

**SEAMICO SECURITIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018
“UNAUDITED”**

1. GENERAL INFORMATION AND THE OPERATIONS OF THE COMPANY

Seamico Securities Public Company Limited (“the Company”) is a public limited company incorporated and resident in Thailand. The Company converted the status to be a Public Limited Company in accordance with the Public Limited Companies Act. on August 8, 1994 and was listed on the Stock Exchange of Thailand (“SET”) on March 17, 1995. The address of its registered office is 18th Floor, 287 Liberty Square, Silom Road, Bangrak, Bangkok, 10500.

The Company was granted 7 licenses to operate the following securities businesses:

1. Securities Brokerage
2. Securities Trading
3. Investment Advisory Service
4. Securities Underwriting
5. On-line Securities Trading
6. Derivatives Trading
7. Securities Borrowing and Lending

On May 1, 2009, the Company transferred its business and margin loan accounts to KT ZMICO Securities Co., Ltd., an associated company, in accordance with a partnership plan to develop securities business with Krung Thai Bank Plc. The Company has temporarily ceased its operation on securities and derivative business since May 1, 2009 until December 31, 2011 which was approved by the Office of the Securities and Exchange Commission as the letter No. SEC.Thor. 701/2552. Subsequently, the Company was granted by the Office of the Securities and Exchange Commission to extend the suspension period for securities and derivative business operation until April 30, 2013 as the letter No. SEC.Thor. 474/2554 dated April 4, 2011. Consequently, the Company applied the approval system work flow of Investment advisory service under the existing securities business license to the Office of the Securities and Exchange Commission. The Company was approved to re-operate its Investment Advisory Services According to the letter No. SEC. BorThor. 994/2556 dated on May 2, 2013 starting from May 2, 2013 onwards.

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

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

On July 4, 2017, the Company was granted by The Stock Exchange of Thailand to extend the recommencing its securities brokerage business operation to December 31, 2018 according to the letter No. BorSorChor.0004/2560.

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

The Company has subsidiaries as follows:

1. Solaris Asset Management Co., Ltd. (“Solaris”) operates its business in Thailand and has been granted permission to manage mutual fund, private fund and provident fund.
2. Lumpini Asset Management Co., Ltd. (“Lumpini”) operates its business in Thailand. The main objective of the Company is to carry out the business of purchasing or taking transfer and managing of non-performing assets of financial institution which is its commercial bank, business funding or credit fancier license to revoke include related collateral for the purpose of asset management, development and disposals.

For the three month period ended March 31, 2018, Solaris has net loss of Baht 8.73 million and as at March 31, 2018, Solaris has accumulated loss of Baht 159.76 million and also has capital deficit amounting to Baht 34.36 million. According to the Notification of the Office of the Securities and Exchange Commission regarding “The Capital Adequacy of Management Company”, it requires the management company to maintain the capital adequacy not lower than the warning level at Baht 30 million. In case the management company cannot maintain the capital adequacy above the warning level, the management company has to report to the Office of the Securities and Exchange Commission including the plan to recover its owners’ equity to the warning level. As at March 31, 2018, Solaris has capital deficit amounting to Baht 34.36 million which is below the warning level. Therefore, on March 15, 2018, the Extraordinary General Shareholders Meeting of Solaris passed a special resolution to increase the registered capital of Solaris to maintain the capital adequacy of Management Company according to Notification of the Office of the Securities and Exchange Commission. (see Note 21).

2. BASIS FOR PREPARATION OF THE INTERIM FINANCIAL STATEMENTS

- 2.1 These interim consolidated and separate financial statement are prepared in Thai Baht and in compliance with Thai Accounting Standard No. 34 (Revised 2017) “Interim Financial Reporting” and accounting practices generally accepted in Thailand. The Company presents the condensed notes to interim financial statements and the additional information is disclosed in accordance with the Notification of the Office of the Securities and Exchange Commission (“SEC”) No. SorTor. 22/2559, dated June 2, 2016, regarding “The Form of Financial Statements for Securities Companies (No. 2)” which becomes effective for fiscal years beginning effective on or after January 1, 2017 onward.

- 2.2 The consolidated and separate statement of financial position as at December 31, 2017, presented herein for comparison, have been derived from the consolidated and separate financial statements for the year then ended which had been previously audited.
- 2.3 The unaudited results of operations presented in the three-month period ended March 31, 2018 are not necessarily an indication nor anticipation of the operation results for the full year.
- 2.4 Certain financial information which is normally included in annual financial statements prepared in accordance with TFRs, but which is not required for interim reporting purposes, has been omitted. Therefrom, the interim financial statements for the three-month period ended March 31, 2018 should be read in conjunction with the audited financial statements for the year ended December 31, 2017.
- 2.5 Material intercompany transactions between the Company and its subsidiaries have been eliminated from this interim consolidated financial statements. The interim consolidated financial statements for the three-month period ended March 31, 2018 have included the subsidiaries' interim financial statements for the three-month period ended March 31, 2018 which were reviewed

The consolidated financial statements for the three-month period ended March 31, 2018 and 2017 include the accounts of the Company, Solaris Asset Management Co., Ltd., and Lumpini Asset Management Co., Ltd. which the Company has a holding of 100% in their equity of both subsidiaries. Significant transactions and balances between the Company and the subsidiaries have been eliminated.

The consolidated financial statements for the three-month period ended March 31, 2018 and 2017 included interest in an associated company's equity which is determined from the financial statements of KT ZMICO Securities Co., Ltd., Sentimental (Thailand) Co., Ltd. and Absolute Yoga Co., Ltd.

3. NEW THAI FINANCIAL REPORTING STANDARDS

3.1 Thai Financial Reporting Standards affecting the presentation and disclosure in the current year financial statements

During the period, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

3.2 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard No.15 "Revenue from Contracts with Customers" which has been announced in the Royal Gazette on March 14, 2018 and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

The Group's management will adopt such TFRSs in the preparation of the Group's financial statements when it becomes effective. The Group's management is in the process to assess the impact of these TFRSs on the financial statements of the Group in the period of initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared based on the basis, accounting policies and method of computation consistent with those used in the financial statements for the year ended December 31, 2017.

5. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	March 31,	December 31,	March 31,	December 31,
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Cash, short-term deposits and promissory notes with original maturity less than 3 months	382,458,846	342,458,733	377,720,782	324,854,543
<u>Less</u> Cash deposits held for customers*	<u>(12,169,739)</u>	<u>(12,137,303)</u>	<u>(12,111,998)</u>	<u>(12,136,303)</u>
Total cash and cash equivalents	<u>370,289,107</u>	<u>330,321,430</u>	<u>365,608,784</u>	<u>312,718,240</u>

(* According to the announcement of the SEC, deposit accounts for the customers are not required to present as assets and liabilities in the financial statements.)

As at March 31, 2018 and December 31, 2017, the Company had deposits at financial institutions held for customers in the consolidated statements of financial position in amounting to Baht 12.17 million and Baht 12.14 million, respectively, and the separate statements of financial position in amounting to Baht 12.11 million and Baht 12.14 million, respectively, which the Company must return to the customers at call.

As at March 31, 2018 and December 31, 2017, the securities business cash customers of 437 accounts and 428 accounts, respectively, which were transferred to KT ZMICO Securities Co., Ltd. (see Note 22), have not yet returned the open account agreements for securities trading to KT ZMICO Securities Co., Ltd. Such customers have deposits for securities trading of Baht 4.28 million and Baht 4.31 million, respectively, and shares with the values of Baht 144.12 million and Baht 152.67 million, respectively. However, when the customers have returned the open account agreements for securities trading to KT ZMICO Securities Co., Ltd., the assets of these customers will be returned to KT ZMICO Securities Co., Ltd.

6. SECURITIES BUSINESS RECEIVABLES

The Company has securities business receivables as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	As at March 31, 2018 Baht	As at December 31, 2017 Baht
Securities business receivables	-	-
Other receivables		
Receivables under litigation	<u>62,654,566</u>	<u>62,654,566</u>
Total securities business receivables	62,654,566	62,654,566
<u>Less</u> Allowance for doubtful accounts (see Note 7)	<u>(62,654,566)</u>	<u>(62,654,566)</u>
Total	<u>-</u>	<u>-</u>

The Company has classified securities business receivables in accordance with the Notification of the Office of the Securities and Exchange Commission on the non-performing receivables No. Kor Thor. 33/2543 dated August 25, 2000, which is updated by the Notification No. Kor Thor. 5/2544 dated February 15, 2001 as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS					
	As at March 31, 2018			As at December 31, 2017		
	Securities business receivables and accrued interest receivables Baht	Allowance for doubtful account set up by the Company Baht	Securities business receivables and accrued interest receivables - net Baht	Securities business receivables and accrued interest receivables Baht	Allowance for doubtful accounts set up by the Company Baht	Securities business receivables and accrued interest receivables - net Baht
Normal debts	-	-	-	-	-	-
Substandard debts	-	-	-	-	-	-
Doubtful debts	<u>62,654,566</u>	<u>(62,654,566)</u>	<u>-</u>	<u>62,654,566</u>	<u>(62,654,566)</u>	<u>-</u>
Total	<u>62,654,566</u>	<u>(62,654,566)</u>	<u>-</u>	<u>62,654,566</u>	<u>(62,654,566)</u>	<u>-</u>

The substandard and doubtful debts (securities business receivables and accrued interest receivables) are classified by aging as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	As at March 31, 2018 Baht	As at December 31, 2017 Baht
Over 3 years	62,654,566	62,654,566
Total	<u>62,654,566</u>	<u>62,654,566</u>

7. ALLOWANCE FOR DOUBTFUL ACCOUNTS

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	As at March 31, 2018 Baht	As at December 31, 2017 Baht
Beginning balance of the period	62,654,566	62,654,566
Doubtful accounts	-	-
Ending balance of the period (see Note 6)	<u>62,654,566</u>	<u>62,654,566</u>

8. INVESTMENTS

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

	CONSOLIDATED FINANCIAL STATEMENTS			
	As at March 31, 2018		As at December 31, 2017	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value
	Baht	Baht	Baht	Baht
<u>Trading securities</u>				
Equity securities - Listed securities	277,495,814	202,754,273	277,495,814	245,972,314
Debt securities - Corporate bond	25,293,209	27,134,313	25,309,476	27,024,289
Debt securities - Bill of exchange	654,825,427	566,898,405	693,381,940	599,810,912
Total	957,614,450	796,786,991	996,187,230	872,807,515
<u>Less</u> Revaluation adjustments	(55,827,459)	-	(18,379,715)	-
<u>Less</u> Allowance for impairment	(105,000,000)	-	(105,000,000)	-
Total trading securities	796,786,991	796,786,991	872,807,515	872,807,515
<u>Available-for-sale securities</u>				
Equity securities - Listed securities	7,351,996	3,699,412	7,351,996	4,425,246
<u>Less</u> Revaluation adjustments	(3,652,584)	-	(2,926,750)	-
Total available-for-sale securities	3,699,412	3,699,412	4,425,246	4,425,246
<u>Held to-maturity investments</u>				
Deposits at financial institutions	23,266,454	23,266,454	23,191,912	23,191,912
Total held-to-maturity investments	23,266,454	23,266,454	23,191,912	23,191,912
<u>General investments</u>				
Ordinary shares	338,288,914	260,408,354	338,032,114	262,401,202
Preference shares	125,000	125,000	125,000	125,000
Total	338,413,914	260,533,354	338,157,114	262,526,202
<u>Less</u> Allowance for impairment	(77,880,560)	-	(75,630,912)	-
Total general investments	260,533,354	260,533,354	262,526,202	262,526,202
Total investments	1,084,286,211	1,084,286,211	1,162,950,875	1,162,950,875

SEPARATE FINANCIAL STATEMENTS				
	As at March 31, 2018		As at December 31, 2017	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value
	Baht	Baht	Baht	Baht
<u>Trading securities</u>				
Equity securities - Listed securities	277,495,814	202,754,273	277,495,814	245,972,314
Debt securities - Corporate bond	25,293,209	27,134,313	25,309,476	27,024,289
Debt securities - Bill of exchange	612,825,427	597,204,384	651,381,940	638,866,087
Total	915,614,450	827,092,970	954,187,230	911,862,690
<u>Less</u> Revaluation adjustments	(54,161,706)	-	(16,692,044)	-
<u>Less</u> Allowance for impairment	(34,359,774)	-	(25,632,496)	-
Total trading securities	827,092,970	827,092,970	911,862,690	911,862,690
<u>Available-for-sale securities</u>				
Equity securities - Listed securities	7,351,996	3,699,412	7,351,996	4,425,246
<u>Less</u> Revaluation adjustments	(3,652,584)	-	(2,926,750)	-
Total available-for-sale securities	3,699,412	3,699,412	4,425,246	4,425,246
<u>General investments</u>				
Ordinary shares	338,288,914	260,408,354	338,032,114	262,401,202
Preference shares	125,000	125,000	125,000	125,000
Total	338,413,914	260,533,354	338,157,114	262,526,202
<u>Less</u> Allowance for impairment	(77,880,560)	-	(75,630,912)	-
Total general investments	260,533,354	260,533,354	262,526,202	262,526,202
Total investments	1,091,325,736	1,091,325,736	1,178,814,138	1,178,814,138

As at February 22, 2017, the Company reclassified one of its securities from available-for-sale investments to trading investments due to the company has planned to sell such investments in the near term. The reclassification was affected to gain on change investments from available-for-sale investments to trading investments in amount of Baht 180.56 million.

As at March 31, 2018 and December 31, 2017, the subsidiary provided additional allowance for impairment of trading securities - Bill of Exchange of Baht 105.00 million in the consolidated financial statements which resulted to the Company provided allowance for impairment of trading securities - Bill of Exchange issued by a subsidiary of Baht 34.36 million and Baht 25.63 million, respectively in the separate financial statements (see Note 9).

8.2 Investments in deposits at financial institutions with outstanding maturities of contracts as follows:

CONSOLIDATED FINANCIAL STATEMENTS				
As at March 31, 2018				
	Within 1 year	1 - 5 years	Over 5 years	Total
	Baht	Baht	Baht	Baht
Held-to-maturity investments	23,266,454	-	-	23,266,454
Total held-to-maturity investments	<u>23,266,454</u>	<u>-</u>	<u>-</u>	<u>23,266,454</u>

CONSOLIDATED FINANCIAL STATEMENTS				
As at December 31, 2017				
	Within 1 year	1 - 5 years	Over 5 years	Total
	Baht	Baht	Baht	Baht
Held-to-maturity investments	23,191,912	-	-	23,191,912
Total held-to-maturity investments	<u>23,191,912</u>	<u>-</u>	<u>-</u>	<u>23,191,912</u>

(The separate financial statements as at March 31, 2018 and December 31, 2017, Held-to-maturity investments: nil.)

8.3 Gain (loss) on re-measuring available-for-sale investments recognized in owners' equity

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	March 31,	December 31,	March 31,	December 31,
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Beginning balance of the period	3,540,197	175,028,622	3,540,197	175,028,622
Changes during the period				
- from deferred tax adjustment	145,167	42,872,106	145,167	42,872,106
- from re-measuring of investments	(725,834)	(33,801,686)	(725,834)	(33,801,686)
- from change of investment classification	-	(180,558,845)	-	(180,558,845)
Ending balance of the period	<u>2,959,530</u>	<u>3,540,197</u>	<u>2,959,530</u>	<u>3,540,197</u>

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

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS					
	As at March 31, 2018			As at December 31, 2017		
	Cost/ Book value Baht	Fair value Baht	Allowance for impairment loss Baht	Cost/ Book value Baht	Fair value Baht	Allowance for impairment loss Baht
Ordinary shares	7,808	879	6,929	7,808	879	6,929
	<u>7,808</u>	<u>879</u>	<u>6,929</u>	<u>7,808</u>	<u>879</u>	<u>6,929</u>

9. INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES

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

Company name	Type of business	Type of shares invested	Paid-up capital		% of voting right		Cost method		Equity method	
			As at	As at	As at	As at	As at	As at	As at	As at
			March 31,	December 31,	March 31,	December 31,	March 31,	December 31,	March 31,	December 31,
			2018	2017	2018	2017	2018	2017	2018	2017
			Million Baht	Million Baht	%	%	Million Baht	Million Baht	Million Baht	Million Baht
Associate										
KT ZMICO										
Securities Co., Ltd	Securities business	Ordinary share	2,137.8	2,137.8	49.71	49.71	1,244.1	1,244.1	1,353.7	1,355.3
Scentimental (Thailand) Co., Ltd	Import Export Retail and whole sale perfume and cosmetics	Ordinary share	30.0	30.0	46.00	46.00	13.8	13.8	12.7	14.2
Absolute Yoga Co., Ltd	Yoga Studio, Food and hotel business	Ordinary share	60.0	60.0	30.00	30.00	217.8	217.8	202.8	210.8
							<u>1,475.7</u>	<u>1,475.7</u>	<u>1,569.2</u>	<u>1,580.3</u>

SEPARATE FINANCIAL STATEMENTS										
Company name	Type of business	Type of shares	Paid-up capital		% of voting right		Cost method		Equity method	
			As at March 31, 2018	As at December 31, 2017	As at March 31, 2018	As at December 31, 2017	As at March 31, 2018	As at December 31, 2017	As at March 31, 2018	As at December 31, 2017
		invested	Million Baht	Million Baht	%	%	Million Baht	Million Baht	Million Baht	Million Baht
Subsidiaries										
Solaris Asset Management Co., Ltd.	Mutual, private and provident fund	Ordinary share	125.4	125.4	100.00	100.00	173.1	173.1	(34.4)	(25.6)
Lumpini Asset Management Co., Ltd.	Purchasing or taking transfer of non-performing asset of financial institution	Ordinary share	25.0	25.0	100.00	100.00	25.0	25.0	24.4	24.5
<u>Less</u> Allowance for impairment							(173.1)	(173.1)	-	-
							25.0	25.0	(10.0)	(1.1)
Associate										
KT ZMICO Securities Co., Ltd.	Securities business	Ordinary share	2,137.8	2,137.8	49.71	49.71	1,244.1	1,244.1	1,353.7	1,355.3
Scentimental (Thailand) Co., Ltd.	Import Export Retail and whole sale perfume and cosmetics	Ordinary share	30.0	30.0	46.00	46.00	13.8	13.8	12.7	14.2
Absolute Yoga Co., Ltd.	Yoga Studio, Food and hotel business	Ordinary share	60.0	60.0	30.0	30.00	217.8	217.8	202.8	210.8
							1,475.7	1,475.7	1,569.2	1,580.3
							1,500.7	1,500.7	1,559.2	1,579.2

In August 2017, the subsidiary sued an issuer of bill of exchange of Baht 105.00 million because the issuer cannot make repayment when the Bill of Exchange was matured, therefore the subsidiary provided allowance for impairment of trading securities - Bill of Exchange of Baht 105.00 million presented in the consolidated financial statements as at March 31, 2018 and December 31, 2017. For the separate financial statements, the Company provided allowance for impairment of trading securities - Bill of Exchange issued by a subsidiary of Baht 34.36 million and Baht 25.63 million, respectively (see Note 8).

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

	As at March 31, 2018 Million Baht	As at December 31, 2017 Million Baht
Total assets	8,882.7	9,351.4
Total liabilities	(6,306.4)	(6,744.5)
Net assets	<u>2,576.3</u>	<u>2,606.9</u>

	For the three-month periods ended March 31,	
	2018 Million Baht	2017 Million Baht
Total revenue	492.3	457.7
Net income (loss) for the period	(15.3)	14.2
Net other comprehensive loss for the period	(18.0)	(4.3)

On January 17, 2017, the Board of Investment Committee's meeting passed the resolution to invest in ordinary shares of Scentimental (Thailand) Co., Ltd. which is the Company's associated company. The investment value of Baht 13.80 million consists of 138,000 ordinary shares with a par value of Baht 100 per share, accounting for 46% of the paid-up share capital of the Company in the associated company.

On February 22, 2017, the Board of Investment Committee's meeting passed the resolution to invest in ordinary shares of Absolute Yoga Co., Ltd. which is the Company's associated company. The investment value of Baht 217.80 million consists of 1,800,000 ordinary shares with a par value of Baht 10 per share, accounting for 30% of the paid-up share capital of the Company in the associated company.

As at March 31, 2018 and December 31, 2017, the paid-up share capital of Solaris Asset Management Co., Ltd. which is the Company's subsidiary is Baht 125.4 million, consisting of 22,800,000 ordinary shares of Baht 5.5 per share. As at March 31, 2018 and December 31, 2017, the subsidiary's shares are held by the Company 100%.

As at March 31, 2018 and December 31, 2017, the paid-up share capital of Lumpini Asset Management Co., Ltd. which is the Company's subsidiary is Baht 25 million, consisting of 2,500,000 ordinary shares of Baht 10 per share. As at March 31, 2018 and December 31, 2017, the subsidiary's shares are held by the Company 100%.

10. OTHER ASSETS

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	March 31,	December 31,	March 31,	December 31,
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Accrued interest income	925,037	154,009	899,957	152,103
Accrued dividend income	6,628,680	-	6,628,680	-
Prepaid insurance	695,690	127,418	102,845	127,418
Prepaid repair and maintenance	1,025,921	87,111	-	-
Prepaid SET fee	281,661	109,389	281,661	109,389
Prepaid other	560,861	319,167	128,373	94,546
Other deposits	939,001	936,001	592,251	589,251
Corporate income tax claim receivable	11,843,355	11,743,758	2,506,952	2,479,054
Advance payment for investment in Myanmar	46,585,950	48,771,900	46,585,950	48,771,900
Advance payment for legal fee of funds managed by subsidiary	13,478,216	13,440,792	-	-
Others	501,682	455,085	317,091	324,014
Total	<u>83,466,054</u>	<u>76,144,630</u>	<u>58,043,760</u>	<u>52,647,675</u>

11. OTHER BORROWINGS

As at March 31, 2018 and December 31, 2017, the Company has other borrowings, as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
	As at March 31, 2018				
Interest rate per annum (%)	Residual maturities			Total Baht	
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht		
Other borrowings					
Bill of exchange	3.90 - 4.00	<u>699,251,479</u>	<u>-</u>	<u>-</u>	<u>699,251,479</u>
Total other borrowings		<u>699,251,479</u>	<u>-</u>	<u>-</u>	<u>699,251,479</u>

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
	As at December 31, 2017				
Interest rate per annum (%)	Residual maturities			Total Baht	
	Within 1 year Baht	1 - 5 years Baht	Over 5 years Baht		
Other borrowings					
Bill of exchange	3.90 - 4.00	<u>675,908,797</u>	<u>-</u>	<u>-</u>	<u>675,908,797</u>
Total other borrowings		<u>675,908,797</u>	<u>-</u>	<u>-</u>	<u>675,908,797</u>

Movements in other borrowings during the three-month period ended March 31, 2018 and 2017 are summarized below :

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	As at March 31, 2018 Baht	As at March 31, 2017 Baht
Beginning balance	675,908,797	467,778,822
Financing cash flow		
Cash received from other borrowing	456,674,908	650,353,915
Cash paid from other borrowing	(440,000,000)	(350,000,000)
Non - cash item changes		
Finance cost	6,667,774	6,664,459
Ending balance of the period	<u>699,251,479</u>	<u>774,797,196</u>

12. FEE AND SERVICE INCOME

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the three-month periods ended March 31,		For the three-month periods ended March 31,	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Private fund management, mutual fund management and provident fund management	2,437,908	18,805,939	-	-
Total	<u>2,437,908</u>	<u>18,805,939</u>	<u>-</u>	<u>-</u>

13. GAIN (LOSS) AND RETURN ON FINANCIAL INSTRUMENTS

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the three-month periods ended March 31,		For the three-month periods ended March 31,	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Gain (loss) on investment	(28,627,785)	213,574,789	(27,276,340)	212,779,747
Interest and dividend income	7,668,199	9,395,615	7,569,684	9,198,698
Total	<u>(20,959,586)</u>	<u>222,970,404</u>	<u>(19,706,656)</u>	<u>221,978,445</u>

14. DIRECTORS' REMUNERATION

Directors represent the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to directors who hold executive position. Directors' remuneration for the year 2018 was approved by the ordinary shareholders' meeting of the Company and its subsidiary which were held on April 27, 2018 and April 17, 2018, respectively. Directors' remuneration for the year 2017 was approved by the ordinary shareholders' meetings of the Company and its subsidiary which were held on April 27, 2017 and April 17, 2017, respectively.

15. FEE AND SERVICE EXPENSES

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the three-month periods ended		For the three-month periods ended	
	March 31,		March 31,	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Fees for private fund, mutual fund and derivative licenses	14,060	332,027	-	-
Referral expense	19,174	185,778	-	-
Others	86,635	2,580,650	-	80,337
Total	<u>119,869</u>	<u>3,098,455</u>	<u>-</u>	<u>80,337</u>

16. IMPAIRMENT LOSS ON SECURITIES

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the three-month periods ended		For the three-month periods ended	
	March 31,		March 31,	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Impairment loss from equity securities	2,249,648	8,969,825	2,249,648	8,969,825
Impairment loss from debt securities	-	-	8,727,278	-
Reversal impairment loss on investment in subsidiary	-	-	-	(5,844,071)
Total	<u>2,249,648</u>	<u>8,969,825</u>	<u>10,976,926</u>	<u>3,125,754</u>

17. CORPORATE INCOME TAX

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the three-month periods ended		For the three-month periods ended	
	March 31,		March 31,	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Income tax – income (expenses)	9,686,512	(37,865,738)	9,689,318	(36,467,128)
Total	<u>9,686,512</u>	<u>(37,865,738)</u>	<u>9,689,318</u>	<u>(36,467,128)</u>

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the three-month periods ended March 31,		For the three-month periods ended March 31,	
	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Profit (loss) before tax	(51,626,806)	199,262,018	(49,381,296)	186,984,595
Tax rate	20%	20%	20%	20%
The result of the account profit (loss) multiplied by the income tax rate – income (expenses)	10,325,361	(39,852,404)	9,876,259	(37,396,919)
Tax effect of the non-deductible income and expense	2,358,046	2,133,644	1,010,454	1,076,769
Effect of the temporary difference not recognized as deferred tax assets	(99,178)	(56,884)	(99,178)	(56,884)
Effect of tax loss carried forward not recognized as deferred tax assets	(1,098,217)	(90,094)	(1,098,217)	(90,094)
Deferred tax relating to the deductible of temporary difference	-	(1,395,804)	-	-
Use of tax loss carry forward (unused tax)	(1,799,500)	1,395,804	-	-
Income tax – income (expenses)	9,686,512	(37,865,738)	9,689,318	(36,467,128)

18. RELATED PARTY TRANSACTIONS

The Company and its subsidiary have significant business transactions with related persons and companies that related by way of common shareholders and/or common directors. The Company's management believes that the pricing policy the Company charged to related parties were the arm's length price applied in the normal course of business. These transactions can be summarized as follows:

Balances with related parties as at March 31, 2018 and December 31, 2017 are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	March 31,	December 31,	March 31,	December 31,
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Subsidiaries				
Solaris Asset Management Co., Ltd.				
Investment in debt securities - Bill of exchange	-	-	45,640,226	54,367,504
Lumpini Asset Management Co., Ltd.				
Investment in subsidiary (see Note 9)	-	-	25,000,000	25,000,000
Associates				
KT ZMICO Securities Co., Ltd.				
Investment in associate (see Note 9)	1,353,650,870	1,355,344,483	1,244,095,520	1,244,095,520
Cash balance for securities trading	3,068,219	3,194,347	3,068,219	3,194,347
Other payables	666,988	351,834	666,988	351,834
Scentimental (Thailand) Co., Ltd.				
Investment in associate (see Note 9)	12,664,645	14,160,569	13,800,000	13,800,000
Investment in debt securities - Bill of Exchange	52,275,873	52,264,684	52,275,873	52,264,684
Absolute Yoga Co., Ltd.				
Investment in associate (see Note 9)	202,841,638	210,839,172	217,800,000	217,800,000
Related companies				
Under common directors				
Thanh Cong Securities Joint Stock Company				
Investment in ordinary shares	83,968,092	85,317,444	83,968,092	85,317,444
KTZ Ruby Hill Securities Co., Ltd.				
Advance payment for investment in Myanmar	46,585,950	48,771,900	46,585,950	48,771,900
Thai Foods Group Plc.				
Investment in ordinary shares	175,779,280	214,633,980	175,779,280	214,633,980

Significant transactions with related parties for the three-month periods ended March 31, 2018 and 2017 are as follows:

	CONSOLIDATED		SEPARATE		Pricing policy
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS		
	For the three-month		For the three-month		
	Periods ended		Periods ended		
	March 31,		March 31,		
	2018	2017	2018	2017	
	Baht	Baht	Baht	Baht	
Subsidiaries					
Solaris Asset Management Co., Ltd.					
Management fee of private fund	-	-	-	77,127	At the rate determined under the contract 0.2% of net asset value per year
Interest income from Bill of exchange	-	-	1,994,521	-	At the rate determined under the contract
Investment in Bill of exchange	-	-	80,000,000	-	Investment value
Withdrawal from Bill of exchange	-	-	80,000,000	-	Investment value
Lumpini Asset Management Co., Ltd.					
Rental income	-	-	66,150	66,150	At the rate determined under the contract of Baht 22,050 per month
Associates					
KT ZMICO Securities Co., Ltd.					
Research fee	750,000	750,000	750,000	750,000	At the rate determined under the contract of Baht 250,000 per month (see Note 19.3)
Service expenses	930,900	1,222,500	930,900	1,222,500	At the rate determined under the contract (see Note 19.1)
Other fee expenses	345,295	654,679	345,295	654,679	At the rate determined under the contract
Scentimental (Thailand) Co., Ltd.					
Interest received from Bill of exchange	2,112,942	-	2,112,942	-	At the rate determined under the contract
Investment in Bill of exchange	37,898,247	-	37,898,247	-	Investment value
Withdrawal from Bill of exchange	37,887,058	-	37,887,058	-	Investment value
Related with subsidiary and associate					
Selling agent fee expense	96	300	96	300	At the rate determined under the contract
Service fee expenses	199,800	199,800	199,800	199,800	At the rate determined under the contract of Baht 66,600 per month
Commission expense for securities trading	-	8,207	-	8,207	At the rate determined under the contract

For the three-month periods ended March 31, 2018 and 2017, compensations paid to key management personnel under TAS 24 (Revised 2017) “Related Party Disclosures” are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the three-month periods ended		For the three-month periods ended	
	March 31,		March 31,	
	2018	2017	2018	2017
	Baht	Baht	Baht	Baht
Short-term employee benefits	1,851,341	1,848,759	996,066	976,211
Post-employment benefits	177,519	208,823	177,519	171,858
Total	<u>2,028,860</u>	<u>2,057,582</u>	<u>1,173,585</u>	<u>1,148,069</u>

19. COMMITMENTS

Transactions with related parties

19.1 On May 28, 2009, the Company entered into the agreement with KT ZMICO Securities Co., Ltd. for management service of operating, information technology including information system development and technical support, compliance, human resource management, general support and general management. The term of agreement is one year and will be automatically extended one year by payment in amount of Baht 150,000 per month unless either party notifies another party for the cancellation in written at least 30 days before the expiry date of the agreement in each time. Subsequently, on June 1, 2014, the Company made the agreement to change the fee to Baht 197,500 per month from June 1, 2014 to May 31, 2015. The agreement is automatically extended on an annual basis. Subsequently, on July 3, 2017, the Company made the agreement to change the fee to be Baht 60,000 per month from July 3, 2017 to June 30, 2018. The agreement is automatically extended on an annual basis.

On June 30, 2016, the Company entered into agreement with KT ZMICO Securities Company Limited for providing management service of operating. The term of agreement is one year. The term of agreement is from July 1, 2016 to June 30, 2017. The agreement is automatically extended for three months each, unless by earlier mutual termination of which the Company pays monthly fee and the rate of Baht 210,000. Subsequently, on September 29, 2017, the Company made the agreement to change the fee to be Baht 230,000 per month from October 1, 2017 to September 30, 2018. The agreement is automatically extended on an annual basis unless either party notifies another party for the cancellation in written at least 7 days before the expiry date of the agreement in each time.

19.2 On October 17, 2012, the Company entered into an agreement with Solaris Asset Management Co., Ltd. which is subsidiary company. The subsidiary will manage the Company’s fund for one year. Contract, which will be expired on October 17, 2013, is automatically renewed for another year. Under the agreement, the Company agreed to pay a management fee at rated of 0.2 percent per annum of the net asset value of the fund. However, on November 29, 2017, the Company cancelled the agreement.

- 19.3 On May 1, 2013, the Company entered into agreement with KT ZMICO Securities Company Limited for providing various research papers of offshore. The term of agreement is 2 years and will be expired on April 30, 2015. The agreement is automatically extended for one year each, unless by earlier mutual termination. The Company receives a monthly fee of Baht 250,000.
- 19.4 On January 12, 2016, the Company entered into an agreement with KTZ Ruby Hill Securities Company Limited. Such company shall act as the investment advisory, Brokerage and Dealing to the Company for the purpose of the securities trade in both Yangon Stock Exchange or YSX and OTC market. The term of agreement is 2 years and can be extended if it is agreed by both parties. The Company agreed to pay fees at rated determined under the agreement.

Transactions with other business parties

- 19.5 As at March 31, 2018 and December 31, 2017, the Company and its subsidiary have the following outstanding rental and service commitments under long-term lease agreements for its office building and equipment.

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at March 31, 2018	As at December 31, 2017	As at March 31, 2018	As at December 31, 2017
Within 1 year	2.8	3.4	1.9	2.3
Over 1 year to 5 years	-	0.3	-	0.2
Total	<u>2.8</u>	<u>3.7</u>	<u>1.9</u>	<u>2.5</u>

20. BUSINESS/GEOGRAPHICAL SEGMENT INFORMATION

Business segment information of the Company and its subsidiary for the three-month periods ended March 31, 2018 and 2017 are as follows:

	For the three-month period ended March 31, 2018			Consolidated
	Securities segment	Asset Management segment	Investment and others segment	Financial statement
Revenue from external customers	7,257	2,438	(32,702)	(23,007)
Total revenues	<u>7,257</u>	<u>2,438</u>	<u>(32,702)</u>	<u>(23,007)</u>
Segment income (loss)	7,257	(9,442)	(32,702)	(34,887)
Unallocated income and expenses :				
Gain on transfer of business to the associated company				14
Other income				1,517
Servicing and administrative expenses				(18,271)
Income tax – income				<u>9,687</u>
Net loss				<u>(41,940)</u>

(Unit: Thousand Baht)

For the three-month period ended March 31, 2017

	Securities segment	Asset Management segment	Investment And others segment	Consolidated Financial statement
Revenue from external customers	10,985	18,806	213,868	243,659
Total revenues	10,985	18,806	213,868	243,659
Segment income	10,985	5,683	213,868	230,536
Unallocated income and expenses :				
Gain on transfer of business to the associated company				14
Other income				803
Servicing and administrative expenses				(32,091)
Income tax - expenses				(37,866)
Net profit				161,396

Assets classified by segment of the Company as at March 31, 2018 and December 31, 2017 were presented as follows:

(Unit: Thousand Baht)

	Securities segment	Assets Management segment	Investment and others segment	Non-Performing Assets Management segment	Unallocated assets	Consolidated Financial statement
Assets by segment						
As at March 31, 2018	1,353,651	49,012	1,299,792	24,551	452,513	3,179,519
As at December 31, 2017	1,355,344	60,067	1,390,129	24,537	382,039	3,212,116

21. RISK MANAGEMENT

Liquidity risk

The Company

Under the Notification of the Office of the Securities and Exchange Commission No. Kor Thor. 18/2549 regarding “Net Liquid Capital Ratio - NCR”, securities company is required to maintain its net liquid capital at the end of working day not less than Baht 15 million and not less than 7% of general liabilities.

The Company was granted securities business licenses of derivatives agent under the Derivative Act. The Company has to maintain its net liquid capital at the end of working day at least Baht 25 million and at least 7% of general liabilities and assets held as collateral except in case the Company discontinued its derivatives agent business and notified to the Office of the Securities and Exchange Commission, the Company has to maintain its net liquid capital as mentioned in the above paragraph.

Additionally, in accordance with the regulation of Thailand Clearing House Co., Ltd. (“TCH”) chapter 300 “Ordinary Members” regarding the “Qualification of Membership”, the Ordinary Membership is required to have owners’ equity at least Baht 100 million for membership operating especially in derivatives business.

However, as at March 31, 2018 and December 31, 2017, the Company is not required to maintain its net liquid capital and equity per those requirements as it was granted by the Office of the Securities and Exchange Commission to temporarily cease its operation on securities and derivative businesses (see Note 1).

Since May 2, 2013, the Company was approved to reactivate its investment advisory service, the Company is required to maintain its net liquid capital according to the Notification of the Securities and Exchange Commission No. Kor Thor. 4/2557 regarding “Ongoing capital adequacy of some specific intermediaries”.

However, as at March 31, 2018, the Company is able to maintain its net liquid capital more than the condition.

Subsidiary

Under the Notification of the Office of the Securities and Exchange Commission No. KorNor. 20/2552, regarding “The Capital Adequacy of Management Company”, the asset management company has to maintain owners’ equity at least Baht 20 million for mutual fund management business, at least Baht 20 million for private fund management business with provident fund and at least Baht 10 million for private fund management business without provident fund management. Under the Notification of the Office of the Securities and Exchange Commission No. ThorNor. 42/2552, regarding “The Responsibility Insurance of Management Company and the Notification for Capital Adequacy of Management Company”, the warning level at Baht 30 million for mutual fund management business, the warning level at Baht 30 million for private fund management business with provident fund and the warning level at Baht 15 million for private fund management business without provident fund management. In case the Company cannot maintain the capital adequacy over the warning level, the Company has to report to the Office of the Securities and Exchange Commission including the plan to recover its owners’ equity to the warning level.

As at March 31, 2018, Solaris has capital deficit amounting to Baht 34.36 million, which is less than the specified warning level. Therefore, on March 15, 2018, the Extraordinary General Shareholders Meeting of Solaris passed a special resolution to increase the registered capital of Solaris to maintain the capital adequacy of Management Company according to Notification of the Office of the Securities and Exchange Commission. (see Notes 1).

On January 17, 2018, the Securities and Exchange Commission issued the Notification of the Office of the Securities and Exchange Commission No. KorThor. 3/2561, regarding “The Capital Adequacy of mutual fund management, private fund management, securities brokerage and securities trading, securities underwriting and derivatives fund management” which effective on April 1, 2018. Solaris has to maintain the 3 parts of its capital in order to comply this notification, owners’ equity at least Baht 20 million, the net capital at less the average 3 months per year of business operation expenses and net capital at least 0.01% of the net asset value. Therefore, Solaris is required to comply with such notification when such notification is effective.

22. TRANSFER OF BUSINESS

On May 1, 2009, the Company transferred its business and margin loan accounts to KT ZMICO Securities Co., Ltd., an associated company, in accordance with a partnership plan to develop securities business with Krung Thai Bank Plc.. The Company received returns from the transfer of business in the total amount of Baht 500 million. At the end of year 2011, the Company recognized the entire amount of consideration from the transfer of business of Baht 500 million as the associated company was able to generate 3-year cumulative EBITDA from 2009 - 2011 according to the criteria specified in the agreement.

The Company recognized such gain on transfer of business to an associated company as income in the consolidated financial statements according to the shareholding percentage of the third parties in the associated company. The remaining amount was presented as “unrealized gain on transfer of business to an associated company”. The Company will realize such “unrealized gain on transfer of business to an associated company” as income when the Company has lower percentage of shareholding in the associated company and when the associated company calculates depreciation or sells such transferred assets to the third parties.

For the three-month periods ended March 31, 2018 and 2017, the Company recognized additional gain on transfer of business to the associated company of Baht 0.01 million.

As at March 31, 2018 and December 31, 2017, the remaining amount unrealized gain on transfer of business to an associated company were Baht 148.27 million and Baht 148.28 million, respectively.

23. FAIR VALUE MEASUREMENT

Certain financial assets and financial liabilities of the Company are measured at fair value at the end of reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

(Unit : Baht)

Financial assets/ Financial liabilities	CONSOLIDATED FINANCIAL STATEMENTS		Fair value hierarchy	Valuation techniques and key inputs
	March 31, 2018	December 31, 2017		
<u>Financial Assets</u>				
Investments				
Trading securities				
Listed securities	202,754,273	245,972,314	1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand and foreign stock exchange
Debt securities - Corporate bond	27,134,313	27,024,289	2	Yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association
Debt securities - Bill of exchange	566,898,405	599,810,912	2	Discount cash flow by future cash flows are estimated based on forward interest rate at the end of the reporting period
Available-for-sale securities				
Equity securities	3,699,412	4,425,246	1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand and foreign stock exchange

(Unit : Baht)

Financial assets/ Financial liabilities	SEPARATE FINANCIAL STATEMENTS		Fair value hierarchy	Valuation techniques and key inputs
	March 31, 2018	December 31, 2017		
<u>Financial Assets</u>				
Investments				
Trading securities				
Listed securities	202,754,273	245,972,314	1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand and foreign stock exchange
Debt securities - Corporate bond	27,134,313	27,024,289	2	Yield rates of the last working day of the reporting period as quoted by the Thai Bond Market Association
Debt securities - Bill of exchange	597,204,384	638,866,087	2	Discount cash flow by future cash flows are estimated based on forward interest rate at the end of the reporting period
Available-for-sale securities				
Equity securities	3,699,412	4,425,246	1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand and foreign stock exchange

24. EVENT AFTER THE REPORTING PERIOD

- 24.1 On April 2, 2018, the Board of Investment Committee's meeting passed the resolution to purchase the additional shares increase in ordinary shares of Advance Finance Plc. of Baht 25 million for 25,000,000 ordinary shares with the par value of Baht 1 per share.
- 24.2 On April 26, 2018, The Company purchased new shares issued of Solaris Asset Management Company Limited ("the subsidiary") at the amount of Baht 82.80 million of which including 8,000,000 shares. The share has par value of Baht 10 per share. The subsidiary increased its paid-up capital from Baht 125.40 million to Baht 205.40 million which effect to the subsidiary can maintain the capital adequacy as the Notification of the Office of the Securities and Exchange Commission.
- 24.3 On April 27, 2018, the Annual General Meeting of the Shareholders approved the resolutions regarding the payment of dividend for the year 2017 from retained earnings at the rate of Baht 0.05 per share. The dividend will be paid on May 15, 2018.

25. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements have been approved for issuing by the audit committee and authorized director of the Company on May 7, 2018.