5% and 57.1% respectively of overall trading value. In the meantime, foreign investors and proprietary trading accounts show less presence and have sold a net value of 1.95 trillion and 1.74 billion Thai Baht respectively.

Value on Foreign Investors Trading  
(Source: SET)



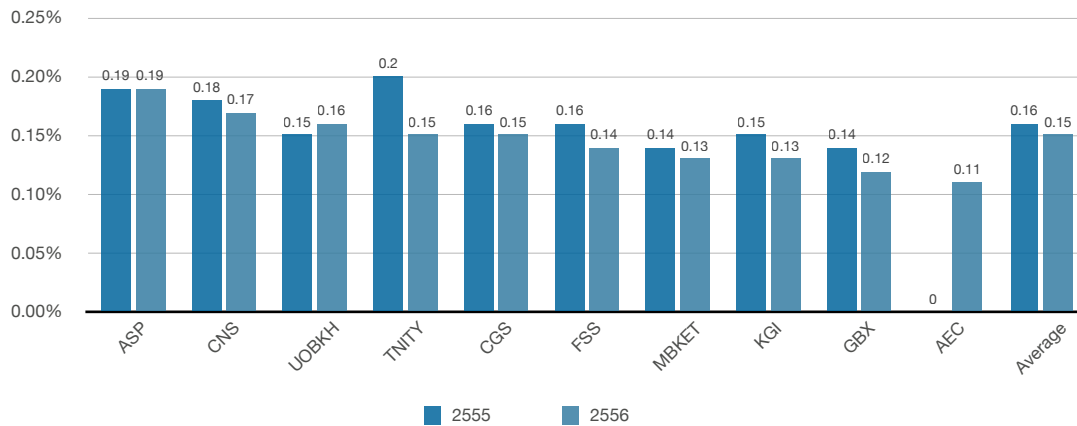
Investors Types  
(Source: SET)



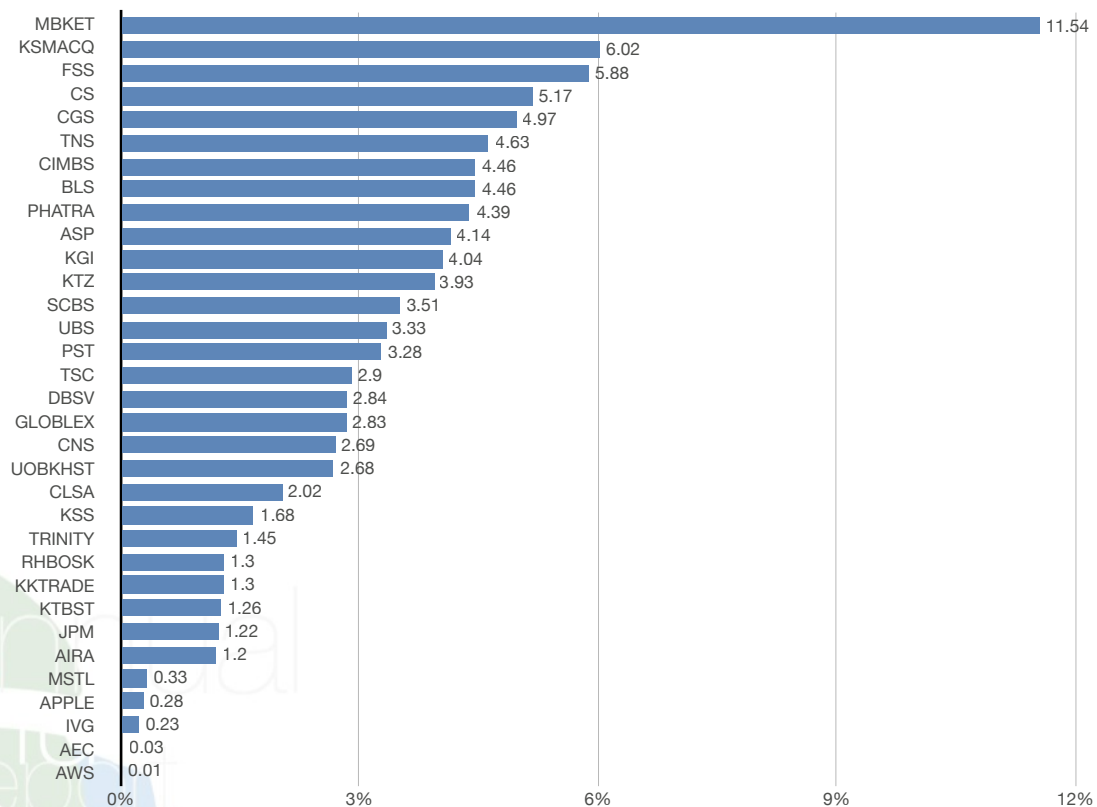
Therefore, even though 2013 was a fluctuating years for the Thai stock market, it was a golden year for securities companies since revenues from the securities brokerage business experienced high growth. The average daily trading value for SET and MAI reached a record-high of 50.3 billion Thai Baht, which was a 55.8% year-on-year increase (if proprietary trading was not included, the trading value would have been 44.4 billion Thai Baht, which is a 56.5% year-on-year increase), which compensated for the loss made in the proprietary trading account of the securities companies and from the increased competition resulting from the announcement of freely-negotiated commissions for brokers. Nevertheless, it is interesting to note that the average commission rate in 2013 was 0.15%, a 0.01% decrease from 0.16% in 2012. This resulted from the introduction of using sliding scales to determine the commission rates of securities brokerage and from the announcement of freely-negotiated commission rates for brokers. Furthermore, 2013 was a great year for investment banking since there were 38 companies entering the stock market through IPOs, which was an increase from 2012 of 24 companies. There were also an increase in the raising of capital during 2013 at a 2.65 times increase at 192 billion Thai Baht from 2012. These came from listing on the stock exchange by 13 companies, 3 infrastructure funds, 7 property funds, and 15 companies listing on the MAI. The largest companies that raised finance through the stock market were the BTS RAIL MASS TRANSIT GROWTH INFRASTRUCTURE FUND (BTSGIF) at 62.5 billion Thai Baht and TRUE TELECOMMUNICATIONS GROWTH INFRASTRUCTURE FUND (TRUEIF) at 58 billion Thai Baht.

The overview of the securities brokerage business and investment banking is looking bright, especially after the ASEAN Economic Community (AEC) comes into effect, which is expected to bring new companies and investors to the Thai stock market. As a result, there were many new securities companies entering the industry in 2013, which was 1) AEC Securities Public Company Limited that bought its license from United Securities Public Company Limited, and 2) Asia Wealth Securities Limited that bought its license from CIMB Limited (Thailand). In 2007, it is expected that two more securities companies will join the industry, which is 1) Apple Wealth Securities that bought its license from Sin Asia Securities Limited, and 2) from the Land & House Group that bought its license from SICCO Securities Limited.

Net Brokerage Fees on Securities Companies (Listed Company)  
(Source: SET)



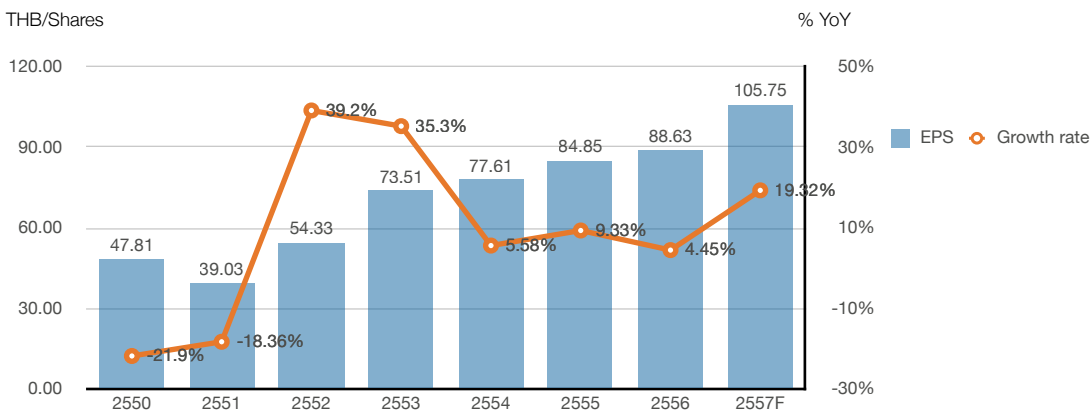
Market Share on 2013 (Source: SET)



### Industry Trend in 2014

2014 is expected to begin on a down-market and slowly rising towards the end of the year for securities companies. This is the result of the political conflict in Thailand which has reduced the country's economic growth, as well as the outflow of capital and fund caused by the tapering of QE by the Federal Reserve of the USA. The first half of 2014 will experience a reduction in revenues from the securities brokerage business and proprietary trading accounts. However, the second half of 2014 will see resurgence in SET after the political conflicts have passed, in addition to the outflow of capital and fund will have passed its lowest point during January 2014 and will return to the Thai stock market again because the fundamentals of Thai companies are still strong. It is expected that Thai companies will grow 19.3% year-on-year and the Forward PER for 2014 will be 13 times, which is calculated as PEG 0.67%, a third-ranking stock market in Asia.

Growth Rate of Earning per Shares (EPS)  
(Source: SET)



Even though the overview of the securities brokerage business and proprietary trading is not looking too bright in 2014 due to a fluctuating market with a daily trading value of 40 billion Thai Baht, which is a 20.5% year-on-year decrease, coupled with increased competition in the securities and finance industry from new companies and freedom of determining commission rates. However, the survivability of securities companies is still long-term if they are able to adjust to new markets and find new sources of revenue to support the securities brokerage business, such as fees from investment banking and selling agents, which will be essential strategies for securities companies.

## ● ● ● Risk Factors ● ● ●

AEC Securities Public Company Limited considers the importance of risk management according to the constantly rapid changing environment that affects the Company directly and indirectly. As a result, the Company has a risk control and management department that is essential and to the Company. The risk control and management department is responsible to regulate and follow potential risks that can affect the Company, and such risks are minimized to an acceptable rate. Moreover, there is an audit and compliance department that functions independently and is responsible for auditing and reviewing the affairs of the Company.

Risks that can affect the Company are as follows: strategic risks, operational risks, financial risks and compliance risks, all of which the Company has developed measures to control.

### 1. Strategic Risks

Strategic risks are risks that result from the inability to operate the Company's business or strategy of the Company, which may be caused by not following the business plan or under the effect of external conditions leading to a change in the business plan.

#### Risks associated with free movement of capital.

Even though ASEAN will increase free movement of capital and such freedom will not directly affect the revenues and financial position of the Company, such freedom will cause the flow of capital to increase more and move much more quicker resulting in more fluctuations in the financial and capital markets of Thailand ASEAN countries. The economic and financial community will cause investors to view ASEAN as a single market.

Therefore, financial crises in one ASEAN country will cause a domino effect to other ASEAN countries, similar to what occurred in Europe. Even if Thailand is not experiencing an economic crisis, the result of a single market will decrease the attractiveness of Thailand for investors and companies looking to invest and raise finance in SET. Such actions will affect the revenues and financial position of the Company.

In addition, freedom of capital in ASEAN will increase opportunities in raising finance and providing more efficient and effective financial service, thus raising the competitiveness of the finance and securities industry. Therefore, the increased competitiveness in this industry will affect the revenues of the Company if the Company does not reduce such risks and invest in research and development to increase the effectiveness and competitiveness of the Company in order to prepare for the AEC.

The Company has prepared for such risks by employing qualified and experienced personnel, as well as providing guidelines to the employees of the Company.

#### Risks associated with underwriting.

In investment banking, the Company is responsible for distributing and guaranteeing the distribution of securities. As a result, there are risks should the Company prove unable to distribute all or part of the securities that they have guaranteed, leading to the purchase of securities by the Company itself. This will affect the liquidity of the Company and the Company will sustain a loss from guaranteeing those securities. Risks associated with underwriting include inappropriate pricing, changing market situations, etc. Nevertheless, to reduce such risks, the Company has considered such risks and presented them to the Board of Executive Committee for consideration, including evaluating market conditions before guaranteeing the underwriting. Furthermore, the Company maintains a Net Capital Rule (NCR) at a rate higher than stipulated by the Securities Exchange Commission (SEC), which was at 551,599,868 Thai Baht or 753.50% as of 31 December 2013.

## 2. Operational Risks

Operational risks means risks from mistakes, or lack of process and control in personnel or systems, including communication systems, information systems, legal risks, and external conditions. Effective management of operational risks will guarantee the normal operations of business and also reduce operational costs.

### Risks associated with personnel.

In securities and finance business, personnel with knowledge, experience and expertise is essential to the success of the Company. In such a competitive environment, there are always risks in personnel moving within and out of the Company. If experienced personnel leave the Company, this will affect the revenues of the Company. Nevertheless, the Company acknowledges and understands the importance of personnel in securing the Company's business, and is continually developing personnel with training and rewarding them with appropriate remuneration according to the rules of SEC as well as market conditions.

## 3. Financial Risks

Financial risks are risks that affect the financial position of the Company and such risks may be divided into 1) Credit Risks, which are caused by customers defaulting due to breaches in the agreements and not paying their debts, and 2) Market Risks, which are caused by fluctuations in interest rates, exchange rates and prices of securities.

### Credit Risks

#### ■ Risks from Credit Balance Accounts

The Company has established policies and guidelines for the control of risks associated with credit balance accounts by evaluating the trading limit in accordance to the financial position of customers to trade securities and discharge their debts. The Company constantly revises the trading limit of customers and adjusts them to the financial position and trading behavior of customers. In addition, the Company also limits the credit limit of each customer not to exceed the overall credit limit of all customers to protect against financial risks.

Furthermore, the Company also determines lists of approved securities for trading on credit balance accounts in order to determine securities with quality and standard. The Company will consider basic factors and liquidity in the trading of securities, as well as determining the volume of securities to be used for trading or as margin, in order to limit over-possession of any single security. To this end, the Company constantly monitors such measures on a daily basis, including determining the policies for using securities as margin, calling margin, force selling, to limit losses that may occur to customers and the Company. Furthermore, the credit control committee meets on a monthly basis to consider all issues related to loans and risks associated with providing loans for securities trading.

#### ■ Risks from Derivatives Trading.

In futures trading, the Company holds risks from the margin provided by customers to settle debts at the Futures Exchange Clearing House derived from customers making losses in futures contracts. Therefore, to reduce such risks, the Company will only consider customers who are knowledgeable and experienced in futures trading as stipulated by the Company and determine the appropriate trading limit. The financial position, ability to settle debts and ability to provide cash before making trading orders are essential in determining customers. The Company is constantly evaluating trading limits and monitors the trading of futures by customers, as well as making sure that the margin is at the appropriate level according to the relevant regulations. This is to limit huge losses suffered by customers, including force selling should customers breach their agreements.

## Market Risks

### ■ Risks associated with Market Fluctuations.

The past decade has seen high fluctuations in the Thai stock market coming from external conditions such as the financial crisis in the USA, the European debt crisis, the decreased growth of emerging markets, all of which has affected Thailand. Domestically, Thailand has had to face political conflicts and changing governments constantly that have affected investment policies and infrastructure developments of the country, resulting in decreased economic growth, especially from the flood crisis of 2011. Such negative factors have caused the Thai stock market to fluctuate constantly, coupled with the constant inflow and outflow of capital from foreign investors. Companies listed on the stock market have suffered from decreasing economic growth, which has affected trading of securities on the stock market. When the market is on the uptrend, there is a high volume of securities trading. On the other hand, when the market is on a downtrend, there is a low volume of securities trading. This has also affected the proprietary trading portfolios of many companies.

Nevertheless, with policies on diversifying revenue streams to other businesses, as well as introducing and selling new financial products that meets the demand of customers, will present a new direction for the Company.

### ■ Risks associated with Invested Capital.

The Company has invested in debt and equity instruments which have risks of falling prices resulting from fluctuations in the market. As a result, the Company has countered such risks by diversifying their investments in a variety of types of products, both short-term and long-term, and the Investment Committee is responsible for setting policies and guidelines towards safe and sound investment. The Investment Committee regulates and monitors such risks associated with investments as well.

## 4. Compliance Risks

Securities companies operate under the laws, rules and regulations of the SEC and SET. Should such rules and regulations change, they may affect the competitiveness, financial costs and operations of the Company. Any breach of the rules or regulations by intention or negligence may cause the Company to be suspended or lose its variety of licenses.

To protect against such risks, the Company has appointed the audit and compliance department, which is independent from management, to monitor and follow the operations of the Company under the relevant regulations and policies of the Company, as well as informing the Company of any changes in the rules and regulations of SEC and SET.

## Other Important Information

### Events after 31 December 2013

On 31 January 2014, at the Extraordinary General Meeting of Shareholders No. 1/2014, the following resolutions were passed:

- The approval of the changing of the par value of the Company from 5 THB to 1 THB per share.
- The approval of the decrease of the registered capital of the Company from 860,000,000 THB to 844,083,520 THB by removing unissued shares.
- The approval of the increase of the registered capital of the Company in the amount of not more than 487,633,408 THB by issuing new ordinary shares in the amount of not more than 487,633,408 shares by issuing to existing shareholders in a Right Offering at 168,816,704 ordinary shares and by Private Placement at 100,000,000 shares, as well as issuing two types of warrants, which is AEC-W2 in the amount of 168,816,704 warrants and AEC-W3 in the amount of 50,000,000 warrants, to a total amount of 1,331,716,928 THB divided into 1,331,716,928 shares.
- The approval of the issuance of subordinated bonds to investors by Private Placement and/or general investors in the amount of 1,000,000,000 THB.

On 10 February 2014, the Company amended its memorandum of association to reflect the change in the par value of the Company from 5 THB to 1 THB per share.

On 11 February 2014, the Company amended its memorandum of association to reflect the decrease of the registered capital of the Company from 860,000,000 THB to 844,083,520 THB by removing unissued shares.

On 12 February 2014, the Company amended its memorandum of association to reflect the increase of the registered capital of the Company to 1,331,716,928 THB divided into 1,331,716,928 shares. The paid-up capital is still 844,083,520 THB at 844,083,520 shares.

On 31 January 2014, the Company received a Type-Gor (A) license from the Ministry of Commerce and on 20 February 2014, the Company received a Type Sor-1 (S1) license from the SEC and SET (otherwise a "Full Licenses Services" license) allowing the Company to engage in all types business related to securities and derivatives brokerage and trading, making the Company a Type-Gor (A) securities company.

The Full Licenses Services for securities comprise of:

- |                          |                   |
|--------------------------|-------------------|
| (1) Securities Brokerage | (5) Mutual Funds  |
| (2) Securities Trading   | (6) Private Funds |
| (3) Underwriting         | (7) Short Selling |
| (4) Investment Advisory  | (8) Capital Fund. |

The Full Licenses Services for derivatives comprise of:

- |                                 |                                     |
|---------------------------------|-------------------------------------|
| (1) Derivatives Agent/Brokerage | (3) Derivatives Advisory            |
| (2) Derivatives Trading         | (4) Derivatives Capital Management. |

Currently, the Company has opened 5 full service branches at Nakornsawan province branch, Silom Road branch, Chiangmai-Mahidol Road branch, Research Center branch, Central Ladprao branch, and the Company will soon be expanding to cover all of Bangkok and the surrounding region.

## Shareholding Information

### 1. Amount of Registered Capital

As of 31 December 2013, the Company has a registered capital of 860,000,000 Baht and a paid-up capital of 844,083,520 Baht in the amount of 172,000,000 ordinary shares (no preferred shares) at a par value of 5 Baht.

As of 12 February 2014, the Company has a registered capital of 1,331,716,928 Baht and a paid-up capital of 844,083,520 Baht in the amount of 1,331,716,928 ordinary shares (no preferred shares) at a par value of 1 Baht.

### 2. Shareholders

#### List of major shareholders

List of top ten major shareholders

The top ten major shareholders of the Company as of the Book Closing Date on 10 January 2014 (the par value of the Company was still 5 Baht and the amount of shares were still 168,816,704 shares)

Rank	Shareholder	Par Value (THB per Share)	Amount (Shares)	Percentage of Registered Capital
1	Mr. Praphol Milindachinla	5.00	42,300,000	25.06
2	Credit Suisse AG, Singapore Branch	5.00	17,000,000	10.07
3	Mr. Tanet Panichewa	5.00	8,000,000	4.74
4	Mr. Suthep Sri-intravanit	5.00	5,512,275	3.27
5	Mr. Sorat Vanichavarakij	5.00	5,000,000	2.96
6	Mr. Kiangkrai Siravanichkan	5.00	3,750,000	2.22
7	Miss Sopacha Dhumrongpiyawut	5.00	3,699,900	2.19
8	Mrs. Wimonwan Milindachinla	5.00	2,800,000	1.66
9	P-Sat Corporation Co.,Ltd.	5.00	2,688,275	1.59
10	Mr. Wiroj Wachiradechkul	5.00	2,450,000	1.45
	Other	5.00	75,616,254	44.79
<b>Total</b>			<b>168,816,704</b>	<b>100.00</b>

#### Major shareholders with influence on policy-making, management and operation of the Company:

Mr. Praphol Milindachinla (Authorized Director)

### 3. Public Offering

There has been no increase of capital during the past 3 years.

#### Events after 31 December 2013.

##### 1. Increase of ordinary shares of AEC Securities Public Company Limited

###### (A) Increase of Capital

During the Extraordinary Meeting of Shareholders No. 1/2014 on Friday 31 January 2014, a resolution to decrease the registered capital of the Company from 860,000,000 Baht to 844,083,520 Baht, and a resolution to increase the registered capital of the Company from 844,083,520 Baht to 1,331,716,928 Baht through the issuance of ordinary shares in the amount of 487,633,408 ordinary shares at 1 Baht in the amount of 487,633,408 Baht.

Type of Capital increase	Type of Shares Issued	Number of shares (shares)	Par Value (THB/Share)	Total (THB)
Specifying the use of proceeds	Common Stock	487,633,408	1.00	487,633,408
	Preferred Stock	-	-	-

Allotted to	Number of shares (shares)	Ratio (Old : New)	Sale Price (THB/Share)	Subscription and payment period	Note
Existing Shareholders (Right Offering)	168,816,704	5 : 1	1.00	March 24–28, 2014	-
General Public	-	-	-	-	-
Private Placement	100,000,000	-	<ul style="list-style-type: none"> <li>• Not lower than 90% of the market price and</li> <li>• Not lower than the Right Offering Price</li> </ul>	To be determined	-
To be reserved for exercising rights of the warrants (AEC-W2) to be issued to the existing shareholders who subscribe for the right offering shares	168,816,704	1 : 1	0.00	March 24–28, 2014	Exercise Price = 2.00 Baht/ common share
To be reserved for exercising rights of the warrants (AEC-W3) to be issued to the investors who subscribe for the privately placed shares	50,000,000	2 : 1	0.00	To be determined	Exercise Price = 3.00 Baht/ common share

2. Issuance of warrants to purchase ordinary shares of AEC Securities Public Company Limited (AEC-W2) to be allocated to existing shareholders.

Type of Warrants	The second series of warrants to purchase the newly issued ordinary shares of the Company ("AEC-W2")
Category of Warrants	Stated the name of the holder and transferable.
Maturity	3 years from the Issuance Date
Amounts of Warrants Issued	168,816,704 units
Selling Price/Unit	-0-
Offering Method	The Company will allocate AEC-W2 to the shareholders who subscribe to the Right Offering.
Allocation Method	AEC-W2 will be allocated to the shareholders who subscribe to the Right Offering. The list of the shareholders who are eligible for the Right Offering will be determined on March 6, 2014 (Record Date) and the book closing date will be March 7, 2014.
Number of Ordinary Shares Reserved for the Exercise of AEC-W2	168,816,704 common shares with 1.00 Baht par value each, or 20% of the current outstanding common shares as of December 19, 2013.
Conversion Ratio	1 unit of warrant can be converted to 1 ordinary share
Exercise Price	2.00 Baht/share (except there is any adjustment to rights)
Exercise Periods	<p>The warrant holders can exercise their rights on the last business day of every June and December between 9.00 am to 3.30 pm over the tenor of the warrants.</p> <p>The first exercising date is June 30, 2014 and the last exercising date is the date when the warrants are mature. If the exercising date is a holiday, the exercise date will be the last business day before the exercise date.</p>
Declaration of Exercising Rights	Within 5 days before the exercising period.
Last Declaration of Exercising Rights	Not fewer than 15 days before the last exercising period.
Conditions on Warrant Exercising Rights	According to the terms and conditions of AEC-W2, as approved by the Shareholders.
Conditions on Issuing Additional Ordinary Shares in case of Right Adjustments	When there is an adjustment of exercise price and conversion ratio as stipulated within the terms and conditions of AEC-W2.
Offering Period for AEC-W2	The allocation of AEC-W2 to the existing shareholders who subscribe to the Right Offering will be made within one year after the Approval of the Shareholders.
Secondary Market for AEC-W2	The Stock Exchange of Thailand
Secondary Market for the Ordinary Shares Issued for the Exercised Warrants	The Stock Exchange of Thailand
Benefits of the New Ordinary Shares Issued for the Conversion of Warrants	The New Ordinary Shares Issued from the Conversion of Warrants will have the same rights and benefits as the existing ordinary shares.

## Conditions for Right Adjustment

Exercise Price and Conversion Ratio can be adjusted over before the maturity of the warrants, AEC-W2, in order to maintain the rights and benefits of the warrant holders under the following circumstances,

1. when there is a change in the par value of the shares of the Company as a result of the share merger or share splits,
2. when the Company sell newly issued shares at the price below 90% of the market price,
3. when the Company sell convertible securities with the exercise price below 90% of the market price,
4. when the Company pays stock dividends, fully or partially, to the shareholders,
5. when the Company pays cash dividends at the payout rate which is higher than the rate stipulated in the terms and conditions, and
6. where there are other circumstances similar to the above which worsen the rights and benefits of the warrant holders.

The Board of Directors or any assigned Person will make decisions on changes in terms and conditions related to the adjustment in exercise price and conversion ratio.

## Remaining Warrants after Expiry Date

To be cancelled.

## Other Conditions

Assign the Board of Directors or any Person assigned to have the authority to set conditions and details of the AEC-W2, including the offering and allocation methods, negotiation, entering into any contract or agreement, acquiring permission from any state agency (if needed), or any necessary transaction related to the issuance of AEC-W2, and to register the AEC-W2 with the Stock Exchange of Thailand.

The Company will not extend the maturity of AEC-W2 or make any adjustment other than those stated herein.

## Impacts on the Existing Shareholders

### 1. Control Dilution

Control Dilution =  $1 - (Q$

$Q_o$  = 844,083,520 shares with the par value of 1.00 Baht each

$Q_{RO}$  = The Right Offering amount of 168,816,704 shares

$Q_{WE}$  = Number of Shares Reserved for the Exercising of Warrants, i.e. 168,816,704 shares

Control Dilution = 0%

### 2. Price Dilution

Price Dilution =  $(P$

Price Dilution after the Right Offering Only = 9.1%

Price Dilution after the Right Offering and Warrant Conversion = 9.2%

### 3. EPS Dilution

EPS Dilution =  $(EPS$

$EPS_o$

the number of outstanding ordinary shares

EPS Dilution from the Right Offering = 16.7%

Fully Diluted EPS after the Right Offering and Warrant Conversion = 28.6%

## Registrar

Thailand Securities Depository Co.,Ltd.

3. Issuance of warrants to purchase ordinary shares of AEC Securities Public Company Limited (AEC-W3) to be allocated by Private Placement Subscribers.

Type of Warrants	The third series of warrants to purchase the newly issued ordinary shares of the Company ("AEC-W3")
Category of Warrants	Stated the name of the holder and non-transferable.
Maturity	3 years from the Issuance Date
Amounts of Warrants Issued	50,000,000 units
Selling Price/Unit	-0-
Allocation Method	AEC-W3 will be allocated to the Private Placement subscriber at the ratio of 1 unit of warrant for each 2 newly issued ordinary shares.
Number of Ordinary Shares Reserved for the Exercise of AEC-W3	50,000,000 common shares with 1.00 Baht par value each, or 5.92% of the current outstanding common shares as of December 19, 2013.
Conversion Ratio	1 unit of warrant can be converted to 1 ordinary share
Exercise Price	3.00 Baht/share (except there is any adjustment to rights)
Exercise Periods	<p>The warrant holders can exercise their rights on the last business day of every March and September between 9.00 am to 3.30 pm over the tenor of the warrants.</p> <p>The first exercising date is September 30, 2014 and the last exercising date is the date when the warrants are mature, i.e. 3 years from the Date of Issuance. If the exercising date is a holiday, the exercise date will be the last business day before the exercise date.</p>
Declaration of Exercising Rights	Within 5 days before the exercising period.
Last Declaration of Exercising Rights	Not fewer than 15 days before the last exercising period.
Conditions on Warrant Exercising Rights	According to the terms and conditions of AEC-W3, as approved by the Shareholders.
Conditions on Issuing Additional Ordinary Shares in case of Right Adjustments	When there is an adjustment of exercise price and conversion ratio as stipulated within the terms and conditions of AEC-W3.
Offering Period for AEC-W3	The allocation of AEC-W3 to the existing shareholders who subscribe to the Private Placement Offering will be made within one year after the Approval of the Shareholders.
Secondary Market for AEC-W3	-
Secondary Market for the Ordinary Shares Issued for the Exercised Warrants	The Stock Exchange of Thailand
Benefits of the New Ordinary Shares Issued for the Conversion of Warrants	The New Ordinary Shares Issued from the Conversion of Warrants will have the same rights and benefits as the existing ordinary shares.

## Conditions for Right Adjustment

Exercise Price and Conversion Ratio can be adjusted over before the maturity of the warrants, AEC-W3, in order to maintain the rights and benefits of the warrant holders under the following circumstances,

1. when there is a change in the par value of the shares of the Company as a result of the share merger or share splits,
2. when the Company sell newly issued shares at the price below 90% of the market price,
3. when the Company sell convertible securities with the exercise price below 90% of the market price,
4. when the Company pays stock dividends, fully or partially, to the shareholders,
5. when the Company pays cash dividends at the payout rate which is higher than the rate stipulated in the terms and conditions, and
6. when there are other circumstances similar to the above which worsen the rights and benefits of the warrant holders.

The Board of Directors or any assigned Person will make decisions on changes in terms and conditions related to the adjustment in exercise price and conversion ratio.

## Remaining Warrants after Expiry Date

To be cancelled.

## Other Conditions

Assign the Board of Directors or any Person assigned to have the authority to set conditions and details of the AEC-W3, including the offering and allocation methods, negotiation, entering into any contract or agreement, acquiring permission from any state agency (if needed), or any necessary transaction related to the issuance of AEC-W3, and to register the AEC-W3 with the Stock Exchange of Thailand.

The Company will not extend the maturity of AEC-W3 or make any adjustment other than those stated herein.

## Impacts on the Existing Shareholders

### 1. Control Dilution

Control Dilution =  $1 - (Q_0 / Q_n)$

$Q_0$  = 844,083,520 shares with the par value of 1.00 Baht each

$Q_n$  = 150,000,000, the number of shares offered to the Private Placement subscribers and after the conversion of warrants issued to the Private Placement subscribers

Control Dilution = 15.1%

### 2. Price Dilution

Price Dilution =  $(P_0 - P_n) / P_0$

Price Dilution after the Private Placement Offering and the conversion of warrants issued to the Private Placement subscribers = 7.5%

### 3. EPS Dilution

EPS Dilution =  $(EPS_0 - EPS_n) / EPS_0$

Net profit of the past four quarters, i.e. (3.78) M.Baht, divided by the number of outstanding ordinary shares

Fully Diluted EPS after the Private Placement Offering and Warrant Conversion = 36.6%

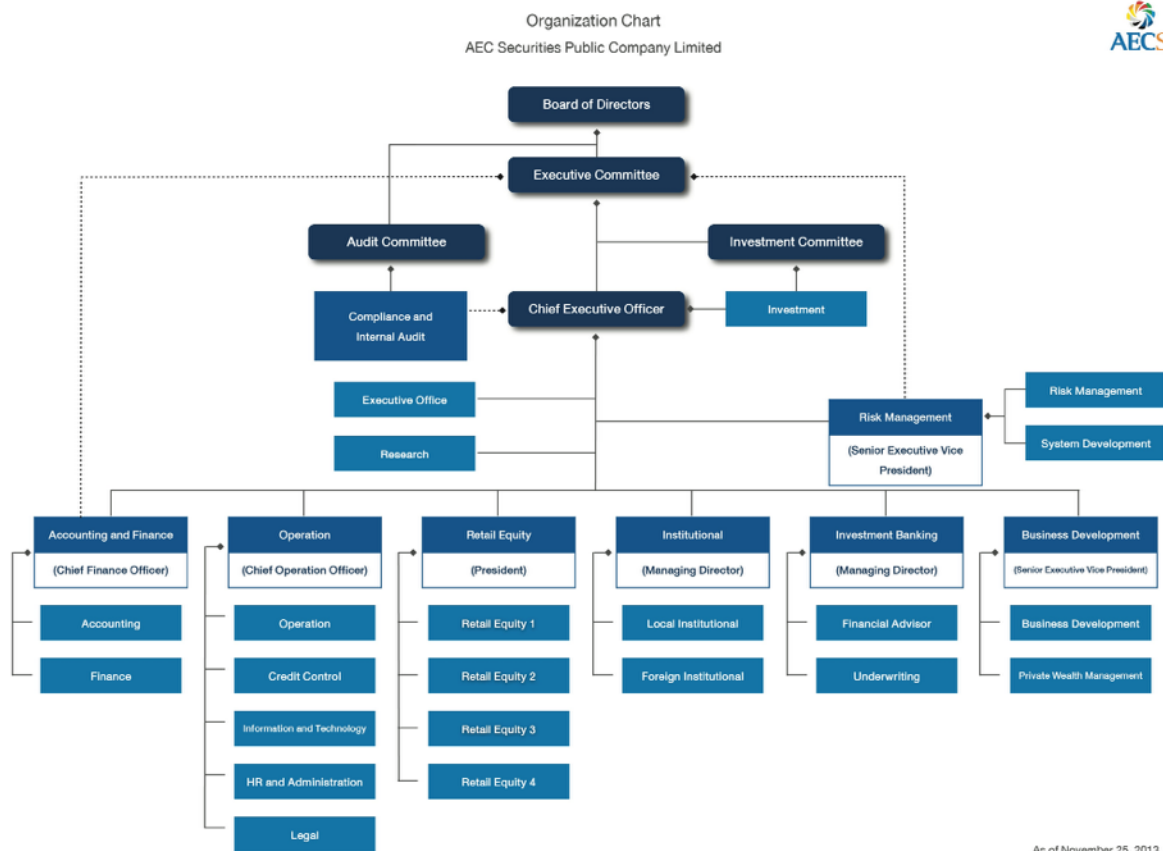
## Registrar

Thailand Securities Depository Co.,Ltd.

## Payment of Dividends

The Company has a policy of paying dividends to shareholders at 75 percent of the net profit for each year. The Board of Directors has the authority to waive this policy or change the policy at their discretion. However, such actions must be for the maximum benefit of the shareholders, such as the necessary use of capital to service any remaining debt, the use of capital to expand the Company's business or to prepare for any changes in the economy and the market that can have an effect on the liquidity of the Company.

## Organization Structure



## Management Structure

The management structure of the Company includes comprises of the Board of Directors, the Board of Executive Directors, the Audit Committee, the Nominations and Remuneration Committee, the Investment Committee and the Credit Limit Committee, with details as follows:

### 1. The Board of Directors

As of 31 December 2013, the Company has 9 directors on the Board of Directors comprising of 3 executive directors (33.33%) and 6 non-executive independent directors (66.66%), as follows:

Name	Position	Date of Appointment
Mom Rajawongse Somlarb Kitiyakorn	Chairman of the Board of Directors and Independent Director	April 30, 2013
Prof. Dr. Wissanu Krea-Ngam	Vice Chairman and Independent Director	April 30, 2013
Assoc. Prof. Dr. Chaiya Yimwilai	Chairman of the Audit Committee and Independent Director	April 30, 2013
Mr. Paisit Kaenchan	Audit Committee and Independent Director	April 30, 2013
Miss Siriporn Thongkam	Audit Committee and Independent Director	April 30, 2013
Mr. Weerasak Kowsurat	Independent Director	June 10, 2013
Mr. Praphol Milindachinla	Chairman of the Executive Committee	April 30, 2013
Mr. Paiboon Sutuntivorakoon	Executive Director	April 30, 2013
Mr. Kobkiat Boontharawara	Executive Director and Chief Executive Officer	April 30, 2013

All directors are involved in the management of the Company and its business, and are all independent and neutral for the benefit of the shareholders and all stakeholders. The Board of Directors meet at least once a month to consider various agendas and manage the Company to reduce risks. The scope of authority of the Board of Directors are as follows:

1. To manage under the law, objectives and articles of the Company as prescribed at the General Meeting of Shareholders.
2. To manage under the authorities prescribed in the Memorandum of Association.
3. To appoint persons or a group of persons to carry out actions on behalf of the Board of Directors.
4. To formulate policies, goals and plans of the Company, including managing and supervising the management of the Company.
5. To fulfill the roles, responsibilities and duties as directors of the Company as prescribed under the relevant laws such as good faith, code of ethics and accountability to the shareholders.
6. To formulate the management and control of risks in the management of the Company

## Knowledge and Experience of Directors

Name	Position	Finance and Capital Markets	Law and Regulations	Accounting and Finance	Management
Mom Rajawongse Somlarb Kitiyakorn	Chairman of the Board of Directors and Independent Director		X		X
Prof. Dr. Wissanu Krea-Ngam	Vice Chairman and Independent Director	X	X	X	X
Assoc. Prof. Dr. Chaiya Yimwilai	Chairman of the Audit Committee and Independent Director	X	X	X	X
Mr. Paisit Kaenchan	Audit Committee and Independent Director	X		X	X
Miss Siriporn Thongkam	Audit Committee and Independent Director	X		X	X
Mr. Weerasak Kowsurat	Independent Director		X		X
Mr. Praphol Milindachinla	Chairman of the Executive Committee		X	X	X
Mr. Paiboon Sutuntivorakoon	Executive Director	X	X		X
Mr. Kobkiat Boontherawara	Executive Director and Chief Executive Officer	X	X	X	X

## 2. Sub-Committees

The Board of Directors has established sub-committees with the expertise in various areas in order to assist the Board of Directors and studying and filtering important issues that require close supervision. There are 2 sub-committees established by the Board of Directors as follows:

### Audit Committee

The Audit Committee has the following scope of authority, roles and responsibilities to the Board of Directors as follows:

1. To review the Company's financial reporting process to ensure accuracy and adequacy.
2. To ensure that the connected transaction or transaction that may lead to conflict of interest has been done in compliance to the relevant laws and regulations.
3. To ensure that the Company has a suitable and efficient internal control system and internal audit system.
4. To ensure the independency of the Compliance and Internal Audit Department and to approve the appointment, transfer or employment termination of the head of the Compliance and Internal Audit Department or other related department.
5. To consider, select, nominate, and recommend remunerations of the Company's external auditor to present to the meeting of shareholders to consider and approve.
6. To review the management of the executives to ensure compliance with the recommendations and policies on compliance and internal audit.

7. To review the Company and its compliance with the laws and regulations related to the SEC, SET and other relevant laws and regulations.
8. To review the risk control and management system, as well as the maintenance and safety of the Company's information technology systems.
9. To report important matters to the Board of Directors.
10. To prepare a report of the Audit Committee as required by the SET and disclose it in the annual report of the Company, and have such a report signed by the Chairman of the Audit Committee.
11. To review and adjust the Audit Committee Charter at appropriate times and in case of any changes to the charter, such changes must be approved by the Board of Directors.
12. In case the auditor finds suspicious behavior that the directors or executives of the Company has committed a breach and reported such breach to the Audit Committee, the Audit Committee will immediately review such breach and report the matter to the SEC and the auditor.
13. To perform any other duties assigned by the Board of Directors.

### Executive Committee

The Executive Committee is responsible for the daily management of the Company's business, decision-making, and minimizing risk in management as well as increasing efficiency. The Executive Committee is responsible in evaluating and analyzing risks, controlling and surveying risks that may cause loss or damage to the Company, such as loss in policy and strategy, credit risk, market risk, liquidity risk and operational risk. The scope of authority must be approved by the Board of Directors

The Company also has other sub-committees:

### Investment Committee

The Investment Committee has the following scope of authority, roles and responsibilities to the Board of Executive Committee as follows:

1. Determining policies and conditions of investment, including determining the trading limit for the Company's proprietary trading account.
2. Evaluate policies and measures for risk management.
3. Evaluate the approved list of securities and derivatives that can be invested.
4. Set guidelines on punishment for officers who invest not according to the rules and regulations as stipulated by the Company.
5. Evaluate the performance of investment, as well as setting guidelines on punishment for investment officers.

### Credit Control Committee

The Credit Control Committee has the following scope of authority, roles and responsibilities to the Board of Executive Committee as follows:

1. To determine policies and regulations of purchasing and selling for all types of accounts.
2. To approve the trading limit of customers according to its authority.
3. To consider and approve the trading limit of customers for all types of accounts.
4. To consider and approve the list of securities, amount and margin rate of securities for short selling.
5. To consider, modify and change interest rates for deposits and loans for all types of accounts related to the purchasing and selling of securities and futures contracts.

6. To determine policies and guidelines of risk management and control in securities and futures contract trading to reflect the conditions of the industry and economy.
7. To acknowledge losses of the Company's account from the trading of customers.
8. To consider and propose the list of officers authorized to approve trading limits and scope of authority for securities trading.
9. To consider the conditions and guidelines for new transactions.

### Management Officers

Directors who are also management executives do not receive remuneration as directors of the Company.

### 3. The Company Secretary

The Board of Directors has appointed Mr. Thada Chanprasit, the Senior Executive Vice President of Risk Management and Control, as the Company Secretary due to his high qualifications and experience. He is also the Secretary to the Board of Directors, with the following roles and responsibilities:

1. To organize the meeting of shareholders and the meeting of the Board of Directors under the law and articles of the Company, as well as related rules and regulations.
2. To establish and maintain the register of directors, notice of meetings and minutes of meetings for the meetings of shareholders and the meeting of the Board of Directors, as well as the Company's annual report.
3. To record all parties involved in related and/or conflicted matters as reported by the directors or the executives of the Company, and to report such records as prescribed under the law.
4. To recommend and report to directors about their roles and responsibilities under the law and relevant rules and regulation.
5. To maintain and arrange for the disclosure of information as stipulated under the rules and regulations of the relevant authorities.

### 4. Remuneration of Directors and Executives

Name	Position	Monthly Remuneration	Allowance per Meeting	No. of Meetings Attended
Mom Rajawongse Somlarb Kitiyakorn	Chairman of the Board of Directors	80,000.00	20,000.00	7/7
Prof. Dr. Wissanu Krea-Ngam	Vice Chairman	60,000.00	10,000.00	7/7
Assoc. Prof. Dr. Chaiya Yimwilai	Chairman of the Audit Committee	-	30,000.00	3/3
	Independent Director	40,000.00	10,000.00	7/7
Mr. Paisit Kaenchan	Audit Committee	-	10,000.00	3/3
	Independent Director	40,000.00	10,000.00	7/7
Miss Siriporn Thongkam	Audit Committee	-	10,000.00	3/3
	Independent Director	40,000.00	10,000.00	7/7
Mr. Weerasak Kowsurat	Independent Director	40,000.00	10,000.00	3/4

Name	Position	Monthly Remuneration	Allowance per Meeting	No. of Meetings Attended
Mr. Praphol Milindachinla	Chairman of the Executive Committee	300,000.00	-	7/7
Mr. Paiboon Sutuntivorakoon	Executive Director	250,000.00	-	7/7
Mr. Kobkiat Boontharawara	Executive Director Chief Executive Officer	- -	- -	7/7

## 5. Personnel

As of 31 December 2013, there were 110 managers and officers in the following departments:

Departments	Amount (Persons)	Departments	Amount (Persons)
Executive Office	6	Business Development	6
Information and Technology	10	Investment Banking	6
Legal	1	Research 1	7
Investment	3	Research 2	6
Compliance	3	Marketing - Institution	6
Credit Control	3	SBL and Short Selling	1
HR and Administration	4	Marketing - Retail	65
Private Wealth Management 1	5	Head Office 61 Persons	
Risk Management and Control	1	Nakornsawan Branch 4 Persons	
Accounting and Finance	4	Maid	1
Operation	4	Driver	2
		Total	139

### The remuneration of personnel for 2013 are as follows:

1. Salary and Bonus	40.80	Million Baht
2. Employee's Benefit	8.18	Million Baht
3. Marketing Officers' Benefit	0.95	Million Baht
4. Other Benefits	<u>3.71</u>	Million Baht
<b>Total</b>	<b><u>53.64</u></b>	<b>Million Baht</b>

### The Past Three Years

On 25 October 2011, the Company sold its business and assets related to securities trading and futures contracts trading (excluding the licenses), and transferred personnel related to such businesses and customers' list to UOB Kay Hian Public Company Limited. As a result, the Company temporarily ceased operations on its securities trading and futures contracts trading.

On 27 September 2013, the SEC and SET authorized and approved the Company to continue its securities trading and futures contracts trading business. On the same day, SET and TFEX authorized and approved the Company to begin trading and use the symbol AEC as of 4 October 2013.

#### Information from Financial Statement as of 31 December 2013

Expenses Related to Personnel	20,091,854 Baht
Remuneration to Directors and Executives	33,549,294 Baht

## Corporate Governance

### 1. Policies on Corporate Governance

As the Company is listed on the Stock Exchange of Thailand, the Company acknowledges the significance of corporate governance in order to demonstrate that the Company has efficient management, is transparent and open to review, which will increase confidence in the Company for shareholders, investors and stakeholders. Therefore, corporate governance increases value and supports sustainable growth for the company. The Company has 5 categories of corporate governance according to the guidelines for corporate governance of listed companies as determined by SET, which are rights of the shareholders, equality of treatment to shareholders, role of stakeholders, disclosure and transparency, and responsibilities of the Board.

### 2. Regulation of Joint Companies of Subsidiary Companies

AEC Securities Public Company Limited does not have any joint companies or subsidiary companies.

### 3. Controlling Inside Information

The Company has measures of protection on using inside information for personal gain or for other persons through abusive self-dealing, such as directors, executives and officers involved in compiling financial information before disclosure to the public (i.e. accounting and finance, executive office and audit and compliance departments). The Company (AECS) will be included on the Watched List on every 15<sup>th</sup> of the month following the last month of each quarter, until the date that the Company discloses financial information to the public. Directors, executives and officers shall strictly follow this policy and the Company shall appoint a Committee on Discipline and Punishment in case of such breaches of the rules, regulations and articles of the Company. In addition, the Company has measures to protect acknowledgment of inside information between departments and personnel of the Company as follows:

- The Front Office and Back Office are physically separated from each other.
- The Research department and Investment Banking department are clearly separated from each other to protect marketing officers from knowing vital information before they are disclosed to the public for personal gain and/or for the gain of customers and/or other persons.
- The Proprietary Investment department is clearly separated from Retail Marketing department.
- The Company actively controls a Watched List, Restricted List and Research List to control inside information.
- The Company allows directors, executives and officers to open securities trading and/or derivatives trading accounts with the Company. Related persons to officers such as spouse and offspring that have not reached the legal age must allow other Securities Companies to disclose trading information and activities to the Company so that the Company can control and prohibit the use of inside information for the gain of officers and/or related persons.

### 4. Remuneration of the External Auditor

**Fee of auditing the Company for the year 2013 is 880,000 Baht**

The Company acknowledges the significance of accurate information in providing confidence for investors and consumers in the financial statements of the Company, and has provided the fee for the external auditor for the year 2013 in the amount of 880,000 Baht to Deloitte Touche Tohmatsu Jaiyos Company Limited.

## 5. Principles of Corporate Governance

### Rights of shareholders

#### 1. Right to obtain profit sharing in the form of dividends

The Company's dividend policy requires the Board of Directors to consider the dividend payment based on performance. If the Company has profits, it will pay dividends of at least 75 percent of net profits to shareholders. Such payment of dividends requires the resolution of the shareholders.

#### 2. Right to attend the Annual General Meeting of Shareholders (AGM)

##### *Before the meeting date*

- The Company delivers the notice of the AGM together with related documents in hard copies and annual report CDs to all shareholders (annual reports in document format also provided upon request), prior to the meeting. The Company assigned the Thailand Securities Depository Co., Ltd., as the Company's Registrar in order to send the invitation to its shareholders by registered mail over 14 days prior to the meeting.
- The Company published notice of the AGM with related documents in both Thai and English language on its website, [www.aecs.com](http://www.aecs.com), under the topic 'AEC News', 30 days before the meeting so that shareholders can access such information more conveniently and quickly. Such information are the same as the documents sent to the shareholders.
- In the notice of the AGM 2012, the Company disclosed sufficient information in every agenda to support decision in voting of shareholders.

##### *On the meeting date*

- The Company schedules the date, time and venue of the AGM by concerning the convenience of the shareholders, including the elderly and disabled using wheelchairs. The Company provided adequate staff and technology to facilitate the convenience of the shareholders such as staff with expertise in foreign language to assist foreign shareholders, the preparation of a secondary meeting room, communication systems in the meeting room, safety and security in the meeting room, the review of shareholders' documents as well as provided duty stamps to affix the shareholders' proxy forms and providing a reception for shareholders. The Company did not restrict the right to attend the meeting of the late show-up shareholders.
- The AGM was arranged in compliance to the best practice of the Principles of Good Corporate Governance for Listed Companies as follows:
  1. All the Company's directors and management attended the meeting to explain and answer questions to the shareholders. The Chairman of the Board of Directors as chairman of the meeting welcomed the shareholders and asked the Company Secretary to introduce the members of the Board of Directors, Audit Committee, Executive Directors, the Executives of the Company, the Head of Accounting and Finance and the representatives from the Company's independent auditor. The Company notified a list of directors who had no voting rights in any agendas for the meeting.
  2. Before starting the meeting, the Company announced the proportion of shareholders and grantees of proxy attending the meeting, the counting and voting method. All votes of 'disapprove' and 'abstain' were recorded by the shareholders in the voting sheets provided by the company. Regarding the election of Directors agenda, all shareholders have to submit their voting cards which will be kept as evidence.

3. The Company conducted the meeting respectively as specified in the notice of the AGM. There was no further or switching agendas other than those specified in the notice.
4. The Chairman allowed the shareholders full opportunity to express their opinions in the meeting to comment and ask related questions during the end of each agenda before voting or the last agenda which availed for consideration of other business.
5. The Company provided to the shareholders the transparency of voting rights and separate voting for each agenda so that the shareholders can exercise their rights independently for each agenda. For the agenda on the election of Directors to replace those retired by rotation, the shareholders were able to vote for individual Director by using the voting sheet for every vote cast and all of those sheets were kept for records.
6. The Company conducted and disclosed the vote count on each agenda of the AGM with transparency by specifying number and percentage of all vote casts – approve, disapprove or abstain with representatives from the Company's independent auditor as witness in the votes counting.

#### *After the meeting date*

- The Company disclosed the AGM resolution via the Stock Exchange of Thailand's Electronic Company Information Disclosure system before 09.00 hrs. of the business day after the day of the meeting. For the AGM, the Company also disclosed the number of all vote casts – approve, disapprove and abstain.
- The Company provided AGM minutes containing entire important information; date, beginning and closing time, list of present and absent directors, significant explanation, questions and answers, comment summaries, resolutions of individual agenda with number of all vote casts – approve, disapprove and abstain.
- The Company submitted minutes of AGM in both Thai and English language to the Stock Exchange of Thailand and posted on the Company's website within 14 days after the meeting.

#### 3. Right to receive information

The Company ensures that its shareholders receive important information such as the Board of Directors and profiles, major shareholder list, annual report, financial statements, as well as other significant events by posting on its website and always keeping such information updated.

#### **Equitable Treatment of Shareholders**

1. Shareholders who cannot attend the meeting themselves are able to grant proxy to others to come to the Meeting and vote on their behalf or the proxy may be granted to the Company's independent directors without any cost on mailing the proxy back or any other costs.
  - The shareholders who cannot attend the meeting by themselves are able to grant proxy to others. The Company encourages its shareholders to use the Proxy Form A, B or C (both Thai and English) in which the shareholders can specify comments in the voting, which can be downloaded from the Company's website.
  - In the Annual General Meeting of the Shareholders, the Company will provide the Minutes of Meeting to SET and on the Company's website in both Thai and English within 14 days commencing from such meeting.
  - In case shareholders who wish to grant proxy to others, the Company will provide the names, profiles and details of the independent directors in the notice sent to the shareholders for the consideration of shareholders who wish to grant proxy.

## 2. Preventive measure against the use of inside information by directors and executive.

The Company set up rules to prevent and report the abusive self-dealing and related party transactions of directors and executives as well as the staff in the related departments. Directors, managing directors and the first four management level executives below the managing director, including the manager of the accounting and finance department with the equivalent position of head director, must disclose the connected transactions of him/herself, spouse and/or minor children and/or close relatives as follows:

- Shareholding in other firm in which the reporter, their spouse, children and/or close relative hold the shares collectively more than 10 percent of the paid-up capital shares with voting right of such firm, must be reported by using the Company's form on 31 January of every year. The report shall be updated to the Company Secretary annually within 15 February of every year.
- Position holding as director or management with controlling power in any other firm by the reporter, their spouse, children and close relative must be reported by using the Company's form on 31 January of every year. The report shall be updated to the Company Secretary annually within 15 February of every year.
- Report without delay if there are any changes of shareholding and/or position holding as director or management of the reporter, their spouse, children and close relative occurring during the year.

The Company has complied with Section 89/16 of the Securities and Exchange Act B.E. 2551, requiring the Company Secretary to submit a copy of the above reports (according to Section 89/14) to the Chairman of the Board of Directors and the Chairman of the Audit Committee within seven business days from the date on which the Company has received such reports, which are used when the Board considers transaction between the Company and its directors or executives. The directors or executives having interest or involvement cannot participate in the decision-making process of such transaction, but may be present at the meeting only to provide additional information only.

## Role of Stakeholders

### 1. Treatment of Stakeholders

The company emphasizes the importance and respects the rights of all stakeholders such as shareholders, customers, employees, suppliers, creditors, competitors, environment and society, etc. All stakeholders mentioned above are well taken care of and treated right according to the related laws or agreement made with the Company. The Company always strengthens the cooperation among all stakeholders in compliance to the related regulations for its optimal performance and sustainable growth detailed as follows:

- Shareholders: The Company aims to perform the best to create maximum satisfaction to its shareholders by concerning the growth of its value in the long term including the disclosure of accountable information with transparency.
- Customers: The Company aims to fully satisfy their customers with good care and responsibility. New forms of services and channel / choices were developed to serve the customers through accurate and complete information without any distortion and without any breaches of the rules, regulations and articles of external regulators.

Customers' confidential information were kept confidential except on permission or enforced by law to disclose. In addition, complaint receiving system from the customers has been set up which the audit and compliance department will oversee the procedure and guidelines of investigation aiming for immediate best and justified solutions in accordance with the specified period set by SEC.

- Employees: Employees are the most valuable and important factors to the Company's success. The Company aims to develop and promote a good working atmosphere and encourage teamwork as well as encourage employees to continuously improve knowledge. The Company is always responsible for maintaining a safe working environment to secure all employees' lives and properties and strictly adhering to comply with labor laws for employment, appointment and transfer of employees which it applies on a moral and merit basis in the consideration process and treats employees fairly and equally, as well as providing suitable compensation.
- Suppliers: Business with any suppliers must not bring about any infamous reputation of the Company or against any law, especially regarding breaches of intellectual property, copyright or patents. The Company treats its suppliers according to the framework of honest business competition and concerns the equality in operating business and mutual benefits with suppliers by complying with the fair trading terms and fair selection.
- Creditors: The Company has commitment in contract and complies with the terms and conditions set forth in the agreement with creditors in the repayment of principal, interest and collateral custody.
- Competitors: The Company promotes fair competition policy without monopoly and follows the related rules set by the regulators particularly regulations concerning the rate of brokerage fee in securities trading and remuneration of marketing staff.
- Environment and Society: The Company aims to comply with environmental laws and regulations, effectively provides a safety environment, promotes employees' awareness of environmental protection such as switching off unnecessary lights, shutting down unused electric office appliances during lunch time, using both sides of printing papers, separate recycle trashes as well as allocates some budget for public charity.
- Human Rights: The Company ensures that its business is not involved in human rights violations and the Company treats all stakeholders with utmost respect for human rights with an emphasis on non-discrimination on the grounds of race, religion, ethnicity, gender, age, health, social status, class affiliations and political opinions.

## 2. Notice of clues or complaints

The Company provides a channel for all stakeholders to send the notice of complaint to the Company's Compliance and Internal Audit Department at No. 63, Athenee Tower, Floor 17, Wireless Road, Lumpini, Pathumwan, Bangkok 10330, Tel. 02-836-0160 or to [compliance@aeccs.com](mailto:compliance@aeccs.com). The Compliance and Internal Audit Department will propose to the Audit Committee for consideration and report to the Board of Directors.

## Disclosure and Transparency

The Company's disclosure policy is to disclose clear, accurate, sufficient and timely information, both financial and non-financial, to all concerns in relation to the rules set by the SET and SEC and with transparency that is able to be inspected. The Company's information will be disclosed through the Company's annual report and the important information will be disclosed through the SET's electronic system (ELCID) and also posted on the Company's website under "AEC News" topic. Such information will be updated regularly including the Company's quarterly financial information. Such financial statements are prepared by the Certified Public Accountant who has no relationship whatsoever with the Company and in accordance with the generally accepted accounting standard. Before each disclosure, the financial statement is reviewed and audited by the Company's Audit Committee who is the Company's Independent Director and the Board of Directors.

Besides financial information, other significant non-financial information was also disclosed such as related party transactions, list of top 20 shareholders of each quarter, Board of Directors' and Audit Committee's Charter and other Board's resolutions. In addition, 30 days in advance of the AGM, the AGM documents are disclosed in the Company website in both Thai and English language so that the shareholders are able to study the information before the meeting date. There was also an announcement to allow the minor shareholders to submit the proposal for special agenda and nominate qualified candidates for Directors position in advance to be considered in the AGM. All information disclosed was put in both Thai and English languages and posted on the Company's website and the news was also disclosed on the SET's electronic system to ensure the shareholders of its clear, accurate and sufficiency of the information and to provide sufficient time for them to study the information in each agenda before attending the Meeting by themselves or by granting a proxy to attend the Meeting or to vote on their behalf. Other information which was not able to be put on the Company's website such as remunerations policy as well as types of remunerations was included in the Form 56-1 and the annual report of the Company.

The Company has not officially set up an Investor Relations Department as the Company is still considered as relatively small. Nevertheless, shareholders or other investors may reach the Company or contact the executives of the Company by visiting the office of the Company, or contracting through the telephone or by electronic mail.

### Responsibilities of the Board

The Company focuses significantly on the role, duties and responsibilities of the Board of Directors as being the one who determines policies and direction of the Company and reveals them to the management who uses them as a direction in operating the Company's businesses towards profit achievement for the benefit of the shareholders. Therefore, the Board's structure and qualifications including the efficiency in carrying out their duties are important factors that the Company are always concerned with. The Company has provided guidelines to Directors and has supported the Directors to attend seminar on the roles, responsibilities and duties of Directors in listed companies organized by the SET and/or other relevant authorities such as the Institute of Directors (IOD), of which all of the Company's directors have attended and completed their course.

#### 1. Structure of the Directors

The Company concerns the appropriateness of structure of the Directors with respect to the Board's responsibilities. As for the Board of Directors' structure of 2012, the Company's Board of Directors consisted of 9 members comprising 3 executive directors, 3 non-executive independent directors, and 3 independent directors acting as directors on the Audit Committee or over one-third of all directors whereby the Chairman of the Board of Directors is not the same person as the Managing Director or the highest management of the Company to assure that the Board can actively perform its duties as shareholders' representative and a balance of power is properly exercised. The Board believes that the Board of Directors' composition is appropriate in terms of number of members compared to the Company's size. The qualifications of the Board especially the Audit Committee members all of which are experts in areas of accounting, finance and law.

The Audit Committee is the only sub-committee officially set up by the Company without setting up the Nomination and Remuneration Committees as the Company is still relatively small with little number and turnover of directors. However, in practice, each and every director is able to nominate highly-qualified candidates for the Company's directors, Independent Directors as well as Audit Committee members to the Board of Directors' Meeting for consideration and to be approved from the shareholders' meeting as the case may be. As for the determination of remunerations, the Board of Directors will set up the remunerations for the Company's executives and the Board's remunerations will be approved by the shareholders in the AGM.

Nevertheless, the Board of Directors has planned to create a Nomination and Remuneration Committee in 2014.

## 2. The Meeting of the Board of Directors

The Company arranges its Board of Directors Meeting and Audit Committee Meeting regularly on a quarterly basis or at least 4 times a year. Before the meeting date, the directors will receive the agenda and documents about 3-7 days in advance which is a sufficient time for the members to study and prepare for the meetings. The quarterly meetings for the Board of Directors and the Audit Committee is appropriate and sufficient to oversee that the Company's operations has been running successfully.

In addition to approving the minutes of the previous meeting of the Board of Directors, each meeting of the Board of Directors consists of regular agendas, such as:

- Summary of the minutes of the meeting of the Executive Committee which divided into matters for acknowledgement and matters required further approval from the Board of Directors including the report on each department's performance of the previous month which serves as a form of monitoring of the Company's management operations efficiency.
- Summary of the minutes of the meeting of the Audit Committee which consists of the auditing results in terms of compliance to the rules and regulations of the regulators and the Company's rules as well as internal control and various risk done by the Compliance and Internal Audit Department.
- The approval of disclosing and reporting quarterly financial statements (F45-1) and the notes and descriptions of any 20 percent change in the operation of the Company's business in comparison to the same quarter of the previous year.
- Update the Company's securities holding of Directors and Executives.

The Board of Directors has established the Executive Board consisting of the Chairman of the Executive Board, the Managing Director and the top management from the Company's core departments, in order to help screen information to facilitate the Board of Directors' decision-making or it is able to make its own decision concerning the normal business operations of the Company which is in line with the pre-determined approval authority and along the policies of Company determined by the Board of Directors.

## Corporate Social Responsibility

The Board of Directors of the Company acknowledges the significance of corporate social responsibility (CSR) as an essential philosophy in the management of the Company. In fact, AEC Securities Public Company Limited is a part of society, community and environment that affects its surroundings and stakeholders, from customers, company image, and employees to shareholders, partners and competitors. Therefore, CSR is parallel in the operations of the Company.

In 2013, the Company undertook to implement CSR within the Company by initiating a Green Office Initiative with the following details:

- Energy saving to reduce energy costs and environmental impact, such as turning off lights and computers during lunch breaks.
- Paperless printing and using electronic mail for communications.
- Assisting and supporting employees to engage in social activities by financial support and paid work leave for charity purposes.

In addition, the Board of Directors has created a Corporate and Social Responsibility Committee (Subcommittee) with the following scope:

- Proposing policies and activities in support of social causes such as health and employee safety, human rights, equality of treatment and charities for social benefits.
- Managing and regulating business operations to avoid inappropriate activities that can affect the image and reputation of the Company.
- Producing reports of CSR activities and disclosing such activities in the Annual Report of the Company.

## Internal Control and Risk Management

### 1. Internal Control

#### Summary of Internal Control

AEC Securities Public Company Limited understands the importance of internal control in order to protect against potential loss and risks that may arise against the Company and stakeholders. Executives and officers must follow these guidelines:

- Assist and support the internal control process to create a good working relationship and understanding of the roles between executives and officers.
- Assist and support all departments to have self-control and internal control according to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) of which there are 5 (five) categories:
  1. Internal Environment
  2. Risk Management
  3. Control of Operations of Management Executives
  4. Communication and Information Systems
  5. Tracking and Review System

#### Internal Environment

AEC Securities Public Company Limited has a policy of efficient self-control and regulation, internal control and risk management, which the Audit Committee and Management Executives constantly review. Such policies include financial control and control of operations according to the law and regulations, and to constantly develop such policies and procedures.

The Company promotes directors, executives and officers to understand the necessity of internal control systems, where the Board of Directors supervises and sets clear guidelines for the Company to follow and to allow efficient management. Professional codes of conduct and ethics are instilled in the principles prescribed in the Compliance Manual to prohibit management executives and officers from engaging in conflicts of interests with the Company and to punish those who breach such duties.

Corporate structure also supports efficient and effective management to reach the goals of the Company, where the Board of Directors provides policies for the Company and the Executive Committee provides management direction and operations for the management executives. Furthermore, the Company has an audit and compliance department, and a risk management and control department, to efficiently and effectively regulate and control the internal environment and potential risks. Such guidelines are provided in writing to protect against corruption issues. Nomination of qualified personnel by considering knowledge, experience and qualifications to meet each job description, where each job requires different roles and responsibilities, is essential to the Company, its business and its corporate culture. Orientation of new personnel is important so that new personnel understand the vision and mission of the Company. The control of each department is controlled by the heads of each department, who creates a check and balance system for all types of business that the Company is engaged in.

## Risk Management

AEC Securities Public Company Limited has clear objectives that coincide with the visions, missions and strategies of the Company. Such objectives are at a satisfactory level to allow for efficient and effective management, as well as at an acceptable rate of risk. Stress scenarios are used to prepare against possible negative scenarios and to evaluate potential damage and loss that may occur. The Company constantly develops and prepares against stress scenarios under careful risk management.

The Company has a policy of risk management and is constantly evaluating internal and external risks that may affect the Company, as well as establishing measures to review causes of risk factors and measures to decrease such risks under the management and control of the Executive Committee. Such measures are communicated to all the departments of the Company to prepare against any potential risks in protection against potential damage and/or loss. Audit and review of the internal environment to ensure that operations of each department are proceeding as planned by the risk management and control plan, especially regarding the Net Capital Rule (NCR) for Credit Balance accounts and proprietary trading accounts of the Company

## Control of Operations of Management Executives

The Company has established and separated the scope of roles and responsibilities, as well as the authorization limit, of management executives and committees at each level. Issues such as recording information, accounting information and communication information are separated from each other to allow for checks and balances. In case the Company engages in related party transactions or acquisition and disposition of assets, the Company has provided written regulations where related parties must disclose to the Company as soon as possible and such related parties shall not be involved or vote on that transaction. Such information shall also be disclosed to public with the interests of the Company and shareholders regarded as highest.

## Information and Communication

The Company has established clear, accurate and efficient information and communication systems throughout the Company to aid quick reactions and decision-making. Information are separated from each other to allow for clear and concise understanding, increasing efficiency and effectiveness in process, coupled with developing personnel to understand their roles further in providing information to customers, investors, business partners and related persons. The Company has established policies to secure and protect information and communication as follows:

- Segregation of duties to support checks and balances of personnel in the Company to reduce infrastructure risk.
- Creating physical security for computers and server rooms in case of emergencies from fire, electricity failure and temperature malfunction.
- Establishing information and network security to restrict unauthorized persons from knowing and modifying computer information.
- Creating change management in information systems management in the Company so information systems are constantly developing to facilitate users, which will reduce integrity risks.
- Establishing backup and information technology continuity plan so information systems can work continuously and effectively, reducing availability risks.
- Creating continuous computer operation for increased accuracy, continuity and efficiency.
- Establishing control and management of IT outsourcing for efficient and effective management of outsourcing, thus controlling risks in the process.

### Tracking and Review System

The Company has created steps, procedure and tools to assist and support management executives and various subcommittees to track and review operations to ensure efficiency in operations and internal control. The track and review system allows for the Company to adapt to changing situations and problems to be easily fixed. The Company has established a report system where business and operations are reported quarterly or monthly, depending on the situation, to assess the impacts and loss towards the Company. Through evaluating the reports, the Company is able to reassess the procedure, operations and efficiency of risk management methods. Such reports are carried out by the audit and compliance department and the risk management and control department, including reviews by an external auditor and the Board of Directors according to the Committee of Sponsoring Organizations of the Treadway Commission (COSO), to increase confidence that the Company has an internal control mechanism that can fulfill the objectives of the Company.

## 2. Report of the Audit Committee

The Company's Audit Committee appointed by the Board of Directors consists of 3 Independent Directors with Associate Professor Dr. Chaiya Yimwilai as Chairman of the Audit Committee, Mr. Paisit Kaenchan and Miss Siriporn Thongkam as Audit Committee members. The head of the Compliance and Internal Audit Department acts as the Secretary to the Audit Committee. Each Audit Committee member is not an advisor, executive directors or employees of the Company and fully meets qualifications specified by the SEC.

The Audit Committee has done their duties independently according to the duties and authorities stated in its Charter with the cooperation from all concerns. It also realizes the importance of having sound internal control, risk management as well as good corporate governance so that the Company will have good internal control and proper risk management as well as accurate and reliable financial reporting.

In 2013, the Audit Committee arranged altogether 4 meetings. In addition, the Audit Committee has arranged meetings to review the Company's financial statement with the independent auditor and without an involvement of the management. The Audit Committee's performance is significantly summarized as follows:

### 1. Auditing of quarterly and yearly financial statement FY2013.

The Audit Committee has pre-audited the Company and its subsidiary's financial statements of the year 2013 before presenting to the Board of Directors to ensure that the financial statements were done correctly and in compliance with the generally accepted accounting standards and the drafting and disclosing process of the financial report were done completely, correctly and within the timeframe. The recommendations of the independent auditor were taken into consideration regarding producing financial statements, and the Audit Committee agreed with the independent auditor that the financial statements of the Company were in accordance with the generally accepted accounting standards and the drafting and disclosing process of the financial report were done completely, correctly and within the timeframe.

### 2. Nomination of Independent Auditor.

The Audit Committee has carefully selected and proposed to appoint the Company's independent auditor based on independency and also determined proper remunerations as well as proposed the appointment of a qualified CPA to be approved by the Company's Board of Directors and Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. was proposed and approved as the Company's independent auditor for the year 2013.

### 3. Related Party Transactions and Disclosure on the Acquisition and Disposition of Assets

The Audit Committee found that the Company did not have any related party transactions with listed companies, subsidiary companies or other persons regarding the acquisition and disposition of assets in accordance with the SEC Capital Market Supervisory Board Rules No. Tor.Jor.20/2551 regarding the rules on related party transactions and the acquisition and disposition of assets, as well as the SET Rules on the disclosure of information of acquisition and disposition of assets B.E. 2547.

### 4. Internal control governance.

The Audit Committee has reviewed the auditing plan FY2013 based on the realization of the possible risk which might have adverse effect on the Company's financial statement and operations including other aspects which may affect the operation of the Company. Reports from the Compliance and Internal Audit Department on auditing results done every quarter were presented to the Audit Committee for consideration in order to propose possible resolution to improve the weaknesses of the internal control system as well as report on the progress of the corrections.

In conclusion, the Audit Committee has carried out duties in compliance to its Charter and opined that the draft and disclosure of the Company's financial statement was correct and reliable. The Company has complied with the rules and regulations set by regulators with appropriate risk management and effective and sufficient internal control system and there was no significant error which might have impact on the Company's financial status and has already reported the result to the Board of Directors.

The Audit Committee



( Assoc. Prof. Dr. Chaiya Yimwilai )  
Chairman of the Audit Committee



( Mr. Paisit Kaenchan )  
Audit Committee Member



( Miss Siriporn Thongkam )  
Audit Committee Member



### 3. Summary of the Opinions of the Board of Directors of AEC Securities Public Company Limited on Internal Control and Environment

The Board of Directors considers that the internal control of the Company is satisfactory and appropriate, which protects the assets of the Company against unauthorized use and abuse of power by management executives. The Company has not had any issues on internal control and the external auditor has not raised any issues on internal control of the Company. The Company has also established guidelines for internal control according to the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which has been considered and approved by the Board of Directors.

The Audit Committee agrees with the Board of Directors.

### 4. Head of Internal Control and Compliance of the Company

Details of the head of internal control and compliance of the Company.

Details	Head of Internal Control and Compliance		
Name	Miss Sunida Permpoonsrisilp		
Position	Executive Vice President		
Education	Masters of Business Administration		
Experience	AEC Securities Public Company Limited	EVP	(2013-Present)
	Phatra Securities Public Company Limited	EVP	(2009-2010)
	Kiatnakin Securities Public Company Limited	EVP	(2000-2009)
	Zmico Securities Public Company Limited	Manager	(2009-2010)
	KrungThai Thanakit Finance Public Company Limited	Department Head	(1994-1998)
Training	<ul style="list-style-type: none"> <li>• DCP Program (Class 113/2009), The Institute of Directors (IOD)</li> <li>• ASCO Compliance Training Program (September 2013)</li> <li>• Compliance Meeting Seminar 2/2013 (Organized by SEC)</li> </ul>		

The Audit Committee has considered the head of internal control and compliance of the Company as knowledgeable, experienced and qualified for the position. In 2013, the Compliance Meeting Seminar 2/2013 as organized by SEC, assisted in increasing the qualifications of the head of internal control and compliance of the Company even further.

Appointment, dismissal and transfer of the head of internal control and compliance of the Company requires approval from the Audit Committee.

## Related Parties Transactions

### 1. List of Related Parties

Company	Relationship	Type of Business
UOB Kay Hian Securities (Thailand) Public Company Limited*	Parent Company	Securities and Finance
United Overseas Bank (Thai) Public Company Limited*	In corporate group	Commercial Bank
UOB Asset Management Limited (Thailand)*	In corporate group	Asset Management

\*These companies are no longer related parties as of 2 May 2013 since the shareholders of the Company changed to a new group of investors.

### 2. Policy of determining price for each transaction

Transaction	Price Policy
Interest income	At agreed price which approximates market value
Other incomes	At agreed price which approximates market value
Finance costs	At agreed price which approximates market value
Expenses	At the actual amount of payment
Fee expenses	Under service agreement which is in normal business operation
Rental expense	At the rate determined under the agreement
Advisory expense	At the rate determined under the agreement

### 3. Significant balances with related parties which are in the same group above are as follows:

	As at December 31, 2013 (Baht)	As at December 31, 2012 (Baht)
<b>Cash and cash equivalents</b>	-	303,904,444
United Overseas Bank (Thai) Public Company Limited		
<b>Interest receivables</b>	-	92,055
United Overseas Bank (Thai) Public Company Limited		
<b>Other receivable</b>	-	31,740
UOB Kay Hian Securities (Thailand) Public Company Limited		

4. Significant transactions with related parties for the years ended December 31, 2013 and 2012 are as follows:

	For the years ended December 31,	
	2013 (Baht)	2012 (Baht)
<b>Interest income</b>	1,058,359	1,672,248
United Overseas Bank (Thai) Public Company Limited		
<b>Other income</b>	166,301	-
UOB Kay Hian Securities (Thailand) Public Company Limited		
<b>Advisory and service income</b>	4,137	8,964
UOB (Thai) Assets Management Company Limited		
<b>Fee expenses</b>	1,500	7,500
United Overseas Bank (Thai) Public Company Limited		
<b>Rental and service expenses</b>	391,853	597,990
UOB Kay Hian Securities (Thailand) Public Company Limited		

## ● ● ● Management Discussion and Analysis ● ● ●

### 1. Analysis of Business Operations

During the 3<sup>rd</sup> quarter of 2013 (1 January – 31 December 2013), AEC Securities Public Company Limited began to fully operate its business as a securities company. Since 25 October 2011, the Company suspended its securities trading and futures contracts trading business, but still operated businesses of trading securities and debt instruments, selling agency, and investment advisory.

On 2 May 2013, UOB Kay Hian Securities (Thailand) Public Company Limited sold all its shares in the Company to a group of investors, who became major shareholders of the Company (as of 31 December 2013). The Company prepared to operate its business at full capacity, which required large sums of investment to reinvigorate the Company with a new office and personnel. On 4 October 2013, the Stock Exchange of Thailand and the Thailand Futures Exchange Public Company Limited approved and allow the Company to trade securities and futures contracts by using the symbol AEC.

In 2013, the revenues of the Company can be divided as follows: 45.23% came from interest received, 26.58% came from commissions, 22.90% came from investments made by the Company, and the rest came from fees and other sources of revenue.

Interest received in 2013 was at 22,706,014 Baht, which was a 12.13% decrease from 2012, as a result of the Company using capital to invest in the Company rather than depositing capital with financial institutions to receive interest returns.

Commissions for 2013 were at 13,344,635 Baht, which was a 1,520.74% increase or 15 times increase from 2012, since the Company was allowed to trade securities and futures contracts in the 4<sup>th</sup> quarter of 2013.

Revenue and profit from 2013 were at 11,469,209 Baht, which was a 39.49% decrease from 2012, as a result of the Company using capital to invest in the assets and business of the Company. In 2013, commissions mostly came from the selling agent business and financial advisory business of 329,472 Baht, which was a 50.82% increase from 2012, due to the reason that the Company started its selling agent business first before other businesses in June 2013, followed by the arrival of an investment banking team in the 4<sup>th</sup> quarter of 2013.

Other revenues in 2013 were at 2,324,366 Baht, which were mostly from indemnities and reimbursements, as well as sale of assets from UOB Kay Hian Securities (Thailand) Public Company Limited.

Expenses in 2013 were at 89,790,111 Baht, which was a significant increase from 2012 since the Company had to invest significant amounts of capital into the Company such as labor costs, equipment, tools and a new office, and which most of the expenses are fixed costs such as remuneration for directors, executives and officers, and investment in computer hardware and software from reputable providers.

In summary, the Company made a net loss of 40,074,489 Baht in 2013 due to the aforementioned reasons and the Company having to restart its business during the 4<sup>th</sup> quarter of 2013, allowing the Company only one quarter to generate revenue.

### 2. Analysis of Financial Position

The Company has total assets worth 1,146,431,509 Baht as of 31 December 2013, which was an increase of 136,966,108 Baht or 13.57% from total assets in 2012 (1,009,465,401 Baht). The increase is due to the increase in receivables from the clearing house of the trading value during the last 3 (three) days of 2013, as well as from the increase in customer accounts for securities trading and futures contracts that has a daily trading value.

Cash and cash equivalents amounted to 318,141,995 Baht and investments of the Company amounted to 160,011,373 Baht as of 31 December 2013, both of which are a decrease of 66.12% and 37.46% respectively from 31 December 2012. In 2013, cash and investment capital were mostly used to invest in the Company in restarting its business, as well as investing in other fixed assets.

Building and equipment costs include computer equipment and software, office supplies, interior design and intangible assets amounted to 119,190,698 Baht, which was a significant increase from 2012 of 114,011 Baht due to the sale of assets to UOB Kay Hian Securities (Thailand) Public Company Limited resulting in no assets for the Company to operate with and prompting the Company to invest in fixed assets.

The Company has total liabilities worth 218,509,434 Baht, which was an increase from 2012 of 177,040,597 Baht or 426.92% , of which 165,777,950 Baht came from receivables from the clearing house from securities and futures trading during the last 3 (three) days of 2013, as well as other liabilities of 16,730,725 Baht (mostly from unpaid assets receivables). In addition, the Company does not have any loans from other persons or financial institutions in 2013.

The Company has a shareholders value of 927,922,075 Baht as of 31 December 2013, which was a decrease due to the loss made in 2013.

In summary, the Company is considered as a securities company with a strong financial position, high liquidity and no debts from loans. As a result, the Company can service any debts easily and can also be under leverage easily. The Company still has unappropriated retained earnings of 13,733,089 Baht and shareholders value of 927,922,075 Baht, giving the Company a book value of 5.50 Baht per share.

Report of the Independent Certified Public Accountants

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
TO THE SHAREHOLDERS AND BOARD OF DIRECTORS  
AEC SECURITIES PUBLIC COMPANY LIMITED  
(FORMERLY UNITED SECURITIES PUBLIC COMPANY LIMITED)

### Report on Audit of Financial Statements

We have audited the financial statements of AEC Securities Public Company Limited, which comprise the statement of financial position as at December 31, 2013, and the statement of comprehensive income, statement of changes in owners' equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of AEC Securities Public Company Limited as at December 31, 2013, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## Emphasis of matters

Without modifying our opinion, as discussed in Note 1 to the financial statements, the Company was permitted to temporarily cease the operations in securities and derivatives brokerage businesses by The Stock Exchange of Thailand and Thailand Futures Exchange Public Company Limited to December 31, 2013. However, the Company continues to operate securities businesses of securities trading and investment advisory service. In addition, on June 1, 2013, the Company has transferred fixed income business and mutual fund distribution business which include the clients, staffs and related assets to UOB Kay Hian Securities Public Company Limited. However, in July 2013 the Company has submitted letters to reactivate its securities and derivatives brokerage businesses with the related regulators. Subsequently, on September 27, 2013 the Company was approved by The Office of the Securities and Exchange Commission to reactivate its securities and derivatives brokerage businesses. On the same date, the Company was approved by the Stock Exchange of Thailand and the Thailand Futures Exchange Public Company Limited to start sending securities and derivatives purchase or sale orders by using abbreviation "AEC" since October 4, 2013 onwards.



Dr. Suphamit Techamontrikul  
Certified Public Accountant (Thailand)  
Registration No. 3356

BANGKOK  
February 17, 2014

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

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● ● ● The Financial Statements ● ● ●

**AEC SECURITIES PUBLIC COMPANY LIMITED**  
(FORMERLY UNITED SECURITIES PUBLIC COMPANY LIMITED)  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2013**

UNIT: BAHT

	Notes	As at December 31, 2013	As at December 31, 2012
<b>ASSET</b>			
Cash and cash equivalents	5	218,141,995	643,941,582
Deposits at financial institutions	6	60,493,773	60,315,491
Receivables from Clearing House Securities and derivatives	7	304,246,984	-
Business receivables - net	8	237,696,206	12,320,000
Investments - net	10	160,011,373	255,863,192
Premises improvement and equipment - net	11	86,202,986	52,114
Intangible assets - net	12	32,987,712	61,897
Deferred tax assets - net	13	10,523,899	11,008,973
Other assets - net	14	36,126,581	25,902,152
<b>TOTAL ASSETS</b>		<b>1,146,431,509</b>	<b>1,009,465,401</b>

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

**AEC SECURITIES PUBLIC COMPANY LIMITED**  
(FORMERLY UNITED SECURITIES PUBLIC COMPANY LIMITED)  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2013**

UNIT: BAHT

	Notes	As at December 31, 2013	As at December 31, 2012
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>LIABILITIES</b>			
Payables to Clearing House		165,777,950	-
Securities and derivatives business payables	16	20,214,999	21,371,368
Finance lease liabilities	17	2,748,372	-
Provisions for litigations	27.1	5,617,345	5,589,354
Employment benefit obligations	18	2,150,678	2,330,818
Accrued expenses		4,685,033	4,125,945
Accrued withholding tax		584,332	7,958,145
Other liabilities	19	16,730,725	93,207
<b>TOTAL LIABILITIES</b>		<b>218,509,434</b>	<b>41,468,837</b>
<b>OWNERS' EQUITY</b>			
<b>SHARE CAPITAL</b>			
Authorized share capital			
172,000,000 ordinary shares of Baht 5 each		860,000,000	860,000,000
Issued and paid-up share capital			
168,816,704 ordinary shares of Baht 5 each		844,083,520	844,083,520
<b>ADDITIONAL PAID-IN CAPITAL</b>		<b>53,226,981</b>	<b>53,226,981</b>
<b>RETAINED EARNINGS</b>			
Appropriated			
Legal reserve	20	16,878,485	16,878,485
Unappropriated		13,733,089	53,807,578
<b>TOTAL OWNERS' EQUITY</b>		<b>927,922,075</b>	<b>967,996,564</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,146,431,509</b>	<b>1,009,465,401</b>

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

**AEC SECURITIES PUBLIC COMPANY LIMITED**  
(FORMERLY UNITED SECURITIES PUBLIC COMPANY LIMITED)  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

UNIT: BAHT

	Notes	2013	2012
<b>REVENUES</b>			
Brokerage fees	23	13,344,635	823,366
Fee and service income	24	329,472	218,441
Gain on securities		11,496,209	19,001,234
Interest income		22,706,014	25,842,163
Other income		2,324,366	1,928,040
<b>Total revenues</b>		<b>50,200,696</b>	<b>47,813,244</b>
<b>EXPENSES</b>			
Finance costs		60,131	31,035
Fee and service expenses		6,107,511	6,546,701
Operating expenses			
Personnel expenses		20,091,854	14,959,345
Premises and equipment expenses		17,029,561	4,534,391
Directors and managements' remuneration	25	33,549,294	440,000
Other expenses		13,187,268	9,659,458
<b>Total operating expenses</b>		<b>83,857,977</b>	<b>29,593,194</b>
Reversal of bad debt and doubtful accounts		(235,508)	(825,604)
<b>Total expenses</b>		<b>89,790,111</b>	<b>35,345,326</b>
<b>INCOME (LOSS) BEFORE INCOME TAX EXPENSES</b>		<b>(39,589,415)</b>	<b>12,467,918</b>
<b>INCOME TAX EXPENSES</b>	26	<b>485,074</b>	<b>2,322,585</b>
<b>NET PROFIT (LOSS)</b>		<b>(40,074,489)</b>	<b>10,145,333</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>(40,074,489)</b>	<b>10,145,333</b>
<b>BASIC EARNINGS (LOSS) PER SHARE</b>	BAHT	<b>(0.24)</b>	<b>0.06</b>
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES</b>	SHARES	<b>168,816,704</b>	<b>168,816,704</b>

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

AEC SECURITIES PUBLIC COMPANY LIMITED  
(FORMERLY UNITED SECURITIES PUBLIC COMPANY LIMITED)  
STATEMENT OF CHANGES IN OWNERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2013

UNIT: BAHT

	Notes	Issued and Paid-up Share Capital	Additional Paid-in Capital	Retained earnings Appropriated Legal Reserve	Unappropriated	Total Owners' Equity
Balance as at January 1, 2012		844,083,520	53,226,981	16,371,218	44,169,512	957,851,231
Total comprehensive income		-	-	-	10,145,333	10,145,333
Legal reserve		-	-	507,267	(507,267)	-
Balance as at December 31, 2012		844,083,520	53,226,981	16,878,485	53,807,578	967,996,564
Balance as at January 1, 2013		844,083,520	53,226,981	16,878,485	53,807,578	967,996,564
Total comprehensive loss		-	-	-	(40,074,489)	(40,074,489)
Balance as at December 31, 2013		844,083,520	53,226,981	16,878,485	13,733,089	927,922,075

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

AEC SECURITIES PUBLIC COMPANY LIMITED  
(FORMERLY UNITED SECURITIES PUBLIC COMPANY LIMITED)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013

UNIT: BAHT

	Notes	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income (loss) before income tax expenses		(39,589,415)	12,467,918
Adjustments to reconcile income (loss) before income tax expenses to net cash received (paid) from operating activities:			
Depreciation and amortization		6,343,047	3,466,736
Reversal of bad debt and doubtful accounts		(235,508)	(825,604)
Unrealize loss on revaluation of investment in trading securities		1,732	-
Gain on sale of premises improvement and equipment and intangible assets		(9,286)	(14,781)
Loss on written-off of premises improvement and equipment		-	83,569
Loss on written-off of intangible assets		-	2,090,401
Provision for litigations		27,991	1,145,052
Employment benefit obligations (reversal)		(180,140)	766,018
Finance costs		60,131	31,035
Interest income		(22,706,014)	(25,842,163)
Cash paid for interest		(60,131)	(31,035)
Cash received from interest		16,916,124	26,153,202
Cash (paid) received from income tax expenses		(263,485)	175,253
Operating income (loss) before changes in operating assets and liabilities		(39,694,954)	19,665,601
Operating assets (increase) decrease			
Deposits at financial institutions		(178,282)	2,924,292
Receivables from Clearing House		(304,246,984)	-
Securities and derivatives business receivables		(225,140,698)	2,828,705
Investments in trading securities		98,064,239	(135,178,310)
Other assets		(6,385,206)	10,443,528

**AEC SECURITIES PUBLIC COMPANY LIMITED**  
(FORMERLY UNITED SECURITIES PUBLIC COMPANY LIMITED)  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

UNIT: BAHT

	Notes	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b>			
Operating liabilities increase (decrease)			
Payable to Clearing House		165,777,950	-
Securities and derivatives business payables		(1,156,369)	9,850,684
Provision for litigations		-	(4,379,679)
Accrued expenses		559,088	(4,115,892)
Other liabilities		(4,577,497)	3,401,684
Net cash used in operating activities		(316,978,713)	(94,559,387)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash paid for purchases of premises improvement and equipment		(78,776,211)	(53,921)
Proceeds from disposal of premises improvement and equipment		60,017	30,000
Cash paid for purchases of intangible assets		(30,104,150)	-
Proceeds from disposal of intangible assets		51,098	-
Net cash used in investing activities		(108,769,246)	(23,921)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash payment for finance lease liability		(51,628)	-
Net cash used in financing activity		(51,628)	-
Net decrease in cash and cash equivalents		(425,799,587)	(94,583,308)
Cash and cash equivalents as at January 1,		643,941,582	738,524,890
Cash and cash equivalents as at December 31,	5	218,141,995	643,941,582
Notes to the financial statements form an integral part of these financial statements			

● ● ● Notes to the Financial Statements ● ● ●

**AEC SECURITIES PUBLIC COMPANY LIMITED**  
(FORMERLY UNITED SECURITIES PUBLIC COMPANY LIMITED)  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

## 1. Business Operation and Other Information of the Company

AEC Securities Public Company Limited (Formerly United Securities Public Company Limited) ("the Company") was incorporated as a limited company under Thai laws on July 6, 1971. Subsequently, on December 15, 1993, the Company converted the status to be a public limited company in accordance with the Public Limited Companies Act and was listed on the Stock Exchange of Thailand on August 8, 2001.

As at December 31, 2012, the Company has UOB Kay Hian Securities (Thailand) Public Company Limited ("UOB Kay Hian"), which is listed on The Stock Exchange of Thailand, as the parent company, by holding 93.47% of the Company's issued and paid-up share capital and also has UOB Kay Hian Holding Limited, incorporated in Singapore, as the ultimate parent company. Subsequently, on May 2, 2013, UOB Kay Hian has sold all of its entire share to a group of investors. As a result, as at December 31, 2013, the major shareholder of the Company has been changed to the group of investors.

On June 10, 2013, the Extraordinary General Meeting of Shareholders No. 1/2013 has resolved to approve the change of the Company's name from "United Securities Public Company Limited" to "AEC Securities Public Company Limited". The Company has registered to change its name with the Ministry of Commerce on June 12, 2013.

As at December 31, 2012 the Company was located at 1550 4<sup>th</sup> - 5<sup>th</sup> Floor, Thanapoom Tower, New Petchburi Road, Makkasan, Rachathewi, Bangkok. Subsequently, on July 15, 2013, the Company has registered to change its Head Office to 63 17<sup>th</sup> Floor, Athenee Tower, Wittayu Road, Lumpini, Pathumwan, Bangkok. As at December 31, 2013, the Company has 1 branch (as at December 31, 2012, the Company has no branch).

The Company operates its business in Thailand and its principal activity are securities brokerage and derivatives agent. The Company was granted licenses from the Ministry of Finance and the office of the Securities and Exchange Commission to operate the following securities businesses:

1. Securities Brokerage
2. Securities Trading
3. Investment Advisory Service
4. Securities Underwriting
5. Derivatives Agent

On October 25, 2011, the Company had sold and transferred business and assets related to securities and derivatives brokerage businesses, excluding its business licenses, together with related employees and customers' accounts to UOB Kay Hian. As a result, the Company temporarily ceased its operation in securities and derivatives brokerage businesses.

The Company was permitted by The Office of the Securities and Exchange Commission to temporarily cease the operation in securities and derivatives brokerage businesses since October 25, 2011 and was permitted by The Stock Exchange of Thailand and Thailand Futures Exchange Public Company Limited to cease its operation since October 25, 2011 to December 31, 2013. However, the Company continues to operate securities business of securities trading and investment advisory service.

On April 30, 2013, the Company was informed by UOB Kay Hian Securities (Thailand) Public Company Limited ("UOBKH") which was a major shareholder of the Company that UOBKH had entered into a Share Purchase Agreement ("SPA") to sell 157,796,396 ordinary shares, representing 93.47 percent of the Company's paid-up capital to the group of investors and on the same day, the Board of Directors has resolved in the meeting no. 3/2013 to approve the Company's transfer of the following assets:

A) Transfer the Stock Exchange of Thailand membership to UOBKH or any party nominated by UOBKH, and

B) Transfer fixed income business and mutual fund distribution business which include the clients, staffs and related assets to UOBKH.

The total value of above assets is Baht 2 million.

After the transfer of SET membership, fixed income business and mutual fund distribution business to UOBKH, the Company plan to resume operation in securities and derivatives brokerage businesses.

On May 15, 2013, the Company entered into the Assets Purchase Agreement with UOBKH, the Company will transfer the assets relating to the fixed income and mutual fund distribution business, with the total consideration of Baht 2 million, and also transfer the SET membership. The transfer fixed income and mutual fund business was effective on June 1, 2013. The Company received full payment from UOBKH on July 26, 2013.

In regard to the transfer of the SET Membership, the Company has not transferred the SET Membership to UOBKH due to the Company received a writ from the Bangkok South Civil Court regarding the inquisition for temporary protection on the transfer of the SET Membership to UOBKH. In addition, the Company received a postponement notice from UOBKH to hold the transfer of the SET Membership to UOBKH. In order to operate its businesses as planned, the Company therefore submitted letters to reactivate its securities and derivatives brokerage businesses to The Office of the Securities and Exchange Commission on July 10, 2013 and submitted to Thailand Futures Exchange Public Company Limited on July 17, 2013 and submitted to the Stock Exchange of Thailand on 18 July 2013.

Subsequently, on September 27, 2013 the Company was approved by The Office of the Securities and Exchange Commission to reactivate its securities and derivatives brokerage businesses. On the same date, the Company was approved by the Stock Exchange of Thailand and the Thailand Futures Exchange Public Company Limited to start sending securities and derivatives purchase or sale orders by using abbreviation "AEC" since October 4, 2013 onwards.

On December 19, 2013, the Bangkok South Civil Court declared to reject the inquisition for temporary protection on the transfer of the SET Membership.

## 2. Basis for Preparation of the Financial Statements

2.1 The Company prepares the financial statements in Thai Baht in accordance with Thai Financial Reporting Standards and practices generally accepted in Thailand, 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 An English version of the financial statements has been prepared from the statutory financial statements that are in Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.3 The Company has adopted the new and revised Thai Financial Reporting Standards issued by the Federation of Accounting Professions, which are effective since January 1, 2013, as follows:

**Thai Accounting Standards (TAS)**

TAS 12	Income Taxes
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates

**Thai Financial Reporting Standard (TFRS)**

TFRS 8	Operating Segments
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**Thai Accounting Standard Interpretations (TSI)**

TSI 10	Government Assistance - No Specific Relation to Operating Activities
TSI 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSI 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

**Guideline on accounting**

Guideline on Accounting regarding Transferring and Accepting Transfer of Financial Assets

The Company had early adopted TAS 12 Income Taxes before the effective date. For other Thai Financial Reporting Standards, the adoption of those standards has no material impact on the financial statements of the Company.

**2.4 New and revised Thai Financial Reporting Standards issued but not yet effective**

The Federation of Accounting Professions has issued the Notifications regarding Thai Accounting Standards (TAS), Thai Financial Reporting Standards (TFRS), Thai Accounting Standards Interpretation (TSI) and Thai Financial Reporting Interpretation (TFRI), which are effective on or after January 1, 2014 as follows:

2.4.1 TAS, TFRS, TSI and TFRI which are effective for the financial statements for the periods beginning on or after January 1, 2014 are as follows:

**Thai Accounting Standards (TAS)**

TAS 1 (Revised 2012)	Presentation of Financial Statements
TAS 7 (Revised 2012)	Statement of Cash Flows
TAS 12 (Revised 2012)	Income Taxes
TAS 17 (Revised 2012)	Leases
TAS 18 (Revised 2012)	Revenue
TAS 19 (Revised 2012)	Employee Benefits
TAS 21 (Revised 2012)	The Effects of Changes in Foreign Exchange Rate
TAS 24 (Revised 2012)	Related Party Disclosures
TAS 28 (Revised 2012)	Investments in Associates
TAS 31 (Revised 2012)	Interests in Joint Ventures
TAS 34 (Revised 2012)	Interim Financial Reporting
TAS 38 (Revised 2012)	Intangible assets

### Thai Financial Reporting Standards (TFRS)

TFRS 2 (Revised 2012)	Share-based Payment
TFRS 3 (Revised 2012)	Business Combinations
TFRS 5 (Revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (Revised 2012)	Operating Segments

### Thai Accounting Standard Interpretations (TSI)

TSI 15	Operating Leases - Incentives
TSI 27	Evaluating the Substance of Transactions Involving the Legal Form of a Leased
TSI 29	Disclosure - Service Concession Arrangements
TSI 32	Intangible Assets - Web Site Costs

### Thai Financial Reporting Interpretations (TFRI)

TFRI 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRI 4	Determination Whether an Arrangement Contains a Lease
TFRI 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRI 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
TFRI 10	Interim Financial Reporting and Impairment
TFRI 12	Service Concession Arrangements
TFRI 13	Customer Loyalty Programs
TFRI 17	Distributions of Non-cash Assets to Owners
TFRI 18	Transfers of Assets From Customers

2.4.2 TFRS which is effective for the financial statements for the periods beginning on or after January 1, 2016 is as follows:

### Thai Financial Reporting Standard (TFRS)

TFRS 4	Insurance Contracts
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The management of the Company anticipates that the above financial reporting standards relevant to the Company will be adopted in the Company's financial statements when they become effective and the adoption of those standards will have no material impact on the financial statements of the Company in the first period of application.

### 2.5 Reclassification

Certain reclassification have been made to the statements of comprehensive income for the year ended December 31, 2012 to conform to the classifications used in the statements of comprehensive income for the year ended December 31, 2013 as follows:

Account	Statements of comprehensive income for the year ended December 31, 2012 (Baht)	Previous presentation	Current presentation
Brokerage fee income from selling agent of unit trust	823,366	Fee and service income	Brokerage fee income

### 3. Significant Accounting Policy

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

Significant accounting policies adopted by the Company are summarized as follows:

#### 3.1 Revenue and expense recognition

##### ■ Brokerage fee

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

##### ■ Fee and service income

Fee and service income are recognized as income on an accrual basis.

##### ■ Gains (losses) on trading in securities and derivatives

Gains (losses) on trading in securities and derivatives are recognized as income or expenses on transaction date.

##### ■ Dividend on investments in securities

Dividend on investments in securities is recognized as income when the dividend is declared.

##### ■ Interest on margin loans

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

The following conditions relate to collectability of loans and interest which is held to be uncertain, which are based on the guidelines stipulated by the Office of Securities and Exchange Commission:

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 there is a clear evidence and a high degree of certainty that full repayment will be received
4. Other receivables from which interest payment is overdue for 3 months or more.

##### ■ Expenses

Expenses are recognized on an accrual basis.

#### 3.2 Recognition and amortization of customer deposits

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

#### 3.3 Cash and cash equivalents

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

#### 3.4 Deposits at financial institution

Deposits at financial institutions represent fixed deposit accounts, promissory notes with maturity date with remaining maturities over 3 months and deposit accounts with obligations.



### 3.5 Receivables and payable from/to clearing house

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

### 3.6 Securities business receivables and derivative business receivables and allowance for doubtful accounts

Securities business receivables and derivative business receivables comprise of 3 categories as follows:

#### 3.6.1 Receivable from securities business and derivatives business of cash accounts

Receivable from securities business and derivatives business of cash accounts are the receivable that were derived from cash settlements within 1 - 3 working days after the securities and derivatives purchasing date.

#### 3.6.2 Loan for securities purchase

Loan for securities purchase are accounts that debtors are granted loan for securities purchasing with collaterals placed not lower than the rate required by the Stock Exchange of Thailand.

#### 3.6.3 Other receivables

Other receivables include overdue receivables from securities business of cash accounts and restructured or installment receivable.

The allowance for doubtful accounts on securities 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.

### 3.7 Investments

Investments in trading securities are stated at fair value. Changes in fair value of these securities are recorded as gains or losses in the statements of 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 owners' equity through other comprehensive income until securities are sold, then, the gains or losses on disposal of investments will be recognized as gains (losses) on investments.

Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortized cost. The premium/discount on debt securities is amortized/accreted by the effective interest rate method with the amortized/accreted amount presented as an adjustment to the interest income.

Investments in non-marketable equity securities classified as other investments are stated at cost net of allowance for impairment (if any).

Fair value of marketable securities is based on the latest bid price of the last working day of the year. Fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. Fair value of unit trusts is determined from their net asset value.

Loss on impairment of investments in available-for-sale securities, held-to-maturity debt securities and other investments are included in the statements of comprehensive income.



The Company treats available-for-sale securities, held-to-maturity debt securities and other investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists.

Weighted average method is used for computation of the cost of investments.

### 3.8 Premises improvement and equipment

Premises improvement and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation is calculated using the straight-line method and the sum-of-the-years digit method based on the estimated useful lives of the assets as follows:

Leasehold improvement	3 and 5 years
Furniture, fixtures and office equipment	3 and 5 years
Vehicles	5 years

Repairs and maintenance are charged as expenses to the statements of comprehensive income during the accounting period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the useful life of the related asset.

The Company has reviewed for impairment of assets whenever events of changes in circumstances indicating that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceed its recoverable amount, an impairment loss is recognized in statement of comprehensive income immediately.

### 3.9 Intangible assets

Intangible assets are stated at cost less accumulated amortization and allowance for impairment (if any).

#### ■ Amortization

Amortization is charged to the statements of comprehensive income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets. The estimated useful lives are as follows:

Computer software license	Over the period of the license term
Computer software	5 years
TFEX membership fee	5 years

The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary.

### 3.10 Securities business payables and derivatives business payables

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

### 3.11 Long-term lease

#### ■ Finance lease

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and allowance for impairment. Lease payments are apportioned between the finance charges and

reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of comprehensive income.

#### ■ 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 statement of comprehensive income over the lease term.

#### 3.12 Provision for liabilities

The Company recognizes provision as liabilities in the financial statements when the amount of the liability can be reliability estimated and are commitments when it is likely that loss of resources which are of economic benefit to the Company will result from settlement of such commitments.

#### 3.13 Employment benefit obligations

The post-employment benefits obligation was calculated under the Thai Labor Protection Act by an independent actuary based on actuarial assumptions at the end of reporting period using Projected Unit Credit Method, which is estimate 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.

Expenses for the unfunded defined benefit plan are recognized as personnel expenses in the statement of comprehensive income.

#### 3.14 Provident fund

The contribution for employee provident fund is recorded as expense when incurred.

#### 3.15 Foreign currency transactions

Transactions denominated in foreign currencies incurred during the year are converted into Baht at the rates of exchange at transaction dates and monetary assets and liabilities at the statement of financial position date denominated in foreign currencies are converted into Baht at the reference exchange rates established by the Bank of Thailand on that date. Gains and losses on foreign exchange arising on settlements and conversion are recognized as income or expense in the statements of comprehensive income when incurred.

#### 3.16 Income tax

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

##### ■ Current tax

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

##### ■ Deferred tax

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities, and deferred tax assets and liabilities, are offset when there is a legally enforceable right to set off the recognized amounts and the Company 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.

Income tax expenses or income related to profit or loss are presented in the comprehensive statement of income.

### 3.17 Basic earnings (loss) per share

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

### 3.18 Financial instruments

Financial instruments carried in the statements of financial position include cash and cash equivalents, deposits at financial institutions, receivables from Clearing House, securities business receivables and derivative business receivables, investment, payables to Clearing House, securities business payables and derivative business payables and finance lease liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

### 3.19 Use of accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management of the Company to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets, liabilities and 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.

## 4. Supplementary Disclosures of Cash Flow Information

Non-cash items are as follows:

### 4.1 Premises improvement and equipment payables are as follows:

	As at December 31, 2013 (Baht)	As at December 31, 2012 (Baht)
Beginning balances of premises improvement and equipment payables	-	-
<u>Add</u> Purchase of premises improvement and equipment	90,954,910	53,921
<u>Less</u> Cash paid for purchases of premises improvement and equipment	(78,776,211)	(53,921)
<u>Less</u> Purchases premises improvement and equipment by hire-purchasing agreement	(2,800,000)	-
Ending balances of premises improvement and equipment payables	9,378,699	-

4.2 Intangible asset payables are as follows:

	As at December 31, 2013 (Baht)	As at December 31, 2012 (Baht)
Beginning balances of intangible asset payables	-	-
<u>Add</u> Purchase of intangible assets	34,566,653	-
<u>Less</u> Cash paid for purchase of intangible assets	(30,104,150)	-
Ending balances of intangible asset payables	4,462,503	-

## 5. Cash and Cash Equivalents

	As at December 31, 2013 (Baht)	As at December 31, 2012 (Baht)
Cash, short-term deposits and notes receivable with maturity less than three months	240,398,022	646,260,557
<u>Less:</u> Deposits for customers' accounts	(22,256,027)	(2,318,975)
Total cash and cash equivalents	218,141,995	643,941,582

(Deposit accounts for the customers are not shown as assets and liabilities in the financial statements according to the announcement of the SEC.)

## 6. Deposits at Financial Institutions

As at December 31, 2013 and 2012, deposits at financial institutions amounting to Baht 60.5 million and Baht 60.3 million, respectively, represent fixed deposits pledged with the banks as collateral for credit line of bank overdraft, to secure a letter of guarantee issued by these banks and pledged as a bond for the postponement of legal execution under a lawsuit (see Notes 15 and 27.1.1).

## 7. Receivables from Clearing House

	As at December 31, 2013 (Baht)	As at December 31, 2012 (Baht)
Receivables from Thailand Clearing House (TCH)	306,040,344	-
<u>Less</u> Receivables from Clearing House for the customers*	(1,793,360)	-
Total Receivables from Clearing House	304,246,984	-

(\*Receivables from Clearing House for the customers are not shown as assets and liabilities in the financial statements according to the Notification of the SEC.)

## 8. Securities and Derivatives Business Receivables-Net

	As at December 31, 2013 (Baht)	As at December 31, 2012 (Baht)
<b>Securities business receivables</b>		
Customer accounts - cash	50,485,953	-
Customer accounts - credit balance	178,155,447	-
Other receivables:		
Installment receivables	45,668,315	45,668,315
Receivables subject to legal proceedings	53,265,847	57,037,355
Others	6,535,748	6,535,748
<b>Total securities business receivables</b>	<b>334,111,310</b>	<b>109,241,418</b>
<u>Add:</u> Accrued interest receivables	36,903	36,903
<u>Less:</u> Allowance for doubtful accounts (see Note 9)	(96,722,813)	(96,958,321)
<b>Total securities business receivables - net</b>	<b>237,425,400</b>	<b>12,320,000</b>
<b>Derivatives business receivables</b>		
Derivatives business receivables	270,806	-
<b>Securities and derivatives business receivables - net</b>	<b>237,696,206</b>	<b>12,320,000</b>

As at December 31, 2013 and 2012, the Company has credit balance accounts and other receivables including interest receivables for which it has stopped recognizing interest income of approximately Baht 105.5 million and Baht 109.3 million, respectively.

The Company has classified securities and derivatives business receivables in accordance with the Notification of the Office of the Securities and Exchange Commission (SEC) as follows:

	As at December 31, 2013			As at December 31, 2012		
	Receivable balance	Allowance for doubtful accounts set up by the Company	Receivable balance -Net	Receivable balance	Allowance for doubtful accounts set up by the Company	Receivable balance -Net
	(Baht)	(Baht)	(Baht)	(Baht)	(Baht)	(Baht)
Normal debts	228,912,206	-	228,912,206	-	-	-
Substandard debts	8,784,000	-	8,784,000	12,320,000	-	12,320,000
Doubtful debts	96,722,813	96,722,813	-	96,958,321	96,958,321	-
<b>Total</b>	<b>334,419,019</b>	<b>96,722,813</b>	<b>237,696,206</b>	<b>109,278,321</b>	<b>96,958,321</b>	<b>12,320,000</b>

## 9. Allowance for Doubtful Accounts

	As at December 31, 2013 (Baht)	As at December 31, 2012 (Baht)
Beginning balance of the year	96,958,321	97,783,925
<u>Less:</u> Reversal of doubtful accounts	(235,508)	(825,604)
<u>Less:</u> Bad debt written-off	-	-
Ending balance of the year	96,722,813	96,958,321

## 10. Investments - NET

	As at December 31, 2013		As at December 31, 2012	
	Cost/Book value (Baht)	Fair value (Baht)	Cost/Book value (Baht)	Fair value (Baht)
Trading securities				
Domestic marketable equity securities				
Ordinary securities	44,103,636	43,533,310	-	-
Unit trust	15,842,950	15,852,232	-	-
<u>Less:</u> Allowance for revaluation	(561,044)	-	-	-
Debt securities				
Unit trust	145,066,519	145,625,831	255,318,870	255,318,870
<u>Less:</u> Unit trust for customers	(45,000,000)	(45,000,000)	-	-
<u>Add:</u> Allowance for revaluation	559,312	-	-	-
Total trading securities	160,011,373	160,011,373	255,318,870	255,318,870
Available-for-sale securities				
Debt securities				
Debt securities of private sector	28,500,000	-	28,500,000	-
<u>Less:</u> Allowance for impairment	(28,500,000)	-	(28,500,000)	-
Available-for-sale securities - net	-	-	-	-
Held-to-maturity debt securities				
Debt securities				
Debt securities of private sector	8,500,000	-	8,500,000	-
<u>Less:</u> Allowance for impairment	(8,500,000)	-	(8,500,000)	-
Held-to-maturity debt securities - net	-	-	-	-
General investments				
Equity securities				
Ordinary securities	-	-	664,750	544,322
<u>Less:</u> Allowance for impairment	-	-	(120,428)	-

	As at December 31, 2013		As at December 31, 2012	
	Cost/Book value (Baht)	Fair value (Baht)	Cost/Book value (Baht)	Fair value (Baht)
Other investments - net	-	-	544,322	544,322
Total investments - net	160,011,373	160,011,373	255,863,192	255,863,192

As at December 31, 2013 and 2012, the Company had available-for-sale and held-to-maturity debt securities which have problem to repay the debts at costs of Baht 28.5 million and Baht 8.5 million, respectively. The fair value of these investments cannot be calculated. However, the Company set aside fully allowance for impairment of these investments.

### 11. Premises Improvement and Equipment - NET

	For the year ended December 31, 2013				
	Balance as at December 31, 2012 (Baht)	Increase (Baht)	Transfer in/ (out) (Baht)	Decrease from transfer business (see Note 1) (Baht)	Balance as at December 31, 2013 (Baht)
<b>Cost</b>					
Leasehold improvement	1,172,481	19,056,302	19,145,203	(1,172,481)	38,201,505
Furniture, fixtures and office equipment	2,861,553	9,417,474	32,764,961	(2,627,447)	42,416,541
Vehicle	-	3,100,000	-	-	3,100,000
<b>Total cost</b>	<b>4,034,034</b>	<b>31,573,776</b>	<b>51,910,164</b>	<b>(3,799,928)</b>	<b>83,718,046</b>
<b>Accumulated depreciation</b>					
Leasehold improvement	(1,172,458)	(1,623,618)	-	1,172,458	(1,623,618)
Furniture, fixtures and office equipment	(2,809,462)	(3,018,653)	-	2,572,717	(3,255,398)
Vehicle	-	(107,014)	-	-	(107,014)
<b>Total accumulated depreciation</b>	<b>(3,981,920)</b>	<b>(4,749,285)</b>	<b>-</b>	<b>3,745,175</b>	<b>(4,986,030)</b>
Leasehold improvement and furniture, fixtures and office equipment under installation	-	59,381,134	(51,910,164)	-	7,470,970
<b>Total premises improvement and equipment - net</b>	<b>52,114</b>				<b>86,202,986</b>

	For the year ended December 31, 2012			
	Balance as at December 31, 2011 (Baht)	Increase (Baht)	Decrease (Baht)	Balance as at December 31, 2012 (Baht)
Cost				
Leasehold improvement	1,185,780	-	(13,299)	1,172,481
Furniture, fixtures and office equipment	9,101,650	53,921	(6,294,018)	2,861,553
<b>Total cost</b>	<b>10,287,430</b>	<b>53,921</b>	<b>(6,307,317)</b>	<b>4,034,034</b>
Accumulated depreciation				
Leasehold improvement	(1,185,755)	-	13,297	(1,172,458)
Furniture, fixtures and office equipment	(8,871,550)	(133,144)	6,195,232	(2,809,462)
<b>Total accumulated depreciation</b>	<b>(10,057,305)</b>	<b>(133,144)</b>	<b>6,208,529</b>	<b>(3,981,920)</b>
<b>Total premises improvement and equipment - net</b>	<b>230,125</b>			<b>52,114</b>

	For the year ended December 31,	
	2013 (Baht)	2012 (Baht)
Depreciation	4,749,285	133,144

As at December 31, 2013 and 2012, certain premises improvement and equipment items have been fully depreciated but are still in use with costs before deducting accumulated depreciation of those assets amounted to approximately Baht 0.24 million and Baht 3.95 million, respectively.

## 12. Intangible Assets - NET

	Remaining Useful life	For the year ended December 31, 2013				
		Balance as at December 31, 2012 (Baht)	Increase (Baht)	Amortization (Baht)	Decrease from transfer business (see Note 1) (Baht)	Balance as at December 31, 2013 (Baht)
Computer software license	1 year	22,658	107,000	(7,812)	(14,846)	107,000
Computer software	1-5 years	39,239	29,193,213	(1,570,303)	(32,230)	27,629,919
Design the Company's logo	5 years	-	302,810	(15,647)	-	287,163
Software under installation	-	-	4,963,630	-	-	4,963,630
<b>Total</b>		<b>61,897</b>	<b>34,566,653</b>	<b>(1,593,762)</b>	<b>(47,076)</b>	<b>32,987,712</b>

	Remaining Useful life	For the year ended December 31, 2012				
		Balance as at December 31, 2011	Decrease	Amortization	Transfer in/ (Transfer out) (see Note 1)	Balance as at December 31, 2012
		(Baht)	(Baht)	(Baht)	(Baht)	(Baht)
Computer software license	1 year	46,422	(3)	(23,761)	-	22,658
Computer software	1-4 years	239,531	(10,423)	(189,869)	-	39,239
TFEX membership fee	-	5,199,937	(2,079,975)	(3,119,962)	-	-
<b>Total</b>		<b>5,485,890</b>	<b>(2,090,401)</b>	<b>(3,333,592)</b>	<b>-</b>	<b>61,897</b>

	For the years ended	
	2013 (Baht)	2012 (Baht)
Amortization	1,593,762	3,333,592

### 13. Deferred Tax Assets - NET

	As at December 31, 2013 (Baht)	As at December 31, 2012 (Baht)
Allowance for impairment of investments	7,514,312	7,538,398
Employment benefit obligations	430,136	466,164
Amortization of intangible assets	1,455,982	1,767,978
Provisions for litigations	1,123,469	1,117,871
Allowance for impairment of other assets	-	118,562
<b>Deferred tax assets - net</b>	<b>10,523,899</b>	<b>11,008,973</b>

According to Section 3 of the Royal Decree No. 555 B.E. 2555 issued under the Revenue Code regarding the corporate income tax rate reduction effective on December 27, 2012, the corporate income tax rates are reduced from 30% to 23% of net profit for accounting periods beginning on or after January 1, 2012 but not later than December 31, 2012 and reduced to 20% of net profit for the accounting periods beginning on or after January 1, 2013 but not later than December 31, 2014.

The Company used the tax rates of 20% for calculation of deferred tax for the years ended December 31, 2013 and 2012.

#### 14. Other Assets - NET

	As at December 31, 2013 (Baht)	As at December 31, 2012 (Baht)
Deposits	4,281,956	1,000
Payments for clearing funds	20,126,689	19,480,599
Asset for protecting the clearing system	5,000,000	5,000,000
Others receivable - related company (see Note 28)	-	31,740
Accrued interest income	4,730,074	1,154,335
Others	2,381,222	827,049
<u>Less:</u> Allowance for impairment of other assets	(393,360)	(592,571)
<b>Total other assets - net</b>	<b>36,126,581</b>	<b>25,902,152</b>

As at December 31, 2013 and 2012, outstanding balances of other assets include investment in securities amounting to Baht 0.1 million which the Company purchased to return to a customer in relation to the litigation (see Note 27.1.1).

#### 15. Credit Facility from Financial Institutions

As at December 31, 2013 and 2012, the Company has unused facilities for bank overdraft and loans from local banks as follows:

	Interest rate	As at December 31, 2013 (Baht)	As at December 31, 2012 (Baht)
Credit line of bank overdrafts	Fixed plus margin, MOR* Based on market condition 0.5% per annum	65,000,000	75,000,000
Credit line of loans		20,000,000	20,000,000
Credit line of Effect Not Clear		200,000,000	200,000,000
		<b>285,000,000</b>	<b>295,000,000</b>

\* MOR is interest rate of Overdraft Facilities for Corporate Customer in Good Standing.

\*\* Effect Not Clear means the service that the bank would pass the account owner's cheque before knowing the clearing result of the cheque which the account owner had deposited.

The Company's fixed deposits are pledged with banks as collateral for credit line of bank overdraft (see Note 6).

## 16. Securities and Derivatives Business Payables

	As at December 31, 2013 (Baht)	As at December 31, 2012 (Baht)
<u>Securities business payables</u>		
Cash accounts	20,164,609	21,371,368
<u>Derivatives business payables</u>		
Derivatives business payables	50,390	-
<b>Securities and derivatives business payables</b>	<b>20,214,999</b>	<b>21,371,368</b>

## 17. Finance Lease Liabilities

	As at December 31, 2013		
	Future minimum lease payments (Baht)	Interest (Baht)	Present value of minimum lease payments (Baht)
Within one year	791,004	150,524	640,480
After one year but within five years	2,307,095	199,203	2,107,892
<b>Total</b>	<b>3,098,099</b>	<b>349,727</b>	<b>2,748,372</b>

During the year 2013, the Company entered into a hire-purchase agreement for a vehicle with a leasing company. The term of agreement was 4 years, starting from December 1, 2013 to November 30, 2017, the Company has paid a monthly rental installment of Baht 65,917.

## 18. Employment Benefit Obligations

The Company operates post-employment benefit plans under the Thai Labor Protection Act which are considered as unfunded defined benefit plans.

Expenditures recognized in the statements of comprehensive income in respect of the defined benefit plans are as follows:

	For the years ended December 31,	
	2013 (Baht)	2012 (Baht)
Current service costs	2,150,678	782,750
Interest costs	-	52,684
<u>Less</u> Reversal of post-employment benefit obligation due to employees' resignation during the years	(2,330,818)	(69,416)
	<b>(180,140)</b>	<b>766,018</b>

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

	For the years ended December 31,	
	2013 (Baht)	2012 (Baht)
Beginning defined benefit obligation of the year	2,330,818	1,564,800
Current service cost	2,150,678	782,750
Interest cost	-	52,684
<u>Less</u> Reversal of post-employment benefit obligation due to employees' resignation during the year	(2,330,818)	(69,416)
Ending defined benefit obligation of the year	2,150,678	2,330,818

The principal actuarial assumptions used to calculate the obligations under the defined post-employment benefit plans as at December 31, 2013 and 2012 are as follows:

	As at December 31, 2013	As at December 31, 2012
Financial assumptions		
Discount rate	3.54%	3.37%
Expected rate of salary increase	3%	4.07%
Retirement age	55 years	55 years
Turnover rate	0 - 10 % Subject to range of age of employee	0 - 13 % Subject to range of age of employee

## 19. Other Liabilities

	As at December 31, 2013 (Baht)	As at December 31, 2012 (Baht)
Fixed asset payable	13,841,202	-
Provision for demolition of office improvement	1,960,000	-
Others	929,523	93,207
Total other liabilities	16,730,725	93,207

## 20. Legal Reserve

The Company is required to set aside a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10% of the registered share capital according to the Public Limited Companies Act B.E. 2535. The statutory reserve could not be used for dividend payment.

## 21. Capital Management

The objective of the Company in managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company has a policy to pay dividend at least 75% of net profit after legal reserve deduction. The payment is subject to the resolution of the shareholders' meeting.

## 22. Provident Fund

The Company has established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. Under the plan, the employees of the Company must contribute 3% - 6% of their basic salaries and the Company must contribute 3% - 6%. The Company appointed a registered provident fund manager to manage the fund in compliance with the requirements of the Ministerial Regulations issued under the Provident Fund Act B.E. 2542.

For the years ended December 31, 2013 and 2012, the Company contributed to the provident fund and recorded as expenses as follows:

	2013 (Baht)	2012 (Baht)
Contribution expenses	1,231,084	408,989

## 23. Brokerage Fees

	For the years ended December 31,	
	2013 (Baht)	2012 (Baht)
Brokerage fees from Securities business	7,000,849	-
Brokerage fees from Derivatives business	385,678	-
Brokerage fees from selling agent of unit trust	5,958,108	823,366
Total brokerage fees	13,344,635	823,366

## 24. Fees and Service Income

	For the years ended December 31,	
	2013 (Baht)	2012 (Baht)
Investment advisory fees	269,046	216,441
Others	60,426	2,000
Total fees and service income	329,472	218,441

## 25. Directors and Managements' Remuneration

25.1 Directors' remuneration represents the benefit paid to the directors of the Company in accordance with Section 90 of the Public Limited Companies Act, excluding salaries and related benefits payable to directors who hold executive position. Directors' remuneration of the Company for the year 2013 was approved by the ordinary shareholders' meeting of the Company held on April 29, 2013 and it has been approved for changing of Director's remuneration by Extraordinary General Meeting of Shareholders held on June 10, 2013. Directors' remuneration for the year 2012 was approved by the ordinary shareholders' meeting of the Company held on April 23, 2012.

25.2 Management benefit expenses represents cash remuneration as salaries, bonus and provident fund paid to the managements of the Company in accordance with the Notification of the Capital Market and Supervisory Board No. Tor Jor. 24/2552 dated July 20, 2009 regarding "Prescription of Prohibited Characteristics of Issuing Company's Director and Executive".

For the years ended December 31, 2013 and 2012, directors and managements' remuneration are as follows:

	For the years ended December 31,	
	2013 (Baht)	2012 (Baht)
Director's remuneration	8,183,447	440,000
Management's remuneration		
Short-term employee benefits	23,691,717	-
Post-employment benefits	1,674,130	-
<b>Total</b>	<b>33,549,294</b>	<b>440,000</b>

## 26. Income Tax Expenses

The Company uses tax rates of 20% for calculation of income tax expense for the year ended December 31, 2013 and 23% for calculation of income tax expense for the year ended December 31, 2012.

For the years ended December 31, income tax expense consisted of the following:

	For the years ended December 31,	
	2013 (Baht)	2012 (Baht)
Income tax expense - current tax	-	-
<u>Add/(Less) Tax effect from deferred tax of</u>		
Allowance for impairment of investments	24,086	-
Employment benefit obligations	36,028	(153,204)
Amortization of intangible assets	311,996	(728,154)
Cumulative tax loss	-	2,557,018
Provisions for litigations	(5,598)	646,925
Allowance for impairment of other assets	118,562	-
<b>Total income tax expense</b>	<b>485,074</b>	<b>2,322,585</b>

## 27. Commitment and Contingent Liabilities

### 27.1 Litigations

#### 27.1.1 Litigations against the Company by securities trading customers

1. The Company was sued by a securities trading customer as the second defendant for the return of securities with a monetary value of approximately Baht 3.3 million. During the year 2004, the Court of first instance gave a judgment that the Company, as an employer, was jointly responsible with the first defendant. On January 29, 2010, the Appeal Court upheld the judgment of the Court of first instance. Subsequently, the Company appealed the court's decision to the Supreme Court. Currently, the case is under the consideration of the Supreme Court. The amount claimed, which included principal and interest, amounts to Baht 4.5 million. However, the Company has placed fixed deposit as a bond to postpone legal execution (see Note 6) and has purchased securities by Baht 0.1 million (see Note 14). As at December 31, 2013 and 2012, the Company has set up a provision of Baht 5.6 million as a result of this litigation.
2. In 2009, the Company was sued by a securities trading customer seeking compensation of Baht 34.8 million for the Company's breach of a securities brokerage agreement. On February 17, 2011, the Court of first instance gave a judgment in favour of the plaintiff. During the year 2012, the Company appealed the Court's decision and currently, the case is under the consideration of the Appeal Court. The Company's management believes that the Company will not be obliged to pay such compensation.
3. On March 27, 2012, the Company was sued by a securities trading customer, seeking compensation of Baht 11.23 million for the Company's breach of a securities brokerage agreement and inoperable from its inception. Subsequently, on October 31, 2013, the case has been dismissed. Currently, the plaintiff is under consideration of filing a claim to the Supreme Court. However, the Company's management believes that the Company will not be obliged to pay such compensation.

However, in case that the litigation matters listed above cause the Company's any damage over the recorded amounts as mention above. The Company can claim with UOB Kay Hian Securities (Thailand) Public Company Limited ("UOBKH") under the Assignment Agreement between the Company and the new major shareholder which give the right to the Company to make a claim against UOBKH only for the case incurred before March 26, 2013. The Company can make a claim against UOBKH within 60 days from the date of final judgment.

#### 27.1.2 Litigation against the Company by a former staff

In 2006, the Company was sued in the Central Labor Court by a former employee seeking compensation totaling Baht 13 million for unfair dismissal. On August 14, 2007, the Central Labor Court ordered the Company to pay compensation which balance was approximately Baht 4.38 million, including interest to the employee. The Company has set full provision for the liabilities as a result of this litigation. On November 27, 2007, the Company appealed this decision to the Supreme Court. However, on February 20, 2012, the Supreme Court already upheld the Central Labor Court's judgment and on March 5, 2012 the Company already paid the compensation included the interest of Baht 5.59 million. As the result, the case was closed. The Company recorded interest expense of Baht 1.21 million as other expenses for the year ended December 31, 2012.

27.2 The Company has non-cancellable lease agreements for office premises and facilities for period 1 - 4 years, those agreements shall be renewable every 1 - 4 years. In addition, the Company has non-cancellable lease agreements for vehicle for period 4 years with the rental fee rate as specified in such

agreements. The Company does not have an option to purchase the leased assets at the expiry of lease period. These agreements will be expired within May 2017.

As at December 31, 2013 and 2012, the Company is required to pay the rental and related service fee under lease agreements for office premises and facilities and vehicle as follows:

Type	Remaining rental expenses			
	As at December 31, 2013		As at December 31, 2012	
	Within 1 year	Within 2 - 5 years	Within 1 year	Within 2 - 5 years
Building	19,419,188	29,690,465	885,558	-
Office equipment	2,134,746	5,570,225	20,400	32,410
Vehicle	3,890,919	9,887,839	298,960	-

27.3 As at December 31, 2013, the Company has capital commitments to pay premises improvement and equipment under installation and purchase computer software in the amount of Baht 19.45 million (as at December 31, 2012 : none)

27.4 As at December 31, 2013 and 2012, the Company is required to pay to The Stock Exchange of Thailand monthly securities trading fee of Baht 50,000 and at a rate of 0.005 percent of the trading value.

27.5 As at December 31, 2013 and 2012, the Company is required to pay service fee to the Thailand Depository Company Limited for rendering securities depository system services at the rates according to each type of services.

27.6 As at December 31, 2013 and 2012, the Company is required to pay fee to the Office of the Securities and Exchange Commission for its business operations under the license whereby the Company is charged a fee at a rate of 1 percent of total fee income which is calculated from net capital gain arisen from the trading of debt securities and unit trusts and fee income from securities underwriting. Such fee shall not be less than Baht 500,000 per annum.

27.7 As at December 31, 2013 and 2012, the Company is required to pay contributions to the Compensation Fund for Securities Clearing and Settlement, which is overseen by the Thailand Securities Depository Company Limited (TSD), and the Compensation Fund for Derivatives Clearing and Settlement, which is overseen by the Thailand Clearing House Company Limited (TCH) at certain rates of its net settlements each month.

27.8 As at December 31, 2013 and 2012, the Company is required to pay annual membership fee to the Thailand Future Exchange Public Company Limited ("TFEX") of Baht 500,000 per annum and annual fee to Thailand Clearing House Co., Ltd. of Baht 300,000 per annum and also the monthly fee of Baht 15,000.

## 28. Related Party Transactions

Related persons or entities of the Company are defined as persons or entities that control the Company or are controlled by the Company, whether directly or indirectly or are under the same control as the Company including holding companies. In addition, related parties also include individuals owning, directly or indirectly, an interest in the voting shares of the Company and have significant influence over the Company, key management personnel, directors or officers of the Company. This also applies to the close members of the family of such individuals and companies associated with these individuals.

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

The names of the related companies are as follows:

Company	Relationship	Type of Business
UOB Kay Hian Securities (Thailand) Public Company Limited*	Parent Company	Securities and Finance
United Overseas Bank (Thai) Public Company Limited*	In corporate group	Commercial Bank
UOB Asset Management Limited (Thailand)*	In corporate group	Asset Management

\* Such companies were no longer the related companies since May 2, 2013 because the major shareholder of the Company has been changed to the group of investors (see Note 1).

The pricing policies for particular types of transactions are explained further below:

Transaction	Price Policy
Interest income	At agreed price which approximates market value
Other incomes	At agreed price which approximates market value
Finance costs	At agreed price which approximates market value
Expenses	At the actual amount of payment
Fee expenses	Under service agreement which is in normal business operation
Rental expense	At the rate determined under the agreement
Advisory expense	At the rate determined under the agreement

Significant balances with related parties which are in the same group above are as follows:

	As at December 31, 2013 (Baht)	As at December 31, 2012 (Baht)
<b>Cash and cash equivalents</b>	-	303,904,444
United Overseas Bank (Thai) Public Company Limited		
<b>Interest receivables</b>	-	92,055
United Overseas Bank (Thai) Public Company Limited		
<b>Other receivable</b>	-	31,740
UOB Kay Hian Securities (Thailand) Public Company Limited		

Significant transactions with related parties for the years ended December 31, 2013 and 2012 are as follows:

	For the years ended December 31,	
	2013 (Baht)	2012 (Baht)
<b>Interest income</b>	1,058,359	1,672,248
United Overseas Bank (Thai) Public Company Limited		
<b>Other income</b>	166,301	-
UOB Kay Hian Securities (Thailand) Public Company Limited		
<b>Advisory and service income</b>	4,137	8,964
UOB (Thai) Assets Management Company Limited		

	For the years ended December 31,	
	2013 (Baht)	2012 (Baht)
<b>Fee expenses</b>	1,500	7,500
United Overseas Bank (Thai) Public Company Limited		
<b>Rental and service expenses</b>	391,853	597,990
UOB Kay Hian Securities (Thailand) Public Company Limited		

## 29. Financial Information by Segment

The operation of the Company involves mainly in securities and derivatives brokerage businesses. Subsequently during the year 2011, the Company transferred such securities businesses to UOB Kay Hian Securities (Thailand) Public Company Limited. The Company has continued to operate securities trading, investment and advisory service. However, during the year 2013 the Company resume operation in securities and derivatives brokerage businesses and the major geographic area is in Thailand. Accordingly, no geographical area segment information is presented. Financial information by segment of the Company for the years ended December 31, 2013 and 2012 are as follows:

	For the years ended December 31, 2012							
	Securities and derivatives business		Investing business		Elimination entries		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Brokerage fees	13,344,635	823,366	-	-	-	-	13,344,635	823,366
Interest on margin loans	1,349,196	920,518	-	-	-	-	1,349,196	920,518
Interest income	723,578	649,118	18,984,756	23,401,940	-	-	19,708,334	24,051,058
Gain on investments	-	-	11,496,209	19,001,234	-	-	11,496,209	19,001,234
Fee and service income	329,472	218,441	-	-	-	-	329,472	218,441
Profit (loss) from operations by segment	(5,357,501)	(3,935,258)	27,353,265	32,877,281	-	-	21,995,764	28,942,023
Unallocated income and expenses:								
Interest income							1,648,484	870,587
Other incomes							2,324,366	1,928,040
Other operating expenses							(65,558,029)	(19,272,732)
Profit (loss) before income before tax							(39,589,415)	12,467,918
Income tax expenses							(485,074)	(2,322,585)
Net profit (loss)							(40,074,489)	10,145,333

	Securities and derivatives business		Investing business		Unallocated assets		Total	
	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012	As at December 31, 2013	As at December 31, 2012
Assets by segment	567,686,799	36,900,699	160,011,373	255,863,192	418,733,337	716,701,510	1,146,431,509	1,009,465,401

## 30. Risk Management

### 30.1 Liquidity risk

Under the Notification of the Office of the Securities and Exchange Commission No. Kor Tor. 18/2549 regarding “Principle for Maintaining Capital Adequacy”, the Company shall have adequate capital at the end of the day at least Baht 15 million and at least 7% of general liability.

The Company has been granted a securities business license in the form of derivatives agent in accordance with the law of derivatives agent. The Company has to maintain capital adequacy at the end of the day at least Baht 25 million and at least 7% of general liability and assets which will be placed as collateral except in case the Company discontinues operation of derivatives agent and informs the Securities and Exchange Commission, after which the Company has to maintain capital following the requirement in the first paragraph above.

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 share capital at least Baht 100 million for membership operating only derivatives business.

As at December 31, 2013 and 2012 the Company has net liquid capital ratio higher than the requirement of the Office of the Securities and Exchange Commission and has shareholders’ equity higher than the requirement of TCH.

The maturity dates of financial instruments held as of December 31, 2013 and 2012, counting from the statement of financial position dates, are as follows:

Unit: Million Baht

	As at December 31, 2013 Outstanding balances of financial instruments						Total
	At call	Within 1 year	1-5 years	Over 5 years	No Maturity	Non-performing receivables	
<b>Financial assets</b>							
Cash and cash equivalents	118.1	100.0	-	-	-	-	218.1
Deposit at financial institutions	-	60.5	-	-	-	-	60.5
Receivables from Clearing House	-	304.2	-	-	-	-	304.2
Securities and derivatives business receivables - net	-	228.9	-	-	-	8.8	237.7
Investments - net	-	-	-	-	160.0	-	160.0
<b>Financial liabilities</b>							
Payable to Clearing House	-	165.8	-	-	-	-	165.8
Securities and derivatives business payables - net	-	20.2	-	-	-	-	20.2
Finance lease liabilities	-	0.6	2.1	-	-	-	2.7

Unit: Million Baht

	As at December 31, 2012						Total
	Outstanding balances of financial instruments						
	At call	Within 1 year	1-5 years	Over 5 years	No Maturity	Non-performing receivables	
Financial assets							
Cash and cash equivalents	341.1	302.8	-	-	-	-	643.9
Deposit at financial institutions	-	60.3	-	-	-	-	60.3
Securities and derivatives business receivables - net	-	-	-	-	-	12.3	12.3
Investments - net	-	255.4	-	-	0.5	-	255.9
Financial liabilities							
Securities and derivatives business payables - net	-	21.4	-	-	-	-	21.4

### 30.2 Financial instruments risk

The Company has no policy for speculation in or engaging in the trading of any derivative financial instruments.

#### 30.2.1 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.

Outstanding significant financial assets and liabilities as at December 31, 2013 and 2012 which may be affected by fluctuation of market interest rates are as follows:

Unit: Million Baht

	As at December 31, 2013 Outstanding balances of net financial instruments Repricing or maturity dates								
	Floting rate	Within 1 year	1-5 years	Over 5 years	Non- performing receivable	No interest	Total	Interest rate (%)	
								Floting rate	Fixed rate
Financial assets									
Cash and cash equivalents	107.2	105.0	-	-	-	5.9	218.1	0.50	2.25-5.50
Deposit at financial institutions	-	60.5	-	-	-	-	60.5	-	0.25-3.15
Receivables from Clearing House	-	-	-	-	-	304.2	304.2	-	-
Securities and derivative business receivable - net	-	178.4	-	-	8.8	50.5	237.7	-	5.50-6.50
Investments - net	-	-	-	-	-	160.0	160.0	-	-
Financial liabilities									
Payable to Clearing House	-	-	-	-	-	165.8	165.8	-	-
Securities and derivatives business payables - net	-	-	-	-	-	20.2	20.2	-	-

Unit: Million Baht

	As at December 31, 2013 Outstanding balances of net financial instruments Repricing or maturity dates							Interest rate (%)	
	Floting rate	Within 1 year	1-5 years	Over 5 years	Non-performing receivable	No interest	Total	Floting rate	Fixed rate
Finance lease liabilities	-	0.6	2.1	-	-	-	2.7	-	3.25

Unit: Million Baht

	As at December 31, 2012 Outstanding balances of net financial instruments Repricing or maturity dates							Interest rate (%)	
	Floting rate	Within 1 year	1-5 years	Over 5 years	Non-performing receivable	No interest	Total	Floting rate	Fixed rate
<b>Financial assets</b>									
Cash and cash equivalents	332.0	302.8	-	-	-	9.1	643.9	0.75-2.55	1.75-2.75
Deposit at financial institutions	-	60.3	-	-	-	-	60.3	-	0.25-2.85
Securities and derivative business receivable - net	-	-	-	-	12.3	-	12.3	-	-
Investments - net	-	255.4	-	-	-	0.5	255.9	-	3.10-4.50
<b>Financial liabilities</b>									
Securities and derivative business Payables - net	-	21.4	-	-	-	-	21.4	-	-

### 30.2.2 Credit risk

Credit risk primarily with respect to investments in debt securities and securities and derivative business receivables derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company. The maximum exposure to credit risk is limited to the carrying amounts of investments in debt securities and securities and derivative business receivables as stated in the statement of financial position.

### 30.2.3 Currency 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 considers itself as having no foreign currency risk because it has no foreign currency transactions, and no financial assets and liabilities denominated in foreign currencies are outstanding at the statement of financial position date

### 30.2.4 Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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

The approximate fair values of most financial assets and financial liabilities are based on the amounts recognized in the statement of financial position as they are short-term and non-interest sensitive except for the approximate fair values of investments. For investments in trading and available-for-sale securities, fair values are based on quoted market price. For general investments in non-listed equity securities, fair values are estimated from net cost after impairment (if any).

As at December 31, 2013 and 2012, fair value of financial assets and financial liabilities are not significantly different from their carrying values.

### 31. Event after Reporting Period

On January 31, 2014, the Extraordinary General Meeting of Shareholders No 1/2014 has significant resolutions as follows;

31.1 Approved of the change of the par value of the Company's shares from Baht 5 to Baht 1.

31.2 Approved of the change in the registered capital of the Company from Baht 860,000,000 to Baht 844,083,520 by reducing the amount of unissued ordinary shares.

31.3 Approved of the increased in the registered capital of the Company in the amount of no more than Baht 487,633,408 by issuing ordinary share in the amount of no more than 487,633,408 shares through a Right Offering of 168,816,704 ordinary shares and through a Private Placement of 100,000,000 ordinary shares, including the issuance of two types of warrants to purchase ordinary shares of the Company of which W1 will be of 168,816,704 warrants and W2 will be of 50,000,000 warrants.

31.4 Approved of the issuance of subordinate debt through Private Placement or Public Offering in the limit of Baht 1,000 million.

### 32. Approval of Financial Statements

These financial statements have been approved for issuing by the authorized director on February 17, 2014.

● ● ● Contact Us ● ● ●

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