

Ref: FASET 08/60

November 9, 2017

Subject: Report the operating result for the third quarter and for the nine-month period ended September 30, 2017

To: President of the Stock Exchange of Thailand

Seamico Securities Public Company Limited (“The Company”) would like to report operating result that have been examined by our auditor for the period ended September 30, 2017 as follows:

The consolidated operating result for the third quarter ended September 30, 2017

The Company and its subsidiary had net loss of Baht 68.76 million comparing to the same period of the previous year with net income of Baht 85.60 million. The Baht 154.36 million of net profit or 180% decreased mainly from allowance for impairment loss in investment of Solaris Asset Management Company Limited (“Solaris”). The allowance is based on a conservative accounting approach. This amount can be reversed in the future if debt is repaid. Other reasons are as follow:-

1. Total revenue decreased of Baht 89.39 million or 68% mainly from:-

- Fee and service income decreased of Baht 21.58 million from mutual fund and private fund managements fee from Solaris Asset Management Company Limited (Solaris) decreased.
- The Company recognized share of profit from associated companies under equity method decreased of Baht 69.74 million due to:-
  - The Company recognized share of profit from operating result of KT ZMICO Securities Co., Ltd. (KT ZMICO) decreased of Baht 72.91 million (The Company holds 49.71 %). The operating results in which equity method is applied for KT ZMICO generated net profit for the third quarter for the year 2017 decreased of Baht 146.66 million. The main reason was total revenues decreased of Baht 330.47 million mainly from Brokerage fees decreased of Baht 130.85 million and Gain and return on financial instruments decreased of Baht 190.32 million whereas Operating expenses decreased mainly from Employee expenses decreased of Baht 126.50 million and The allowance for doubtful accounts decreased by Baht 22.14 million from reversal of doubtful accounts due to the repayment from one of securities business debtor.

- The operating results in which equity method is applied of KT ZMICO for the third quarters of the year 2017 are as follows:-

	Unit : Million Baht For the third quarter	
	2017	2016
Net securities business income	357.73	688.20
Operating expenses	(334.65)	(458.79)
Corporate income tax	(9.20)	(46.73)
Operating income	13.88	182.68
Bad debt and doubtful account	22.14	-
Net profit	36.02	182.68

- The Company recognized share profit from operating result of Scentimental (Thailand) Co., Ltd. (Scentimental) of Baht 2.40 million (The Company holds 46%).
- The Company recognized share profit from operating result of Absolute Yoga Co., Ltd. (Absolute Yoga) of Baht 0.76 million (The Company holds 30%).

2. Total expenses increased of Baht 85.01 million or 181 % mainly from:-

- Allowance for impairment loss increased of Baht 104.18 million mainly from impairment loss in debt securities which Solaris invested in Wuttisak Clinic Intergroup Co., Ltd.
- Fee and services expenses decreased of Baht 9.93 million due to agent fee of mutual fund and private fund managements from the subsidiary (Solaris) decreased.
- Bad debt and doubtful accounts decrease of Baht 4.32 million due to there are no set up this transaction for the year 2017.
- In the third quarter for the year 2017, The Company used accounting policy of deferred tax resulting to income tax revenue increased due to allowance for impairment of securities increased.

The separate operating result for the third quarter ended September 30, 2017

The Company had net loss of Baht 89.93 million comparing to the same period of the previous year with net loss of Baht 5.16 million. The Baht 84.68 million of net loss decreased due to:-

1. Total expenses increased of Baht 105.79 million mainly from:

- The Company recognized reserve impairment loss from securities of Baht 111.43 million which can be summarized as follows :-
  - Reserve Impairment loss of investment in Solaris of Baht 96.77 million due to impairment loss in debt securities which Solaris invested in Wuttisak Clinic Intergroup Co., Ltd. and net income of Solaris decreased from the same quarter of the previous year of Baht 9.81 million which The asset under managements decreased from Baht 25.96 billion to Baht 2.65 billion as well as the number of mutual funds and private funds under management have decreased from 55 funds in the third quarter for the year 2016 to 36 funds in the current period.

The operating results of Solaris can be summarized as below:-

	Unit : Million Baht	
	For the third quarter	
	2017	2016
Fee and service incomes	2.78	24.36
Other incomes	2.76	0.19
Operating expenses	(12.55)	(20.98)
Corporate income tax	0.07	(0.70)
Net income (loss)	(6.94)	2.87

- Reversal impairment loss of investment in Thanh Cong and General investment totally of Baht 0.51 million.
- Finance cost increased of Baht 3.16 million resulted increased of Bill of Exchange issued for providing more working capital.
- The Company uses accounting policy of deferred tax resulting to income tax revenue increased with the same reason as consolidate account.

The consolidated operating result for the nine - month period ended September 30, 2017.

The Company and its subsidiary had net profit of Baht 4.24 million comparing to the same period of the previous year with net profit of Baht 135.91 million. The Baht 131.67 million of net profit or 97% decreased due to:

1. Total revenues decreased of Baht 29.79 million or 11% mainly from:
  - Share of loss from associated companies under equity method of Baht 28.39 million resulted from Share of loss from KT ZMICO of Baht 24.75 million, share loss from Scentimental of Baht 1.58 million and share loss from Absolute Yoga of Baht 2.06 million.
  - Fee and service income decreased of Baht 57.58 million from mutual fund and private fund managements fee from the subsidiary (Solaris) decreased.
  - Whereas Gain and return on financial instruments increased of Baht 171.91 million from gain from investments increased of Baht 175.20 million mainly from gain from reclassification investment port from available for sell investment to trading investment whereas interest and dividend income decreased of Baht 3.28 million.
2. Total expenses increased of Baht 95.69 million or 76% mainly from:-
  - Reserve impairment loss from securities of Baht 119.45 million from investment in Debt securities which is invested by Solaris of Baht 105.00 million, investment in Thanh Cong of Baht 14.19 million and general investment of Baht 0.26 million which the Company had reversal impairment loss from securities of Baht 1.86 million in the third quarter of the previous year.
  - Other expenses increased of Baht 5.63 million mainly from consulting fee increased of Baht 2.16 million and loss on exchange rate of Baht 2.73 million.
  - Whereas fee and service expenses decreased of Baht 25.90 million due to agent fee of mutual fund and private fund managements from the subsidiary (Solaris) decreased.
  - Bad debt and doubtful accounts decrease of Baht 4.05 million due to there are no set up this transaction for the year 2017.

The separate operating result for the nine - month period ended September 30, 2017.

The Company had net profit of Baht 32.62 million comparing to the same period of the previous year with net income of Baht 43.32 million. The Baht 10.70 million of net profit or 25% decreased mainly from:-

1. Total revenues increased of Baht 147.22 million or 158% due to:
  - Gain and return on financial instruments increased of Baht 148.34 million from Gain from investments increased of Baht 173.20 million due to gain from reclassification investment port from available for sell investment to trading investment whereas interest and dividend income decreased of Baht 24.86 million mainly from dividend received from KT ZMICO of Baht 21.90 million in the previous nine-month period of last year whereas there is no dividend received transaction from this company in the nine-month period of the year 2017.
2. Total expenses increased of Baht 152.93 million or 326% due to:-
  - The Company recorded reserve impairment loss from securities of Baht 131.33 million consisted as follows:
    - Impairment loss from investment in Solaris of Baht 98.83 million
    - Impairment loss from investment in Thanh Cong of Baht 14.19 million
    - Impairment loss from investment in general investment of Baht 0.26 million
    - Impairment loss from investment in debt securities of Baht 18.04 million.Whereas that the Company had reversal impairment loss from securities of Baht 19.58 million for the nine-month period of the year 2016.
  - Other expenses increased of Baht 4.58 million mainly from consulting fee increased of Baht 1.25 million and loss on exchange rate increased of Baht 2.73 million.

By the way, the consolidated net profit of the nine-month period of the year 2017 is less than the separate net profit of Baht 28.38 million. According to the accounting standards the consolidated income statement is recognized share of profit from associated company under the equity method net of Baht 28.39 million.

Please kindly be informed accordingly.

Yours sincerely,

(Mr. Chaipatr Srivisarvacha)  
Chief Executive Officer