

Ref: FASET 04/2019

November 11, 2019

Subject: Report the operating result for the third quarter and for the nine-month period ended September 30, 2019

To: President of the Stock Exchange of Thailand

Seamico Securities Public Company Limited and its subsidiaries (“The Company”) would like to report the consolidated operating result that has been reviewed by our auditor for the third quarter and for the nine-month period ended September 30, 2019 as follows:

The consolidated operating result for the third quarter ended September 30, 2019

The Company reported net profit for the third quarter of 2019 of Baht 12.95 million, comparing with the same period last year which had net profit of Baht 0.43 million, improving by Baht 12.52 million. The details were as follows:-

1. Total revenue was Baht 27.73 million, an increase by Baht 0.30 million or 1% mainly from:
 - Return on financial instruments for the third quarter of Baht 9.28 million decreased by Baht 18.85 million mainly from the decrease of an unrealized gain from mark-to-market price of investment in listed equity securities and the gain on debt securities from the reduction the Company’s investment proportion in this asset class. However, the Company recorded gain on sale of investment in listed equity securities of Baht 5.46 million in this quarter.
 - The Company recognized share of profit from associates of Baht 16.44 million, increasing by Baht 16.29 million from last year. The share of profit from KT ZMICO Securities Co., Ltd. (“KT ZMICO”), which the Company has 49.71% shareholding, decreased by Baht 1.60 million. This was mainly caused by the lower revenues derived from fee and service income, interest on margin loans and return on financial instruments. However, KT ZMICO’s operating expense significantly decreased by 19% from last year as a result of the cost control measures coupled with improving operational efficiency.

The operating results of KT ZMICO for the third quarter of 2019 and 2018 were as follows:-

	Unit : Million Baht	
	2019	2018
Net securities business income	299.82	361.99
Operating expenses	(271.61)	(335.76)
Corporate income tax – expenses	(5.54)	(5.81)
Operating income	22.67	20.42
Reversal allowance for bad debt and doubtful account	-	5.47
Net profit	22.67	25.89

The performance of Absolute Yoga Co., Ltd., the associated company, has improved from the full operation of new studios opened in 2018 along with the performance improvement of business in Singapore and healthy food segment. This resulted in the share of profit from Absolute Yoga of Baht 5.67 million in this quarter, comparing with the share of loss of Baht 8.79 million in the same quarter last year. For Scentimental (Thailand) Co., Ltd., another associated company, the Company recorded share of loss from Scentimental of Baht 0.50 million in this quarter.

2. Total expenses was Baht 15.55 million, decreasing by Baht 8.22 million or 35% mainly from:
- Innotech Asset Management Co., Ltd., the subsidiary, had partial debt collection from the invested Bill of exchange of WCI Holding Co., Ltd., resulted in the reversal of the allowance for impairment of Baht 14.37 million that offset the total expense for the period.
 - The employee benefits expenses and other operating expenses have increased to support the business expansion of the Company's subsidiaries during the year. Innotech Asset Management Co., Ltd. has been approved from by the Office of the Securities and Exchange Commission to reactivate its fund management since August 2019. In October 2019, SE Digital Co., Ltd. has also obtained an approval to operate as an ICO Portal by the Office of the Securities and Exchange Commission. Thus, all group company are ready for full business operation.
 - The Company's financing cost decreased Baht 6.11 million from lower borrowings. In this quarter, the Company also received debt repayment from the securities business receivable, and subsequently reversed the allowance for doubtful account by Baht 6.00 million.

The consolidated operating result for the nine-month period ended September 30, 2019

The Company reported net profit of Baht 11.05 million, comparing with the same period last year which had net loss of Baht 87.13 million. The details were as follows:-

1. Total revenues was Baht 75.38 million, increased by Baht 152.23 million or 198% mainly from:
 - Gain from financial instruments of Baht 67.50 million this year mainly comprised of gain on sale of general investment and listed securities. While in 2018 the Company recorded an unrealized loss from mark-to-market price of investment in listed equity securities of Baht 61.25 million, coupled with the loss on sale of investment in Thanh Cong Securities Joint Stock Company of Baht 68.93 million.
 - The Company recognized share of profit from associated companies of Baht 2.96 million, increased from the same period last year by Baht 1.85 million, which mainly from share of profit from Absolute Yoga Co., Ltd. and Scentimental (Thailand) Co., Ltd. due to the noticeable performance improvement. While the share of profit from KT ZMICO dropped due to the market fluctuations and lower equity market trading volume compared with last year, resulted in lower brokerage fee and fee and service income. Furthermore, during the year KT ZMICO had recognized share of loss from their other associated companies. These factors led to the lower net profit, despite KT ZMICO were able to efficiently apply cost control measures.

2. Total expenses was Baht 70.32 million, increased by Baht 58.71 million mainly from the reversal of allowance for impairment loss from the sale of Thanh Cong Securities Joint Stock Company in 2018 of Baht 72.05 million, which decreased the total expenses last year. In 2019, the increase in total expenses from the employee benefit expenses and other operating expenses to support the group's business expansion was offset by the decrease in financing cost on lower borrowings and the debt recovery from the securities business receivable of Baht 16.06 million and the debt collection from Bill of exchange of WCI Holding Co., Ltd. of Baht 14.37 million.

Please kindly be informed accordingly.

Yours sincerely,

(Mr. Chaipatr Srivisarvacha)
Chief Executive Officer