

Ref: FASET 01/2561

February 26, 2018

Subject: Report the operating result for the year ended December 31, 2017

To: President of the Stock Exchange of Thailand

Seamico Securities Public Company Limited (“The Company”) would like to report operating result that has been examined by our auditor for the year ended December 31, 2017 as follows:

The consolidated operating result for year ended December 31, 2017

The Company and its subsidiary had net income of Baht 9.87 million comparing to the same period of the previous year with net income of Baht 227.02 million. The Baht 217.15 million of net income or 96% decreased due to:-

1. Total revenue decreased of Baht 78.01 million or 22% mainly from:-

- Fee and service income decreased of Baht 76.16 million from mutual fund and private fund management fee from Solaris Asset Management Company Limited (“Solaris”) decreased.
- The Company recognized share of loss from associated companies under equity method of Baht 5.02 million whereas for the year 2016, the Company recognized share of profit of Baht 187.80 million due to:-
 - The Company recognized share of profit from operating result of KT ZMICO Securities Co., Ltd. (“KT ZMICO”) decreased of Baht 186.22 million (The Company holds 49.71 %). The operating results in which equity method is applied for KT ZMICO generated net profit for the year 2017 decreased of Baht 374.61 million. Due to total revenues decreased of Baht 554.20 million mainly from brokerage fees decreased of Baht 282.56 million, Gain and return on financial instruments decreased of Baht 326.45 million and recognized allowance for bad debt and doubtful account of credit balance receivables and derivatives business receivables increased of Baht 100.84 million in large clients with EARTH shares that was a guarantee for the margin trading of securities and underlying securities in the future contract.

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

	Unit : Million Baht	
	2017	2016
Net securities business income	1,491.77	2,045.97
Operating expenses	(1,381.42)	(1,571.16)
Corporate income tax	(5.09)	(95.79)
Operating income	105.26	379.02
Bad debt and doubtful account	(102.07)	(1.23)
Net income	3.19	377.79

- The Company recognized share profit from operating result of Scentimental (Thailand) Co., Ltd. of Baht 0.36 million (The Company holds 46%).
 - The Company recognized share loss from operating result of Absolute Yoga Co., Ltd. of Baht 6.96 million (The Company holds 30%).
 - Gain and return on financial instruments increased of Baht 191.79 million from gain from investments increased of Baht 194.71 million mainly from gain from reclassification investment port from available for sell investment to trading investment whereas interest and dividend income decreased of Baht 2.93 million.
2. Total expenses increased of Baht 142.17 million or 122 % mainly from:-
- The Company recognized impairment loss from investment of Baht 127.26 million mainly from Solaris recognized impairment loss in debt securities which Solaris invested in WCI Holding Co., Ltd. of Baht 105.00 million, impairment loss in Thanh Cong Securities Joint Stock Company (“Thanh Cong”) of Baht 19.48 million and impairment loss in general investment of Baht 2.78 million whereas the company had reversal impairment loss from investment of Baht 51.91 million in the previous year.
 - Finance cost increased of Baht 8.32 million resulted increase of Bill of Exchange issued for providing more working capital.
 - Other expenses increased of Baht 7.51 million mainly from consulting fee increased of Baht 1.59 million and loss on exchange rate increased of Baht 6.75 million.

The separate operating result for the year ended December 31, 2017

The Company had net income of Baht 14.55 million comparing to the same period of the previous year with net income of Baht 174.36 million. The Baht 159.81 million of net income or 92% decreased due to:-

1. Total expenses increased of Baht 234.64 million mainly from:

- The Company recognized impairment loss from investment of Baht 146.72 million which can be summarized as follows :-
 - Impairment loss from investment of Baht 124.46 million consist of impairment loss in Solaris of Baht 98.83 million and impairment loss in trading securities – Bill of Exchange of Baht 25.63 million mainly from Solaris recognized impairment loss in debt securities which Solaris invested in WCI Holding Co., Ltd. of Baht 105.00 million and fee and service incomes decreased of Baht 76.22 million. The asset under managements decreased from Baht 23.35 billion to Baht 2.86 billion as well as the number of mutual funds and private funds under management have decreased from 53 funds in the year 2016 to 34 funds in the current year.

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

	Unit : Million Baht	
	2017	2016
Fee and service incomes	27.61	103.83
Other incomes	9.53	1.71
Operating expenses	(50.37)	(84.76)
Impairment loss from investment	(105.00)	-
Corporate income tax - Expense	(5.86)	(8.84)
Net income (loss)	<u>(124.09)</u>	<u>11.94</u>

- Impairment loss from investment in Thanh Cong of Baht 19.48 million.
- Impairment loss from investment in general investment of Baht 2.78 million.

Whereas The company had reversal impairment loss from investment of Baht 82.63 million in the year 2016.

- Finance cost increased of Baht 8.32 million resulted increased of Bill of Exchange issued for providing more working capital.
- Other expenses increased of Baht 7.78 million mainly from loss on exchange rate of Baht 6.75 million and expenses about SET increased of Baht 0.64 million.

2. Whereas total revenues increased of Baht 74.77 million or 42% due to:

- Gain and return on financial instruments increased of Baht 75.75 million from gain from investments increased of Baht 215.87 million mainly from gain from reclassification investment port from available for sell investment to trading investment. Whereas interest and dividend income decreased of Baht 140.12 million due to dividend received from KT ZMICO of Baht 137.82 million in the last year whereas there is no dividend received transaction from this company in the year 2017.

By the way, the consolidated net income of the year 2017 is less than the separate net income of Baht 4.68 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 5.02 million and the Baht 0.37 million came from recorded impairment loss of investment in Solaris in separate account more than recognized income from equity method in consolidated.

Please kindly be informed accordingly.

Yours sincerely,

(Mr. Chaipatr Srivisarvacha)
Chief Executive Officer