

SEAMICO



# ANNUAL REPORT

# 2011

Seamico Securities  
Public Company Limited

รายงานประจำปี 2554 บริษัทหลักทรัพย์ ซีมิโก้ จำกัด (มหาชน)

# Contents

• Message from Executive Chairman	1
• Report of the Board of Directors' Responsibilities for Financial Statements	2
• Audit & Risk Management Committee's Report	3
• Financial Highlights	4
• General Information	5
• Nature of Business	8
• Risk Factors	23
• Shareholders Structure and Management	24
• Corporate Social Responsibilities (CSR)	62
• Related Parties and Connected Transactions	64
• Management Discussion and Analysis	71
• Financial Statements	83
• Auditor's Remuneration	145

## Message from Executive Chairman

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2011 was another tough year for us given the global economic turmoil, which unavoidably had an adverse impact on the securities industry in both the primary and secondary markets. Due to the poor market conditions, several of our domestic and international capital market deals were pushed back. On the local front, the widespread flooding during the latter half of 2011 was also a drag on our businesses. Net income was 20 million baht compared with 67 million baht in the previous year, primarily due to the decreased share of profit of KT ZMICO and the increase in income tax expenses as the company's tax rate rose to 30% in 2011 from 25% in 2010.

However, the company had net profit before tax in the year 2011 of 69 million baht, higher than 28 million baht in 2010. Furthermore, we successfully increased share capital and paid a stock dividend to our shareholders. This was designed to raise shareholder value by giving them a portion of earnings in the immediate term as well as meet the capital commitment to keep our securities licenses.

Regarding our international presence, we are moving into Myanmar in order to expand our footprint in the Indochina region after already establishing a solid presence in Vietnam and Lao PDR. This expansion will provide us with a competitive edge for the opening up of the Asean Economic Community in 2015. In terms of a wider scope, we co-founded the Global Alliance Partners network, which now has a presence in 25 countries, with 143 offices and almost 20,000 professionals. The extensive network allows us to provide our client base with local services and expertise, coupled with international reach and access.

In the domestic market, we are strengthening our business relationships and the cross-selling of products with Krung Thai Bank. Throughout 2011, we were able to grow our client base from the bank with over four thousand new accounts and a target of additional 3,000 in 2012. Our sales force also expanded accordingly to 450 professionals at the end of 2011 and it is expected to pass the 500 mark in 2012.

The 2011 flood had a direct impact on some of our branches and around 200 of our employees. Fortunately, we were able to provide them with initial funding support, temporary accommodation for their families, and post-flood relief. Externally, we contributed to the "Thai Stock Market Flood Relief Fund" and also purchased 1,000 lifejackets for flood victims across the country through the Stock Exchange of Thailand.

Let us close by expressing our sincere gratitude to all our employees and stakeholders for bringing us to this point and for the continuing strong support. We hope that you are as pleased as we are about the direction our company is taking toward a more promising future.



Chaipatr Srivisarvacha  
Executive Chairman

## Report of the Board of Directors' Responsibilities for Financial Statements

### Seamico Securities Public Company Limited and its subsidiaries

The Board of Directors is responsible for the financial statements and the consolidated financial statements of the Company and its subsidiaries, which are reported in conformity with the generally accepted accounting principles of Thailand. These financial statements were prepared based on appropriate accounting policy with consistency, with adequate disclosures provided in the notes to the financial statements.

The Board of Directors has appointed an Audit and Risk Management Committee, which comprises of Independent Directors, to oversee the sufficiency and credibility of financial reports and evaluating the effectiveness of internal control and internal audit functions. The Committee has expressed its opinions with regard to the stated matters in the Report of Audit and Risk Management Committee, which is presented in the annual report.

The Board of Directors is of the opinion that the internal control system of the Company is adequate and appropriate, and thus provides an assurance that the financial statements and consolidated financial statements of the Company and its subsidiaries including financial information for the year ended 31<sup>st</sup> December 2011 are reasonably reliable.



(Chaipatr Srivisarvacha)

Executive Chairman and Chief Executive Officer



## Audit & Risk Management Committee's Report

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The Board of Directors of Seamico Securities Public Company Limited appointed an Audit & Risk Management Committee, which comprises of 3 independent directors as follows:-

- |                            |          |
|----------------------------|----------|
| 1. Mr. James M. Kelso      | Chairman |
| 2. Mr. Praphant Asava-aree | Member   |
| 3. Ms. Phornpun Phornprapa | Member   |

The Committee has the important responsibility to review the Company's financial reports in order to ensure their accuracy and that they comply with accounting standards and the sufficiency of disclosure, to review the appropriateness and effectiveness of the internal control and audit systems, to review the transparency of management and their compliance with the Company's policies and all applicable laws and regulations, as well as to provide advice concerning the appointment of the Company's auditor and the proposed audit fee.

The Audit & Risk Management Committee held 4 meetings with the management, the head of Accounting and Finance department, the head of Compliance and Internal Audit department and the Company's external auditor to review the quarterly and annual financial statements for 2011 and the disclosure of financial reports and notes to the financial reports, including regular discussions and recommendations concerning problems that might result in a violation of the applicable laws and regulations, as well as the sufficiency of the internal control system. The Audit & Risk Management Committee suggested that the Company undertake to increase to Baht 500 million registered and paid-up capital by December 31, 2011 according to the SEC notification. In addition, the Chairman of the Company's Audit & Risk Management Committee acted as an advisor to the Audit and Compliance Committee of KT ZMICO.

Based upon the information provided to us, the Audit & Risk Management Committee is unaware of any instance which would lead us to believe that the financial reports have not been prepared in accordance with established accounting standards and fairly presented in all material respects. Furthermore, the Committee is of the opinion that the internal audit function, control system and risk management are satisfactory. We are unaware that significant laws and regulations have not been complied with in all material respects.

For 2012, the Audit & Risk Management Committee has proposed to the Board of Directors that Dr. Suphamit Techamontrikul, Mr. Niti Jungnitnirundr and Mr. Chavala Tienpasertkij of Deloitte Touche Tohmatsu Jaiyos Audit Company Limited be nominated as the Company's auditors for at the annual general meeting of shareholders.

On behalf of the Audit & Risk Management Committee,



(Mr. James M. Kelso)

Chairman, Audit & Risk Management Committee



## Financial Highlights

Million Baht

	2009	2010	2011
Total Assets	2,201.42	1,853.23	1,969.23
Paid-up Share Capital	883.90	416.95	451.31
Total Shareholders' equity	2,027.12	1,669.68	1,742.67
Securities Business Income	214.46	28.31	11.90
Securities Business Expenses	50.93	6.40	4.56
Net Income (Loss)	16.93	67.28	23.03
<b>Profitability Ratio</b>			
Gross Profit Margin (%)	76.25	77.41	61.66
Net Profit Margin (%)	4.18	36.10	17.58
Return on equity (%)	0.76	3.45	1.37
<b>Efficiency Ratio</b>			
Return on Total Assets (%)	0.67	3.17	1.24
Asset Turnover (Times)	0.08	0.01	0.01
<b>Financial Policy Ratio</b>			
Liquid Assets to Total Assets (%)	32.73	12.03	20.72
Earning Assets to Total Assets (%)	71.82	71.35	66.15
Debt to equity (Times)	0.09	0.11	0.13
Payout Ratio (%)	730.30	-	76.00
<b>Others Ratio</b>			
Investment in Securities to Total Asset (%)	27.88	7.41	7.28
Net Liquid equity (%)	N/A*	N/A*	N/A*
<b>Per Share</b>			
Book Value (Baht)	2.52	2.05	1.93
Earning Per Share (Baht)	0.02	0.08	0.03
Dividend Per Share (Baht)	0.15	-	0.05
Capital Reduction (Baht)	-	0.50	-
Par Value (Baht)	1.00	0.50	0.50

\* Since May 1, 2009. The Company has approved to temporary cease its operation on securities and derivatives business from the Securities and Exchange Commission, therefore the Company is not required to maintain its net liquid capital.

## General Information

**Name** : Seamico Securities Public Company Limited.

**Address** : 16<sup>th</sup> Floor, Liberty Square Building, 287 Silom Road, Bangrak, Bangkok 10500.

**Type of Business** : Seamico Securities incorporated and resident in Thailand to do business in accordance with the Securities and Exchange Act B.E.2535.

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 on March 17, 1995.

The Company has developed securities business through KT ZMICO Securities Co., Ltd. (registered the change of its name from “KTB Securities Co., Ltd.” on April 1, 2009) with Krung Thai Bank Plc. by transferring its business, operation system, staff and assets to KT ZMICO Securities Co., Ltd. and start operation under the name of KT ZMICO Securities Co., Ltd. since May 4, 2009.

Such business transferred had been approved by the extraordinary shareholders’ meeting No.2/2009 on March 20, 2009.

The status of the Company after the transfer of business and margin loan accounts is to continue as a listed securities company which most business will be related to investment and have activity in securities business which is not competitive with KT ZMICO Securities Co., Ltd.

The Company has temporarily ceased its operation on securities and derivative contracts business since May 1, 2009 which was approved by the Office of the Securities and Exchange Commission No. SEC.Thor. 701/2552.

**Registration No** : 0107537002460

**Home page** : [www.seamico.com](http://www.seamico.com).

**Telephone** : 66 (0) 2695-5000.

**Fax** : 66 (0) 2631-1709

### Number and type of paid-up shares

Paid-up shares 1,022,619,448 shares

Par value Baht 0.50 each

Type of shares Ordinary share



## JURISTIC PERSONS IN WHICH THE COMPANY HOLDS SHARES EQUAL TO OR IN EXCESS OF 10%

Company Name	Address	Type of Business	Type of Share	No. of Issued Shares	No. of Shares Held	Investment Value (million baht)	Shareholding Percentage
<b>Subsidiary</b>							
Seamico Asset Management Company Limited*	8 <sup>th</sup> Floor, 287 Liberty Square Building, Silom Road, Bangrak, Bangkok 10500 Tel. 0-2624-6300 Fax. 0-2624-6330	Mutual Fund Management	Ordinary	15,200,000	11,400,000	114	75
<b>Associate Company</b>							
KT ZMICO Securities Company Limited	16 <sup>th</sup> Floor, 287 Liberty Square Building, Silom Road, Bangrak, Bangkok 10500 Tel. 0-2695-5000 Fax. 0-2631-1709	Securities	Ordinary	222,763,600	110,350,800	1,087.50	49.54
<b>Other</b>							
Thanh Cong Securities Joint Stock Company	3 <sup>rd</sup> & 5 <sup>th</sup> Floor - Centec tower, 72-74 Nguyen Thi Minh Khai St., Ward 6, District 3, HCMC, Vietnam	Securities	Ordinary	36,000,000	6,796,500	156.02	18.88
BCEL Krungthai Securities Company Limited ** (invested by KT ZMICO Securities Company Limited)	7 <sup>th</sup> Floor, Stock Market Building, Khampaengmouang Road, Xaysettha District, Vientiane Capital, Lao PDR	Securities	Ordinary	1,000,000	300,000	115.52	30

**Note:** \* On September 6, 2011, the Company disposed of 25% of investment to Evolution Capital Public Company Limited.

\*\* BCEL Krungthai Securities Company Limited increased its paid up share capital from Baht 112.5 million to Baht 385.07 million. KT Zmico Securities Company limited still maintains the holding proportion at 30%.



## Other References

### (a) Share Registrar

Thailand Securities Depository Company Limited  
62 The Stock Exchange of Thailand Building,  
Rachadapisek Road, Klongtoey,  
Bangkok 10110, Thailand  
Tel: 66 (0) 2229-2800 Fax: 66 (0) 2359-1250

### (b) Auditor

- Dr. Suphamit Techamontrikul Certified Public Accountant (Thailand) No. 3356
- Mr. Niti Jungnitnirundr Certified Public Accountant (Thailand) No. 3809
- Mr. Chavala Tienpasertkit Certified Public Accountant (Thailand) No. 4301

Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.  
Rajanakarn Bldg., 25<sup>th</sup> Floor  
183 South Sathorn Road, Yannawa  
Sathorn, Bangkok 10120  
Telephone: 66 (0) 2676-5700 Fax: 66 (0) 2676-5757

### (c) Legal Advisor

- Weerawong Chinnavat & Peangpanor Ltd.  
22<sup>nd</sup> Floor, Mercury Tower, 540 Ploenchit Road  
Lumpini, Pathumwan, Bangkok 10330  
Telephone: 66 (0) 2264-8000 Fax: 66 (0) 2657-2222
- Siam Premier International Law Office Limited  
26<sup>th</sup> Floor of the Offices at Central World,  
No. 999/9 Rama I Road, Khwaeng Pathumwan,  
Khet Pathumwan, Bangkok 10330  
Telephone: 66 (0) 2646-1888 Fax: 66 (0) 2646-1919
- Patanasith Law Office  
550/36 Soi Po-pun, Asoke-Dindaeng Road  
Dindaeng, Bangkok 10310  
Telephone: 66 (0) 2246-6061 Fax: 66 (0) 2641-8267

## Nature of Business

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### Changes and Development

In 2009, Seamico Securities Public Company Limited (“The Company”) formed a strategic partnership with Krung Thai Bank Public Company Limited (“KTB”) to jointly develop securities business under the name “KTZMICO Securities Company Limited” (“KTZMICO”) (formerly named KTB Securities Company Limited). The Company acquired shares of KTZMICO since September 2008 for 48.81% of paid-up capital at Baht 864 million and on March 31, 2009, the Company signed a shareholders’ agreement with KTB. The Company agreed to transfer its securities business, operating assets and employees, including the refinancing of accounts receivable credit balance to KTZMICO. The agreement entitled the Company to receive Baht 500 million for the transfer of assets, with up front payment in the amount of Baht 300 million paid on May 4, 2009 and another Baht 200 million will be received within three years based on KTZMICO’s earnings before interest, taxes, depreciation and amortization (“EBITDA”), subject to the conditions below:

- To receive the payment of Baht 60 million on which EBITDA of the year 2009 is not less than Baht 250 million.
- To receive the payment of Baht 70 million on which EBITDA of the year 2010 is not less than Baht 350 million.
- To receive the payment of Baht 70 million on which EBITDA of the year 2011 is not less than Baht 400 million.

In the case that EBITDA does not meet all three conditions, the Company will still receive Baht 200 million if the total EBITDA for 3 years is not less than Baht 1,000 million. In the case that total EBITDA for 3 years is less than Baht 1,000 million, the Company is entitled to receive a fair cut of Baht 200 million.

For the year 2009 and 2010, KTZMICO achieved an accumulated EBITDA of Baht 657 million for which the Company was paid Baht 130 million as per the agreement. With 2011 financial results included, KTZMICO’s accumulated EBITDA increased to Baht 1,034 million which entitled the company to receive another Baht 70 million. The company will receive the amount 15 days from the date on which the Company’ shareholders approved the audited Financial Statement of the fiscal year 2011. As a result of the achievement, the Company will receive a total of Baht 200 million.

The objective and necessity of transferring securities business to KTZMICO are:

- To reduce the risk as a Local Independent Broker among the strong competition. The liberalization of the securities business and brokerage fees started on January 1, 2012.
  - To increase source of funds and business supports from KTB, another major shareholders of KTZMICO. This will enable the Company to form an appropriate capital structure in order to achieve the highest possible returns for shareholders.
  - To increase customer base by penetrating into KTB’s customers, which are mainly retail, institutional customers and high net worth individuals.
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In December 2010, KTZMICO has expanded its business to Laos. KTZMICO currently holds 30% stake in BCEL-KT Securities Company Limited, the joint venture between Laos' largest commercial bank, Banque pour le Commerce Exterieur Lao (BCEL) and KTZMICO. BCEL-KT was the first securities company in Laos and acted as underwriter for EDL Generation's initial public offering.

In February 2011, the Company entered into an agreement with a financial advisor to identify potential purchasers of investment in Thanh Cong Securities Joint Stock Company (TCSC), a securities company in Vietnam, in which the Company is currently holding 18.88% stake. On May 12, 2011, the Board of Directors' meeting No. 2/2011 acknowledged the progress of the sale of such investment that the financial advisor still cannot identify the purchasers. As at December 31, 2011, the Company suspended the sale of such investment.

In September 2011, KTZMICO disposed of 25% stake in Seamico Asset Management Co., Ltd., the subsidiary, to Evolution Capital Public Company Limited. As at December 31, 2011, the paid-up share capital of the subsidiary is Baht 152 million, held by KTZMICO and Evolution Capital Public Company Limited 75% and 25%, respectively.

## Future Plans

After transferring the securities business to KTZMICO on May 1, 2009, the Company stopped offering brokerage services in Thailand to act in accordance with the Shareholders Agreement between KTB and the Company. Currently, the Company's securities license is valid until April 30, 2013.

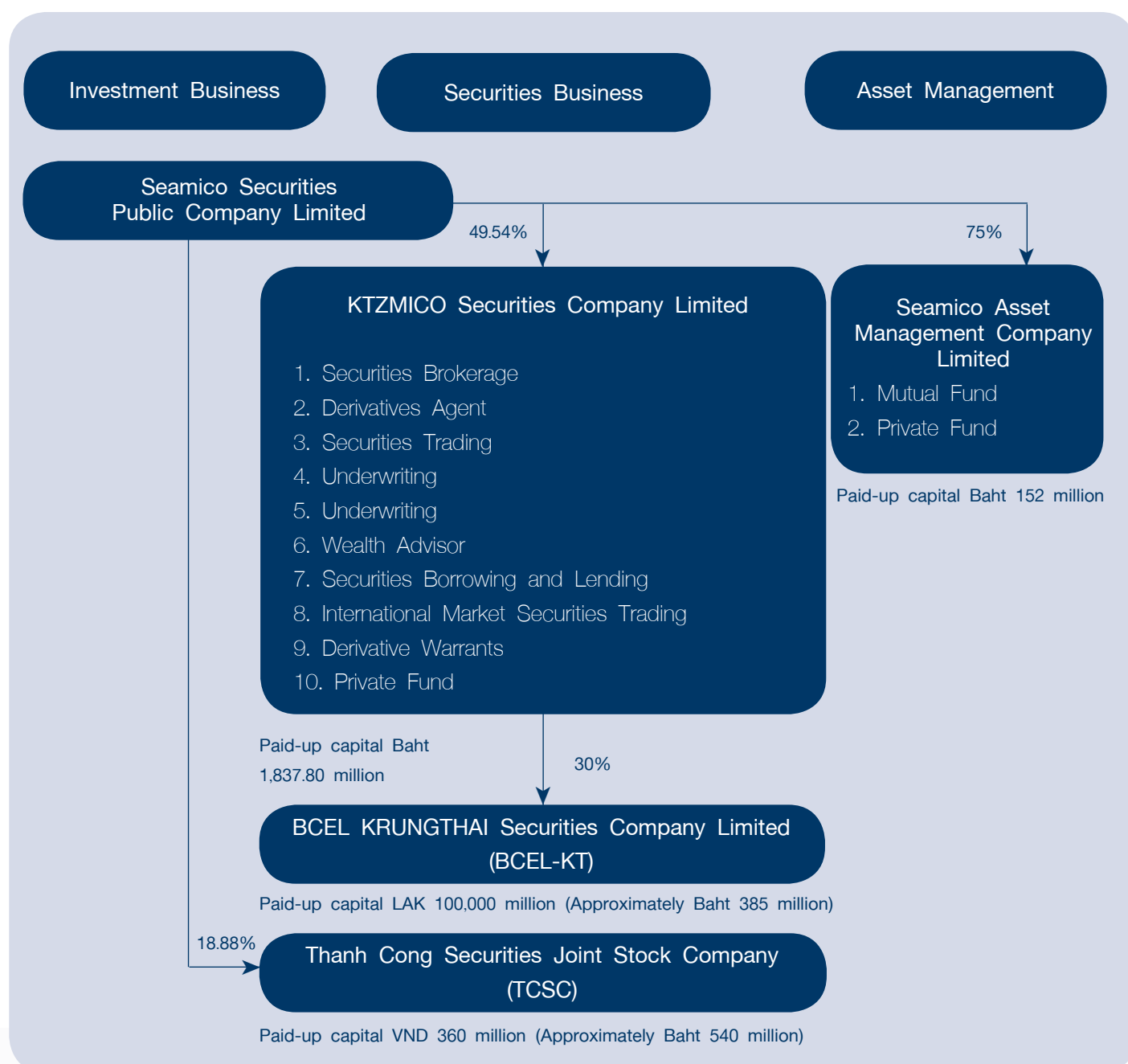
The Company has transformed into a holding company, engaging in securities business that operates by KTZMICO Securities Co., Ltd. and fund management business that operates by SEAMICO Asset Management Co., Ltd.

The Company plan for 2012 is to start its Investment Advisory business that does not compete with KTZMICO.

## Business Overview

Business operations of the Company and its subsidiary, and Associate Company are divided into 3 main businesses:

- 1) Investment Business under Seamico Securities Public Company Limited.
- 2) Securities Business under KTZMICO Securities Company Limited, Thanh Cong Securities Joint Stock Company (TCSC) and BCEL KRUNGTHAI Securities Company Limited (BCEL-KT).
- 3) Asset Management Business under Seamico Asset Management.



## Consolidated Revenue Structure

	2009		2010		2011	
	Million Baht	%	Million Baht	%	Million Baht	%
Brokerage Fees						
Securities Business	107.13	25.77	-	-	-	-
Derivatives Business	13.99	3.36	-	-	-	-
Fees and Services Income						
Underwriting	0.04	0.01	-	-	-	-
Financial Advisory	11.90	2.86	4.57	2.45	-	-
Asset Management	3.13	0.75	8.22	4.41	7.24	5.53
other	1.56	0.38	-	-	-	-
Gain (Loss) on Securities Trading	20.69	4.98	5.11	2.75	(1.51)	(1.15)
Interest and Dividend Income	36.71	8.83	10.41	5.59	6.17	4.71
Interest on Margin Loan	30.34	7.30	-	-	-	-
Share of Profit (Loss) in Associate	57.48	13.83	110.51	59.30	74.77	57.08
Gain on Asset Transferred to Associate	132.32	31.83	46.25	24.81	43.86	33.48
Other Income	0.44	0.11	1.30	0.70	0.46	0.35
<b>Total Income</b>	<b>415.73</b>	<b>100.00</b>	<b>186.36</b>	<b>100.00</b>	<b>130.99</b>	<b>100.00</b>

## Types of Business

The Company restructured itself around three main business groups:

## 1) Investment Business

Focus on direct investment in Thailand and Indochina to achieve a target return-on-investment.

## 2) Securities Business

Provide securities business under KTZMICO since May 1, 2009. KTZMICO was granted license by the Ministry of Finance and the Securities and Exchange Commission of Thailand (SEC) to engage in business activities related to the securities industry. As at December 31, 2011, KTZMICO encompasses 19 branches, with 9 branches in Bangkok and 10 branches in upcountry. In March 2011, the company upgraded Phitsanulok Branch from being a Cyber Branch to a Mini Branch.

The Company has expanded its securities business to Laos through BCEL Krungthai Securities (BCEL-KT). BCEL-KT, a joint venture between BCEL bank and KTZMICO, is one of the two securities companies in Laos.

### 3) Asset Management Business

The Company conducts securities business relating to private funds and mutual funds management under Seamico Asset Management Company Limited. At the end of February 2012, Seamico Asset Management offers 11 Fixed Income and Equity Funds and 1 Foreign Investment Fund with net asset value of Baht 3.3 billion.

#### 1.1 Investment Business

After transferring the securities business to KTZMICO, the Company transformed into a holding company and focuses on direct investment business. Additionally, the Company's plan is as follows:

- Expand business into neighboring countries to capture the surging capital inflows into Indochina. In addition to the Company's investment in Thanh Cong Securities Joint Stock Company (TCSC) in 2009, the company expanded its business into Laos under BCEL-KT, a joint venture between KTZMICO and BCEL. As at December 31, 2010, KTZMICO holds 30% of share capital (1 million shares, paid-up 30%, par at 100,000 kip) with initial investment of Baht 33.93 million from paid-up capital of Baht 113.10 million. In November 2011, KTZMICO paid the remaining 70% of paid-up capital, making the total investment Baht 115.52 million.
- Enhance the competitiveness of asset management business through Seamico Asset Management as the asset management business is expected to grow and mutual funds will become an alternative source of saving in the future. In September 2011, the Company disposed of 25% stake in Seamico Asset Management to Evolution Capital Public Company Limited. Evolution Capital Plc will provide supports in terms of expanding the customer base to institutional clients group. As at December 31, 2011, Seamico Securities Plc. and Evolution Capital Plc. hold 75% and 25% of paid up capital of Seamico Asset Management, respectively.

#### 1.2 Securities Business

After the merger, the Company's securities business was transferred to KTZMICO. KTZMICO's securities business can be divided into the following categories:

- **Securities Brokerage**

KTZMICO provides a comprehensive range of quality services to local and foreign clients both individual and institutional investors by highly experienced marketing officers and research teams giving investment advices on both fundamental and technical basis.

The types of services offered include:

1. Cash Accounts and Cash Balance Accounts.
2. Credit Balance Accounts.
3. Internet Accounts.

KTZMICO provides useful information on its website, [www.ktzmico.com](http://www.ktzmico.com), to help clients with their decision-making. In 2011, KTZMICO developed many trading programs for investors such as Znet, Znet Xpress, Streaming and i2Trade. The trading programs enabled clients to trade securities via Notebook, Tablet and Smart phone and supports both Android and Mac operating systems. KTZMICO is also developing web base trading platform as an analysis tools such as Stock Simulation Program.

KTZMICO has been recognized as a market leader in providing institutions with broker-assisted, online, and direct market access trading of securities.

In 2011, KTZMICO and Krung Thai Bank participated in The Stock Exchange of Thailand (SET) campaign “One for All – A simple way to trade online via banks,” which aimed at increasing convenience for internet banking. The campaign was a huge success, enabling KTB-investors to trade via [www.ktb.com](http://www.ktb.com).

KTZMICO continue to provide loan for clients and this contributes to the increase of KTZMICO’s trading volume. As at December 31, 2011, KTZMICO’s outstanding credit balance loan stood at Baht 1,842 million, compared to Baht 2,053 million at the end of 2010. This business of providing loans to clients has been heavily financed by KTB, a major shareholder.

KTZMICO manages risks by reviewing credit lines in accordance with Risk Management’s protocols. KTZMICO has a high level of quality control made possible by closely monitoring clients’ trading transactions, limiting investment proportions and reviewing whether the clients should be called for more collateral. In case of a default payment, the operation services department will follow up so that payments are made in full.

### Market Share

	The Company		KTZMICO	
	Jan. - Apr. 2009	May. - Dec. 2009	FY 2010	FY 2011
SET & MAI Market Turnover	822,724	3,606,255	7,033,947	7,191,481
SET & MAI Market Turnover (exclude Proprietary Trading)	718,436	3,188,074	6,188,253	6,243,180
Company’s Trading Volume	89,536	453,723	569,681	523,296
Company’s Market Share (%)	5.44%	6.29%	4.60%	4.19%
Company’s Market Share (exclude Proprietary Trading)	3.56%	4.90%	4.60%	4.19%
<b>Rank</b>	<b>4</b>	<b>2</b>	<b>6</b>	<b>11</b>

Note: Proprietary trading is excluded from trading data from 2 November 2009 onwards.

Market Turnover for year 2011 was Baht 6,243,180 million; trading volume of KTZMICO was Baht 523,296 million, accounting for 4.19% market share.



Securities' trading volume and the percentage of the top 10 clients is shown below:

	The Company		KTZMICO					
	Jan. - Apr. 2009		Jan. - Apr. 2009		FY 2010		FY 2011	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Top 10 Securities Trading Clients	5,812	6.48	35,550	7.29	61,894	10.86	76,225	14.57

The majority of KTZMICO's clients are local retail investors who trade on cash basis. The proportion of client types is shown in the table below:

	The Company	KTZMICO			
	Jan. - Apr. 2009	May. - Dec. 2009	FY 2010	FY 2011	
Retail : Institution	99 : 1	94 : 6	92 : 8	85 : 15	
Local : Foreign	95 : 5	95 : 5	93 : 7	89 : 11	
Cash Account : Credit Balance	84 : 16	76 : 24	74 : 26	82 : 18	

### Policy on opening new accounts

KTZMICO has established a policy regarding to the opening of new accounts based on our "Know Your Client" principle. This involves providing significant and adequate information required from an applicant in terms of investment objective, investment risk knowledge, and experience and investment history. In order to assess whether to approve a credit line, a client's financial status as well as settlement ability is examined in order to prevent or limit any loss that might occur. KTZMICO have delegated employees with the authority to approve loans subjected to a credit line's risk level. KTZMICO has also established a procedure to review credit lines on a regular basis to keep track of a client's trading and settlement history and to ensure that client data is kept up to date.

#### ● Derivatives Agent Business

After the merger in May 2009, KTZMICO started operating as a derivatives agent and offer all exchanged-traded derivatives products, namely, SET50 Index Futures, SET50 Index Options, Single Stock Futures, Gold Futures, Interest Rate Futures, Silver Futures and Crude Oil Futures. Moreover, KTZMICO plans to apply for derivatives agent license from the Agricultural Futures Exchange of Thailand to join the farm commodities exchange.

In 2011, trading volume of KTZMICO was 737,162 contracts, accounting for 3.68% market share.

	The Company	KTZMICO		
	Jan. - Apr. 2009	May. - Dec. 2009	FY 2010	FY 2011
No. of Contracts - TFEX	670,316	2,405,002	4,519,436	10,027,116
No. of Contracts - Company	39,312	197,156	381,436	737,162
Market Share	2.93%	4.10%	4.22%	3.68%
Rank	11	8	7	11

As KTZMICO emphasized in expanding its investor base in the derivatives market, “Derivatives Department” was formed to educate investors. It continues to provide variety of training courses related to derivatives instruments to its clients, employees and general investors and also regularly takes part as an educator in seminar events and conferences organized by TFEX. Moreover, KTZMICO also started publicizing its daily derivatives research papers for both fundamental and technical research.

#### ● Securities Borrowing and Lending

Securities Borrowing and Lending (SBL) has been growing in demand with the development of the securities market. KTZMICO provides the service as an alternative investment and also for clients to hedge against market fluctuations. KTZMICO serves as a principal for securities listed in the SET100 Index. Since offering SBL service in 2009, KTZMICO is able to maintain its market share among the Top 5. In 2012, KTZMICO plans to expand its KTB customer base to increase its market share.

#### ● Derivative Warrants (DW)

KTZMICO began offering Derivative Warrants (DW) for the first time in December 2010 after being assigned the company rating at “BBB+” with “stable” outlook by TRIS Rating Co., Ltd. Until the end of 2011, KTZMICO offered a total of 27 Derivative Warrants. As of December 31, 2011, the following Derivative Warrants are offered by KTZMICO:

Ticker	Total Issuance (units)	Underlying	Last Trading Date	Exercise Price	Conversion Ratio (Security: Underlying)
TOP18CC	20,000,000	TOP	23 Apr 2012	60 Baht	25 : 1
IVL18CC	20,000,000	IVL	23 Apr 2012	32 Baht	25 : 1
BBL18CA	20,000,000	BBL	24 Apr 2012	140 Baht	50 : 1
THAI18CA	20,000,000	THAI	24 Apr 2012	21 Baht	25 : 1
PTTG18CA	20,000,000	PTTGC	14 May 2012	50 Baht	25 : 1
PTT18CB	20,000,000	PTT	5 Jun 2012	290 Baht	100 : 1
LH18CA	20,000,000	LH	5 Jun 2012	5.50 Baht	4 : 1
SSI18CA	20,000,000	SSI	1 Oct 2012	0.70 Baht	0.50 : 1

Starting from September 1, 2011, the Thailand Futures Exchange (TFEX), a subsidiary of The Stock Exchange of Thailand (SET), appoints KTZMICO as a market maker for gold futures and SET50 Options. In addition, KTZMICO plans to offer complex financial products such as structured products in the near future.

#### ● Securities Trading

KTZMICO invests and trades in securities with the objective of generating additional income and has a policy of investing in high-return securities. KTZMICO defines its policy in compliance with the SEC regulations, which cover important policies as follows:

- Policy concerning authorized persons for securities dealing.
- Policy on risk management.
- Policy on preventing conflicts of interest.
- Policy on compliance.
- Policy on proper capital allocation to each securities.
- Policy on the investment objectives and expected return targets compared with benchmark returns.

In 2011, investments in securities were classified into two categories:

1) Investments in equity securities including listed securities and unit trust to support securities business expansion, and hedging portfolio.

2) Investments in debt securities which have optimum returns issuance by Government and Corporate with a credit rating of BBB or higher in the short-term period (less than 6 months) as approved by the Executive Committee.

In 2011, KTZMICO ranked 3<sup>rd</sup> among securities companies in corporate bond outright trading.

#### ● Underwriting Business

KTZMICO offers a full range of financial advisory services, including the sale of securities products. KTZMICO acts as a financial advisor and subsequently adopts the role of underwriter and join with financial institutions and other securities companies in offering a variety of securities products, including government bonds, state enterprise bonds, common shares, preferred shares, debentures and convertible debentures. KTZMICO is actively engaged in the underwriting business and has extensive experience in the role of lead and co-underwriter, underwriter and selling agent.

In 2011, KTZMICO ranked 2<sup>nd</sup> among securities companies in fixed income origination.

	The Company	KTZMICO		
	Jan. - Apr. 2009	May. - Dec. 2009	FY 2010	FY 2011
No. of clients	1	3	8	4
Underwriting Value (Million Baht)	2.24	313.50	3,769.86	1,520.40
Fee Charged (Million Baht)	0.05	0.89	25.75	4.36

#### ● Financial Advisory Business

KTZMICO offers a number of financial advisory services, including issuing equity instruments through initial public offerings, private placements, convertible debentures, rights issues and debentures with warrants, and new listings on the SET and the MAI. Mergers and acquisitions services, firm valuation, source of fund providing, business restructuring and other financial advisory services.

KTZMICO has been a member of M&A International Inc., the world's leading international M&A network with over 40 member firms worldwide, to broaden investment banking business. Currently, KTZMICO acts as a financial advisor in several M&A deals.

KTZMICO is positioning itself as the gateway to Indochina. It already expanded its business to Laos through BCEL Krungthai Securities (BCEL-KT), a joint venture between BCEL bank and KTZMICO. It acts as the financial advisor to BCEL-KT and underwriter of EDL Generation, the first initial public offering in Laos. KTZMICO is confident that being able to establish a strong foothold in Laos marks the first step in realizing its goal as the gateway to Indochina.

Revenue from financial advisory services is shown below:

Million Baht	The Company	KTZMICO		
	Jan. - Apr. 2009	May. - Dec. 2009	FY 2010	FY 2011
Revenue	2.81	28.34	176.10	47.96

#### ● Wealth Advisor

KTZMICO established wealth advisory services to serve clients in terms of wealth creation, wealth accumulation, wealth preservation and wealth distribution according to their financial objectives, status and expected return with an acceptable risk. KTZMICO provides one stop service to fulfill clients' financial goals through variety of financial products such as Equities, Fixed Income, Derivatives and Offshore Investments to ensure a diversified portfolio, with either direct investments or mutual funds. In the beginning, KTZMICO was a unit trust selling agent, before being approved by the SEC to be a selling agent for omnibus account. It currently covers 18 Asset Management Companies with financial planners who have more than 16 years experience. At the end of February 2012, asset under management was Baht 3.9 billion, a significant increase from Baht 2.8 billion at the end of December 2011.

In August 2011, KTZMICO acted as a participating dealer in KTAM Gold ETF Tracker, Thailand's first ETF tracking the price of gold. KTZMICO also acted as a participating dealer in W.I.S.E. CSI 300 China Tracker in 2010.

#### ● Private Fund

In February 2012, KTZMICO was approved by the Securities and Exchange Commission to operate private fund. With the cooperation and supports of KTB, a major shareholder, the business is expected to begin by the second quarter of 2012.

#### ● International Market Securities Trading

KTZMICO provides service on international market securities trading (offshore) with the objectives of seeking a better return than investing in the domestic market and to diversify risks. Currently, KTZMICO is equipped with GL Trade which is one of the most highly efficient and flexible trading systems in the global markets. The Direct Market Access (DMA) can access over 130 financial markets with super fast execution of up to 4,000 transactions per second. The system provide real-time market information which covers stocks, debentures, treasuries bonds, structured products, foreign exchange, and commodities on one screen. Currently, KTZMICO offers securities trading in several major securities markets such as the U.S., Hong Kong, and Singapore. In the past year, investors' response to the Lao Securities Exchange (LSX) has been overwhelming.

In addition to KTZMICO's efficient trading systems, KTZMICO also ensures the reliability and efficiency in the international settlements by appointing highly reputable global institutions as agent. This is to assure clients of KTZMICO's settlement capabilities that are on par with international practice providing high efficiency and security in offshore trading.

### 1.3 Asset Management Business

This business operated by Seamico Asset Management Company Limited (ZAM) emphasizes on quality of asset and issuer's credit. Seamico Asset Management Company Limited mostly invests in fixed income considering investment grade with an international vision in line with ZAM's plan and policy.

As at February 29, 2012, Seamico Asset Management Company Limited has total asset under management of Baht 3.3 billion, up from Baht 2.9 billion at the end of 2010. Seamico Asset Management Company Limited manages several fixed income funds with performance over benchmark. With oil prices expected to rise further in 2012, ZAM's Seamico Oil Tracking Fund (S-OIL) is also expected to continue its growth.

## Industry Outlook and Competition

### 2011 Capital Market Outlook

#### *Securities Business*

The SET Index hit a 15-year high of 1,144.14 points on August 1, 2011, when its market capitalization of SET marked a record high of Baht 9.36 trillion and MAI also had an all-time high of market valuation of Baht 86.08 billion. The main index ended 2011 down 0.72 percent at 1,025.32 points.

The SET gained the top share turnover velocity in Southeast Asia and its daily average securities trading volume ranked the second highest in the region, behind Singapore. Although Thailand's floods, Japan's earthquake and risks from European debt and U.S. economy dragged down market sentiment, combined average daily trading volume of SET and mai was at Baht 29.47 billion, up 1.40 percent from a year ago.

Listed companies raised funds through equity worth a combined Baht 82.52 billion in 2011, down 8.85 percent from a year earlier. Of the number, Baht 18.46 billion was raised via initial public offerings, and Baht 64.06 billion through the secondary market.

#### Market Statistics

Details	2009	2010	2011
<b>Market Data of SET</b>	734.54	1,032.76	1,025.32
SET Index – end of year (points)	5,873,101	8,334,648	8,407,696
Market Capitalization (Million Baht)	4,338,479	6,937,890	7,040,458
Market Turnover (Million Baht)	17,854	28,669	28,854
Market Daily Turnover (Million Baht)	25.56	15.35	12.07
Market P/E (times)	1.56	2.04	1.87
Market P/BV (times)	3.65	2.92	3.72
Dividend Yield (%)	474	474	472
No. of Listed Company in SET (Companies)			
<b>Market Data of mai</b>	215.30	272.79	264.23
mai Index – end of year (points)	39,131	55,128	77,310
Market Capitalization (Million Baht)	90,500	96,058	151,023
Market Turnover (Million Baht)	372	397	619
Market Daily Turnover (Million Baht)			

Source: The Stock Exchange of Thailand



**SET & mai Market Turnover classified by Investors (both Buy and Sell)**

(Unit: Million Baht)

Investor	2009		2010		2011	
	Value	%	Value	%	Value	%
Foreign Investors	1,721,757	19	2,588,294	18	3,276,360	23
Local Institutions	590,330	7	1,067,181	8	1,261,769	9
Local Investors	5,400,934	61	8,721,029	62	7,948,231	55
Proprietary Trading	1,144,937	13	1,691,390	12	1,896,601	13
Total	8,857,958	100	14,067,894	100	14,382,961	100

Source: The Stock Exchange of Thailand

In 2011, foreign investors played an important role in the Stock Exchange of Thailand. Turnover of foreign investors continue to increase steadily, accounting for 23 percent of the total trading volume in 2011, highest over the last three years. Foreign investors were net sellers worth a net Baht 5,290 million in 2011, compared with being net buyers worth Baht 81,415 million in 2010. Besides, turnover and market share of local investors decreased when compared to previous years.

During 2011, competition continued to intensify among brokerage companies. The intense competition ensures that brokers improve their quality of research to capture potential clients and keep existing clients. The gradual commission liberalization from sliding scale commissions with daily turnover in 2010-2011 to freely negotiated commissions in 2012 has created a structural change in the securities sector. As such, the industry consolidation that began in 2009 is expected to continue in 2012. In 2011, several securities companies merged with foreign and domestic financial institutions such as MBKET, OSK Securities, KTB Securities (Thailand) and also the merger between Kiatnakin Bank and Phatra Capital. The top 10 brokerage companies in terms of highest turnover had 55.24% market share in 2011, a slight decrease from 55.43% in 2010. As a result of market liberalization, the number of brokerage companies decreased from 38 in 2009 to 32 in early 2012.

KTZMICO plans to improve the quality and build cross selling of its entire range of products. Moreover, KTZMICO will endeavor to develop related business with the aim to boost its market share as well as prepare for related securities businesses, such as Derivatives Agent, Securities Borrowing and Lending, Derivative Warrants, Proprietary Trading, Asset Management, Wealth Advisor, and International Markets Securities Trading (Offshore). KTZMICO emphasizes business expansion and development to provide full range of service with a proactive marketing plan such as advertising, public relation and business promotion. Moreover, KTZMICO continues providing knowledge for clients by arranging training and seminar at Head Office and Branches.



KTZMICO is able to take advantage of economies of scale which contributes to its cost management. In addition, it continuously develop technology related to its securities trading system and the quality of its fundamental and technical research reports. Its research team provides unparalleled company and industry analysis and insight to help clients create valuation perspectives and make informed investment decisions.

### ***Derivatives Agent Business***

Thailand Futures Exchange (TFEX), a subsidiary of the Stock Exchange of Thailand (SET), launched its first derivatives product on April 28, 2006. Currently, TFEX offer several derivatives products, namely, SET50 Index Futures, SET50 Index Options, Single Stock Futures, Gold Futures, Interest Rate Futures, Silver Futures and Crude Oil Futures. In 2011, derivatives trading volume surged to 10,027,116 contracts, or an average of 41,095 contracts per day, up 121.87% from a year earlier, supported by rising trading of gold futures and the index futures. The top 10 brokerage companies in terms of highest turnover had 60.13% market share in 2011. Moreover, TFEX's policy of accepting diversified members to help develop the market significantly increased the number of brokers from 23 in 2006 to 38 in 2011 as several gold shops joined to trade gold futures.

TFEX Market Turnover (No. of Contracts) classified by Investors (both Buy and Sell)

(Unit: No. of Contracts)

Investor	2009		2010		2011	
	Contracts	%	Contracts	%	Contracts	%
Foreign Investors	692,581	11	911,776	10	1,287,361	6
Local Institutions	1,746,976	29	2,955,662	33	6,729,081	34
Local Investors	3,711,079	60	5,171,434	57	12,037,790	60
Total	6,150,636	100	9,038,872	100	20,054,232	100

Source: Thailand Futures Exchange (TFEX)

### **Industry Trend in 2012**

Thailand's capital market is expected to remain highly volatile throughout 2012 due to the instability in the global market with the US and Europe at the centre of the turbulence. On a positive note, the economic growth in other regions and Thailand's corporate income tax rates reduction from 30% to 23% for 2012 and 20% for 2013 will support the capital market. Moreover, foreign investors find Thailand a rewarding capital market place as it continuously outperformed other markets in the region.

Competition among brokerage companies should remain intense as the result of market liberalization in 2012. To be able to survive, brokerage companies are expected to adjust their strategies in terms of revenue generation and cost management.

## Products and Services Provided

### 1 Source of Fund

The Company's source of fund is from shareholders only. However, KTZMICO is granted loans of Baht 3,000 million in addition to other lending facilities from KTB, a major shareholder, to support margin loan. KTZMICO incorporates asset, liability and capital market risk factors in order to appropriately allocate capital in a way that is most beneficial to shareholders.

### 2 Financing Fund from Persons related to Management or Major Shareholders

The Company has no fund provided by persons related to Management or major shareholders.

### 3 Net Capital Rule (NCR)

The Company is not required to maintain Net Liquid Capital and NCR since the Company temporarily discontinued operating securities business.

For KTZMICO, its policy is to keep its NCR well above Securities and Exchange Commission's requirements. The SEC requires all securities companies to maintain the shareholders' equity at a minimum of Baht 100 million, along with maintaining a minimum net liquid capital of Baht 25 million in addition to the 7% net capital ratio. As at the end of 2011, KTZMICO had Net Liquid Capital of Baht 908 million with NCR ratio at 41% and total shareholders equity of Baht 2,009 million.



## Risk Factors

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### Risk from subsidiaries

The Company has invested in two subsidiaries consisting of KT-ZMICO Securities Company Limited providing securities brokerage service and Seamico Asset Management Company Limited providing fund management services. Therefore, there was two principal risk factors of concern are

#### 1. **KT-ZMICO Securities Company Limited**

The Company has core business in brokerage in securities and derivatives, securities and derivatives trading, debt trading and investment banking business. Consequently, its core revenues had been influenced by ability to manage strategic business to be achievement. In addition, external factors become essential such as economic fluctuations, political uncertainties, and money market and capital market movements as well as changes in regulation rules.

In 2011, the second year of new brokerage commission structures, the sliding scale method and the liberalization of the securities business and brokerage commission fee in 2012. The Company realize of the impacts. Therefore, the Company has planned the strategies for expanding the transaction types and new investments to maintain our competitiveness and to stabilize the company income in the long term are the following:

- The company has expanded its investment banking business to foreign countries. The company was a financial advisor of BCEL-KT Securities Company Limited at Lao PDR and the company will expand the new business to Indochina in 2012.
- The expansion of financial products by issuing Derivatives Warrants - DW, which were listed on the Stock Exchange from the end of 2010 to 2011 and arbitrage trading between financial instrument in the SET and TFEX.
- The company expects to provide high net worth clients through transactions Private Fund Management which will be one of the company new strategic transactions in 2012.

#### 2. **Seamico Asset Management Company Limited**

As a fund management company, the company derives its core revenues from mutual fund and private fund management. Hence, the main risk factors which will impact on major income contributed by external factors such as market risk, interest rate risk, and foreign exchange risk related to changes in the economic situation and financial markets. Also, these factors may cause the net asset value under fund management will be decrease and adversely affect the company's operating results.

Moreover, with facing an intensifying competition under the government's financial liberalization policy may effect to the positioning of new Asset Management Company. Therefore, the Company plans to expand full coverage of distribution management and to provide new investment fund strategies in order to increase client satisfaction and align with acceptable risk management.

## Shareholders Structure and Management

### 1. Shareholders

#### 1.1 MAJOR SHAREHOLDERS (As at 31<sup>st</sup> January 2012)

Name	No. of Shares Held	% of Paid-up Capital
1. Quam Securities Company Limited A/C Client	186,637,057	18.251
2. Raffles Nominees (Pte) Limited	142,415,212	13.927
3. Amethyst Holdings Limited	91,991,713	8.996
4. Thai NVDR Company Limited	65,707,331	6.425
5. Mr. Taweechat Jurangkul	33,742,992	3.300
6. HSBC (Singapore) Nominees Pte Ltd	31,080,352	3.039
7. Evolution Capital Public Company Limited	21,300,074	2.083
8. Mrs. Pennipa Tuangsithsombat	10,871,719	1.063
9. State Street Bank Europe Limited	7,980,237	0.780
10. Mr. Sombat Luesookprasert	6,500,000	0.636
Other	424,392,761	41.501
<b>Total</b>	<b>1,022,619,448</b>	<b>100.000</b>

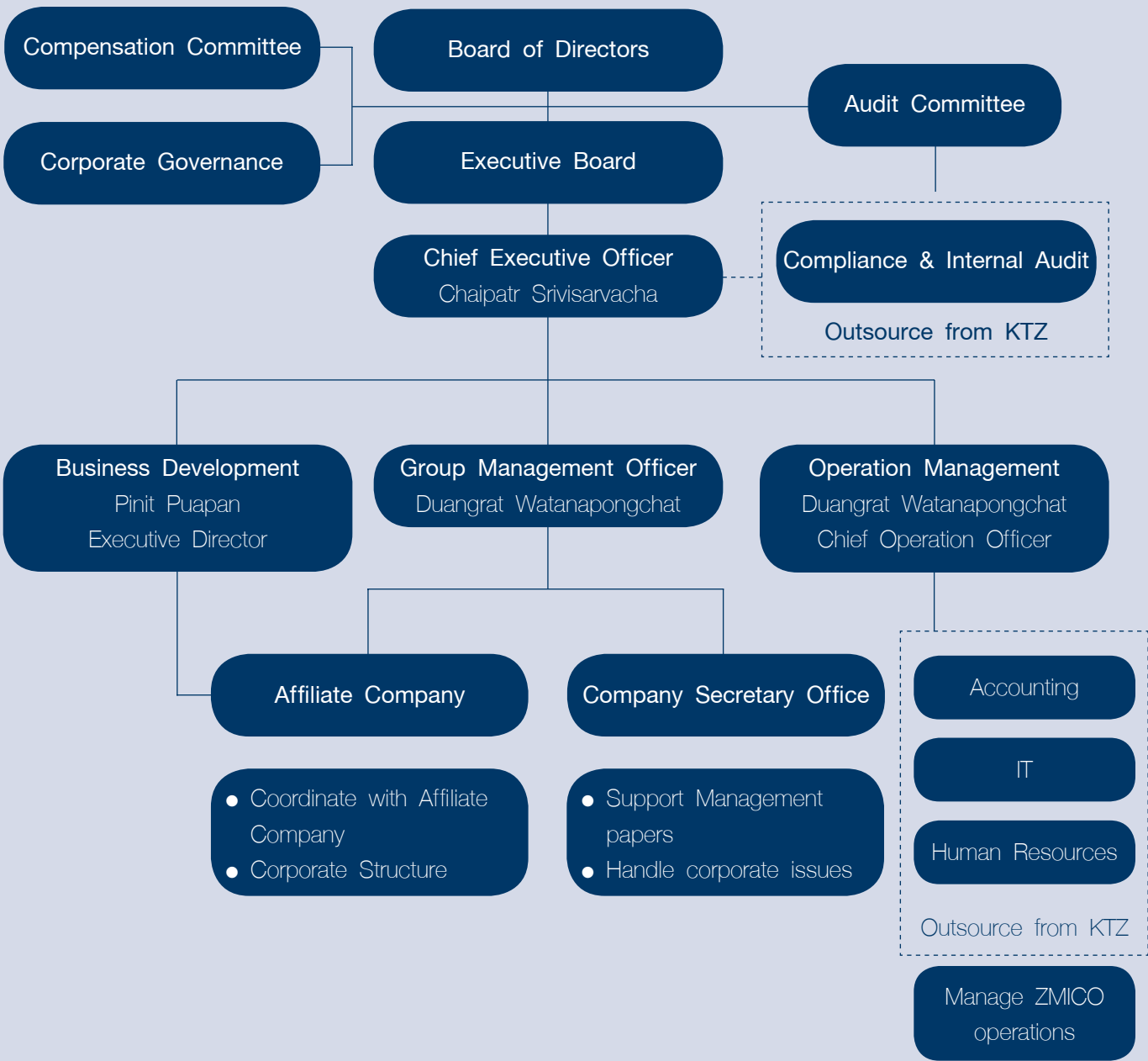
**Note:** The Company's paid-up capital as at 31<sup>st</sup> January 2012 was Baht 511,309,724

#### 1.2 MAJOR SHAREHOLDER GROUP

No major shareholder group has significant influence over the Company's policy and management.

2. Management

Organization Chart



## 2.1 Management Structure

### 2.1.1 Committee of the Company

1. Board of Directors
2. Executive Committee
3. Audit and Risk Management Committee
4. Nominating and Compensation Committee
5. Corporate Governance Committee

### 2.1.2 Committee and Responsibilities

#### 1. Board of Directors

Name - Surname	Position
1. Mr. Ekamol Kiriwat*	Independent Director and Chairman
2. Mr. Chaipatr Srivisarvacha	Authorized Director
3. Mr. Pinit Puapan	Authorized Director
4. Mr. Bernard Pouliot	Director
5. Mr. Robert W. McMillen	Director
6. Mr. Kenneth K.H. Lam	Director
7. Mr. Praphant Asva-aree**	Independent Director
8. Mrs. Phornpun Phornprapa	Independent Director
9. Mr. James M. Kelso	Independent Director
10. Mr. Peter J. Emblin	Director
Mrs. Duangrat Watanapongchat	Company Secretary and Secretary to the Board of Directors


**Note:** \* Mr. Ekamol Kiriwat resigned from his directorship on 1<sup>st</sup> April 2011.

\*\* Mr. Praphant Asva-aree resigned from his directorship on 23<sup>rd</sup> February 2012.

#### Definition of Independent Director of the Company

The definition of the Company's Independent Directors is specified equal the minimum regulations of the SEC and SET as follows:

1. Holding shares not more than 1% of shares with voting rights of the company, parent company, subsidiary company, associated company or any juristic person with possible conflicts of interest, which shall be inclusive of the shares held by related persons.

2. Being a director who does not take part in the management of the company, parent company, subsidiary company, associated company or any juristic person with possible conflicts of interest. (Present and the past 2 years before appointed)  
  
Not being an employee, staff member or advisor who receives a regular salary from the company, parent company, subsidiary company, associated company or any juristic person with possible conflicts of interest. (Present and the past 2 years before appointed)
  3. Not being a relative or by a legal register, a father, mother, spouse, brother, sister or child including the spouse of such child, with director, management, major shareholder, controlling person of the company or the person who is going to be proposed as the management or the controller of the company or subsidiary company.
  4. Not being professional advisor or having business relationship with the company, parent company, subsidiary company, associated company or any juristic person with possible conflicts of interest (present and the past 2 years before appointed). Details are as follow:
    - Professional advisor
      - Auditor – not allowed in all cases.
      - Other advisors (ex; legal advisor, financial advisor, appraiser) – not allowed for case(s) with value of transactions > 2 million Baht per year.
    - Business relationship
      - Scope – cover normal business transaction, rental or lease of immovable property transaction, asset or service transaction, and financial assistance transaction.
      - Value of transactions – not exceeding 20 million Baht or 3% of Net Tangible Assets, whichever is lower (including transactions undertaken with the same person over the last year).
    - For existing independent director, any case deemed to be necessary and appropriate and not be a regular case, the board of directors with the unanimous resolution may except the transaction which exceeding the above value. In such case, the company has to disclose such transaction in the registration statement, Form 56-1 and annual report. If an ID will be re-appointed for another term, such relationship must also be disclosed in the notice of meetings.
  5. Being a director whom is not appointed as a representative to safeguard interests of the company's directors, majority shareholders or shareholders who are related to the company's majority shareholders.
  6. Being capable of performing duties, giving opinions with independence.
  7. An ID who satisfies qualification specified in 1 to 6 above may be empowered by the board to make decision in normal business operation provided that the decision process is in form of collective decision.
- 



## Selection of Independent Director

In the selection of an independent director, the Corporate Governance and Nominating Committee shall use the same criteria as in the selection of other directors, but the independent director's qualifications shall not conflict with the above definition.

## Scope of Duties and Responsibilities of the Board of Directors

The Board of Directors shall perform their duties and carry on the business of the Company in accordance with the laws, the Company's objectives and the Articles of Association as well as the resolutions of shareholders' meetings, and shall also be authorized to engage in any activities as prescribed in the Memorandum or those related thereto.

The Board of Directors may assign one or more persons to carry out any activities on behalf of the Board of Directors. No authorization shall entitle the grantee to consider and approve transactions that may cause a conflict of interest between the grantee or any related person or interested person.

## Directors Authorization and Limitation thereof

Mr. Chaipatr Srivisarvacha, Mr. Pinit Puapan any two of these directors signing together with the Company's seal being affixed.

## Scope of Duties and Responsibilities of the Chief Executive Officer

The scope of power, duties and responsibilities of the Chief Executive Officer with regard to day-to-day and administrative activities and transactions of the Company are as follows:

- To control the day-to-day administrative and operating activities of the Company.
- To conduct the operations in accordance with set policies, business plans and budgets with the approval of the Board of Directors and/or Executive Committee.
- To act as the authorized person of the Company to conduct the Company's business in accordance with the Company's objectives, Articles of Association, policies, rules regulations, orders and resolutions of the Board of Directors or the Executive Committee.

Powers to approve or to designate any person to act on his/her behalf, shall not include the power to approve or authorize any transactions (i) which may cause a conflict of interest against the Company or its subsidiary companies; or (ii) in which the interests held by any member or related party of the Executive Committee may be in conflict with the Company or its subsidiary companies in accordance with applicable rules and regulations of the SET. Typically, these transactions need the consideration and approval of the Board of Directors and/or the shareholders' meeting in accordance with the Articles of Association of the Company and subject to applicable laws.

## 2. Executive Committee

Name - Surname	Position
1. Mr. Chaipatr Srivisarvacha	Chairman of Executive Committee
2. Mr. Pinit Puapan	Member
3. Mr. Peter J. Emblin	Member
4. Mr. Bernard Pouliot	Member
5. Mr. Robert W. McMillen	Member
Mrs. Duangrat Watanapongchat	Secretary to the Executive Committee

### Scope of Duties and Responsibilities of the Executive Committee

The Board of Directors Meeting No. 1/2004 dated 24<sup>th</sup> February 2004 approved that the Executive Committee has the power, duty and responsibility to manage on a day-to-day basis the Company's administrative activities and transactions and assist the Board of Directors, as follows:

- To implement and direct the Company's policies, as well as monitor and supervise its operations to maximize economic value and shareholders' wealth.
- To monitor the business performance and operations of the Company according to its bylaws and regulations.
- To authorize business matters under the limit of authority assigned by the Board of Directors.

The Executive Committee does not have the power to approve any transaction (i) which may cause a conflict of interest against the Company or its subsidiary companies; or (ii) in which the interest held by any member or related party of the Executive Committee is in conflict with the Company or its subsidiary companies in accordance with applicable rules and regulations of the SET. Typically, these transactions need the consideration and approval of the Board of Directors and/or a shareholders' meeting in accordance with the Articles of Association of the Company and subject to applicable laws.

## 3. Audit and Risk Management Committee

Name - Surname	Position
1. Mr. James M. Kelso (CPA)	Chairman of Audit and Risk Management Committee
2. Mr. Praphant Asva-aree (ACP)*	Member
3. Mrs. Phornpun Phornprapa (ACP)	Member
Mrs. Aree Termwatanapakdee	Secretary to the Audit and Risk Management Committee

**Note:** \* Mr. Praphant Asva-aree resigned from his directorship on 23<sup>rd</sup> February 2012.

## Scope of Duties and Responsibilities of the Audit and Risk Management Committee

1. Review the sufficiency, credibility and objectivity of the financial reporting by coordinating with the external auditors and management responsible for preparing the quarterly and yearly financial reports. The Audit and Risk Management Committee may suggest issues or matters to be included for review or audit by the external auditors during its audit of the company.
2. Review the adequacy and effectiveness of the internal control systems and internal audit functions by coordinating with the external auditors and internal auditors.
3. Review and approve audit plans, budgets and manpower of Compliance and Internal Audit Department.
4. Consider and review independent and auditing results of Compliance and Internal Audit Department.
5. Participate on the appointment, dismissal, resignation and evaluation of head of Compliance and Internal Audit Department.
6. Review the adequacy and effectiveness of the risk management control system by coordinating with Risk Management Committee and Risk Management Office.
7. Review compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws.
8. Consider and advise the appointment of the external auditors including the audit fee by considering the creditability, the adequacy of its resources, the firm's audit engagements, and the experience of its supervisory and professional staff.
9. Consider compliance with all connected transaction disclosures or the conflict of interests disclosures.
10. Take care of any other matters assigned to it by the board of directors, such as reviewing the company's financial and risk management policies, reviewing compliance with the Code of Corporate Conduct of the management, and reviewing with the company's management, all important reports which must be disclosed to the public according to the law. (e. g. Management Discussion and Analysis (MD&A), etc).
11. Report the activities of the Audit and Risk Management Committee in the Company's annual report, which must be signed by the chairman of the Audit and Risk Management Committee. The following information should be included in the report:
  - Comments on the Company's financial reporting process and the disclosure of its financial information, which must be correct, sufficient, and credible.
  - Comments on the adequacy of the Company's internal control systems.

- Statements on whether the Company's auditor is suitable for re-appointment.
  - Comments on compliance with the Securities and Exchange Acts, Regulations of the SET, and any other relevant laws.
  - Other statements that shareholders and general investors deem to be considered under the scope of the functions and responsibilities assigned to them by the board.
12. Review Charter of Audit and Risk Management Committee at least once a year.
  13. Perform self-assessment at least once a year and report the results to the Board of Directors.
  14. Take all necessary actions to insure that the Board of Directors / Executive Management have evaluated, addressed and are monitoring the material risk associated with the Company's operations.

#### 4. Nominating and Compensation Committee

Name - Surname	Position
1. Mr. Praphant Asva-aree*	Chairman of Nominating and Compensation Committee
2. Mr. Kenneth K.H. Lam	Member
3. Mr. Bernard Pouliot	Member

**Note:** \* Mr. Praphant Asva-aree resigned from his directorship on 23rd February 2012.

#### Scope of Duties and Responsibilities of the Nominating and Compensation Committee

1. To consider, make decision and submit the remuneration of Top management level as specified below for the Office of the Board and/or Shareholders' meeting approval.
  - Board of Directors' Remuneration
  - Senior Management Compensation
  - Senior Management Contracts
  - Overall remuneration increase
2. To consider, comment, and evaluate on the ESOP Schemes for employees and Directors submitted by the Executive Committee ("ExCo"). The final ESOP Schemes must be submitted to Board of Directors and/or Shareholders' meeting for approval.
3. Propose the suitable person to be director of the Company and take responsibility in setting criteria of selecting the most suitable candidate.

## 5. Corporate Governance Committee

Name - Surname	Position
1. Mr. Bernard Pouliot	Chairman of Corporate Governance Committee
2. Mr. Kenneth K.H. Lam	Member
3. Mr. Praphant Asva-aree*	Member

**Note:**\* Mr. Praphant Asva-aree resigned from his directorship on 23<sup>rd</sup> February 2012.

## Scope of Duties and Responsibilities of the Corporate Governance and Nominating Committee

1. Review operational guidelines and Corporate Governance to ensure consistency and compatibility with the company's business.
2. Review and evaluate the practical results of Corporate Governance for at least once a year.
3. Report to the Board of Directors on matters related to Corporate Governance and suggest improvements, where appropriate.
4. Propose the director evaluation process to the Board of Directors as well as evaluate and follow up on the improvement as evaluation results.

### 2.1.3 Attendance Record on 2011

#### Board of Directors

In 2011, the Board of Directors met 6 times. Details of the attendance are as follows:

Name	Meeting Attended		
	In person	By conference call	Total
1. Mr. Ekamol Kiriwat*	1	-	1/1
2. Mr. Chaipatr Srivisarvacha	6	-	6/6
3. Mr. Pinit Puapan	4	-	4/6
4. Mr. Bernard Pouliot	1	2	3/6
5. Mr. Robert W. McMillen	4	1	5/6
6. Mr. Kenneth K.H. Lam	-	1	1/6
7. Mr. Praphant Asva-aree**	3	-	3/6
8. Mrs. Phornpun Phornprapa	5	-	5/6
9. Mr. James M. Kelso	5	-	5/6
10. Mr. Peter J. Emblin	6	-	6/6

**Note:** \* Mr. Ekamol Kiriwat resigned from his directorship on 1<sup>st</sup> April 2011.

\*\* Mr. Praphant Asva-aree resigned from his directorship on 23<sup>rd</sup> February 2012.

### Executive Committee

In 2011, the Executive Committee met 10 times. The attendance details, including attendance in person and conference calls are as follows:

Name	Position	No. of Meetings Attended
1. Mr. Chaipatr Srivisarvacha	Chairman of Executive Committee	10/10
2. Mr. Pinit Puapan	Member	6/10
3. Mr. Peter J. Emblin	Member	9/10
4. Mr. Bernard Pouliot	Member	6/10
5. Mr. Robert W. McMille	Member	10/10

Other committee meetings held in 2011 are as follows:

Committee	No. of Meetings
Audit and Risk Management Committee	4
Nominating and Compensation Committee	1
Corporate Governance Committee	-

#### 2.1.4 Management and Company Secretary

1. Mr. Chaipatr Srivisarvacha	<ul style="list-style-type: none"> <li>- Authorized Director</li> <li>- Vice Chairman</li> <li>- Chairman of the Executive Committee</li> <li>- Chief Executive Officer</li> </ul>
2. Mr. Pinit Puapan	<ul style="list-style-type: none"> <li>- Authorized Director</li> <li>- Managing Director</li> </ul>
3. Mrs. Duangrat Watanapongchat	<ul style="list-style-type: none"> <li>- Deputy Managing Director</li> <li>- Company Secretary</li> <li>- Secretary to the Board of Directors and Executive Committee</li> </ul>
4. Mrs. Banchit Chittanusart	<ul style="list-style-type: none"> <li>- Executive Vice President</li> </ul> <p>Finance, Account and Treasury Department KT ZMICO Securities Co., Ltd. (According to Service Agreement between Seamico Securities Plc. and KT ZMICO Securities Co., Ltd.)</p>

## DIRECTORS AND MANAGEMENT PROFILES

<b>Name-Surname</b>	<b>Mr. Bernard Pouliot</b>
<b>Position</b>	<ul style="list-style-type: none"> <li>- Director</li> <li>- Vice Chairman</li> <li>- Member of Executive Committee</li> <li>- Chairman of Corporate Governance Committee</li> <li>- Member of Nominating and Compensation Committee</li> </ul>
<b>Age</b>	60 Years
<b>Education</b>	Bachelor Degree, Major – Commerce, University of Quebec (1974)
<b>% of Shareholding</b>	0.26%
<b>Experience</b>	
March 2008 – Present	- Vice Chairman, Seamico Securities Plc.
4 May 2007 – March 2008	- Chairman of the Board of Director, Seamico Securities Plc.
13 December 2010 – Present	- Member of Executive Committee, Seamico Securities Plc.
28 May 2007 – Present	- Chairman of Corporate Governance Committee, Seamico Securities Plc.
Present	- Member of Nominating and Compensation Committee, Seamico Securities Plc.
1998 – 28 May 2007	- Director and Member of Executive Committee, Seamico Securities Plc.
2000 – Present	- Chairman, Quam Limited



<b>Name-Surname</b>	<b>Mr. Chaipatr Srivisarvacha</b>
<b>Position</b>	<ul style="list-style-type: none"> <li>- Authorized Director</li> <li>- Executive Chairman and CEO</li> <li>- Vice Chairman</li> </ul>
<b>Age</b>	52 Years
<b>Education</b>	MBA (Finance), Illinois Benadictine College (1984)
<b>Training</b>	Director Certification Program (DCP) (2003)
<b>% of Shareholding</b>	0.07%
<b>Experience</b>	
25 June 2007 – Present	- Executive Chairman and CEO, Seamico Securities Plc.
28 May 2007 – Present	- Vice Chairman, Seamico Securities Plc.
1 May 2009 – Present	- Executive Chairman and CEO, KT ZMICO Securities Co., Ltd.
29 November 2011 – Present	- Director, Seamico Asset Management Co., Ltd.
August 2009 – Present	- Chairman of the Board and Executive Chairman, Thanh Cong Securities Company J.S.C.
2003 – Present	- Independent Director and Audit Committee Member, Brooker Group Plc.
11 November 2010 – Present	- Independent Director, Evolution Capital Plc.
14 March 2011 – Present	- Independent Director, Precious Shipping Plc.
20 October 2010 – Present	- Director, Global Alliance Partners Ltd.
8 September 2010 – 3 November 2011	- Independent Director and Chairman of Audit Committee, Dhanarak Asset Development Co., Ltd.
31 January 2011 – 3 November 2011	- Chairman, DAD SPV Co., Ltd.
2004 – April 2009	- Independent Director, G Steel Plc.
3 July 2001 – 18 April 2007	- Independent Director and Audit Committee Member, Thanachart Bank Plc.
1999 – 2003	- Independent Director, Pacific Assets Plc.
1999	- Director and Executive Director, Krung Thai Bank Pcl.

**Name-Surname****Mr. Pinit Puapan****Position**

- Authorized Director
- Managing Director
- Member of Executive Committee

**Age**

45 Years

**Education**

- Advanced Management Program, Harvard Business School (2006)
- MSC, Economics, London School of Economics (1990)
- BA, Economics & Political Science, Tufts University (1989)

**Training**

- Audit Committee Program (2004)
- Director Accreditation Program (DAP) (2004)

**% of Shareholding**

0%

**Experience**

March 2009 – Present

- Authorized Director, Seamico Securities Plc.

3 July 2007 – Present

- Managing Director, Seamico Securities Plc.

28 May 2007 – Present

- Member of the Executive Committee, Seamico Securities Plc.

21 May 2007 – 21 October 2008

- Authorized Director, Seamico Securities Plc.

28 October 2008 – Present

- Authorized Director and Managing Director, KT ZMICO Securities Co., Ltd.

28 April 2009 – Present

- Director, Seamico Asset Management Co., Ltd.

August 2009 – Present

- Director, Thanh Cong Securities Company J.S.C.

2002 – Present

- Director, Thai Dairy Industry Co., Ltd.

2002 – Present

- Independent Director, Charn Issara Development Plc.

2008 – Present

- Director, Ideas 1606 Co., Ltd.

2010 – 31 January 2012

- Director, BCEL-KT Securities Co., Ltd.



**Name-Surname****Mr. Robert William McMillen****Position**

- Director
- Member of Executive Committee

**Age**

56 Years

**Education**

- Chartered Accountant, Major – Accounting, Institute of Chartered Accountants in Australia (1983)
- Bachelor of Business, Major – Accounting, The New South Wales University of Technology (1982)

**Training**

- Director Accreditation Program (DAP) (2007)

**% of Shareholding**

0.03%

**Experience**

29 May 2007 – Present

- Director, Seamico Securities Plc.

13 December 2010 – Present

- Member of Executive Committee, Seamico Securities Plc.

1 June 2006 – 28 May 2007

- Director and Member of Executive Committee, Seamico Securities Plc.

24 August 2005 – 31 May 2006

- Authorized Director and President, Seamico Securities Plc.

1 June 2000 – 23 August 2005

- Authorized Director and Chief Executive Officer, Seamico Securities Plc.

1997 – 31 May 2000

- Authorized Director and Managing Director, Seamico Securities Plc.

1 October 2003 – Present

- Authorized Director and Member of Executive Committee, Brooker Group Plc.

8 August 2003 – 30 September 2003

- Authorized Director and Chairman of Executive Committee, Brooker Group Plc.

1998 – 7 August 2003

- Non-Authorized Director and Member of Executive Committee, Brooker Group Plc.

February 2006 – Present

- Chairman and Authorized Director, McMillen Advantage Capital Limited

June 2006 – Present

- Chairman and Authorized Director, MAC Capital Advisors Limited

November 2007 – Present

- Chairman and Authorized Director, MAC Capital Limited

June 2006 – Present

- Vice Chairman and Authorized Director, MAC Sharaf Securities (U.A.E.) LLC.

August 2004 – Present

- Authorized Director, Quam Asset Management (BVI) Limited

March 2005 – Present

- Authorized Director, Quam Funds (SPC) Limited

January 2007 – Present

- Authorized Director, Quam Funds Plus (SPC) Limited

September 2008 – Present

- Authorized Director, Quam Multi-Strategy Funds (SPC) Limited

13 July 2009 – Present

- Non-Authorized Director, Fashion Studio Company Limited

August 2010 – Present

- Director, Quam Ventures (BVI) Limited

August 2010 – Present

- Director and Vice Chairman, Global Alliance Partners Limited

2003 – 17 May 2008

- Non-Authorized Director, Burda-Rizzoli (Thailand) Company Limited



<b>Name-Surname</b>	<b>Mr. Kenneth Kin Hing Lam</b>
<b>Position</b>	<ul style="list-style-type: none"> <li>- Director</li> <li>- Member of Nominating and Compensation Committee</li> <li>- Member of Corporate Governance Committee</li> </ul>
<b>Age</b>	58 Years
<b>Education</b>	Master Degree, Major - Business Administration, Chinese University of Hong Kong (1983)
<b>% of Shareholding</b>	0.55%
<b>Experience</b>	
1998 – Present	- Director, Seamico Securities Plc.
1998 – December 2010	- Member of Executive Committee, Seamico Securities Plc.
28 May 2007 – Present	- Member of Corporate Governance Committee, Seamico Securities Plc.
Present	- Member of Nominating and Compensation Committee, Seamico Securities Plc.
2000 – Present	- Deputy Chairman, CEO, Quam Limited
Present	- Managing Director, Quam Securities Company Limited
Present	- Authorized Director, Quam Asset Management Limited
Present	- Independent Non-Executive Director, Hon Kwok Land Investment Co., Ltd.
1994 – 2009	- Authorized Director, Quam Capital Limited

**Name-Surname****Mrs. Phornpun Phornprapa****Position**

- Independent Director
- Member of Audit and Risk Management Committee

**Age**

59 Years

**Education**

Marry Mount College, U.S.A.

**Training**

- Audit Committee Program (2008)

**% of Shareholding**

0.02%

**Experience**

21 May 2007 – Present

- Independent Director, Seamico Securities Plc.

28 May 2007 – Present

- Audit and Risk Management Committee,  
Seamico Securities Plc.

1977 – Present

- Director, Siam Motors Co., Ltd.

1979 – Present

- Managing Director, Thaworn Holding Co., Ltd.

1979 – Present

- Managing Director, Thaworn Estate Co., Ltd.

1980 – Present

- Managing Director, Siam Country Club and Resort Co., Ltd.

1981 – Present

- Vice President, Universal Mining Co., Ltd.

1982 – Present

- Vice President, Siam Leasing Co., Ltd.



<b>Name-Surname</b>	<b>Mr. James Michael Kelso</b>
<b>Position</b>	<ul style="list-style-type: none"> <li>- Independent Director</li> <li>- Chairman of Audit and Risk Management Committee</li> </ul>
<b>Age</b>	57 Years
<b>Education</b>	<ul style="list-style-type: none"> <li>- New York University, Graduate School of Business Administration, Master of Business Administration</li> <li>- Colgate University, Bachelor of Arts (Major History)</li> <li>- Certified Public Accountant (CPA) (RET)</li> </ul>
<b>% of Shareholding</b>	0%
<b>Experience</b>	
25 July 2007 – Present	<ul style="list-style-type: none"> <li>- Independent Director, Seamico Securities Plc.</li> <li>- Chairman of Audit and Risk Management Committee, Seamico Securities Plc.</li> </ul>
Present	<ul style="list-style-type: none"> <li>- Audit Committee Advisor, KT ZMICO Securities Co., Ltd.</li> </ul>
2003 – Present	<ul style="list-style-type: none"> <li>- Chief Executive Officer and Director, IPG Financial Services Pte. Ltd.</li> </ul>



**Name-Surname****Mr. Peter John Emblin****Position**

- Director
- Member of Executive Committee

**Age**

53 Years

**Education**

- B.Bus., Fellow of the Financial Services Institute of Australasia

**Training**

Director Certification Program (DCP) (2012)

**% of Shareholding**

0%

**Experience**

18 March 2010 – Present

- Director, Seamico Securities Plc.

11 November 2010 – Present

- Member of Executive Committee, Seamico Securities Plc.

November 2008 – Present

- Executive, Thai Strategic Capital Management Co., Ltd.

<b>Name-Surname</b>	<b>Mrs. Duangrat Watanapongchat</b>
<b>Position</b>	<ul style="list-style-type: none"> <li>- Deputy Managing Director</li> <li>- Company Secretary</li> <li>- Secretary to the Board of Directors</li> <li>- Secretary to the Executive Committee</li> </ul>
<b>Age</b>	54 Years
<b>Education</b>	<ul style="list-style-type: none"> <li>- Master of Science, Accounting, Thammasat University (1983)</li> <li>- Bachelor of Law, Sukhothai Thammathirat Open University (1995)</li> </ul>
<b>Training</b>	<ul style="list-style-type: none"> <li>- Directors Certification Program (2002)</li> <li>- Certificate of Derivatives 1 Program (2005)</li> <li>- Certificate of Derivatives 2 Program (2005)</li> <li>- Certificate of Derivatives Guide Program (2005)</li> </ul>
<b>% of Shareholding</b>	0.06%
<b>Experience</b>	
19 April 2007 – Present	- Deputy Managing Director, Company Secretary, Secretary to the Board of Directors, Secretary to the Executive Committee, Seamico Securities Plc.
May 2009 – Present	- Chief Operation Officer, Secretary to the Board of Directors KT ZMICO Securities Co., Ltd.
2009 – Present	- Director, Thanh Cong Securities Company J.S.C.
December 2006 – 13 December 2007	- Authorized Director, Seamico Derivatives Co., Ltd.
25 April 2002 – 18 April 2007	- Authorized Director, Member of Executive Committee and Deputy Managing Director, Seamico Securities Plc.
1 June 2000 – 2002	- Deputy Managing Director, Seamico Securities Plc.
1994 – 31 May 2000	- Authorized Director and Deputy Managing Director, Seamico Securities Plc.

**Name-Surname****Mrs. Banchit Chittanusart****Position**

Executive Vice President - Finance, Account and Treasury Department

**Age**

49 Years

**Education**

- Master Degree of Accounting, Thammasat University (1990)

**Training**

- Certificate of Derivatives 1 Program (2005)
- Certificate of Derivatives 2 Program (2005)
- Certificate of Derivatives Guide Program (2005)

**% of Shareholding**

0%

**Experience**

April 2009 – Present

- Executive Vice President – Financial Control and Treasury Department, KT ZMICO Securities Co., Ltd.  
(According to Service Agreement between Seamico Securities Plc. and KT ZMICO Securities Co., Ltd.)

October 2008 – March 2009

- Director, KTB Securities Co., Ltd.

April 2004 – September 2008

- Executive Vice President - Finance, Account and Treasury Department, Seamico Securities Plc.

February 1998 – March 2004

- Senior Director of Finance and Accounting Department, Government Pension Fund



## Details of Subsidiary and Associate Company's Directors

Company Name Seamico Asset Management Company Limited  
 Location 287 Liberty Square 8<sup>th</sup> Floor, Silom Road, Bangrak Bangkok 10500  
 Type of Business Private Fund Management  
 Date of Establishment 28<sup>th</sup> June 2006

Director	Position
1. Mrs. Siripen Sitasuwan	Chairman, Independent Director
2. Miss Sumalee Tangsajjanuraks	Authorized Director
3. Mr. Lertsak Polanun	Authorized Director
4. Mr. Somporn Sasiroj	Authorized Director, Managing Director
5. Mr. Chaipatr Srivisarvacha	Director
6. Mr. Pinit Puapan	Director
7. Mr. Simon Morris Gerovich	Director
8. Mr. Arthur Huges Napolitano	Director
9. Mr. Praves Suttirat	Independent Director

Company Name KT ZMICO Securities Company Limited  
 Location 287 Liberty Square 16<sup>th</sup> Floor, Silom Road, Bangrak, Bangkok 10500  
 Type of Business Securities  
 Date of Establishment 30<sup>th</sup> May 2000

Director	Position
1. Mr. Kraithip Krairiksh	Chairman of the Board
2. Mr. Chaipatr Srivisarvacha	Authorised Director, Executive Chairman
3. Mr. Assanee Subvanich	Authorised Director
4. Mr. Pinit Puapan	Authorised Director
5. Ms. Sompis Charoenkiatikul	Authorised Director
6. Mr. Chao Arunyawat	Authorised Director
7. Mr. Teerapol Pussadet	Director, Audit Committee Chairman
8. Mr. Vinit Samritpricha	Director, Audit Committee Member
9. Dr. Uttama Savanayana	Director
10. Mr. Prasith Wasupath	Director
11. Mr. Maung Aung Htun	Director

## 2.2 Director Selection

The nominating directors shall be considered by the Nominating Committee. The Nominating Committee shall evaluate the suitability of each candidate based on criteria and suitable qualifications that the committee has set up and shall propose the said person to a meeting of the Board of Directors and/or shareholders for consideration in accordance with the Company's Articles of Association.

### **Director qualifications as specified by the Principles of Corporate Governance of the Company and Securities and Exchange Act**

The Company's director must have full qualifications and must not have any prohibited characteristics for being a member of a management team in accordance with Section 103 of the Securities and Exchange Act B.E. 2535 and any notifications announced in accordance with the same Section.

The Board of Directors shall strictly comply with the codes of conduct of the director in compliance with the law for the benefits of the stakeholders with honesty and with no interest in the business either directly or indirectly, as well as prevent conflict of interest.

At least half of the directors shall be residents of the Kingdom.

The Criteria and procedure to elect directors in the shareholders meeting in accordance with the Company's Articles of Association shall be as follows:

- a) Each shareholder shall have one vote for each share held;
- b) Each shareholder shall exercise all votes applicable under (a) in voting for one or more persons to be a director provided that a vote shall not be divisible;
- c) Candidates who have the most votes shall be elected to the Board of Directors according to the number of directors required; in case votes for two or more candidates are equal, the Chairman shall have the deciding vote.

Therefore, all shareholders have the right to select a director by attending shareholders' meetings and voting in accordance with the Company's Articles of Association.

The Company has realized the importance of Good Corporate Governance and realized that the growth and success of the Company are derived from the support of all groups of stakeholders. The Company would like to ensure that all shareholders are treated equally concerning the rights and benefits they deserve. Therefore, the shareholders can propose additional agenda items and nominate the candidates for being the Company's director through the Company's website before AGM.

## 2.3 Remuneration for Directors and Management in 2011

### 2.3.1 Monetary Remuneration

#### Directors

Name	Responsibilities	Remuneration	
		Directors' Fee	Bonus*
1. Mr. Ekamol Kiriwat**	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairman of the Board of Directors</li> </ul>	370,000	800,000
2. Mr. Chaipatr Srivisarvacha***	<ul style="list-style-type: none"> <li>Authorized Director</li> <li>Vice Chairman</li> <li>Chairman of Executive Committee</li> <li>Chief Executive Officer</li> </ul>	-	-
3. Mr. Pinit Puapan***	<ul style="list-style-type: none"> <li>Authorized Director</li> <li>Managing Director</li> <li>Member of Executive Committee</li> </ul>	-	-
4. Mr. Bernard Pouliot	<ul style="list-style-type: none"> <li>Vice Chairman of the Board of Directors</li> <li>Member of Executive Committee</li> <li>Chairman of Corporate Governance Committee</li> <li>Member of Nominating and Compensation Committee</li> </ul>	330,000	158,393.10
5. Mr. Robert W. McMillen	<ul style="list-style-type: none"> <li>Director</li> <li>Member of Executive Committee</li> </ul>	290,000	123,099
6. Mr. Kenneth K.H. Lam	<ul style="list-style-type: none"> <li>Director</li> <li>Member of Corporate Governance</li> <li>Member of Nominating and Compensation Committee</li> </ul>	190,000	87,804.88
7. Mr. Praphant Asva-aree****	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Member of Audit and Risk Management Committee</li> <li>Chairman of Nominating and Compensation Committee</li> <li>Member of Corporate Governance Committee</li> </ul>	340,000	228,981.35

Name	Responsibilities	Remuneration	
		Directors' Fee	Bonus*
8. Mrs. Phornpun Phornprapa	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Member of Audit and Risk Management Committee</li> </ul>	320,000	228,981.35
9. Mr. James M. Kelso	<ul style="list-style-type: none"> <li>Independent Director</li> <li>Chairman of Audit and Risk Management Committee</li> </ul>	410,000	228,981.35
10. Mr. Peter J. Emblin	<ul style="list-style-type: none"> <li>Director</li> <li>Member of Executive Committee</li> </ul>	300,000	143,758.97
<b>Total</b>		<b>2,550,000</b>	<b>2,000,000</b>

**Note**

\* Bonus of 2010 performance paid in 2011

\*\* Mr. Ekamol Kiriwat resigned from his directorship on 1<sup>st</sup> April 2011.

\*\*\* Two authorized directors are not entitled to directors' remuneration.

\*\*\*\* Mr. Praphant Asva-aree resigned from his directorship on 23<sup>rd</sup> February 2012.

**Directors (Authorized) and Management**

Type of Remuneration	Remuneration (Baht)
Salary and Bonus	10,391,835

**2.3.2 Other Remuneration**

For 2011, the Company contributed Baht 374,400 for the management to the Company's provident fund.

**THE CHANGE IN DIRECTORS AND MANAGEMENT'S SECURITIES HOLDING**

Director/Management	No. of Shares Held		Change Increase / (Decrease)
	31 Dec. 10	31 Dec. 11	
Mr. Ekamol Kiriwat*	0	0	0
Mr. Chaipatr Srivisarvacha	541,000	738,088	197,088
Mr. Pinit Puapan	0	0	0
Mr. Bernard Pouliot	2,399,100	2,634,999	235,899



Director/Management	No. of Shares Held		Change Increase / (Decrease)
	31 Dec. 10	31 Dec. 11	
Mr. Robert W. McMillen	324,000	341,040	17,040
Mr. Kenneth K.H. Lam	5,115,200	5,618,169	502,969
Mr. Praphant Asva-aree**	0	0	0
Mrs. Phornpun Phornprapa	182,100	182,100	0
Mr. James M. Kelso	0	0	0
Mr. Peter J. Emblin	0	0	0
Mr. Duangrat Watanapongchat	454,667	620,297	165,630
Mrs. Banchit Chittanusart	93	101	8

**Note:** \* Mr. Ekamol Kiriwat resigned from his directorship on 1<sup>st</sup> April 2011.

\*\* Mr. Praphant Asva-aree resigned from his directorship on 23<sup>rd</sup> February 2012.

## 2.4 Corporate Governance 2011

The Company has realized the importance of Good Corporate Governance and compliance with the SET principles.

The Board of Directors is committed to conducting its business in compliance with the good corporate governance principles and guidelines set by the Stock Exchange of Thailand (SET). In 2011, the Company has rated at “Very Good Grade” from the survey of good governance that was assessed by IOD continuously for 4 years since 2008.

Presently, the Company has developed several parts on the practicing guideline such as allowing the minority shareholder to forward their suggestion before AGM and also faster dissemination AGM’s resolution after AGM to conform to the OECD’s recommendation. The essentials of the Company’s corporate governance practices are as follows:

### 1. Shareholders’ Rights

#### The rights to obtain information

All shareholders shall obtain notice and details of meetings together with the Board of Directors’ opinion on such matters not less than 14 days prior to the meeting date, and also obtain a notice of attending AGM with details provided on our website not less than 30 day prior the meeting date, and the company will publicize the AGM’s minutes on its website within 14 days after the meeting date to ensure that shareholders have timely and sufficient information regarding the issues to be decided at meetings.

### **Voting rights**

All shareholders have the right to attend shareholders' meetings and vote in accordance with the articles of association of the Company. Besides this, the Company also provides a proxy form for shareholders who cannot attend meetings to appoint an independent director as a grantee in which the shareholder can specify their vote for each matter on the meeting's agenda.

### **The rights to express opinions and ask questions**

The Company arranges meetings of shareholders by supporting sufficient information and the shareholders have opportunities to express their opinions and ask questions.

### **The rights to be treated equally**

All shareholders shall be treated equally concerning the rights and benefits they deserve.

## **2. The equitable treatment of shareholders**

The Company arranges meetings of shareholders by supporting sufficient information and the shareholders have opportunities to express their opinions and ask questions. In 2011, the Company has website to request the shareholders to propose additional agenda items and nominate qualified directors before AGM meeting. The Company also provides a proxy form for shareholders who can not attend meetings to appoint an independent director as a grantee.

For the minutes of meetings to elect the Company's directors, each candidate is introduced one by one, and shareholders vote for each person.

The minutes of the shareholders' meetings shall be disclosed on the Company's website and presented at the next meeting to be certified.

Apart from this, the Policies regarding the Keeping of Confidential information and the prevention of using of inside information has been implemented, the directors and the executive are required to report their shareholding of the company to board of director regularly.

## **3. The rights of stakeholders**

The Company realizes that the growth and success of the Company are derived from the support of all groups of stakeholders. The Company, therefore, as a general practice serves all major groups of stakeholders, as follows:

### **3.1 Shareholders**

Accurate and timely disclosure of all material matters are made through appropriate channels, such as the Regular Set Information Management System (RSIMS), the Company's website, newspapers, press releases, letters, etc.

### 3.2 Clients

“Customer satisfaction” is a major concern of the Company. To this end, a focus is made on the development of services and the creation of additional approval license of financial and investment instruments. A code of ethics is implemented; any claim or suggestion from clients is put into action immediately.

### 3.3 Employees

Employees are a key success factor. Appropriate remuneration competitive to other companies in the same industry is provided and reviewed regularly. The Company provides orientation program and company’s manual for new employees concerning the Company’s policies, benefits and welfare, such as rules and discipline, leave obligation, group medical & hospitalization insurance scheme, group life & accident insurance plan and provident fund. The Company is focus on the capability of its employees by providing in-house training and external seminars to increase their knowledge, ability and efficiency to enable them to cope with dynamic changes in rules, products and technology. On the side of employee activities, the Company encourages brainstorming, and creating and sharing opinions, such as the energy saving project, the development in working system, the derivatives product, the financial advisory program and etc.

The Company also promotes activities to harmonize and sustain good relationship among the employees such as the Annual Spirit Ceremony, recreation activities, sports days focusing on awareness of health and hygiene.

### 3.4 Governance office, Government, Public Corporate

The Company adheres to rules and regulations of the finance sector, the SET and the SEC and giving them co-operation when needed.

The Company also adheres to the rules and regulations of other government organizations, such as the Revenue Department, Bank of Thailand, Ministry of Finance and Ministry of Commerce.

For others, the Company also gives support, such as Thai Institute of Directors Association (IOD), the Company’s directors have joined seminars and training conducted by the Institute and the company also gave cooperation to ASCO.

### 3.5 Society, Community, Environment

The Company is fully aware of its social responsibility and participates in social services in occasions. Regarding the environmental preservation, the Company continues to support all activities that are environmental friendly and preserves the natural resources.

### **3.6 Creditors, Suppliers, Competitors**

The Company recognizes its responsibility to outside organizations and agents that it deals with, such as creditors, suppliers and competitors. The Company strives to treat them fairly and equitably in any negotiations, based on good business practices, and does not take advantage of its competitors.

## **4. Information Disclosure and Transparency**

### **Disclosure policy**

The Board of Directors implements and directs the Company's policies as well as monitors and supervises its operations to maximize economic value and long-term shareholders' wealth. The Company also takes good care of all stakeholders and treats them fairly.

Sufficient information shall be disclosed to all concerned persons and shall comply with the laws and regulations of all regulating units.

In addition, the Company has the strong intention to follow the principles of Good Corporate Governance as IOD's recommendation, in order to improve the standard and efficiency.

### **Directors' reporting**

The Board of Directors is responsible for the accuracy, completeness and transparency of the Company's financial reports and non-financial reports that are disclosed to shareholders and investors.

The Board of Directors has appointed an Audit and Risk Management Committee to review the sufficiency, credibility and objectivity of financial reporting and to review the adequacy and effectiveness of internal control and compliance with the Company's policies and laws, as well as to consider and advise on the appointment of external auditors, including audit fees.

The Board of Directors is of the opinion that the Company has prepared financial reports in accordance with normally accepted accounting standards. Sufficient information is disclosed, and no transaction is found that might materially affect the reports. The internal audit and control system is appropriate and effective, and applicable laws and regulations have been complied with.

### **Remuneration of directors and management**

Director Remuneration : All director remuneration is presented clearly, transparently, and the amount is appropriate with each one's responsibility. The total amount does not exceed the approved figure set by the shareholders' meeting.

- Management Remuneration : The remuneration of management is set according to the regulations and policies of the Board of Directors and is approved by the Company's Compensation Committee based on the Company's performance, return on equity and personnel recruited from the industry.
- Remuneration : See details in "REMUNERATION FOR DIRECTORS AND MANAGEMENT".

### **Board of Directors meetings**

According to the Company's articles of association, the Board of Directors' meetings are to be held at least once every three months with the schedule of meetings delivered to all directors in advance. However, meetings may also be held when appropriate. The Company's secretary will inform all board members of the date, time and venue of the meeting and send documents of the meeting to all directors in advance.

During each meeting, the directors may raise any additional matter for consideration, and each director may also freely present his or her opinion. The minutes of meetings shall be presented to the Board of Directors to be certified and kept for future reference. Reports of securities holding in the Company and the directors' attendance records have been presented to Board of Director meetings since 2001.

The attendance record of Directors for 2011 as shown in "ATTENDANCE RECORD IN 2011"

### **Investor relations**

The Board of Directors works to ensure transparency in the disclosure of timely and accurate material information regarding financial information or any significant information, which might affect the Company's share price.

The channels for disseminating information are through the Regular Set Information Management System (RSIMS), the Company's website, Press Releases, and etc.

Apart from this, any investor can check the Company's information via phone or Company's website about Investor Relationship or recommendation of analyst. The details are as follows:

Seamico Securities Public Company Limited  
16<sup>th</sup> Floor, Liberty Square Building,  
287 Silom Road, Bangrak, Bangkok 10500  
Telephone: (66-2) 695-5000 Fax: (66-2) 631-1709  
[www.seamico.com](http://www.seamico.com)

## 5. The Directors Responsibilities

### Leadership and vision

The Board of Directors consists of directors who have adequate education, capability and experience to benefit the Company.

The Board of Directors participates in developing the vision, strategy, goals and plans of the Company. The Board of Directors monitors the members of management by:

- Explicitly segregating duties between each committee and management.
- Establishing an Audit and Risk Management Committee composed solely of independent directors and outside directors to oversee the Company's financial reports and internal controls.
- Establishing a Compliance and Internal Audit to report directly to the Audit Committee.
- Setting up an authorization level appropriate for internal control and risk management.

The Company will set up the Directors' handbook for new directors to introduce the Company's business, services, structure, and management team.

Directors will continuously receive information by attending seminars arranged by the SET or SEC in order to update and keep abreast with business development, thus leading the Company in the right path.

### Conflict of interest

The Company guards against conflicts of interest, as follows:

- Determines prices and conditions equivalent to the fair value applied to other parties.
- Seriously complies with SET and SEC regulations.
- Discloses connected transactions in Financial Statements, Annual Reports and Forms for Annual Information (Form 56-1) for shareholders.
- Implements written compliance policies to ensure that management or related parties do not benefit from inside information regulated by Compliance and Internal Audit.

### Code of ethics

The Board of Directors performs their duties in accordance with the law, the Company's objectives and Articles of Association, as well as by resolutions of the shareholders' meeting.

The code of ethics is stated in the compliance manual provided to management and employees for acknowledgement and agreement to practice from the time they join the Company. The penalty for failing to comply with the code of ethics is also specified in the manual.

- The balance of power for non-executive directors

The Board structure of the Company has been determined by the following:

**The Composition of the Board of Directors**

- Executive Directors 2 persons
- Non-Executive Directors 6 persons

**Consisting of:**

- Independent Directors 2 persons
- Outside Directors 4 persons

**- The Appointment of Audit and Risk Management Committee**

To be as transparent as possible, the Company appointed a specific committee, the Audit Committee, to oversee financial reports, the internal control system and corporate governance to comply with the Company's policy. The Audit and Risk Management Committee receives information directly from the Compliance and Internal Audit Department. Meetings are held at least once every three months or on any urgent occasion.

**- Aggregation or segregation of positions**

The Chairman has no relationship with the management. The Chairman is not the same person as the Chief Executive Officer in order to segregate duties for directing the Company's policies and day-to-day management.

**- Committees**

Various committees have been established, such as:

- Executive Committee
- Audit and Risk Management Committee
- Nominating and Compensation Committee
- Corporate Governance Committee

These assist the Board of Directors in overseeing matters assigned by the Board of Directors. The composition of the Audit Committee and Compensation Committee is composed of independent directors in order to maintain independence and transparency.

**- Control system and internal audit**

Details of the Company's control system and internal audit system are summarized, as follows:



**In relation to operational controls:**

The Company emphasizes internal control and audit systems in the organizational level by discriminate searching revenue department from operation and control department. The Company has documented the scope of responsibilities for each by function comprising operation, audit and authorization to ensure a proper check and balance system and regular financial reports to relevant management.

**In relation to internal audits**

The Company has established a Compliance and Internal Audit Department. Its main duty is to consider and review the implementation of the Company's policy, financial transactions and compliance to relevant laws and regulations and Anti-Money Laundering Control Act. The Company has also contracted an outside audit firm to conduct independent reviews and assessments of the IT security control environment as defined by the SEC. All significant issues have been duly rectified and reported to the Audit & Risk Management Committee. In order to have an independent management, the Company's Board of Directors assigned an executive vice president of the Compliance and Internal Audit Department as the secretary of the Audit & Risk Management Committee. In addition, the Compliance and Internal Audit Department hold meetings to report its findings directly to the Audit and Risk Management Committee without the participation of management

**In relation to risk management**

The Company established a Risk Management Committee for the purpose of determining the policies and scope of authority for risk management and to develop a practical and effective risk management system to obtain an acceptable level of risk exposure by assigning a Risk Management Office to develop and maintain the risk management system in order to be efficient. This was accomplished by co-ordination with executives in all business functions to identify, measure and assess risks as well as review and monitor the results of risk identification and report the related risk information to the Risk Management and Audit & Risk Management committees. There will be a revision of the policies, procedures and measures in regard to risk management every two years. The Compliance and Internal Audit department monitors and audits all business activities for strict adherence to the Company's risk management policy and reports discrepancies in practices to the Audit and Risk Management Committee.

The Board of Directors is committed to conducting its business in compliance with the good corporate governance principles and guidelines set by the Stock Exchange of Thailand (SET). The Company is determined to apply corporate governance as its guiding principle in conducting business for efficient management and sustainable business growth. In 2006, the Company has implemented the Principle of Corporate Governance and published them as a handbook to directors and all staff to ensure that all policies are strictly adhered. The essentials of the Company's corporate governance practices are as follows:

## The Principles of Corporate Governance of Seamico Securities Public Company Limited

### 1. Philosophy of Work of the Company

Seamico Securities Public Company Limited relies on 4 principles of Good Corporate Governance, namely: Responsibility & Accountability, Honesty & Integrity, Transparency, and Creation of long-term value to all persons sharing in joint-benefits (stakeholders). To achieve the Good Corporate Governance, 3 necessary factors must exist - Professionalism, Good Internal Control System, Transparency and Fiduciary Duties towards the stakeholders, which comprises of Shareholders, Customers and Employees

### 2. Policies Concerning the Board of Directors

The Board of Directors shall strictly comply with the codes of conduct of the director in compliance with the law for the benefits of the stakeholders with honesty with no interest in the business either directly or indirectly as well as preventing conflict of interest.

### 3. Structure of Board of Directors

The Board of Directors comprises of Executive and Non-Executive Directors, appropriately appointed and balanced, to appointed sub-committees to take charge of particular matters in supervising and refining works, for example,

- The Executive Committee
- The Audit & Risk Management Committee
- The Corporate Governance Committee
- The Nominating and Compensation Committee

The Nominating Committee shall be responsible to nominate the qualified persons in various fields to be director replacing retired directors by rotation or for any other reason, and propose to the Board of Directors and/or the Meeting of the Shareholders, for resolution of such appointment. At every annual general meeting, at least one-third of the directors shall retire, and a retiring director is eligible for re-election. The term of a sub-committee shall be in compliance with the office term of the director of the Company and the specific duties and responsibilities of the said sub-committee.

The Company gives appropriate remuneration to the Board of Directors of the Company comparable to the industry standard. Also, the information on remuneration shall be clearly disclosed in the annual report.

### 4. Duties and responsibilities of the Board of Directors

The Board of Directors has duty to determine the vision, mission and business policy to comply with the corporate governance principles of the Company and good practices of the directors in accordance with the guidelines of the SET and SEC by appointment of a suitable person to be the Management who can carry out his work independently from any shareholder and has the skills in the business management and administration.

The Board of Director pays attention to manage conflict of interest with care, fairness and transparency; with full disclosure of information. In the case where any director has interest over the matter, such director shall not attend the meeting or cast a vote on that matter.

The Board of Directors has set up an independent Compliance and Internal Audit Department and a Risk Management Office. The Audit & Risk Management Committee is also entrusted to evaluate the efficiency of the internal control and risk management system by reporting the same regularly to the Board of Directors.

The Board of Directors is aware of its duty to ensure the benefits of the shareholders, both major and minor ones, in accordance with their rights and equitability, as well as receiving correct, complete, transparent information and news

#### **5. Work Performance of the Board of Directors**

The Board of Directors shall convene meeting at least 4 times a year. The consideration of agenda shall rely on the fair benefits of the shareholders and interested persons. The convention of the sub-committee shall be obliged to hold meetings as per the duty entrusted to it.

The Board of Directors shall report the operational results together with a report of the auditors and the Audit & Risk Management Committee in the annual report and shall prepare the disclosure of information under the laws.

The Board of Directors shall hold a Shareholders' Meeting as the General Meeting within 4 months after the yearend, which the Board of Directors may at any time call the Extraordinary Meeting of Shareholders. The Company shall deliver the notice of shareholders and agenda of the meeting with the clear opinion of the Board of Directors in each agenda at least 14 days prior to the date of the Meeting.

#### **6. Duties and Responsibilities of the Management**

The Executive Management shall have responsibilities assigned to it by the Board of Directors with the determination to be the most efficient in conducting its duties with honesty and in compliance with the vision, mission and corporate value as determined by the Board of Directors, and shall report the operational results regularly to the Board of Directors.

#### **7. Policy on the Conflict of Interest**

The Company provides a Compliance Manual which specify the ethics for the Company, the executives and the employees, the principles of which all employees shall sign with acknowledgement and strictly follow as the guidelines for transparent and fair treatment of the related persons in every group, such as:

The Board of Directors has appropriately considered a conflict of interest, related items or connected items as well as has disclosed information on the items likely to have a conflict of interest to the public.

The company has a policy to supervise the use of internal information of every departments, regulates to clarify the trading of securities by directors and employees.

#### **8. Policy on the Internal Control and Risk Management System**

The Company has a policy to provide an internal control system that is efficient enough for the acceptable risk level by determining the measures and internal control procedures in line with the work environment and encourage a balance between the flexibility in performing work and the sufficiency of efficient internal control as well as uphold the Risk Management Policy as directed by The Board of Directors. Executives and employees are responsible for assessing, monitoring, and promoting the efficient risk management system and structure.

#### **9. Policy on the Accounting and Financial Transactions**

The company provides accounting and financial reports that are correct, timely and accountable. There shall be complete documentations, which sufficiently support distribution of appropriate and timely information. The accounting and financial reports are prepared based on appropriate and consistent accounting policies, and in line with the generally accepted accounting principles, including the sufficient disclosure of significant information.

#### **10. Policy on the Trading of Securities**

The Board of Directors and Executive Management shall have the duty to report their securities holding in compliance with the rules and regulations of the Securities Exchange of Thailand and the Securities and Exchange Commission. The Company also prohibits the relevant persons who have known or may know any internal information from trading in related shares if the relevant information has not been disclosed to the public, including prohibiting the directors, Management Department and employees from participating in the preparation or having known the significant internal information in selling or purchasing of the Company shares at certain times. The individuals found violating the restrictions shall be subjected to disciplinary action and/or the law, as the case may be.

#### **11. Policy on the Social Responsibility**

The Company has social responsibility and contributes to social development by allocating certain amount of the annual budget to support social activities such as Education, Public Benefits, or relief works for victims of natural disasters.

### **2.5 SUPERVISION ON USING INSIDE INFORMATION**

The Company has formulated policies and measures as specified in its Compliance Manual, as well as other Company procedures and other relevant rules to prevent the Company, its management and employees from using inside information arising from their duties for their own interests.

The various preventive policies and measures relating to inside information are as follows:

1. In reference to the Company's organization, each department is clearly divided according to its particular function. Also, a securities entry system is applied by departments dealing with important and confidential information, such as Investment Banking, Research, Securities Trading, Debt Trading, Finance & Account, Risk Management, Operation and Information Technology.

2. Rules preventing conflicts of interest specify that employees shall perform their tasks in accordance with the Company's code and standard practices so as to avoid a probable conflict of interest, which can be monitored, as follows:

2.1 According to Employee Trading Regulations, all employees shall open a trading account only with the Company. For transparency, fairness and appropriate compliance and internal control purposes, they shall disclose trading information of related persons who have a trading account with the Company or other brokers.

2.2 In reference to Prohibited Trading in the Company's Securities regulation, Directors, Executive Management and Related Officers are prohibited from buying/selling securities of the Company using inside information arising from their duties which may significantly affect the price of the Company's securities from the end of accounting period until the next day after the announcement of financial statements to the public. Also, they have to report changes in securities holding during Company Board meetings or disclose and certify that there is no conflict of interest when they consider the transaction so as to promote transparency and fairness.

2.3 With respect to the monitoring of disclosure of the Company's conflicts of interest by management and marketing officers, marketing officers who have a conflict of interest are to disclose such information prior to soliciting or persuading customers to trade in such securities. Also, the Company must provide a disclaimer in its research papers to comply with SEC regulations.

2.4 In order to monitor the Company, management and all officers subscribe to securities in which the Company is the underwriter during the specified period to promote fairness.

3. A Watch List, Restricted List and Research List shall be prepared as a tool to review compliance among employees, the management, or the investment committee who are in possession of inside information arising from their duties. Before such information is disclosed to the public, those persons are not allowed to trade securities in predetermined lists for a certain period, either for themselves, for others, or on behalf of the Company.

In May 2009, the Company transferred its securities and derivative businesses, including with its assets and major staffs to KT ZMICO according to plan to develop securities business between the Company and Krungthai Bank Plc. The Company obtained permission from Securities and Exchange Commission Office (SEC) and the Stock Exchange of Thailand (SET) to temporary cease its securities and derivative businesses. From doing so, the company re-organize the company's organization structure according to new structure as stated in item 2 in order to have proper and efficient business management. As a result, the Good Corporate Governance, Internal control and the Measurement on the prevention of using of inside information as stated in item 2.4 and 2.5 were adjusted accordingly. Under the new structure, the company still maintained the major & principal as the company's continuously done till present.

The Compliance and Internal Audit department will report directly to the Audit Committee and shall exert its influence to ensure that the above policies and measures are carried out. In case the management or employees act in violation of the applicable policies and measures, they shall be subject to disciplinary action.

## **2.6 Internal Control and Risk Management**

For 2011, the Audit and Risk Management Committee held 4 meetings with the management, the head of Accounting and Finance department, the head of Compliance and Internal Audit department, and the Company's external auditor including concerning management officers to review the quarterly and annual financial statements for 2011 and the disclosure of financial reports and notes to the financial reports, including regular discussions and recommendations concerning problems that might result in a violation of the applicable laws and regulations, as well as the sufficiency of the internal control system. In addition, the Chairman of the Company's Audit & Risk Management Committee acted as an advisor to the Audit and Compliance Committee of KT ZMICO.

Based upon the information provided to us, the Audit and Risk Management Committee is of the opinion that the internal audit function, control system and risk management are satisfactory. We are unaware that significant laws and regulations have not been complied with in all material respects.

The Board of Directors is of the opinion that there is sufficiency and satisfaction in internal control system which could obtained reasonable assurance that the separate and consolidated financial statement of the company included the financial information stated in Annual Report for the year ended December 31, 2011 had presented fairly in all material respect, the financial position of the Company and its subsidiary.

## **3. Dividend Policy**

The dividend payment will be considered on the basis of the Company's profitability and liquidity and approval from the shareholders' meeting.

The Board of Directors will determine dividend policy of subsidiaries.



## Corporate Social Responsibilities (CSR)

Seamico Securities Plc. has always realized the importance of social responsibility and has aimed to take part of the community development. Throughout the years, we have carried out several projects to develop the provincial communities and since 2008 we have emphasized more on our corporate social responsibility (CSR) program by joining the Population and Community Development Association (PDA) to set a 3-year plan project “The Seamico-Sum Had Village Development Partnership (VDP)” to develop Sum Had village in Ban-yang district, Lamplimat, Buriram. The project was scheduled to implement from October 2008 to September 2011.

The project aims at developing the villagers for poverty alleviation and a better quality of life in all aspects by strengthening the knowledge, skills, and capability to respond to their needs economically and environmentally. The VDP plan emphasized on community participation in many areas, for instance, the improvement of water resources and sanitation, the development program related to education for rural youth and healthcare program.





In 2011, the company and KT ZMICO Securities Co., Ltd. have continued to promote “Sum Had” village, along with PDA. In fact, we provided financial support to construct the new school building named “KT ZMICO Pracha-Nusorn”, which the opening ceremony was held on February 19, 2011. Indeed, it is our great concern for education, we proudly awarded the scholarships to 15 students of Prathom 6 graduated for their further educations in Matthayom level. We also advocated the engagement among ourselves to call for a public mind from our employees, resulting in arranged activities such as painting school buildings, benefaction for education, and planning initiatives for sustainable development.

During Thailand flood crisis last year, we responded promptly by giving boat donation to the Royal Thai Army to help flood victims. We encouraged our employees to voluntarily join with Association of Securities Companies (ASCO) to fill up donation bags and deliver aid packages to those suffering at Koh Po district, Uthai Thani. In addition, we have donated our commission revenues to a fund called “Capital market unites to help flood victims” set up by The Stock Exchange of Thailand. Its purpose is to raise funds for flood relief and support victims of recent flooding in provinces throughout Thailand.



## Related Parties and Connected Transactions

Related party and connected transactions of the Company mainly were the purchase/sale of goods or services transactions associated with the Company's businesses. The pricing and fee charged to related parties were the arm's length price applied in the normal course of business as disclosed in the table. The approvals of related party transactions were in compliance with rule and regulations of The SEC and SET. As at 31 December 2011, the Company did not change policies or increase in related parties contracts.

### 1. Purchase / Sale of goods and/or services

Connected Party / Relationship	Description	Value (Baht Million)			Price / Fee	Notes
		2009	2010	2011		
1) Quam Limited (Formerly named APC Group) Related by way of common Director, Mr. Bernard Pouliot and Mr. Kenneth Kin Hing Lam	- Other payable - Office rental	0.04 0.24	0.01 1.13	- 0.57	- Actual expense incurred - Fee at the rate HKD 22,941 per month, which is a normal rate charged to other customers	
2) Seamico Asset Management Co., Ltd. (Seamico's current subsidiary)	- Accrued private fund management expenses - Private Fund management expense  - Other income  - Other receivable - Fee from sell agent	0.01 0.18  0.10  0.002 0.14	- 0.06  -  - -	- -  -  - -	- At the rate of 0.4 per cent of net asset value of the fund as under the contract - At the rate of Baht 25,000 per month  - Actual expense incurred - Commission charged at 0.15 percent of NAV management, which is a normal rate charged to other customers.	The Company has holding of 75 Per cent in their equity     - The income was between January to April 2009. From May 1, 2009 the agreement was transferred to KT Zmico

## 1. Purchase / Sale of goods and/or services (continued)

Connected Party / Relationship	Description	Value (Baht Million)			Price / Fee	Notes
		2009	2010	2011		
3) KT Zmico Securities Co., Ltd. (Formerly named KTB Securities Co., Ltd.) (Seamico's current associate) Related by way of common director, Mr. Chaipatr Srivisarvacha and Mr. Pinit Puapan	<ul style="list-style-type: none"> <li>- Other receivable</li> <li>- Other payable</li> <li>- Outsourcing fee</li> <li>- Rental fee</li> </ul>	0.25 - 1.20 0.40	0.24 - 1.80 0.59	- 0.47 1.80 0.59	<ul style="list-style-type: none"> <li>- Actual expense incurred</li> <li>- Actual expense incurred</li> <li>- At the rate of Baht 150,000 per month</li> <li>- At the rate of Baht 49,503 per month</li> </ul>	The Company has holding of 49.54 Per cent in their equity
4) Thanh Cong Securities Company J.S.C. Related by way of common Director, Mr. Chaipatr Srivisarvacha, Mr. Pinit Puapan, and Mrs. Duangrat Watanapongchat	<ul style="list-style-type: none"> <li>- Other receivable</li> </ul>	1.23	-	-	<ul style="list-style-type: none"> <li>- At the rate agreed by the contract</li> </ul>	- The Company has holding of 18.88 per cent in their equity.
5) Mr. Robert W. McMillen Director	<ul style="list-style-type: none"> <li>- Share trading value</li> <li>- Brokerage fee</li> </ul>	0.10 0.0002	- -	- -	<ul style="list-style-type: none"> <li>- Fee was determined 0.25 per cent from cash account and 0.15 - 0.20 per cent of volume trade via internet, which is a normal rate charged to other customers.</li> </ul>	
6) Mrs. Duangrat Watanapongchat Deputy Managing Director	<ul style="list-style-type: none"> <li>- Share trading value</li> <li>- Brokerage fee</li> </ul>	0.27 0.0007	- -	- -	<ul style="list-style-type: none"> <li>- Fee was determined 0.25 per cent from cash account and 0.15 - 0.20 per cent of Volume trade via internet, which is a normal rate charge to other customers.</li> </ul>	
7) Mrs. Banchit Chittanusart Executive Vice President	<ul style="list-style-type: none"> <li>- Share trading value</li> <li>- Brokerage Fee</li> </ul>	6.04 0.02	- -	- -	<ul style="list-style-type: none"> <li>- Fee was determined 0.25 per cent from cash account and 0.15 - 0.20 per cent of volume trade via internet, which is a normal rate charge to other customers.</li> </ul>	

1. Purchase / Sale of goods and/or services (continued)

Connected Party / Relationship	Description	Value (Baht Million)			Price / Fee	Notes
		2009	2010	2011		
8) Mr. Nuttawat Boonsong Mrs. Duangrat Watanapongchat's brother	- Share trading value - Brokerage Fee	0.81 0.002	- -	- -	- Fee was determined 0.25 per cent from cash account and 0.15 – 0.20 per cent of volume trade via internet, which is a normal rate charge to other customers.	Formerly named Panudech Boonsong
9) Mr. Decha Watanapongchat Mrs. Duangrat Watanapongchat's spouse	- Share trading value - Brokerage fee - TFEX fee	1.22 0.002 0.02	- - -	- - -	- Fee was determined 0.25 per cent from cash account and 0.15 – 0.20 per cent of volume trade via internet, which is a normal rate charge to other customers. - TFEX fee of Baht 450 per contract, which is normal rate charged to other customers.	
10) Mr. Thamkrit Watanapongchat Mrs. Duangrat Watanapongchat's son	- TFEX fee	0.003	-	-	- TFEX fee of Baht450 per contract, which is normal rate charged to other customers.	
11) Ms. Samorntip Arunyawat Mr. Chao Arunyawat's sister	- Share trading value - Brokerage fee	0.27 0.0004	- -	- -	- Fee was determined 0.25 per cent from cash account and 0.15-0.20 per cent of volume trade via internet, which is a normal rate charge to other customers.	
12) Mr. Parit Arunyawat Mr. Chao Arunyawat's son	- Share trading value - Brokerage fee	8.87 0.02	- -	- -	- Fee was determined 0.25 per cent from cash account and 0.15-0.20 per cent of volume trade via internet, which is a normal rate charge to other customers.	
13) Ms. Yaovaluk Arunyawat Mr. Chao Arunyawat's sister	- Share trading value - Brokerage fee	1.62 0.008	- -	- -	- Fee was determined 0.25 per cent from cash account 0.15-0.20 per cent of volume trade via internet, which is a normal rate charge to other customers.	

## 2. Purchase / Sale assets and investments

Connected Party / Relationship	Description	Value (Baht Million)			Price / Fee	Notes
		2009	2010	2011		
1) Seamico Asset Management Co., Ltd.  (Seamico's current subsidiary)	- Investment in common shares	51.17	31.01	15.59	- Investment portion 100 per cent in year 2009-2010 and portion 75 per cent in year 2011	
	- Increase investment in common shares	20.00	10.00	21.00	- 2011: 2.1 million shares at the 10 Baht per share 2010: 8 million shares at the 1.25 Baht per share	
	- Investment in mutual fund	25.63	-	-	2009: 8 million shares at the 2.50 Baht per share	
	- Investment value in mutual fund at yearend	43.55	51.39	54.90	- At NAV of the fund	
	- Withdrawal mutual fund managed by subsidiary	25.63	-	-	- At NAV of the fund	
	- Withdrawal private fund managed by subsidiary	135.00	26.55	-	- Value of investment	
	- Investment value in private fund at year end	24.62	-	-	- At NAV of the fund	
2) KT Zmico Securities Co., Ltd. (Formerly name KTB Securities Co., Ltd.) (Seamico's current associate) Related by way of common director Mr. Chaipart Srivisarvacha and Mr. Pinit Puapan	- Investment in common shares	937.51	1,087.50	1,087.50	- Investment portion at 49.54 per cent	
	- Accrued income from associated company	58.18	71.82	70.00	- At the Pro-rated EBITDA	

## 2. Purchase / Sale assets and investments (continued)

Connected Party / Relationship	Description	Value (Baht Million)			Price / Fee	Notes
		2009	2010	2011		
3) Thanh Cong Securities Company J.S.C. Related by way of common Director, Mr. Chaipatr Srivisarvacha, Mr.Pinit Puapan, and Mrs. Duangrat Watanapongchat	- Investment in common shares	156.02	80.54	84.78	- Total 6,796,500 shares at price VND 11,500 per share	The Company has holding of 18.88 per cent in their equity.
4) Evolution Capital Plc. Related by way of common Director, Mr. Chaipatr Srivisarvacha	- Disposal of partial in subsidiary (Seamico Asset Management Co., Ltd.)	-	-	7.68	- Total 3.7 million shares at the price Baht 2.076 per share	

## 3. Lending

Connected Party / Relationship	Description	Value (Baht Million)			Price / Fee	Notes
		2009	2010	2011		
	- No transaction -					

#### 4. Management contracts or agreements to provide assistance

Connected Party / Relationship	Description	Value (Baht Million)			Price / Fee	Notes
		2009	2010	2011		
1) Thanh Cong Securities Company J.S.C. Related by way of common Director, Mr. Chaipatr Srivisarvacha, Mr. Pinit Puapan, and Mrs. Duangrat Watanapongchat	Agreement to provide advisory services - Annual advisory fee	9.44	4.57	-	- Fee in accordance with the contract total amount of USD 420,218 which will be made periodically within 12 months in amount of USD 35,018 per month.	The Company has holding of 18.88 per cent in their equity.



Audit Committee's opinion with regard to related parties and connected transaction as of 31st December 2011

Related Parties and Connected Transaction	Audit Committee's Opinion
1. Purchase / Sale of goods and/or services	The transactions are reasonable at market rate or fair value.
2. Purchase / Sale of assets and investment	The transactions are reasonable at market rate or fair value.
3. Lending	- No transaction -
4. Management contracts or agreements to provide assistance	The transactions are determined to be reasonable to develop and expand its international business.

### Policy and Related Parties and Connected Transactions in the Future

The Company's policy relating to connected transactions is to follow the guidelines in accordance with the Stock Exchange of Thailand and the Securities and Exchange Commission. Any connected transactions shall be considered in terms of transparency, fairness and benefit to the company.

The Company has approval to temporary discontinue its Securities trading business. The types of connected transactions are mostly investment in subsidiary and associated companies which related to normal business activities. The groups of related parties are disclosed in the "Related Parties and Connected Transactions" table above.



## Management Discussion and Analysis

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### 1. Overall operating results in the year ended December 31, 2011

Seamico Securities Public Company Limited (“The Company”) and its subsidiary made a net profit of Baht 21 million for the year ended December 31, 2011 compared with the net profit of Baht 67 million recorded last year. The operating results decreased from last year due to the fact that the company discontinued its Securities trading business and Derivatives trading business since May 1, 2009. Moreover, the Company and its subsidiary’s main sources of income for the year 2011 are realized share of profit of associated company KT ZMICO Securities Company Limited (“KT ZMICO”) under equity method of Baht 75 million and realized gain on transfer of assets and its business to associated company of Baht 44 million. During the period, the Company incurred total operating expenses of Baht 71 million, with some expenses from personnel expenses and directors and managements’ remuneration. The Company and its subsidiary recorded taxable expense of Baht 49 million as a result of the decrease in the deferred tax rate from 30 per cent to 23 per cent and tax effect of the difference from non deductible income and expense between accounting standard and tax standard. With the reason mentioned, the Company generated a net profit of Baht 21 million in 2011.

In 2011, KT ZMICO had a market share of 4.19 per cent in the equity market (SET & MAI) and was ranked 11 among securities companies. For Derivative market, KT ZMICO achieved 3.68 percent market share and was also ranked 11.

#### Major Impact in 2011

After transferring the securities business, the Company’s operating results depend largely on the operating results of KT ZMICO Securities Co., Ltd. The main income source in the Company’s financial statement is from share of profit of associated company under equity method which is in equivalent to 49.54 per cent of issued and paid-up share capital of such associated company. Moreover, other sources of income include interest and dividend income from investments in debt and equity securities for cash management in order to provide the Company with liquidity for day-to-day operations.

#### The Securities Industry and the Thai Market

In the first half 2011, the SET index rose slightly from the end of 2010. However, investment slowed down in the second half of the year due to the flood problem in Thailand.

- The SET Index decreased 0.72 per cent from 1,032.76 points at the end of 2010 to 1,025.32 points at the end of 2011.
- The combined market capitalisation of the SET and MAI increased from Baht 8,390 billion at the end of 2010 to Baht 8,485 billion at the end of 2011, or an increase of 1.13 per cent.

- The overall average daily trading volume of the market increased from Baht 29.07 billion in 2010 to Baht 29.47 billion in 2011, or an increase of 1.38 per cent.
- The overall average daily trading volume for derivatives contract of the derivatives market increased from Baht 18,675 contracts in 2010 to Baht 41,095 contracts in 2011, or an increase of 120 per cent.

#### Customer Base Expansion

- The customer base of KT ZMICO Securities Co., Ltd. increased by 25 per cent from the previous year. Furthermore, it expanded its securities business to offshore trading especially securities business in Laos.
- In 2011, Seamico Asset Management, the subsidiary, launched 5 mutual funds, with approved fund size of Baht 5,000 million. As at 31 December 2011, there were 10 funds under management with total net asset value of Baht 2,549.54 million.

#### Corporate and Investment Activities

- The Company has an investment in KT ZMICO's ordinary shares at Baht 1,087.50 million, therefore, the Company holds 49.54 per cent interest in KT ZMICO.
- On October 29, 2009, the Board of Directors' meeting No. 7/2009 approved to sell all investment in Thanh Cong Securities Company J.S.C. ("TCSC"), a securities company in Vietnam, which is classified as general investment, to KT ZMICO Securities Company Limited, an associated company. Subsequently, the Company has changed the selling plan, therefore, on February 28, 2011, the Company entered into an agreement with MAC Capital Limited for the latter to identify potential purchasers of investment in TCSC, provide the Company with preliminary offers from the purchasers and also assist and co-ordinate with the Company and the purchasers to complete the sale.

On May 12, 2011, the Board of Directors' meeting No. 2/2011 acknowledged the progress of the sale of such investment from MAC Capital Limited that it still cannot identify the purchasers. As at December 31, 2011, the Company has suspended the sale of such investment. However, as at December 31, 2011 and 2010, the Company recorded an allowance for impairment for such investment in the amount of Baht 71.24 million and Baht 75.48 million, respectively. The per cent interest in TCSC is still at 18.88%.

## Local and International Awards and Recognitions

- In 2010, The Company won an “Excellent” rating for the AGM 2011 assessed by the Thai Investors Association.
- In 2011, The Company earned a “Very Good” rating for the Corporate Governance 2011 assessed by the Thai Institute of Director (IOD).
- The Company donated Baht 500,000 with Thai Listed Companies Association to contribute flood victims fund and donated 1,000 life jackets amounting to Baht 500,000 to The Stock Exchange of Thailand to provide to flood victims in many areas.

## Financial Position

- As at December 31, 2011, shareholders’ equity was Baht 1,743 million which increased from Baht 1,670 million as at December 31, 2010. This was a result of the increasing of authorized share capital of the Company of Baht 100 million to comply with Notification of the Securities and Exchange Commission KorKhor. No. 7/2551 re: The determination of Paid-up Registered Capital of Securities Companies.

This notification states that, from January 1, 2012 onwards, any securities company holding a license to conduct a securities brokerage business, except for those holding a license to conduct a debt instrument brokerage business or a license to conduct an investment unit brokerage business, must have paid-up registered capital of at least Baht 500 million.

While, the Company generated net profit in 2011 of Baht 21 million and revaluation surplus in available-for-sale securities increased by Baht 4 million.

- The Company was approved to temporary discontinue its Securities trading business and Derivative trading business from the Office of the Securities and Exchange Commission (SEC), effective from May 1, 2009 to December 31, 2011. 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. Therefore, the Company is not required to maintain its net liquid capital as define by the SEC.
- The Company remains free of external debts.

## 2. Operating Results

During 2011, the Company and its subsidiary recorded the total income of Baht 131 million, a decrease of 30 per cent from the previous year.

(Million Baht)

	2010		2011	
	Amount	%	Amount	%
Fee and service income	12.78	6.86	7.24	5.53
Gains (loss) on trading in securities	5.11	2.74	(1.51)	(1.15)
Interest and dividend income	10.41	5.59	6.17	4.71
Share profit of associated company	110.51	59.30	74.77	57.08
Gain on transfer of assets and its business to associated company	46.25	24.81	43.86	33.48
Other income	1.30	0.70	0.46	0.35
Total income	186.36	100.00	130.99	100.00

### (1) Income

#### 1.1) Fee and Service Income

The Company and its subsidiary earned Baht 7 million as fee and service income from private fund and mutual fund management in 2011, a decrease from Baht 13 million last year or a drop of 43 per cent.

#### 1.2) Gain on Trading in Securities

During 2011, the Company's realized loss on securities trading of Baht 1.5 million which resulted from;

- Loss on equity securities trading Baht 1.7 million
- Gain on debt securities trading Baht 0.2 million

#### 1.3) Interest and dividend income

In 2011, the Company had interest income of Baht 6 million from deposits at bank and financial institutions and dividend income from securities.

#### 1.4) Share of profit of associated company

In 2011, the Company recognized share of profit of associated company (KT ZMICO) under equity method of Baht 75 million.

#### 1.5) Gain on transfer of assets and business to associated company

On May 1, 2009, the Company transferred its business to KT ZMICO with the payment of Baht 500 million received from KT ZMICO. On May 4, 2009 the Company received up front payment of Baht 300 million. The remaining payment of Baht 200 million will be received within 3 years based on the operating results of KT ZMICO.

At the date of assets transfer to KT ZMICO, the Company recognized gain on transfer of assets and business to KT ZMICO in separate financial statements of Baht 185 million. However, the Company recognized such gain on transfer of assets and business to KT ZMICO as income in the consolidated financial statement of Baht 94 million according to the shareholding percentage of the third parties in KT ZMICO at 50.55 per cent. The remaining amount of Baht 91 million was presented as “unrealized gain on transfer of assets to the associated company” in the consolidated statement of financial position.

The Company will realize such “unrealized gain on transfer of assets to the associated company” as income when the Company has lower percentage of shareholding in KT ZMICO or when KT ZMICO sells such transferred assets to the third parties. During 2009, KT ZMICO sold part of transferred assets to the third parties, therefore, the Company recorded “unrealized gain on transfer of assets to the associated company” as gain on transfer of assets and business to associated company in consolidated financial statements of Baht 9 million.

In the fourth quarter of 2009, the separate financial statements additionally recorded gain on transfer of assets and business to associated company of Baht 58 million and recorded an accrued income at the same amount as part of the remaining of Baht 200 million payments which the Company will receive from KT ZMICO. However, the Company recognized such gain on transfer of assets and business to associated company as income of Baht 29 million in the consolidated financial statement according to the shareholding percentage of the third parties in KT ZMICO at 50.55 per cent. The remaining amount of Baht 29 million was presented as “unrealized gain on transfer of assets to the associated company” in the consolidated statement of financial position.

During 2010, KT ZMICO sold part of transferred assets to the third parties, therefore, the Company recorded “unrealized gain on transfer of assets to the associated company” as gain on transfer of assets and business to associated company in consolidated financial statements of Baht 10 million.

In the fourth quarter of 2010, the separate financial statements additionally recorded gain on transfer of assets and business to associated company of Baht 72 million and recorded an accrued income at the same amount as part of the remaining of Baht 200 million payments which the Company will receive from KT ZMICO. However, the Company recognized such gain on transfer of assets and business to associated company as income of Baht 36 million in the consolidated financial statement according to the shareholding percentage of the third parties in KT ZMICO at 50.55 per cent. The remaining amount to

Baht 36 million was presented as “unrealized gain on transfer of assets to the associated company” in the consolidated statement of financial position.

During 2011, KT ZMICO sold part of transferred assets to the third parties, therefore, the Company recorded “unrealized gain on transfer of assets to the associated company” as gain on transfer of assets and business to associated company in consolidated financial statements of Baht 9 million.

In the fourth quarter of 2011, the separate financial statements additionally recorded gain on transfer of assets and business to associated company of Baht 70 million and recorded an accrued income at the same amount as part of the remaining of Baht 200 million payments which the Company will receive from KT ZMICO. However, the Company recognized such gain on transfer of assets and business to associated company as income of Baht 35 million in the consolidated financial statement according to the shareholding percentage of the third parties in KT ZMICO at 50.55 per cent. The remaining amount to Baht 35 million was presented as “unrealized gain on transfer of assets to the associated company” in the consolidated statement of financial position.

At 2011, the total unrealized gain on transfer of assets to the associated company was Baht 163 million which is summarized in the table below.

(Million Baht)

	Gain on transfer of assets		Unrealized gain on transfer of assets (Liabilities)
	Separate (income)	Consolidated (income)	
Record at the date transfer assets KT ZMICO sold the transferred assets to third party during 2009	185	94	91
Record in 2009	58	29	29
<b>Total in 2009</b>	<b>243</b>	<b>132</b>	
KT ZMICO sold the transferred assets to third party during 2010		10	(10)
Record in 2010	72	36	36
<b>Total in 2010</b>	<b>72</b>	<b>46</b>	
KT ZMICO sold the transferred assets to third party during 2011		9	(9)
Record in 2011	70	35	35
<b>Total in 2011</b>	<b>70</b>	<b>44</b>	<b>163</b>

## (2) Securities Business Expenses

In 2011, The Company had total expenses of Baht 62 million, a decrease of Baht 97 million or 61 per cent from previous year.

(Million Baht)

	2010		2011	
	Amount	%	Amount	%
Fees and services expenses	7.21	4.55	4.56	7.41
Bad debts and doubtful debts	(0.81)	(0.51)	(9.23)	(14.98)
Operating expenses	86.56	54.64	70.53	114.46
Impairment loss on securities (reversal)	65.47	41.32	(4.24)	(6.89)
Total expenses	158.43	100.00	61.62	100.00

### 2.1) Fee and Service Expenses

In 2011, Fees and Service expenses were Baht 5 million which mainly incurred from agent fees for selling unit trusts and annual fee for mutual fund management of subsidiary company.

### 2.2) Bad debts and doubtful debts

During 2011, the Company received Baht 8 million from account receivables (Margin accounts) that were affected from the financial crisis of 2008. Thus, Bad debts and doubtful debts decreased from the previous year.

## (3) Operating Expenses

Major portion of operating expenses were personnel expenses, premises and equipment expenses which accounted for 42 per cent and 16 per cent of total operating expenses, respectively. However, these expenses decreased by Baht 16 million or 19 per cent from previous year which was resulted from personnel expense decrease Baht 16 million due to the fact that in year 2010, the Company paid retention bonus of Baht 21.6 million to employees who were transferred to KT ZMICO. At the end of 2010, such retention was fully paid.

## (4) Profit Margin

The net profit margin for 2011 and 2010 were 18 per cent and 36 per cent respectively. This resulted from share of profit of associate decreased by Baht 36 million and realized gain from transfer of assets and business to KT ZMICO decreased by Baht 2 million.



(5) Return on Equity

Return on equity was 1.37 per cent in 2011 which decreased from 3.45 per cent in 2010.

### 3. Operating Results Compared with Budget

-Not Applicable-

#### Financial Position

##### 1. Assets

###### 1.1 Combination of Assets

As at December 31, 2011, the Company and its subsidiary had total assets of Baht 1,969 million, 84 per cent of which was current assets and 16 percent was non-current assets.

Major changes to assets were as follows:

###### Cash and Cash Equivalent

Cash and cash equivalents as at December 31, 2011 were Baht 350 million, a decrease of Baht 183 million, or 110 per cent from year 2010 (See details in 2.1 Cash Flow).

###### Investment in Securities

As at December 31, 2011, the Company reversed allowance for loss on impairment for ordinary shares of Thanh Cong Securities Company J.S.C. ("TCSC") of Baht 4 million which the original cost was Baht 156 million. This affected the book value of TCSC increased to Baht 85 million. Additional, in November 2011, the Company sold general investment in Sikarin Hadyai Hospital Co., Ltd.

###### Investment in associate company

In September 2011, the Company disposed of 25% of investment in Seamico Asset Management Co., Ltd., the subsidiary, to Evolution Capital Public Company Limited. The Company has already received the consideration for such investment of Baht 7.68 million with gain on disposal of Baht 1 million. As at December 31, 2011, the paid-up share capital of the subsidiary is Baht 152 million, consisting of 15,200,000 ordinary shares of Baht 10 each, held by the Company and Evolution Capital Public Company Limited 75% and 25%, respectively.

###### Securities Business Receivables

Securities business receivables as at December 31, 2011 decreased by Baht 23 million from December 31, 2010 because the Company received Baht 8 million from account receivable (margin account) and written off Baht 15 million as bad debt. Therefore, the outstanding of securities business receivable of the Company as at December 31, 2011 consisted of Securities Business receivables under litigation at Baht 264 million with

deducted allowance for doubtful account at Baht 261 million. However, The Company has already reserved full amount of provision for doubtful accounts per the SEC guideline.

#### **Building improvements and equipment - net**

Building improvement and equipment - net as at December 31, 2011 decreased by 56 per cent from year 2010 because of depreciation and write off of equipment items that are not in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 5 million.

#### **Assets classified as held for sale - net**

In September 2009, the Company received the land with total area of 26 Rai and 93 square wah at Amphur Talang , Phuket from debtor in bill of exchange that had matured but unable to be redeemed by the issuer to settle its debt amounting to Baht 157 million. At present, the Company is in process to find the potential buyers. The land was appraised at Baht 220 million by an independent appraisal.

### **1.2 Quality of Assets**

In the Financial statement, the Company recorded a revaluation adjustment of assets according to accounting standards and the SEC's rule. The major assets can be summarised as follows:

#### **Investment**

As at December 31, 2011, the Company had total investments of Baht 143 million (original cost Baht 200 million), or 7 per cent of total assets. Investments comprised as follows.

(Million Baht)

<b>Classification</b>	<b>Cost/ Amortised cost</b>	<b>Fair value</b>
<b>Short-term investments</b>		
<u>Available-for-sale</u>		
Equity securities - Listed securities	2.99	2.99
Mutual Fund	40.65	54.90
Total	43.64	57.89
<u>Add</u> Revaluation adjustments	14.25	-
Total available - for - sale - net	57.89	57.89
Total short-term investments - net	57.89	57.89

(Million Baht)

Classification	Cost/ Amortised cost	Fair value
<b>Long-term investment</b>		
<u>General investments</u>		
Ordinary shares	156.51	85.27
Preferred shares	0.13	0.13
Total	156.64	85.40
<u>Less</u> Allowance for loss on impairment	(71.24)	-
Total long-term investments - net	85.40	85.40
Total investments in debt and equity securities - net	143.29	143.29

The proportions of investment as at December 31, 2011 are as follows:

Investment in listed securities	2 per cent
Investment in unit trust	38 per cent
Investment in general investment	60 per cent

#### **Securities Business Receivables and Accrued Interest Receivables**

The Company had total securities receivables and accrued interest receivables as at December 31, 2011 of Baht 264 million with allowance for doubtful debt of Baht 261 million, or 98.98 per cent of related loans. The Company's policy is to closely monitor all securities receivables and in cases where any client fails to settle a transaction, will engage in negotiations as the first step. If a settlement with a client cannot be negotiated or if a debtor refuses to settle a debt, legal steps will then be taken.

As at December 31, 2011, receivables of Baht 264 million were in the legal proceeding (The amount of Baht 254 million arose from margin accounts at the end of year 2008 and the amount of Baht 10 million were old cases of legal proceeding that the company has won legal judgement but still are in process of following for debt payment.)

## 2. Liquidity

### 2.1 Cash Flow

Cash and cash equivalents as at December 31, 2011 totalled Baht 350 million or an increase from December 31, 2010 by Baht 183 million. The summary of cash-in flow and cash-out flow from various activities are shown in the following table.

Activities	Million Baht
Cash used in Operating Activities	(82)
Cash provided by Investing Activities	162
Cash provided by Financing Activities	103
Net increase in Cash and Cash Equivalent	183

The Company has used cash in the activities below to generate more income and facilitate liquidation.

#### Operating Activities

During 2011, cash from operating activities decreased by Baht 82 million which came from the following transactions.

A decrease of securities business receivables by Baht 2 million, a decrease of other assets by Baht 0.8 million, a decrease of accrued expenses and other liabilities by Baht 28 million and a decrease of operating activities by Baht 58 million.

#### Investing Activities

During 2011, net cash provided by investing activities increased by Baht 162 million which came from the following sources.

The Company received cash from dividend from an associated company (KT ZMICO) of Baht 82 million, selling assets and securities business to KT ZMICO of Baht 72 million, and partial disposal of investment in subsidiary of Baht 8 million.

#### Financing Activities

During 2011, an increase of cash by Baht 103 million came from below transactions.

Cash received from capital increase and Share subscription receivable in advance of Baht 92 million and resale of treasury stock of Baht 11 million.

## 2.2 Significant Liquidity Ratios

The Company had enough liquidity as indicated by the liquidity ratios in the table below.

	Dec 31, 2010	Dec 31, 2011
Liquid Assets to Total Assets Ratio (%)	12	21
Net Liquid Capital Ratio (NCR) (%)	N/A	N/A

Since May 1, 2009, The Company was approved to temporary cease its operation on securities and derivatives business from the Securities and Exchange Commission, therefore the Company is not required to maintain its net liquid capital.

## 3. Investment Expenses

### Investment

See topic “Investment in Securities” under Financial Position 1. Assets and “Investing Activities” under Liquidity 2.1 Cash Flow.

### 4. Sources of Capital

#### 4.1 Adequacy of Capital Structure

The debt to equity ratio as at December 31, 2011 and December 31, 2010 was 0.13 times and 0.11 times, respectively.

#### 4.2 Shareholders' equity

As at December 31, 2011, shareholders' equity totalled Baht 1,743 million, an increase of Baht 73 million, or 4 per cent from December 31, 2010. This was the result of the increasing of authorized share capital of the Company of Baht 100 million to comply with The Securities and Exchange Commission (SEC)'s regulation (The company had issued and paid-up shares capital at Baht 415 million and Share subscription receivable in advance at Baht 60 million). While, the Company generated net profit in 2011 of Baht 21 million, revaluation surplus in available-for-sale securities increased by Baht 4 million and resale of treasury stock at Baht 11 million. Shareholders' equity decreased of Baht 44 million from stock dividend and an adjustment to decrease beginning retain earning due to the Company, has adopted TAS “Employee Benefits” for the first time.

#### 4.3 Liabilities

The Company has no outstanding loan, as the result there is no future contingent liability.

**REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS****TO THE SHAREHOLDERS AND BOARD OF DIRECTORS  
SEAMICO SECURITIES PUBLIC COMPANY LIMITED**

We have audited the consolidated statements of financial position of Seamico Securities Public Company Limited and its subsidiary and separate statements of financial position of Seamico Securities Public Company Limited as at December 31, 2011 and 2010, and the related consolidated and separate statements of comprehensive income, changes in owners' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned consolidated and separate financial statements present fairly, in all material respects, the financial position of Seamico Securities Public Company Limited and its subsidiary and of Seamico Securities Public Company Limited as at December 31, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Without qualifying our opinion, as discussed in Note 4 to the financial statements, since January 1, 2011, the Company, its subsidiary and associated company have adopted the new and revised Thai Financial Reporting Standards issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2011 onwards, in preparation and presentation of these financial statements. The consolidated and separate financial statements for the year ended December 31, 2010, presented herein for comparison, are presented in the new format to conform to the consolidated and separate financial statements for the year ended December 31, 2011.



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

**BANGKOK**  
February 22, 2012

**DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.**

**SEAMICO SECURITIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2011 AND 2010**

**BAHT**

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2011	2010	2011	2010
<b>ASSETS</b>					
Cash and cash equivalents	6	350,097,535	166,798,655	337,819,652	147,228,783
Securities business receivables - net	7	2,698,240	1,349,154	2,698,240	1,349,154
Investments - net	9.1	143,287,022	137,265,277	143,287,022	137,265,277
Investments in subsidiary and associated companies - net	10	1,159,348,495	1,185,067,357	1,103,090,962	1,118,512,429
Building improvements and equipment - net	11	1,149,374	2,613,143	206,048	329,160
Intangible assets - net	12	8,580,102	10,078,207	3,336,890	3,341,810
Deferred tax assets - net	13	62,270,679	110,727,835	36,576,359	69,643,751
Assets classified as held for sale - net	14	165,188,800	160,315,680	165,188,800	160,315,680
Other assets	15	76,612,813	79,014,163	70,864,101	73,730,303
<b>TOTAL ASSETS</b>		<b>1,969,233,060</b>	<b>1,853,229,471</b>	<b>1,863,068,074</b>	<b>1,711,716,347</b>



## SEAMICO SECURITIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2011 AND 2010

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2011	2010	2011	2010
<b>LIABILITIES AND OWNERS' EQUITY</b>					
<b>LIABILITIES</b>					
Accrued expenses		5,346,860	9,287,499	3,769,795	7,396,966
Unrealized gain on transfer of business to an associated company	36	163,086,601	136,946,949	-	-
Employment benefits obligation	16	3,144,066	-	2,364,031	-
Share subscription payable	18	31,919,794	-	31,919,794	-
Other liabilities	17	17,871,730	37,313,165	16,797,180	36,337,165
Total liabilities		<u>221,369,051</u>	<u>183,547,613</u>	<u>54,850,800</u>	<u>43,734,131</u>
<b>OWNERS' EQUITY</b>					
Share capital	18				
Authorized share capital					
1,022,687,231 ordinary shares of Baht 0.50 each		<u>511,343,616</u>		<u>511,343,616</u>	
833,895,131 ordinary shares of Baht 0.50 each			<u>416,947,565</u>		<u>416,947,565</u>
Issued and paid-up share capital					
902,619,448 ordinary shares of Baht 0.50 each, fully paid		451,309,724		451,309,724	
833,895,131 ordinary shares of Baht 0.50 each, fully paid			416,947,565		416,947,565
Share subscription received in advance	18	60,000,000	-	60,000,000	-
Premium on share capital	22	1,116,138,100	1,116,138,100	1,116,138,100	1,116,138,100
Premium on treasury shares	19.2	-	15,518,880	-	15,518,880

## SEAMICO SECURITIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2011 AND 2010

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2011	2010	2011	2010
<b>LIABILITIES AND OWNERS' EQUITY</b>					
(CONTINUED)					
Other components of equity		9,330,332	5,920,614	11,398,751	7,514,824
Retained earnings					
Appropriated					
Statutory reserve	23	108,383,352	108,383,352	108,383,352	108,383,352
Treasury stock	24	-	31,824,872	-	31,824,872
Unappropriated		(3,496,338)	6,773,347	60,987,347	3,479,495
Difference arising on disposal of partial interest					
in subsidiary	10	1,003,468	-	-	-
<u>Less</u> Treasury stock	19.1	-	(31,824,872)	-	(31,824,872)
Total equity attributable to owners of					
the parent		1,742,668,638	1,669,681,858	1,808,217,274	1,667,982,216
Non-controlling interests		5,195,371	-	-	-
Total owners' equity		1,747,864,009	1,669,681,858	1,808,217,274	1,667,982,216
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>1,969,233,060</b>	<b>1,853,229,471</b>	<b>1,863,068,074</b>	<b>1,711,716,347</b>

**SEAMICO SECURITIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

BAHT

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
		2011	2010	2011	2010
<b>REVENUES</b>					
Fee and service income	25	7,238,858	12,782,753	-	4,566,200
Gain (loss) on investments	9.2	(1,507,621)	5,113,591	(504,153)	5,113,591
Share of profit of an associated company accounted for under equity method		74,774,187	110,513,412	-	-
Interest and dividend income		6,172,850	10,410,524	87,549,309	51,538,997
Gain on transfer of business to an associated company	36	43,860,348	46,245,053	70,000,000	71,819,196
Other income		458,859	1,300,282	206,788	1,047,365
Total revenues		<u>130,997,481</u>	<u>186,365,615</u>	<u>157,251,944</u>	<u>134,085,349</u>
<b>EXPENSES</b>					
Finance cost		-	26	-	18
Fee and service expenses	26	4,563,927	7,210,392	-	1,145,244
Operating expenses					
Personnel expenses		29,702,657	46,166,737	11,448,846	27,848,137
Premises and equipment expenses		11,131,713	11,919,023	3,640,361	4,778,383
Directors' remuneration	27	5,344,000	6,100,000	4,550,000	5,535,000
Consulting fee		7,975,725	7,439,722	5,268,263	5,471,273
Communication and information expenses		1,702,203	1,580,192	13,779	36,632
Other expenses	28	14,675,550	13,358,963	10,569,222	9,979,593
Bad debts and doubtful accounts reversal		(9,228,206)	(814,783)	(9,228,206)	(814,783)
Impairment loss from securities (reversal)	30	(4,245,506)	65,472,212	25,498,229	95,635,940
Total expenses		<u>61,622,063</u>	<u>158,432,484</u>	<u>51,760,494</u>	<u>149,615,437</u>

## SEAMICO SECURITIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

## STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

## FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS	FINANCIAL STATEMENTS
		2011	2010	2011	2010
INCOME (LOSS) BEFORE INCOME TAX		69,375,418	27,933,131	105,491,450	(15,530,088)
INCOME TAX - INCOME (EXPENSES)	31	(48,828,106)	39,343,485	(33,438,342)	26,102,602
NET INCOME		<u>20,547,312</u>	<u>67,276,616</u>	<u>72,053,108</u>	<u>10,572,514</u>
OTHER COMPREHENSIVE INCOME					
Gain on re-measuring available-for-sale investments	9.4	3,512,977	7,837,462	3,512,977	7,837,462
Reclassification adjustments relating to available-for-sale investments disposed of in the period	9.4	-	2,333	-	2,333
Share of other comprehensive loss of an associated company		(474,209)	(1,345,534)	-	-
Income tax relating to components of other comprehensive income (loss)	9.4 and 13	370,950	(2,496,721)	370,950	(2,496,721)
TOTAL OTHER COMPREHENSIVE INCOME - NET		<u>3,409,718</u>	<u>3,997,540</u>	<u>3,883,927</u>	<u>5,343,074</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u>23,957,030</u></u>	<u><u>71,274,156</u></u>	<u><u>75,937,035</u></u>	<u><u>15,915,588</u></u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>					
Owners of the parent		23,029,673	67,276,616	72,053,108	10,572,514
Non-controlling interests		(2,482,361)	-	-	-
		<u><u>20,547,312</u></u>	<u><u>67,276,616</u></u>	<u><u>72,053,108</u></u>	<u><u>10,572,514</u></u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>					
Owners of the parent		26,439,391	71,274,156	75,937,035	15,915,588
Non-controlling interests		(2,482,361)	-	-	-
		<u><u>23,957,030</u></u>	<u><u>71,274,156</u></u>	<u><u>75,937,035</u></u>	<u><u>15,915,588</u></u>
<b>EARNINGS PER SHARE OF OWNERS OF THE PARENT</b>					
<b>BASIC EARNINGS PER SHARE</b>	BAHT	0.026	0.075	0.081	0.012
<b>WEIGHTED AVERAGE</b>					
<b>NUMBER OF ORDINARY SHARES</b>	18 SHARES	893,801,466	899,967,604	893,801,466	899,967,604

SEAMICO SECURITIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
STATEMENTS OF CHANGES IN OWNERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

BAHT

CONSOLIDATED FINANCIAL STATEMENTS															
Notes	Issued and paid-up share capital	Share subscription received in advance	Premium on share capital	Premium on treasury share	Other components of equity Surplus on re-measuring available-for-sale investments	Share of other comprehensive income (loss) of an associated company	Appropriated retained earnings Statutory reserve	Treasury stock	Unappropriated retained earnings (deficit)	Difference arising on disposal of partial interest in subsidiary	Treasury stock	Total equity attributable to owners of the parent	Non-controlling interests	Total owners' equity	
	<b>Balance as at January 1, 2010</b>	833,895,131	-	1,116,138,100	15,518,880	2,171,750	(248,676)	108,383,352	20,059,923	(48,738,320)	-	(20,059,923)	2,027,120,217	-	2,027,120,217
18	Reduction of issued and paid-up share capital	(416,947,566)	-	-	-	-	-	(10,147,500)	10,147,500	-	10,147,500	(406,800,066)	-	(406,800,066)	
19	Treasury stock	-	-	-	-	-	-	-	-	-	(21,912,449)	(21,912,449)	-	(21,912,449)	
	Total comprehensive income	-	-	-	5,343,074	(1,345,534)	-	-	67,276,616	-	-	71,274,156	-	71,274,156	
24	Appropriated retained earnings	-	-	-	-	-	-	21,912,449	(21,912,449)	-	-	-	-	-	
	<b>Ending balance as at December 31, 2010</b>	<b>416,947,565</b>	<b>-</b>	<b>1,116,138,100</b>	<b>15,518,880</b>	<b>7,514,824</b>	<b>(1,594,210)</b>	<b>108,383,352</b>	<b>31,824,872</b>	<b>6,773,347</b>	<b>(31,824,872)</b>	<b>1,669,681,858</b>	<b>-</b>	<b>1,669,681,858</b>	
	<b>Balance as at January 1, 2011</b>														
	- as previously reported	416,947,565	-	1,116,138,100	15,518,880	7,514,824	(1,594,210)	108,383,352	31,824,872	6,773,347	(31,824,872)	1,669,681,858	-	1,669,681,858	
4.2	Effect from change in accounting policy	-	-	-	-	-	-	-	(20,581,927)	-	-	(20,581,927)	-	(20,581,927)	
	<b>Balance as at January 1, 2011 - as adjusted</b>	<b>416,947,565</b>	<b>-</b>	<b>1,116,138,100</b>	<b>15,518,880</b>	<b>7,514,824</b>	<b>(1,594,210)</b>	<b>108,383,352</b>	<b>31,824,872</b>	<b>(13,808,580)</b>	<b>(31,824,872)</b>	<b>1,649,099,931</b>	<b>-</b>	<b>1,649,099,931</b>	
18	Share capital increased	39,966,109	-	-	-	-	-	-	-	-	-	39,966,109	-	39,966,109	
19	Treasury stock cancelled	(5,603,950)	-	-	(11,971,314)	-	-	-	-	-	17,575,264	-	-	-	
19	Treasury stock sold	-	-	-	(3,547,566)	-	-	-	(135,254)	-	14,249,608	10,566,788	-	10,566,788	
	Total comprehensive income	-	-	-	3,883,927	(474,209)	-	-	23,029,673	-	-	26,439,391	(2,482,361)	23,957,030	
24	Appropriated retained earnings	-	-	-	-	-	-	(31,824,872)	31,824,872	-	-	-	-	-	
18	Share subscription received in advance	-	60,000,000	-	-	-	-	-	-	-	-	60,000,000	-	60,000,000	
10	Difference arising on disposal of partial interest in subsidiary	-	-	-	-	-	-	-	-	1,003,468	-	1,003,468	-	1,003,468	
	Non-controlling interests increased	-	-	-	-	-	-	-	-	-	-	-	7,677,732	7,677,732	
20	Dividend	-	-	-	-	-	-	-	(44,407,049)	-	-	(44,407,049)	-	(44,407,049)	
	<b>Ending balance as at December 31, 2011</b>	<b>451,309,724</b>	<b>60,000,000</b>	<b>1,116,138,100</b>	<b>-</b>	<b>11,398,751</b>	<b>(2,068,419)</b>	<b>108,383,352</b>	<b>-</b>	<b>(3,496,338)</b>	<b>1,003,468</b>	<b>1,742,668,638</b>	<b>5,195,371</b>	<b>1,747,864,009</b>	

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

**SEAMICO SECURITIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENTS OF CHANGES IN OWNERS' EQUITY (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

BAHT

Notes	SEPARATE FINANCIAL STATEMENTS									
	Issued and paid-up share capital	Share subscription received in advance	Premium on share capital	Premium on treasury share	Other components of equity Surplus on re-measuring available-for-sale investments	Appropriated retained earnings Statutory reserve	Treasury stock	Unappropriated retained earnings (deficit)	Treasury stock	Total owners' equity
<b>Balance as at January 1, 2010</b>	833,895,131	-	1,116,138,100	15,518,880	2,171,750	108,383,352	20,059,923	4,671,930	(20,059,923)	2,080,779,143
Reduction of issued and paid-up share capital	18 (416,947,566)	-	-	-	-	-	(10,147,500)	10,147,500	10,147,500	(406,800,066)
Treasury stock	-	-	-	-	-	-	-	-	(21,912,449)	(21,912,449)
Total comprehensive income	19 -	-	-	-	5,343,074	-	-	10,572,514	-	15,915,588
Appropriated retained earnings	24 -	-	-	-	-	-	21,912,449	(21,912,449)	-	-
<b>Ending balance as at December 31, 2010</b>	<u>416,947,565</u>	<u>-</u>	<u>1,116,138,100</u>	<u>15,518,880</u>	<u>7,514,824</u>	<u>108,383,352</u>	<u>31,824,872</u>	<u>3,479,495</u>	<u>(31,824,872)</u>	<u>1,667,982,216</u>
<b>Balance as at January 1, 2011 - as previously reported</b>	416,947,565	-	1,116,138,100	15,518,880	7,514,824	108,383,352	31,824,872	3,479,495	(31,824,872)	1,667,982,216
Effect from change in accounting policy	4.2 -	-	-	-	-	-	-	(1,827,825)	-	(1,827,825)
<b>Balance as at January 1, 2011 - as adjusted</b>	<u>416,947,565</u>	<u>-</u>	<u>1,116,138,100</u>	<u>15,518,880</u>	<u>7,514,824</u>	<u>108,383,352</u>	<u>31,824,872</u>	<u>1,651,670</u>	<u>(31,824,872)</u>	<u>1,666,154,391</u>
Share capital increased	18 39,966,109	-	-	-	-	-	-	-	-	39,966,109
Treasury stock cancelled	19 (5,603,950)	-	-	(11,971,314)	-	-	-	-	17,575,264	-
Treasury stock sold	19 -	-	-	(3,547,566)	-	-	-	(135,254)	14,249,608	10,566,788
Total comprehensive income	-	-	-	-	3,883,927	-	-	72,053,108	-	75,937,035
Appropriated retained earnings	24 -	-	-	-	-	-	(31,824,872)	31,824,872	-	-
Share subscription received in advance	18 -	60,000,000	-	-	-	-	-	-	-	60,000,000
Dividend	20 -	-	-	-	-	-	-	(44,407,049)	-	(44,407,049)
<b>Ending balance as at December 31, 2011</b>	<u>451,309,724</u>	<u>60,000,000</u>	<u>1,116,138,100</u>	<u>-</u>	<u>11,398,751</u>	<u>108,383,352</u>	<u>-</u>	<u>60,987,347</u>	<u>-</u>	<u>1,808,217,274</u>

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

**SEAMICO SECURITIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		2011	2010	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Income (loss) before income tax		69,375,418	27,933,131	105,491,450	(15,530,088)
Adjustments					
Depreciation and amortization		3,041,422	3,273,262	155,838	144,932
Loss on disposal of intangible assets		7	-	7	-
Loss on disposal of office equipment		7	-	7	-
Bad debt and doubtful accounts (reversal)		(1,349,086)	14,236,148	(1,349,086)	14,236,148
Bad debts recovery		(7,879,120)	(15,050,931)	(7,879,120)	(15,050,931)
Gain on sale of assets classified as held for sale		(159,995)	-	(159,995)	-
Unrealized (gain) loss on re-measuring trading investments		(1,648,802)	2,944,724	(1,648,802)	2,944,724
Loss on reclassification of trading investments to available-for-sale investments		3,385,540	-	3,385,540	-
Gain on sale of available-for-sale investments		-	(1,327,587)	-	(1,327,587)
Gain on sale of general investment		(1,000)	-	(1,000)	-
Impairment loss from equity securities (reversal)		(4,245,506)	65,472,212	(4,245,506)	65,472,212
Impairment loss from investment in subsidiary		-	-	29,743,735	30,163,728
Gain on disposal of partial interest in subsidiary	10	-	-	(1,003,468)	-
Share of profit of an associated company accounted for under equity method		(74,774,187)	(110,513,412)	-	-
Gain on transfer of business to an associated company		(43,860,348)	(46,245,053)	(70,000,000)	(71,819,196)
Finance cost		-	26	-	18
Retention bonus	33.6	-	(33,964,240)	-	(33,964,240)
Interest and dividend income		(6,172,850)	(10,410,524)	(87,549,309)	(51,538,997)
Employee benefit expenses		921,387	-	536,206	-
Cash received from interest		6,005,875	6,776,382	5,742,753	6,384,320
Cash paid for interest		-	(60,217)	-	(60,209)
Cash paid for income tax		(227,723)	(323,483)	(1,768)	(60,624)
Loss from operating before changes in operating assets and liabilities		(57,588,961)	(97,259,562)	(28,782,518)	(70,005,790)
Decrease in operating assets					
Investments in trading securities		-	394,656,758	-	394,656,758
Securities business receivables		2,000,000	15,050,931	2,000,000	15,050,931
Other assets		844,888	26,443,651	1,063,774	27,353,021



**SEAMICO SECURITIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2011	2010	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
(CONTINUED)					
Increase (decrease) in operating liabilities					
Accrued expenses		(3,940,639)	1,144,255	(3,627,171)	336,570
Other liabilities		(23,569,939)	12,634,616	(23,668,489)	12,619,935
Net cash provided by (used in) operating activities		<u>(82,254,651)</u>	<u>352,670,649</u>	<u>(53,014,404)</u>	<u>380,011,425</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from disposal of investments		1,000	22,474,145	1,000	22,474,145
Cash paid for purchase of investment in subsidiary		-	-	(21,000,000)	(10,000,000)
Proceeds from disposal of partial interest in subsidiary		7,681,200	-	7,681,200	-
Cash paid for purchase of investment in an associated company		-	(149,999,850)	-	(149,999,850)
Cash paid for acquisition of equipment		(71,462)	(841,639)	(27,820)	(104,320)
Cash paid for acquisition of intangible assets		(8,100)	(2,045,982)	-	(24,567)
Proceeds from sale of assets classified as held for sale		1,165,995	-	1,165,995	-
Proceeds from interest and dividend					
from investments in securities		131,964	4,786,988	131,964	4,786,988
Cash received from dividend of an associated company		81,659,592	41,476,050	81,659,592	41,476,050
Proceeds from transfer of business to					
an associated company	36	71,819,196	58,180,804	71,819,196	58,180,804
Net cash provided by (used in) investing activities		<u>162,379,385</u>	<u>(25,969,484)</u>	<u>141,431,127</u>	<u>(33,210,750)</u>

**SEAMICO SECURITIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2011	2010	2011	2010
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Cash received from non-controlling interest for increase					
in share capital of subsidiary		1,000,000	-	-	-
Cash received from increase in share capital		60,000,000	-	60,000,000	-
Cash received from excess share subscription		31,919,794	-	31,919,794	-
Cash received from sale of treasury stock		10,566,788	-	10,566,788	-
Cash paid for reduction of share capital		-	(401,456,040)	-	(401,456,040)
Cash paid for treasury stock	19.1	-	(21,912,449)	-	(21,912,449)
Cash paid for dividend		(312,436)	-	(312,436)	-
Net cash provided by (used in) financing activities		<u>103,174,146</u>	<u>(423,368,489)</u>	<u>102,174,146</u>	<u>(423,368,489)</u>
Net increase (decrease) in cash and cash equivalents		183,298,880	(96,667,324)	190,590,869	(76,567,814)
Cash and cash equivalents as at January 1,		<u>166,798,655</u>	<u>263,465,979</u>	<u>147,228,783</u>	<u>223,796,597</u>
<b>Cash and cash equivalents as at December 31,</b>	<b>6</b>	<b><u>350,097,535</u></b>	<b><u>166,798,655</u></b>	<b><u>337,819,652</u></b>	<b><u>147,228,783</u></b>
<b>Non-cash items</b>					
Decrease in payable for intangible assets		-	(1,407,500)	-	-
Decrease in payable for equipment		-	(15,000)	-	-
Transfer of work in process to intangible assets		-	135,000	-	-
Increase in transfer of assets for debt settlement	14	4,873,120	-	4,873,120	-
Increase in surplus on re-measuring available-for-sale					
investments (net of tax)		3,883,927	5,343,074	3,883,927	5,343,074
Treasury stock cancelled	19.1	17,575,264	10,147,500	17,575,264	10,147,500
Stock dividend	20	39,966,109	-	39,966,109	-

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

**SEAMICO SECURITIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**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 16<sup>th</sup> Floor (Room 1601), 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

Seamico Asset Management Co., Ltd., a subsidiary, operates its business in Thailand and has been granted permission to manage mutual fund, private fund and provident fund.

As at December 31, 2011 and 2010, the Company has one head office.

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.

However, the Company continues as a listed securities company which most business are related to investment and have activity in securities business which is not competitive with KT ZMICO Securities Co., Ltd.

## 2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

- 2.1 The Company prepares its financial statements in conformity with Thai Financial Reporting Standards and practices generally accepted in Thailand, where the format of financial statements is based on Thai Accounting Standard No. 1 (Revised 2009) “Presentation of Financial Statements”, 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”, which is effective for the financial statements for the accounting periods beginning on or after January 1, 2011 onwards. The financial statements for the year ended December 31, 2010, presented for comparison, have been reclassified accordingly (see Notes 4.1 and 37).
- 2.2 The consolidated financial statements for the year ended December 31, 2011 include the accounts of the Company and Seamico Asset Management Co., Ltd., which the Company has a holding of 75% in its equity. The consolidated financial statements for the year ended December 31, 2010 include the accounts of the Company and Seamico Asset Management Co., Ltd., which the Company has a holding of 100% in its equity. Significant transactions and balances between the Company and the subsidiary have been eliminated.

Additionally, the consolidated financial statements for the year ended December 31, 2011 and 2010 also included interest in an associated company’s equity which is determined from the financial statements of KT ZMICO Securities Co., Ltd.

## 3. NEW AND REVISED THAI FINANCIAL REPORTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Federation of Accounting Professions has issued the Notifications regarding the new and revised Thai Financial Reporting Standards (TFRS), which will become effective for the financial statements for the accounting periods beginning on or after January 1, 2013 onwards 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 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 Shareholder

The management of the Company and its subsidiary anticipates that the Company and its subsidiary will adopt the above Thai Financial Reporting Standards relevant to the Company in the preparation of financial statements of the Company and its subsidiary when they become effective. The Company's management is in the process of assessing the impact of these standards on the financial statements for the period in which they are initially applied. However, the Company and its subsidiary have elected to early adopt TAS 12 "Income Taxes".

#### **4. ADOPTION OF NEW AND REVISED THAI FINANCIAL REPORTING STANDARDS**

Since January 1, 2011, the Company, its subsidiary and associated company have adopted the new and revised Thai Financial Reporting Standards (TFRS) issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2011 onwards, in preparation and presentation of interim financial statements. Such TFRS have no significant impact to the Company, its subsidiary and associated company's financial statements except for the following TFRS.

##### **4.1 TAS 1 (Revised 2009) "Presentation of Financial Statements"**

TAS 1 (Revised 2009) "Presentation of Financial Statements" changed requirements about the presentation in the financial statements. Therefore it affected the reclassification in the consolidated and separate financial statements for the year ended December 31, 2010, presented for comparison (see Notes 2.1 and 37).

##### **4.2 TAS 19 "Employee Benefits"**

Since January 1, 2011, the Company, its subsidiary and associated company have adopted TAS 19 "Employee Benefits" for the first time (see Note 5.14).

The Company, its subsidiary and associated company elected to recognize past service costs with respect to post-employment benefits obligation by adjusting the retained earnings as at January 1, 2011, which is in compliance with the transitional provision of such standard.

Effects of the change in accounting policy to the statements of financial position as at January 1, 2011 are summarized as follows:

	<b>CONSOLIDATED FINANCIAL STATEMENTS Baht</b>	<b>SEPARATE FINANCIAL STATEMENTS Baht</b>
Investment in an associated company - decrease (see Note 10)	18,359,248	-
Post-employment benefits obligation - increase (see Note 16)	2,222,679	1,827,825
Retained earnings brought forward as at January 1, 2011 - decrease	20,581,927	1,827,825

For unused paid vacation leave, the Company and its subsidiary adjusted the effects prospectively and the associated company adjusted the retained earnings as at January 1, 2011 without restatement to the financial statements because the effects are not material.

## 5. SIGNIFICANT ACCOUNTING POLICIES

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

Significant accounting policies adopted by the Company and its subsidiary are summarized below:

### 5.1 Revenue and expense recognition

#### Brokerage fees

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

#### Fees and service income

Fees are recognized as income on an accrual basis and service income is recognized on the basis of percentage of completion, as specified in the service agreement.

#### Interest on margin loans

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

In the following cases, collectability of loans and interest is held to be uncertain.

- 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 this is clear evidence and a high degree of certainty that full repayment will be received
- 4) Problem financial institution loans
- 5) Other receivables from which interest payment is overdue for 3 months or more

These conditions are based on the guidelines stipulated by the Office of Securities and Exchange Commission.

Gain (loss) on trading in securities and derivatives

Gain (loss) on trading in securities and derivatives are recognized as income or expenses on the transaction dates.

Interest and dividend on investments in securities

Interest on investments is recognized as income on an accrual basis. Dividend on investments is recognized as income when the dividend is declared.

Expenses

Expenses are recognized on an accrual basis.

## 5.2 Interest on borrowing

Interest on borrowing is recognized as expense on an accrual basis.

## 5.3 Recognition and amortization of customer deposits

Money which customers have placed with the Company in cash accounts and credit balance for securities trading is recorded as the assets and liabilities of the Company for internal control purposes. As at the balance sheet date, the Company writes these amounts off from both assets and liabilities and presents only assets and liabilities which belong to the Company.



#### 5.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, current accounts, saving accounts, time deposit with no more than 3 months remaining to maturity and without commitments, call note receivables and term note receivables maturing within 3 months. This accords with the Notification issued by the Office of the Securities and Exchange Commission.

#### 5.5 Investments in debt and equity securities

Investments in securities held for trading are determined at fair value. Gain or loss arising from change in value of securities is included in the statements of 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 as separate item in shareholders' equity until securities are sold, then, the change shall be included in the statements of income.

Investments in debt securities due within one year and expected to be held to maturity are determined at amortized cost.

The premium/discount on debt securities is amortized using the effective rate method with the amortized amount presented as an adjustment to interest income.

Investments in non-marketable equity securities, which the Company holds as general investments, are valued at cost, net of allowance for impairment (if any).

Loss on impairment (if any) of investments in available-for-sale securities and general investments are included in determining earnings when the carrying amount exceeds its recoverable value.

The fair value of marketable securities is based on the latest bid price of the last working day of the period as quoted on the Stock Exchange of Thailand. The fair value of unit trust is determined from its net asset value. The fair value of debentures is calculated by using the latest bid yield as quoted by the Thai Bond Market Association.

#### 5.6 Investments in subsidiary and associated companies

Investments in subsidiary and associated companies are accounted for under the cost method in the separate financial statement net of allowances for impairment (if any).

Investments in associated companies are accounted for under the equity method in the consolidated financial statements.

## 5.7 Receivable and payable from/to Clearing House

Net balances of receivable or payable incurred from settlement of securities trading each day through Thailand Securities Depository Co., Ltd., the securities clearing house, are presented as net balance receivable or payable from/to Clearing House in accordance with the announcement of the Office of the Securities and Exchange Commission No. Sor Tor/Nor. 26/2549, dated June 29, 2006, regarding “The Form of Financial Statements for Securities Companies”.

## 5.8 Securities and derivatives business receivables and allowance for doubtful accounts

Securities and derivatives business receivables comprise 3 categories which are receivables from securities and derivatives businesses of cash accounts, loan for securities purchases and other receivables. Receivables from securities and derivatives businesses of cash accounts are the receivables that were derived from cash settlements within 3 working days and 1 working day, respectively, after the securities and derivatives purchasing date. Loans for securities purchases are accounts that debtors are granted loans for securities purchasing with collaterals at the rate which is not lower than the rate required by the Stock Exchange of Thailand. Other receivables include overdue receivables from securities and derivatives businesses of cash accounts and restructured or installment receivables.

The allowance for doubtful accounts on securities and derivatives 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. The Company has provided an allowance for doubtful debts based on a review of debtor’s repayment capability, taking into consideration risk in recovery and value of collateral. An allowance will be set aside for doubtful debts not fully covered by collateral and/or debtors which are expectable not to be recovered in full. Such debt classifications and provisions are in accordance with guidelines of the Office of the Securities and Exchange Commission as follows:

- a) Assets classified as loss are to satisfy the following criteria:
  - 1) Loan balances which the Company has already made every effort to collect, but which remain unpaid and which the Company has already written off in accordance with tax law
  - 2) Loan balances which the Company has forgiven

- b) Doubtful debt is defined as the uncollateralized portion of the value of a debt which meets the following criteria:
- 1) General loans, problem financial institution loans, and other loans for which the collateral value is less than the loan balance
  - 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 clear evidence and a high degree of certainty that full repayment will be received
- c) Substandard debt is defined as the collateralized portion of loans which meet the criteria in b).

Loans classified as loss will be written off when identified. Provision will be set aside for loans classified as doubtful at not less than 100% of the loan balances.

## 5.9 Building improvement and equipment

Building improvement and equipment are stated at cost less accumulated depreciation.

Depreciation is calculated by reference to its cost on a straight-line basis over the following estimated useful lives:

Building improvement	5 years
Office equipment	3 - 5 years
Vehicles	5 years

### Impairment

Assets are reviewed for impairment whenever events of changes in circumstances indicate 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 statements of income immediately.

Gains and losses on disposals are determined by comparing proceeds with carrying amount of building improvement and equipment. These are included in the statements of income.

## 5.10 Assets classified as held for sale

Assets are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and the assets are available for immediate sale in its present condition.

Assets held for sale consist of immovable property and golf membership which is stated at the lower price of cost amount or fair value after deducting cost of sale. Loss from impairment will be recorded as expense in the statement of income.

Gain or loss on disposals of assets classified as held for sale is recognized in the statements of income at the date of disposal.

#### 5.11 Intangible assets

Intangible assets which definite useful life are stated at cost less accumulated amortization.

Amortization is charged to the statement of income on a straight-line basis over its estimated useful life as follows.

Computer software	5 years
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Intangible assets with indefinite useful life consist of deferred license fees which are tested for impairment annually and whenever there is an indication that the intangible assets may be impaired and allowance for impairment is recognized (if any).

#### 5.12 Securities and derivatives business payables

Securities and derivatives business payables are the obligations of the Company in respect of its securities and derivatives businesses with outside parties, such as the net payable balances of cash accounts.

#### 5.13 Long-term lease

##### 1) 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 income over the lease term

##### 2) Finance lease

Lease in which substantially all the risks and rewards of ownership other than legal title are transferred to the Company is accounted for as finance lease. At inception, the fair value of the leased assets is recorded together with the obligation. The leased assets are depreciated using the straight-line method over their estimated useful lives. Interest or financial charge is recognized by effective interest rate method over the term of contracts. Interest or financial charge and depreciation are recognized as expenses in the statement of income.

## 5.14 Employee benefits

### 5.14.1 Provident fund

The Company and its subsidiary set up a provident fund which is a defined contribution plan. Assets of the provident fund have been separated from assets of the Company and its subsidiary and managed by the fund manager. The fund has been contributed by the employee and also the Company and its subsidiary. The contributions for provident fund are recorded as expense in the statements of comprehensive income for the period they incur.

### 5.14.2 Post-employment benefits

The Company and its subsidiary operate post-employment benefits plans under the Thai Labor Protection Act. Such employee benefits are calculated based on actuarial assumptions at the end of reporting period using Projected Unit Credit Method, which is estimated 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. Discount rate used in calculation of the post-employment benefits obligation is referred from the yield curve of government bond. Gains or losses from changes in estimate are recognized in the statements of comprehensive income for the period they incur. Expenses related to employee benefits are recognized in the statements of comprehensive income in order to allocate such costs throughout the service period. However, for the first-time adoption of TAS 19 “Employee Benefits”, the Company and its subsidiary elected to recognize past service costs with respect to post-employment benefits obligation by adjusting the retained earnings as at January 1, 2011, which is in compliance with the transitional provision of such standard (see Note 4.2).

### 5.14.3 Unused paid vacation leave

The Company and its subsidiary recognize the expected cost of short-term employee benefits in the form of accumulating unused paid vacation leave when the employees render service that increases their entitlement to future paid vacation leave. The expected cost of accumulating unused paid vacation leave is measured as the additional amount that the Company and its subsidiary expect to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

## 5.15 Provisions

The Company and its subsidiary recognize provisions in the financial statements when the amount of the liability can be reliably estimated and it is current commitment that is probable that loss of resources which are of economic benefit to the Company and its subsidiary will result from settlement of such commitments.

#### 5.16 Income tax

The Company and its subsidiary have early adopted Thai Accounting Standard No.12 “Income Taxes”.

Income tax expenses is based on the taxable profit multiplied by the tax rate that has been enacted at the balance sheet date and adjusted by the effect of deferred income tax accounting.

Deferred income tax is provided on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, using the tax rates enacted or substantially enacted at the end of reporting period. Deferred tax asset is recognized to the extent that it is probable that the future taxable profit will be available against which the temporary differences can be utilized.

#### 5.17 Earnings (loss) per share

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

During the periods, the Company has no potential ordinary share for calculating diluted earnings (loss) per share.

#### 5.18 Foreign currency transaction

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency at the end of reporting period are translated to Thai Baht at the exchange rate prevailing at the end of reporting period. Gain and loss resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of comprehensive income.

#### 5.19 Risk management and prevention

Financial instruments carried in the balance sheet include cash and cash equivalents, investments in debt and equity securities and securities business receivables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.



## 5.20 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and closed members of family of these individuals and companies associated with these individuals also constitute related parties.

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

## 5.21 Accounting estimates

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

## 6. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Cash, short-term deposits and promissory notes				
with original maturity less than 3 months	368,558,334	189,121,355	356,218,450	169,513,480
<u>Less Cash deposits held for customers*</u>	<u>(18,460,799)</u>	<u>(22,322,700)</u>	<u>(18,398,798)</u>	<u>(22,284,697)</u>
Total cash and cash equivalents	<u>350,097,535</u>	<u>166,798,655</u>	<u>337,819,652</u>	<u>147,228,783</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 December 31, 2011 and 2010, the Company had deposits at financial institutions and promissory notes held for customers in the consolidated statements of financial position in amounting to Baht 18.46 million and Baht 22.32 million, respectively, and the separate statements of financial position in amounting to Baht 18.40 million and Baht 22.28 million, respectively, which the Company must return to the customers at call.

As at December 31, 2011 and 2010, the securities business cash customers and credit balance of 1,143 accounts and 1,356 accounts, respectively, and derivatives business receivables of 91 accounts and 96 accounts, respectively, which were transferred to KT ZMICO Securities Co., Ltd. (see Note 36) 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 8.88 million and Baht 12.70 million, respectively, deposits for derivatives business of Baht 1.20 million and Baht 1.26 million, respectively and shares with the values of Baht 571.47 million and Baht 638.52 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.

## 7. SECURITIES BUSINESS RECEIVABLES - NET

As at December 31, 2011 and 2010, the Company has securities business receivables as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2011 Baht	As at December 31, 2010 Baht
Other receivables		
Receivables under litigation	263,768,556	130,901,691
Instalment receivables	7,091	7,091
Other receivables	406,140	156,106,704
Total securities business receivables	264,181,787	287,015,486
<u>Less</u> Allowance for doubtful accounts (see Note 8)	<u>(261,483,547)</u>	<u>(285,666,332)</u>
Total	<u>2,698,240</u>	<u>1,349,154</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:

	As at December 31, 2011			As at December 31, 2010		
	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	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
Substandard debts	2,698,240	-	2,698,240	1,349,154	-	1,349,154
Doubtful debts	261,483,547	(261,483,547)	-	285,666,332	(285,666,332)	-
Total	264,181,787	(261,483,547)	2,698,240	287,015,486	(285,666,332)	1,349,154

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 December 31, 2011 Baht	As at December 31, 2010 Baht
Over 1 year to 3 years	70,412,299	279,509,432
Over 3 years	193,769,488	7,506,054
Total	264,181,787	287,015,486

## 8. ALLOWANCE FOR DOUBTFUL ACCOUNTS

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2011 Baht	As at December 31, 2010 Baht
Beginning balances of the years	285,666,332	286,481,115
Doubtful accounts (reversal)	(1,349,086)	14,236,148
Bad debt recovery	(7,879,120)	(15,050,931)
Bad debt written-off	(14,954,579)	-
Ending balances of the years (see Note 7)	261,483,547	285,666,332

## 9. INVESTMENTS - NET

9.1 As at December 31, 2011 and 2010, the Company has investments in equity securities classified by investment type as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
	As at December 31, 2011		As at December 31, 2010	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value
	Baht	Baht	Baht	Baht
<u>Trading securities</u>				
Equity securities - Listed securities	-	-	6,375,368	4,726,566
<u>Less</u> Revaluation adjustments	-	-	(1,648,802)	-
Total trading securities - net	-	-	4,726,566	4,726,566
<u>Available-for-sale securities</u>				
Equity securities - Listed securities	2,989,828	2,989,828	-	-
Mutual fund	40,650,105	54,898,544	40,650,105	51,385,567
Total	43,639,933	57,888,372	40,650,105	51,385,567
<u>Add</u> Revaluation adjustments	14,248,439	-	10,735,462	-
Total available-for-sale securities - net	57,888,372	57,888,372	51,385,567	51,385,567
<u>General investments</u>				
Ordinary shares	156,517,201	85,273,650	178,298,668	81,028,144
Preference shares	125,000	125,000	125,000	125,000
Total	156,642,201	85,398,650	178,423,668	81,153,144
<u>Less</u> Allowance for impairment	(71,243,551)	-	(97,270,524)	-
Total general investments - net	85,398,650	85,398,650	81,153,144	81,153,144
Total investments - net	143,287,022	143,287,022	137,265,277	137,265,277

On October 29, 2009, the Board of Directors' meeting No. 7/2009 approved to sell all investment in Thanh Cong Securities Company J.S.C. ("TCSC"), a securities company in Vietnam, which is classified as general investment, to KT ZMICO Securities Company Limited, an associated company. Subsequently, the Company has changed the selling plan, therefore, on February 28, 2011, the Company entered into an agreement with MAC Capital Limited for the latter to identify potential purchasers of investment in TCSC, provide the Company with preliminary offers from the purchasers and also assist and co-ordinate with the Company and the purchasers to complete the sale (see Note 33.5).

On May 12, 2011, the Board of Directors' meeting No. 2/2011 acknowledged the progress of the sale of such investment from MAC Capital Limited that it still cannot identify the purchasers. As at December 31, 2011, the Company has suspended the sale of such investment. However, as at December 31, 2011 and 2010, the Company recorded an allowance for impairment for such investment in the amount of Baht 71.24 million and Baht 75.48 million, respectively.

## 9.2 Gain (loss) on investments

	CONSOLIDATED FINANCIAL STATEMENTS For the years ended December 31,		SEPARATE FINANCIAL STATEMENTS For the years ended December 31,	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Unrealized gain (loss) on re-measuring trading investments	1,648,802	(2,944,724)	1,648,802	(2,944,724)
Gain on sale of trading investments	228,117	6,730,728	228,117	6,730,728
Gain on sale of available-for-sale investments	-	1,327,587	-	1,327,587
Gain on sale of general investments	1,000	-	1,000	-
Loss on reclassification of trading investments to available-for-sale investments	(3,385,540)	-	(3,385,540)	-
Gain on disposal of partial interest in subsidiary	-	-	1,003,468	-
Total	<u>(1,507,621)</u>	<u>5,113,591</u>	<u>(504,153)</u>	<u>5,113,591</u>

## 9.3 Interest and dividend from investments in debt and equity securities

	CONSOLIDATED FINANCIAL STATEMENTS For the years ended December 31,		SEPARATE FINANCIAL STATEMENTS For the years ended December 31,	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Interest income	-	2,171,402	-	2,171,402
Dividend	146,964	1,507,224	81,806,556	42,983,274
Total	<u>146,964</u>	<u>3,678,626</u>	<u>81,806,556</u>	<u>45,154,676</u>

## 9.4 Surplus on re-measuring available-for-sale investments recognized in owners' equity

	CONSOLIDATED FINANCIAL STATEMENTS As at December 31,		SEPARATE FINANCIAL STATEMENTS As at December 31,	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Beginning balance of the period	7,514,824	2,171,750	7,514,824	2,171,750
Changes during the period				
- from deferred tax adjustment	370,950	(2,496,721)	370,950	(2,496,721)
- from re-measuring of investments	3,512,977	7,837,462	3,512,977	7,837,462
- from sale of investments	-	2,333	-	2,333
Ending balance of the period	<u>11,398,751</u>	<u>7,514,824</u>	<u>11,398,751</u>	<u>7,514,824</u>

9.5 As at December 31, 2011 and 2010, the Company has general investments in companies that have financial position and performance problems as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS					
	As at December 31, 2011			As at December 31, 2010		
	Cost/ Book value	Fair value	Allowance for loss on impairment	Cost/ Book value	Fair value	Allowance for loss on impairment
	Baht	Baht	Baht	Baht	Baht	Baht
Ordinary shares	7,808	930	6,878	21,789,274	869	21,788,405
	<u>7,808</u>	<u>930</u>	<u>6,878</u>	<u>21,789,274</u>	<u>869</u>	<u>21,788,405</u>

## 10. INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES - NET

As at December 31, 2011 and 2010, 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	CONSOLIDATED FINANCIAL STATEMENTS							
			Paid-up capital		% of voting right		Cost method		Equity method	
			As at December 31, 2011	As at December 31, 2010	As at December 31, 2011	As at December 31, 2010	As at December 31, 2011	As at December 31, 2010	As at December 31, 2011	As at December 31, 2010
			Million Baht	Million Baht	%	%	Million Baht	Million Baht	Million Baht	Million Baht
<b>Associate</b>										
KT ZMICO Securities Co., Ltd.	Securities business	Ordinary share								
Balance before adjusted			1,838	1,838	49.54	49.54	1,087.5	1,087.5	1,177.7	1,185.1
Effect of change in accounting policy of an associated company (see Note 4.2)							-	-	(18.4)	-
Balance after adjusted							<u>1,087.5</u>	<u>1,087.5</u>	<u>1,159.3</u>	<u>1,185.1</u>

## SEPARATE FINANCIAL STATEMENTS

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	
			December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,
			2011	2010	2011	2010	2011	2010	2011	2010	
			Million Baht	Million Baht	%	%	Million Baht	Million Baht	Million Baht	Million Baht	
<b>Subsidiary</b>											
Seamico Asset Management Co., Ltd.	Mutual, private and provident fund management	Ordinary share	152	130	75	100	114	130.0	15.6	31.0	
<u>Less</u> Allowance for impairment							(98.4)	(99.0)	-	-	
							15.6	31.0	15.6	31.0	
<b>Associate</b>											
KT ZMICO Securities Co., Ltd.	Securities business	Ordinary share	1,838	1,838	49.54	49.54	1,087.5	1,087.5	1,177.7	1,185.1	
Balance before adjusted			1,838	1,838	49.54	49.54	1,087.5	1,087.5	1,177.7	1,185.1	
Effect of change in accounting policy of an associated company (see Note 4.2)							-	-	(18.4)	-	
Balance after adjusted							1,087.5	1,087.5	1,159.3	1,185.1	
Total – net							1,103.1	1,118.5	1,174.9	1,216.1	

Summarized financial information in respect of an associated company is set out below:

	<b>As at December 31, 2011 Million Baht</b>	<b>As at December 31, 2010 Million Baht</b>
Total assets	4,279.1	4,470.9
Total liabilities	(2,267.4)	(2,407.3)
Net assets	<u>2,011.7</u>	<u>2,063.6</u>
	<b>For the year ended December 31, 2011 Million Baht</b>	<b>For the year ended December 31, 2010 Million Baht</b>
Total revenue	1,554.6	1,646.6
Net income for the period	150.9	223.1
Net other comprehensive loss for the period	(1.0)	(2.7)
Share of profit of an associated company accounted for under equity method	74.8	110.5
Share of other comprehensive loss of an associated company	(0.5)	(1.3)
Dividend from an associated company	81.7	41.5

During the year 2008, the Company has a partnership plan to develop securities business with Krung Thai Bank Plc., using KT ZMICO Securities Co., Ltd. as a joint venture vehicle. According to such plan, the Company invested in KT ZMICO Securities Co., Ltd.'s ordinary shares so that KT ZMICO Securities Co., Ltd. has become the Company's associate. As at December 31, 2011 and 2010, the Company has 49.54% of voting rights in KT ZMICO Securities Co., Ltd.

On September 6, 2011, the Company disposed of 25% of investment in Seamico Asset Management Co., Ltd., the subsidiary, to Evolution Capital Public Company Limited. The Company has already received the consideration for such investment of Baht 7.68 million with difference arising on disposal of Baht 1 million. As at December 31, 2011, the paid-up share capital of the subsidiary is Baht 152 million, consisting of 15,200,000 ordinary shares of Baht 10 each, held by the Company and Evolution Capital Public Company Limited 75% and 25%, respectively.



## 11. BUILDING IMPROVEMENT AND EQUIPMENT - NET

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at	Increase	Decrease	Balance as at
	December 31,			December 31,
	2010			2011
	Baht	Baht	Baht	Baht
<b>Cost</b>				
Building improvement	2,012,836	-	-	2,012,836
Office equipment	12,466,927	71,462	(4,866,392)	7,671,997
Vehicles	934,030	-	-	934,030
Total cost	<u>15,413,793</u>	<u>71,462</u>	<u>(4,866,392)</u>	<u>10,618,863</u>
<b>Accumulated depreciation</b>				
Building improvement	(1,469,156)	(402,567)	-	(1,871,723)
Office equipment	(10,607,300)	(945,851)	4,866,385	(6,686,766)
Vehicles	(724,194)	(186,806)	-	(911,000)
Total accumulated depreciation	<u>(12,800,650)</u>	<u>(1,535,224)</u>	<u>4,866,385</u>	<u>(9,469,489)</u>
<b>Total building improvement and equipment - net</b>	<u>2,613,143</u>	<u>(1,463,762)</u>	<u>(7)</u>	<u>1,149,374</u>

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at	Increase	Decrease	Balance as at
	December 31,			December 31,
	2009			2010
	Baht	Baht	Baht	Baht
<b>Cost</b>				
Building improvement	2,012,836	-	-	2,012,836
Office equipment	11,640,288	826,639	-	12,466,927
Vehicles	934,030	-	-	934,030
Total cost	<u>14,587,154</u>	<u>826,639</u>	<u>-</u>	<u>15,413,793</u>
<b>Accumulated depreciation</b>				
Building improvement	(1,066,589)	(402,567)	-	(1,469,156)
Office equipment	(9,400,373)	(1,206,927)	-	(10,607,300)
Vehicles	(537,388)	(186,806)	-	(724,194)
Total accumulated depreciation	<u>(11,004,350)</u>	<u>(1,796,300)</u>	<u>-</u>	<u>(12,800,650)</u>
<b>Total building improvement and equipment - net</b>	<u>3,582,804</u>	<u>(969,661)</u>	<u>-</u>	<u>2,613,143</u>

### Depreciation for the years ended December 31,

2011	<u>1,535,224</u>
2010	<u>1,796,300</u>

	SEPARATE FINANCIAL STATEMENTS			
	Balance as at	Increase	Decrease	Balance as at
	December 31, 2010			December 31, 2011
	Baht	Baht	Baht	Baht
<b>Cost</b>				
Office equipment	5,351,395	27,820	(4,866,392)	512,823
Total cost	5,351,395	27,820	(4,866,392)	512,823
<b>Accumulated depreciation</b>				
Office equipment	(5,022,235)	(150,925)	4,866,385	(306,775)
Total accumulated depreciation	(5,022,235)	(150,925)	4,866,385	(306,775)
<b>Total building improvement and equipment - net</b>	<b>329,160</b>	<b>(123,105)</b>	<b>(7)</b>	<b>206,048</b>
	SEPARATE FINANCIAL STATEMENTS			
	Balance as at	Increase	Decrease	Balance as at
	December 31, 2009			December 31, 2010
	Baht	Baht	Baht	Baht
<b>Cost</b>				
Office equipment	5,247,075	104,320	-	5,351,395
Total cost	5,247,075	104,320	-	5,351,395
<b>Accumulated depreciation</b>				
Office equipment	(4,880,615)	(141,620)	-	(5,022,235)
Total accumulated depreciation	(4,880,615)	(141,620)	-	(5,022,235)
<b>Total building improvement and equipment - net</b>	<b>366,460</b>	<b>(37,300)</b>	<b>-</b>	<b>329,160</b>
<b>Depreciation for the years ended December 31,</b>				
2011				150,925
2010				141,620

As at December 31, 2011 and 2010, the consolidated and separate financial statements had certain building improvements and equipment items that have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 3.92 million and Baht 8.57 million, respectively (The separate financial statements : Nil and Baht 4.87 million, respectively).

## 12. INTANGIBLE ASSETS - NET

### CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2011

	Useful lives	Beginning balance Baht	Additions Baht	Amortization Baht	Write-off/ Transfer out Baht	Ending balance Baht
Deferred license fees						
Mutual fund management	Indefinite*	803,836	-	-	-	803,836
Derivatives business	Indefinite*	3,320,548	-	-	-	3,320,548
Private fund management	Indefinite*	464,109	-	-	-	464,109
Computer software	5 years	5,489,714	8,100	(1,506,198)	(7)	3,991,609
Total		10,078,207	8,100	(1,506,198)	(7)	8,580,102

### CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

	Useful lives	Beginning balance Baht	Additions Baht	Amortization Baht	Write-off/ Transfer out Baht	Ending balance Baht
Deferred license fees						
Mutual fund management	Indefinite*	803,836	-	-	-	803,836
Derivatives business	Indefinite*	3,320,548	-	-	-	3,320,548
Private fund management	Indefinite*	464,109	-	-	-	464,109
Computer software	5 years	6,193,194	638,482	(1,476,962)	135,000	5,489,714
Computer software work under installation	-	135,000	-	-	(135,000)	-
Total		10,916,687	638,482	(1,476,962)	-	10,078,207

#### Amortization for the years ended December 31,

2011	1,506,198
2010	1,476,962

### SEPARATE FINANCIAL STATEMENTS

As at December 31, 2011

	Useful lives	Beginning balance Baht	Additions Baht	Amortization Baht	Write-off/ Transfer out Baht	Ending balance Baht
Deferred license fees						
Derivatives business	Indefinite*	3,320,548	-	-	-	3,320,548
Computer software	5 years	21,262	-	(4,913)	(7)	16,342
Total		3,341,810	-	(4,913)	(7)	3,336,890

## SEPARATE FINANCIAL STATEMENTS

As at December 31, 2010

	Useful lives	Beginning balance Baht	Additions Baht	Amortization Baht	Write-off/ Transfer out Baht	Ending balance Baht
Deferred license fees						
Derivatives business	Indefinite*	3,320,548	-	-	-	3,320,548
Computer software	5 years	7	24,567	(3,312)	-	21,262
Total		3,320,555	24,567	(3,312)	-	3,341,810

## Amortization for the years ended December 31,

2011	4,913
2010	3,312

\* Deferred license fees have indefinite useful lives as they have no expiring date and they are expected to contribute to the Company and its subsidiary's net cash inflows indefinitely.

As at December 31, 2011, there is no computer software items which have been fully amortized but are still in use in the separate financial statements. However, for the consolidated financial statements, the original cost before deducting accumulated amortization of computer software items, which have been fully amortized but are still in use is Baht 0.03 million.

As at December 31, 2010, the Company has certain computer software items which have been fully amortized but are still in use. The original cost, before deducting accumulated amortization, of those intangible assets amounted to Baht 5.77 million in the consolidated and separate financial statements.

## 13. DEFERRED INCOME TAX - NET

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2011 Baht	As at December 31, 2010 Baht	As at December 31, 2011 Baht	As at December 31, 2010 Baht
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	1,641,387	2,466,581	1,641,387	2,466,581
Allowance for impairment of investments	36,410,009	62,711,869	36,410,009	62,711,869
Unrealized loss on re-measuring trading investments	421,360	494,640	421,360	494,640
Cumulative tax loss	1,156,988	7,346,845	1,156,988	7,346,845
Other assets	28,357	42,536	28,357	42,536
Unrealized gain on transfer of business to an associated company	25,694,320	41,084,084	-	-
	<u>65,352,421</u>	<u>114,146,555</u>	<u>39,658,101</u>	<u>73,062,471</u>
<b>Deferred tax liabilities</b>				
Unrealized gain on re-measuring available-for-sale investments	2,849,688	3,220,638	2,849,688	3,220,638
Amortization of derivative license	232,054	198,082	232,054	198,082
	<u>3,081,742</u>	<u>3,418,720</u>	<u>3,081,742</u>	<u>3,418,720</u>
Deferred tax assets – net	<u>62,270,679</u>	<u>110,727,835</u>	<u>36,576,359</u>	<u>69,643,751</u>

The movements of deferred income tax are as follows:

CONSOLIDATED FINANCIAL STATEMENTS				
	As at January 1, 2011	Items as recognized in profit or loss (see Note 31)	Items as recognized in other comprehensive income	As at December 31, 2011
	Baht	Baht	Baht	Baht
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	2,466,581	(825,194)	-	1,641,387
Allowance for impairment of investments	62,711,869	(26,301,860)	-	36,410,009
Unrealized loss on re-measuring trading investments	494,640	(73,280)	-	421,360
Cumulative tax loss	7,346,845	(6,189,857)	-	1,156,988
Other assets	42,536	(14,179)	-	28,357
Unrealized gain on transfer of business to an associated company	41,084,084	(15,389,764)	-	25,694,320
	<u>114,146,555</u>	<u>(48,794,134)</u>	<u>-</u>	<u>65,352,421</u>
<b>Deferred tax liabilities</b>				
Unrealized gain on re-measuring available-for-sale investments	3,220,638	-	(370,950)	2,849,688
Amortization of derivative license	198,082	33,972	-	232,054
	<u>3,418,720</u>	<u>33,972</u>	<u>(370,950)</u>	<u>3,081,742</u>
Deferred tax assets – net	<u>110,727,835</u>	<u>(48,828,106)</u>	<u>370,950</u>	<u>62,270,679</u>

CONSOLIDATED FINANCIAL STATEMENTS				
	As at January 1, 2010	Items as recognized in profit or loss (see Note 31)	Items as recognized in other comprehensive income	As at December 31, 2010
	Baht	Baht	Baht	Baht
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	2,264,432	202,149	-	2,466,581
Allowance for impairment of investments	28,350,906	34,360,963	-	62,711,869
Amortization of underwriting license	732,877	(732,877)	-	-
Reserve for retention bonus	8,491,060	(8,491,060)	-	-
Unrealized loss on re-measuring investments				
- Trading	391,894	102,746	-	494,640
- Available-for-sale	583	-	(583)	-
Cumulative tax loss	7,251,115	95,730	-	7,346,845
Other assets	35,446	7,090	-	42,536
Unrealized gain on transfer of business to an associated company	27,843,201	13,240,883	-	41,084,084
	<u>75,361,514</u>	<u>38,785,624</u>	<u>(583)</u>	<u>114,146,555</u>
<b>Deferred tax liabilities</b>				
Unrealized gain on re-measuring investments				
- Trading	715,874	(715,874)	-	-
- Available-for-sale	724,500	-	2,496,138	3,220,638
Amortization of derivative license	40,069	158,013	-	198,082
	<u>1,480,443</u>	<u>(557,861)</u>	<u>2,496,138</u>	<u>3,418,720</u>
Deferred tax assets - net	<u>73,881,071</u>	<u>39,343,485</u>	<u>(2,496,721)</u>	<u>110,727,835</u>

	SEPARATE FINANCIAL STATEMENTS			
	As at January 1, 2011	Items as recognized in profit or loss (see Note 31)	Items as Recognized in other comprehensive income	As at December 31, 2011
	Baht	Baht	Baht	Baht
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	2,466,581	(825,194)	-	1,641,387
Allowance for impairment of investments	62,711,869	(26,301,860)	-	36,410,009
Unrealized loss on re-measuring trading investments	494,640	(73,280)	-	421,360
Cumulative tax loss	7,346,845	(6,189,857)	-	1,156,988
Other assets	42,536	(14,179)	-	28,357
	<u>73,062,471</u>	<u>(33,404,370)</u>	<u>-</u>	<u>39,658,101</u>
<b>Deferred tax liabilities</b>				
Unrealized gain on re-measuring available-for-sale investments	3,220,638	-	(370,950)	2,849,688
Amortization of derivative license	198,082	33,972	-	232,054
	<u>3,418,720</u>	<u>33,972</u>	<u>(370,950)</u>	<u>3,081,742</u>
Deferred tax assets – net	<u>69,643,751</u>	<u>(33,438,342)</u>	<u>370,950</u>	<u>36,576,359</u>

	SEPARATE FINANCIAL STATEMENTS			
	As at January 1, 2010	Items as recognized in profit or loss (see Note 31)	Items as recognized in other comprehensive income	As at December 31, 2010
	Baht	Baht	Baht	Baht
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	2,264,432	202,149	-	2,466,581
Allowance for impairment of investments	28,350,906	34,360,963	-	62,711,869
Amortization of underwriting license	732,877	(732,877)	-	-
Reserve for retention bonus	8,491,060	(8,491,060)	-	-
Unrealized loss on re-measuring investments				
- Trading	391,894	102,746	-	494,640
- Available-for-sale	583	-	(583)	-
Cumulative tax loss	7,251,115	95,730	-	7,346,845
Other assets	35,446	7,090	-	42,536
	<u>47,518,313</u>	<u>25,544,741</u>	<u>(583)</u>	<u>73,062,471</u>
<b>Deferred tax liabilities</b>				
Unrealized gain on re-measuring investments				
- Trading	715,874	(715,874)	-	-
- Available-for-sale	724,500	-	2,496,138	3,220,638
Amortization of derivative license	40,069	158,013	-	198,082
	<u>1,480,443</u>	<u>(557,861)</u>	<u>2,496,138</u>	<u>3,418,720</u>
Deferred tax assets - net	<u>46,037,870</u>	<u>26,102,602</u>	<u>(2,496,721)</u>	<u>69,643,751</u>

On October 11, 2011, the Cabinet announced the change in the corporate income tax rate to be reduced from 30% to 23% for accounting period ending December 31, 2012 or after, and to 20% for accounting period ending December 31, 2013 onwards. Therefore, the Company has adjusted deferred tax assets and liabilities by adjusting deferred income tax expense (see Note 31) and other comprehensive income.

**14. ASSETS CLASSIFIED AS HELD FOR SALE - NET**

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2011 Baht	As at December 31, 2010 Baht
Land	160,257,466	160,257,466
Condominium	4,873,120	-
Golf membership	200,000	200,000
	<u>165,330,586</u>	<u>160,457,466</u>
<u>Less</u> Allowance for impairment	<u>(141,786)</u>	<u>(141,786)</u>
Total assets classified as held for sale – net	<u>165,188,800</u>	<u>160,315,680</u>

The Company received the land, condominium and golf membership in settlement of debtors in bill of exchange that had matured but unable to be redeemed by the issuer and margin loans accounts. At present, the Company is in process to find the potential buyers.

**15. OTHER ASSETS**

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2011 Baht	As at December 31, 2010 Baht	As at December 31, 2011 Baht	As at December 31, 2010 Baht
Accrued interest income	31,986	11,975	-	-
Prepaid insurance	110,876	256,037	107,294	252,408
Prepaid repair and maintenance	123,539	70,130	-	-
Other deposits	557,002	835,202	194,627	472,827
Fund management fee and service income receivables	591,226	567,898	-	-
Accrued income from an associated company on transfer of business (see Note 36)	70,000,000	71,819,196	70,000,000	71,819,196
Corporate income tax claim receivable	639,305	781,909	62,393	318,157
Value-added-tax receivable	3,175,902	2,691,235	-	-
Others	1,382,977	1,980,581	499,787	867,715
Total	<u>76,612,813</u>	<u>79,014,163</u>	<u>70,864,101</u>	<u>73,730,303</u>



## 16. EMPLOYMENT BENEFITS OBLIGATION

Employment benefits obligation consists of the following:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2011 Baht	As at December 31, 2010 Baht	As at December 31, 2011 Baht	As at December 31, 2010 Baht
Post-employment benefits obligation	2,702,409	-	2,101,079	-
Unused paid vacation leave	441,657	-	262,952	-
	<u>3,144,066</u>	<u>-</u>	<u>2,364,031</u>	<u>-</u>

### Post-employment benefits obligation

The Company and its subsidiary operate post-employment benefits plans under the Thai Labor Protection Act, which are considered as unfunded defined benefit plans.

Amounts recognized in the statements of comprehensive income in respect of the post-employment benefits plans are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended December 31, 2011 Baht	For the years ended December 31, 2010 Baht	For the years ended December 31, 2011 Baht	For the years ended December 31, 2010 Baht
Current service cost	390,823	-	200,141	-
Interest cost	88,907	-	73,113	-
	<u>479,730</u>	<u>-</u>	<u>273,254</u>	<u>-</u>

Movements in the present value of the post-employment benefits obligation are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended December 31, 2011 Baht	For the years ended December 31, 2010 Baht	For the years ended December 31, 2011 Baht	For the years ended December 31, 2010 Baht
Beginning balance of post-employment benefits obligation	-	-	-	-
Add Adjustment due to change in accounting policy (see Note 4.2)	2,222,679	-	1,827,825	-
Beginning balance of post-employment benefits obligation - as adjusted	2,222,679	-	1,827,825	-
Current service cost	390,823	-	200,141	-
Interest cost	88,907	-	73,113	-
Ending balance of post-employment benefits obligation	<u>2,702,409</u>	<u>-</u>	<u>2,101,079</u>	<u>-</u>

The principle actuarial assumptions used to calculate the obligation under the post-employment benefits plans as at December 31, 2011 are as follows:

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS  
(% p.a.)**

**Financial assumptions**

Discount rate	4.0
Employee turnover rate	10.0 - 20.0 subject to the range of age of employee
Expected rate of salary increase	5.0 - 7.0

For the first-time adoption of TAS 19 “Employee Benefits”, the Company and its subsidiary elected to recognize past service costs with respect to post-employment benefits obligation by adjusting the retained earnings as at January 1, 2011 (see Note 4.2).

## 17. OTHER LIABILITIES

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Withholding tax payable	4,447,449	19,344,305	4,365,599	19,159,682
Value-added-tax payable	188,695	188,695	188,695	188,695
Other payables	7,006,417	7,791,990	6,355,376	7,050,810
Amounts of capital reduction not redeemed by shareholders (see Note 18)	1,064,066	5,344,026	1,064,066	5,344,026
Others	5,165,103	4,644,149	4,823,444	4,593,952
Total	<u>17,871,730</u>	<u>37,313,165</u>	<u>16,797,180</u>	<u>36,337,165</u>

## 18. SHARE CAPITAL

On April 21, 2010, the ordinary shareholders’ meeting of year 2010 has passed the following resolutions:

- (1) Approved of decreasing the Company’s authorized share capital from Baht 1,083,833,521 to Baht 833,895,131 and cancelling the issuance of 249,938,390 new ordinary shares which were reserved for the exercise of the shareholder’s warrants, the Directors and employees’ warrants III, and the ESOP warrants offering the Company’s employees due to the warrants were expired.
- (2) Approved an amendment of Clause 4 of the Memorandum of Association in order to comply with the decrease of capital. The authorized share capital of Baht 1,083,833,521 was decreased to Baht 833,895,131 equivalent to 833,895,131 shares at a par value of Baht 1 each.

The Company registered the decrease of authorized share capital and amendment of the Company's Memorandum of Association with the Ministry of Commerce on April 30, 2010.

On August 30, 2010, the extraordinary shareholders' meeting No. 1/2010 has passed the following resolutions:

- (1) Approved the reduction of authorized and issued and paid-up share capital of the Company from Baht 833,895,131 to Baht 416,947,565 by reducing the par value of the Company's shares from Baht 1 per share to Baht 0.50 per share to return capital to the Company's shareholders.
- (2) Approved an amendment of Clause 4 of the Memorandum of Association in order to comply with the reduction of authorized and paid-up share capital by reducing the par value of the Company's shares.

In addition, the Company reduced the value of treasury stock as at December 31, 2010 of 20,295,000 shares with the rate of Baht 0.50 per share, totalling Baht 10,147,500 to comply with the reduction of authorized and issued and paid-up share capital mentioned above. The Company also transferred the appropriation of treasury stock to appropriated retained earnings in the amount of Baht 10,147,500.

The Company registered the decrease of authorized and paid-up share capital and amended the Company's Memorandum of Association with the Ministry of Commerce on December 22, 2010.

As at December 31, 2011 and 2010, there were the amounts of capital reduction paid to shareholders but not redeemed by the shareholders of Baht 1,064,066 and Baht 5,344,026, respectively, presented as a part of other liabilities in the statements of financial position (see Note 17).

On May 12, 2011, the Board of Directors' meeting of the Company No.2/2011 passed a resolution to decrease its paid-up share capital by writing off 11,207,900 treasury shares that could not be sold through the Stock Exchange of Thailand during specified period. On June 16, 2011, the Company registered the decrease in its share capital with the Ministry of Commerce (see Note 19.1).

The Company recognized the difference of Baht 11.97 million resulting from the decreasing of its capital, which has a par value of Baht 0.5 per share by means of writing off of the treasury shares with an average purchase price of Baht 1.57 per share, under the caption of "Premium on treasury shares" in owners' equity.

On December 15, 2011, the extraordinary shareholders' meeting No. 1/2011 has passed the resolution to increase the Company's authorized share capital by Baht 100,000,000 from the existing authorized share capital of Baht 411,343,616 to Baht 511,343,616 by issuing up to 200,000,000 new ordinary shares, at the par value of Baht 0.50 per share to be allocated as follows:

- (1) To allocate up to 80,000,000 newly issued ordinary shares of the Company, with a par value of Baht 0.50 per share, to accommodate the dividend payment by issuing ordinary shares of the Company at the ratio of 10.170001 existing shares for 1 new share.
- (2) To allocate up to 120,000,000 newly issued ordinary shares of the Company, with a par value of Baht 0.50 per share, to the existing shareholders of the Company pro rata to their shareholding, at the ratio of 6.780001 existing shares for 1 new share (any remainder shall be disregarded), at the offering price of Baht 0.50 per share.

Also, the meeting approved the amendment of Clause 4 of the Company's Memorandum of Association in order to be consistent with such increase of the Company's authorized share capital.

According to such increase in authorized share capital, the Company has received paid-up share capital as follows.

- (1) From stock dividend payment of 79,932,217 shares with a par value of Baht 0.50 per share, totaling 39,966,109 Baht (see Note 20). The Company has already registered such increase of its share capital and amended the Company's Memorandum of Association with the Ministry of Commerce on December 30, 2011.
- (2) From the sale of newly issued ordinary shares to the existing shareholders of the Company of 120,000,000 shares with a par value of Baht 0.50 per share, totaling 60,000,000 Baht. As at December 31, 2011, this amount is recorded as share subscription received in advance in the statements of financial position. The Company has already registered such increase of its share capital with the Ministry of Commerce on January 5, 2012.

As at December 31, 2011, there is the amount of share subscription payable of Baht 31.92 million, presented as a liability in the statement of financial position.

In addition, during the year ended December 31, 2011, the Company has resold treasury stocks of 9,087,100 shares to the Stock Exchange of Thailand in accordance with the resolution of the Board of Directors' meeting No. 6/2009 held on August 27, 2009, which determined the resale price not less than 85% of the average closing price of shares for the preceding 5 business days, totaling Baht 10.57 million. The discount from resale of treasury stocks is Baht 3.68 million (see Note 19).

Weighted average number of ordinary shares as at December 31, is calculated as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS For the years ended December 31,	
	2011 Shares	2010 Shares
Beginning balance of ordinary shares	833,895,131	833,895,131
<u>Less</u> Beginning balance of treasury stocks	(20,295,000)	(9,087,100)
<u>Add</u> Stock dividend (see Note 20)	79,932,217	79,932,217
Beginning balance of ordinary shares held by outside parties	893,532,348	904,740,248
<u>Add</u> Weighted average treasury stocks sold during the period	269,118	-
<u>Less</u> Weighted average additional treasury stocks repurchased during the period	-	(4,772,644)
Weighted average number of ordinary shares held by outside parties as at December 31,	<u>893,801,466</u>	<u>899,967,604</u>

## Net asset value

As at December 31, 2011 and 2010, net asset value per share, which was determined by dividing equity attributable to owners of the parent by the number of issued and paid-up shares which net of the number of treasury stocks at the end of reporting date as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2011 Baht	As at December 31, 2010 Baht	As at December 31, 2011 Baht	As at December 31, 2010 Baht
Net asset value (per share)	1.93	2.05	2.00	2.05

## 19. TREASURY STOCK

19.1 Movements of treasury stocks during the years ended December 31, 2011 and 2010 are as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS For the year ended December 31, 2011				
	Beginning balance	Additional repurchase	Resale (at cost) (see Note 18)	Cancellation/ Write-off (at cost) (see Note 18)	Ending balance
Numbers of shares (shares)	20,295,000	-	(9,087,100)	(11,207,900)	-
Amounts (Baht)	31,824,872	-	(14,249,608)	(17,575,264)	-

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS					
For the year ended December 31, 2010					
	Beginning balance	Additional repurchase	Resale (at cost) (see Note 18)	Cancellation/ Write-off (at cost) (see Note 18)	Ending balance
Numbers of shares (shares)	9,087,100	11,207,900	-	-	20,295,000
Amounts (Baht)	20,059,923	21,912,449	-	(10,147,500)	31,824,872

19.2 Movements of premium on treasury shares during the years ended December 31, 2011 and 2010 are as follows:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
For the year ended December 31, 2011				
	Beginning balance Baht	Increase Baht	Decrease Baht	Ending balance Baht
Premium on treasury shares – ordinary shares	15,518,880	-	(15,518,880)	-

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
For the year ended December 31, 2010				
	Beginning balance Baht	Increase Baht	Decrease Baht	Ending balance Baht
Premium on treasury shares – ordinary shares	15,518,880	-	-	15,518,880

## 20. DIVIDEND

On December 15, 2011, the extraordinary shareholders' meeting No. 1/2011 passed the resolution to pay dividend as follows.

- Stock dividend at the rate of 10.170001 ordinary shares per 1 stock dividend, equalling to Baht 0.04916420054 per share, totalling 79,932,217 shares or Baht 39.97 million.
- Cash dividend at the rate of Baht 0.00546268890 per share, equalling to Baht 4.44 million.

The Company has already paid total dividend of Baht 44.41 million on December 28, 2011.

On April 28, 2011, the ordinary shareholders' meeting of the year 2011 passed the resolution to approve not to pay dividend in respect of the operating result for the year ended December 31, 2010.

On April 21, 2010, the ordinary shareholders' meeting of the year 2010 passed the resolution to approve not to pay dividend in respect of the operating result for the year ended December 31, 2009.



## 21. CAPITAL MANAGEMENT

The objectives of capital management of the Company and its subsidiary are to sustain the Company and its subsidiary's ability to continue as a going concern in order to generate returns to the shareholders and benefits for other stakeholders and also to maintain an optimal capital structure.

In addition, the Company and its subsidiary have to maintain their net liquid capital and equity to meet the requirements of the Office of the Securities and Exchange Commission and Thailand Clearing House Co., Ltd. ("TCH"). However, as at December 31, 2011 and 2010, 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 Notes 1 and 36).

## 22. PREMIUM ON SHARE CAPITAL

The share premium account is set up under the provisions of Section 51 of the Public Companies Act. B.E. 2535, which requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

## 23. STATUTORY RESERVE

Under the Public Limited Company Act. B.E. 2535, section 116, the Company is required to set aside as a statutory reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The statutory reserve is not available for dividend distribution.

As at December 31, 2011 and 2010, the Company has statutory reserve at the rate of 21 percent and 26 percent of authorized share capital, respectively.



## 24. RESERVE FOR TREASURY STOCK

Under Section 66/1(2) of the Public Limited Companies Act. B.E. 2535, public limited companies may repurchase their shares for the purpose of financial management when they have retained earnings and excess liquidity. Also, such share repurchase must not cause them to face a financial difficulty. The announcement of the Judicial Council No.756/2547 and the letter No. Gor Lor Tor. Chor Sor. (Vor) 2/2548 of the Office of the Securities and Exchange Commission, dated February 14, 2005, concerning the acquisition of treasury shares have set a rule for treasury stocks that companies can purchase back treasury shares in an amount not exceeding the amount of its retained earnings and have to appropriate retained earnings as reserve for treasury stocks equal to the amount paid for treasury stocks until either the entire treasury stocks have been sold or the companies reduce their paid-up share capital by writing-off the unsold treasury stocks. In addition, according to the Federation of Accounting Professions' announcement No. Sor.SorVorBorChor. 016/2548 dated February 4, 2005, it requires companies that have treasury stocks to have retained earnings not less than the amount of the treasury stocks remaining in the account. In the event the retained earnings were appropriated for dividend, the retained earnings after the dividend payment should not be less than the treasury stocks remaining in the account.

As at December 31, 2011, the Company reversed Baht 31.82 million in appropriated retained earnings for treasury shares, after writing off and resale of the treasury shares (see Note 19.1).

As at December 31, 2010, the Company has appropriated the retained earnings as the treasury stock reserve for the whole amount of Baht 31.82 million.

## 25. FEE AND SERVICE INCOME

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended December 31,		For the years ended December 31,	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Financial advisory fees	-	4,566,200	-	4,566,200
Private fund management, mutual fund management and provident fund management	7,238,858	8,216,553	-	-
Total	<u>7,238,858</u>	<u>12,782,753</u>	<u>-</u>	<u>4,566,200</u>

## 26. FEE AND SERVICE EXPENSES

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the years ended		For the years ended	
	December 31,		December 31,	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Fees for private fund, mutual fund and derivative licenses	500,000	500,000	-	-
Others	4,063,927	6,710,392	-	1,145,244
<b>Total</b>	<b>4,563,927</b>	<b>7,210,392</b>	<b>-</b>	<b>1,145,244</b>

## 27. DIRECTORS AND MANAGERMENTS' REMUNERATION

Directors' remuneration represents 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 2011 was approved by the ordinary shareholders' meetings of the Company and its subsidiary held on April 28, 2011 and April 26, 2011, respectively. Directors' remuneration for the year 2010 was approved by the ordinary shareholders' meetings of the Company and its subsidiary held on April 21, 2010 and April 29, 2010, respectively.

## 28. OTHER EXPENSES

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the years		For the years	
	ended December 31,		ended December 31,	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Entertainment expenses	353,373	277,086	220,795	148,401
Publication and marketing expenses	2,173,836	2,202,450	688,977	1,101,583
Traveling expenses	1,333,279	1,086,364	1,150,396	868,907
SET fee	2,766,676	2,784,779	2,766,676	2,784,779
Stationery and office supply	697,021	433,513	189,721	116,868
Taxes and duties	141,682	235,323	15,467	213,445
Legal fee	2,680,269	1,930,039	2,680,269	1,930,039
Others	4,529,414	4,409,409	2,856,921	2,815,571
<b>Total</b>	<b>14,675,550</b>	<b>13,358,963</b>	<b>10,569,222</b>	<b>9,979,593</b>

## 29. PROVIDENT FUND

The Company and its subsidiary set up a provident fund for those employees who elected to participate. The contributions from the employees are deducted from their monthly salaries, and the Company and its subsidiary match the individuals' contributions. The provident fund are managed by MFC Asset Management Public Company Limited, which granted the license by Government to be an authorized fund manager in accordance with the Provident Fund Act B.E. 2530.

For the years ended December 31, 2011 and 2010, the Company has contributed Baht 0.5 million and Baht 0.5 million, respectively, to the fund and the subsidiary has contributed Baht 0.5 million and Baht 0.4 million, respectively, to the fund.

## 30. IMPAIRMENT LOSS FROM SECURITIES (REVERSAL)

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended December 31,		For the years ended December 31,	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Impairment loss from equity securities (reversal)	(4,245,506)	65,472,212	(4,245,506)	65,472,212
Impairment loss from investment in subsidiary	-	-	29,743,735	30,163,728
Total	<u>(4,245,506)</u>	<u>65,472,212</u>	<u>25,498,229</u>	<u>95,635,940</u>

## 31. CORPORATE INCOME TAX

According to the Royal Decree No. 475 B.E. 2551 issued under the Revenue Code regarding the corporate income tax rate deduction effective on August 7, 2008, the corporate income tax for listed companies in the Stock Exchange of Thailand has been reduced from 30% to 25% of net profit which does not exceed Baht 300 million. This will remain in effect for three consecutive accounting periods beginning on or after January 1, 2008. Therefore, the Company has used a tax rate of 30% and 25% for the corporate income tax calculations for the years ended December 31, 2011 and 2010, respectively, to conform to such tax rate change.

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended December 31,		For the years ended December 31,	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Income tax - income (expense) (see Note 13)	(48,828,106)	39,343,485	(33,438,342)	26,102,602
Total	<u>(48,828,106)</u>	<u>39,343,485</u>	<u>(33,438,342)</u>	<u>26,102,602</u>

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

	CONSOLIDATED FINANCIAL STATEMENTS For the years ended December 31,		SEPARATE FINANCIAL STATEMENTS For the years ended December 31,	
	2011 Baht	2010 Baht	2011 Baht	2010 Baht
Income (loss) before tax	69,375,418	27,933,131	105,491,450	(15,530,088)
Tax rate	30%	25%, 30%	30%	25%
The result of the account profit (loss) multiplied by the income tax rate - income (expenses)	(20,812,625)	(6,983,282)	(31,647,435)	3,882,522
Effect of the change in income tax rate from 25% to 30%	-	18,991,412	-	12,144,065
Effect of the change in income tax rate from 30% to 23% and 20%	(29,045,726)	-	(16,198,566)	-
Tax effect of the non-deductible income and expense	16,017,287	27,335,355	19,010,201	10,076,015
Effect of the temporary difference not recognized as deferred tax assets	(12,698,667)	-	(2,314,167)	-
Loss carried forward not recognized as deferred tax assets	(2,288,375)	-	(2,288,375)	-
Income tax - income (expense) (see Note 13)	<u>(48,828,106)</u>	<u>39,343,485</u>	<u>(33,438,342)</u>	<u>26,102,602</u>

## 32. 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 December 31, 2011 and 2010 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2011 Baht	As at December 31, 2010 Baht	As at December 31, 2011 Baht	As at December 31, 2010 Baht
<b>Subsidiary</b>				
Seamico Asset Management Co., Ltd.				
Investment in subsidiary - net (see Note 10)	-	-	15,586,112	31,007,579
Investment in mutual fund managed by subsidiary (see Note 9.1)	54,898,544	51,385,567	54,898,544	51,385,567
<b>Associate</b>				
KT ZMICO Securities Co., Ltd.				
Investment in associate (see Note 10)	1,159,348,495	1,185,067,357	1,087,504,850	1,087,504,850
Other receivables from transfer of business (see Note 36)	70,000,000	71,819,196	70,000,000	71,819,196
Other receivables	-	236,935	-	236,935
Other payables	465,862	-	465,862	-
<b>Related companies</b>				
<b>Under common directors</b>				
Quam Limited				
Other payables	-	10,538	-	10,538
Thanh Cong Securities Company J.S.C.				
Investment in ordinary shares - net (see Note 9.1)	84,783,969	80,538,525	84,783,969	80,538,525

Significant transactions with related parties for the years ended December 31, 2011 and 2010 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS		Pricing policy
	For the years ended December 31,		For the years ended December 31,		
	2011	2010	2011	2010	
	Baht	Baht	Baht	Baht	
<b>Subsidiary</b>					
Seamico Asset Management Co., Ltd.					
Redeem investment in private fund	-	26,551,873	-	26,551,873	Value of investment
Private fund management fee expenses	-	-	-	62,701	At rate determined under the contract at 0.4 percent per annum of net asset value of fund managed
Investment in ordinary shares	-	-	21,000,000	10,000,000	2011 : 2.1 million shares at 10 Bath per share 2010 : 8 million shares at 1.25 Bath per share
<b>Associate</b>					
KT ZMICO Securities Co., Ltd.					
Service expenses	1,800,000	1,800,000	1,800,000	1,800,000	At the rate determined under the contract of Baht 150,000 per month (see Note 33.1)
Rental expenses	594,036	594,036	594,036	594,036	At the rate determined under the contract of Baht 49,503 per month (see Note 33.2)
Income from transfer of business	70,000,000	71,819,196	70,000,000	71,819,196	At the rate determined under the contract (see Note 36)
<b>Related companies</b>					
<b>Under common directors</b>					
Quam Limited					
Office rental	573,418	1,128,913	573,418	1,128,913	At the rate determined under the contract of HKD 22,941 per month (see Note 33.4)
Thanh Cong Securities Company J.S.C.					
Financial advisory fee received	-	4,566,200	-	4,566,200	At the rate determined under the contract total amount of USD 420,218 which the payment will be made periodically within 12 months in amount of USD 35,018 per month (see Note 33.3)
Evolution Capital Public Company Limited					
Cash received from disposal of partial interest in subsidiary	-	-	7,681,200	-	3.7 million shares, at Baht 2.076 per share (see Note 10)

For the years ended December 31, 2011 and 2010, compensations paid to key management personnel under TAS 24 (Revised 2009) “Related Party Disclosures” are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the years		For the years	
	ended December 31,		ended December 31,	
	2011	2010	2011	2010
	Baht	Baht	Baht	Baht
Short-term employee benefits	9,892,850	21,572,800	5,863,900	16,570,800
Post-employment benefits	380,792	-	261,013	-
Total	<u>10,273,642</u>	<u>21,572,800</u>	<u>6,124,913</u>	<u>16,570,800</u>

### 33. COMMITMENTS

#### Transactions with related parties

- 33.1 On May 28, 2009, the Company entered into the agreement with KT ZMICO Securities Co., Ltd. for management service of accounting, 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.
- 33.2 On May 1, 2009, the Company entered into the agreement with KT ZMICO Securities Co., Ltd. for rental office at 16<sup>th</sup> Floor (No. 1601), Liberty Square, for operating business in amount of Baht 49,503 per month. The term of agreement is from May 1, 2009 to January 31, 2010 and the Company has continued the agreement to January 31, 2013.
- 33.3 On March 20, 2009, the Company entered into the agreement with Thanh Cong Securities Company J.S.C. (“TCSC”), a securities company in Vietnam. According to the agreement, the Company will provide advisory and other services to TCSC in order to develop technical proficiency and improve potential in international investment banking, securities market and research including distribute the research information of TCSC in Vietnam and overseas through Seamico’s network. The term of agreement is one year and the Company will receive such service fee in total amount of USD 420,218, which the payment will be made periodically within 12 months in amount of USD 35,018 per month. The amount mentioned is net with related taxes in Vietnam.



- 33.4 On October 19, 2009, the Company entered into the licensing agreement with Quam Limited for office rental in Hong Kong. The term of agreement is 6 months for the period from October 19, 2009 to April 18, 2010 and automatically renew on a monthly basis. The Company agreed to pay a monthly fee at the rate of HKD 22,941. The Company has cancelled the agreement since July 11, 2011.
- 33.5 On February 28, 2011, the Company entered into an agreement with MAC Capital Limited for the latter to identify potential purchasers of investment in Thanh Cong Securities Company J.S.C. (“TCSC”), provide the Company with preliminary offers from the purchasers and also assist and co-ordinate with the Company and the purchasers to complete the sale. The Company agreed to pay the fee of 3 percent of the selling price. This fee will only be paid if the transaction is completed successfully. The initial term of the agreement will be up to a period of 6 months from the commencement date and can be extended by mutual agreement. The agreement is exclusive to MAC Capital Limited to provide financial advisory service for the sale of such investment. As at December 31, 2011, the agreement has already expired.
- 33.6 On May 12, 2009, the Board of Director’s meeting No. 5/2009 had a resolution to approve the payment of retention bonus to employees transferred from the Company to continue their works at KT ZMICO Securities Co., Ltd. totalling of Baht 111 million. The payments will be made periodically within 18 months by payment every 6 months start from proportion 20 : 20 : 20 : 40, respectively, started from June 2009 to December 31, 2010 with the condition that such payment will be made to employees who have status as the KT ZMICO Securities Co., Ltd.’s staff at the payment date. The payment is paid according to the commitment under employment transfer agreement. As at December 31, 2010, the Company had paid all amount of the retention bonus to employees.

#### Transactions with other business parties

- 33.7 As at December 31, 2011 and 2010, the Company and its subsidiary have the following outstanding rental and service commitments under long-term lease agreements for its office building, equipment and vehicle.

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2011 Million Baht	As at December 31, 2010 Million Baht	As at December 31, 2011 Million Baht	As at December 31, 2010 Million Baht
Within 1 year	2.0	3.2	-	1.6
Over 1 year to 5 years	1.1	2.2	-	0.4
Total	<u>3.1</u>	<u>5.4</u>	<u>-</u>	<u>2.0</u>

- 33.8 As at December 31, 2011 and 2010, the Company has a letter of guarantee issued by a bank of Baht 2.26 million for the use of telephone lines.

### 34. BUSINESS/GEOGRAPHICAL SEGMENT INFORMATION

The Company's operation involves mainly in securities brokering and service provision and its subsidiary's operation involves in securities and providing asset management services. They are operated only in Thailand, accordingly, no business/geographical area segmental information is presented.

### 35. 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 December 31, 2011 and 2010, 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).

Also, according to the Notification of the Securities and Exchange Commission No. KorKhor. 7/2551, Re: Determination of Paid-Up Registered Capital of Securities Company, the securities company licensed to undertake securities business in the category of securities brokerage, excluding the securities company licensed to undertake securities brokerage of debt securities or investment units, shall have paid-up registered capital of not less than Baht 500 million, effective from January 1, 2012 onwards. The Company has already proceeded accordingly.

## 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 December 31, 2011 and 2010, the subsidiary’s financial statements showed owners’ equity amounting of Baht 20.78 million and Baht 31.01 million, respectively, which is less than the specified warning level. The subsidiary has reported to the Office of the Securities and Exchange Commission (“SEC”) already on January 5, 2012 and February 1, 2012, regarding the progress of the plan to recover its owners’ equity to the level not lower than Baht 30 million. On January 23, 2012, the extraordinary shareholders’ meeting No. 1/2012 of the subsidiary has passed a special resolution to increase its share capital of Baht 30 million by issuing additional 3 million ordinary shares with the par of Baht 10 at the price Baht 10 each. The additional share capital of the subsidiary will be offered proportionately to the existing shareholders. Such capital increase will be done in 2 phases. On January 30, 2012, the subsidiary has already increased its authorized share capital of Baht 20 million. For the remaining Baht 10 million, the Board of Directors of the subsidiary will process later (see Note 38).

Additionally, the Company has given a letter of undertaking dated February 10, 2012 to the subsidiary to confirm that it will continue providing the financial support to the subsidiary for the next 12 months from the date of such letter to enable the subsidiary to maintain capital adequacy under the requirement of the Office of the Securities and Exchange Commission.

The periods of time from the end of reporting period to the maturity dates of financial instruments as of December 31, 2011 and 2010 are as follows:

**Unit: Million Baht**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2011**

**Outstanding balances of net financial instruments**

	<b>At call</b>	<b>Within 1 year</b>	<b>1 - 5 years</b>	<b>Over 5 years</b>	<b>Not limit</b>	<b>Non-performing receivables</b>	<b>Total</b>
<b>Financial assets</b>							
Cash and cash equivalents	220	10	-	-	120	-	350
Securities business receivables	-	-	-	-	-	264	264
Investments - net	-	-	-	-	143	-	143
<b>Total</b>	<b>220</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>263</b>	<b>264</b>	<b>757</b>

**Unit: Million Baht**

**CONSOLIDATED FINANCIAL STATEMENTS**  
**As at December 31, 2010**

**Outstanding balances of net financial instruments**

	<b>At call</b>	<b>Within 1 year</b>	<b>1 - 5 years</b>	<b>Over 5 years</b>	<b>Not limit</b>	<b>Non-performing receivables</b>	<b>Total</b>
<b>Financial assets</b>							
Cash and cash equivalents	100	15	-	-	52	-	167
Securities business receivables	-	-	-	-	-	287	287
Investments - net	-	-	-	-	137	-	137
<b>Total</b>	<b>100</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>189</b>	<b>287</b>	<b>591</b>

**Unit: Million Baht**

**SEPARATE FINANCIAL STATEMENTS**  
**As at December 31, 2011**

**Outstanding balances of net financial instruments**

	<b>At call</b>	<b>Within 1 year</b>	<b>1 - 5 years</b>	<b>Over 5 years</b>	<b>Not limit</b>	<b>Non-performing receivables</b>	<b>Total</b>
<b>Financial assets</b>							
Cash and cash equivalents	220	-	-	-	118	-	338
Securities business receivables	-	-	-	-	-	264	264
Investments - net	-	-	-	-	143	-	143
<b>Total</b>	<b>220</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>261</b>	<b>264</b>	<b>745</b>

**Unit: Million Baht**

**SEPARATE FINANCIAL STATEMENTS**  
**As at December 31, 2010**

**Outstanding balances of net financial instruments**

	<b>At call</b>	<b>Within 1 year</b>	<b>1 - 5 years</b>	<b>Over 5 years</b>	<b>Not limit</b>	<b>Non-performing receivables</b>	<b>Total</b>
<b>Financial assets</b>							
Cash and cash equivalents	100	-	-	-	47	-	147
Securities business receivables	-	-	-	-	-	287	287
Investments - net	-	-	-	-	137	-	137
<b>Total</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>184</b>	<b>287</b>	<b>571</b>

## 35.2 Significant financial instruments risk

As at December 31, 2011 and 2010, the Company and its subsidiary have not speculated in or engaged in trading of any off-financial position financial derivatives instruments.

### 35.2.1 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 and it will affect the operation results of the Company and its subsidiary and their cash flows:

Unit : Million Baht

#### CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2011

Outstanding balances of net financial instruments

Repricing or maturity dates

	Floating		Within 1 year	1-5 years	Over 5 years	Non- performing receivables	No interest	Total	Interest rate (Percent)	
	interest rate	At call							Floating rate	Fixed rate
<b>Financial assets</b>										
Cash and cash equivalents	15	220	10	-	-	-	105	350	0.60 - 1.75	3.12 - 4.00
Securities business receivables	-	-	-	-	-	264	-	264	-	-
Investments – net	-	-	-	-	-	-	143	143	-	-
<b>Total</b>	<b>15</b>	<b>220</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>264</b>	<b>248</b>	<b>757</b>		

Unit : Million Baht

#### CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2010

Outstanding balances of net financial instruments

Repricing or maturity dates

	Floating		Within 1 year	1-5 years	Over 5 years	Non- performing receivables	No interest	Total	Interest rate (Percent)	
	interest rate	At call							Floating rate	Fixed rate
<b>Financial assets</b>										
Cash and cash equivalents	32	100	15	-	-	-	20	167	0.25-1.25	1.85-1.89
Securities business receivables	-	-	-	-	-	287	-	287	-	-
Investments – net	-	-	-	-	-	-	137	137	-	-
<b>Total</b>	<b>32</b>	<b>100</b>	<b>15</b>	<b>-</b>	<b>-</b>	<b>287</b>	<b>157</b>	<b>591</b>		

Unit : Million Baht

## SEPARATE FINANCIAL STATEMENTS

As at December 31, 2011

## Outstanding balances of net financial instruments

## Repricing or maturity dates

	Floating interest rate	At call	Within 1 year	1-5 years	Over 5 years	Non- performing receivables	No interest	Total	Interest rate (Percent)	
									Floating rate	Fixed rate
<b>Financial assets</b>										
Cash and cash equivalents	13	220	-	-	-	-	105	338	0.60 – 1.75	3.12
Securities business receivables	-	-	-	-	-	264	-	264	-	-
Investments – net	-	-	-	-	-	-	143	143	-	-
<b>Total</b>	<b>13</b>	<b>220</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>264</b>	<b>248</b>	<b>745</b>		

Unit : Million Baht

## SEPARATE FINANCIAL STATEMENTS

As at December 31, 2010

## Outstanding balances of net financial instruments

## Repricing or maturity dates

	Floating interest rate	At call	Within 1 year	1-5 years	Over 5 years	Non- performing receivables	No interest	Total	Interest rate (Percent)	
									Floating rate	Fixed rate
<b>Financial assets</b>										
Cash and cash equivalents	27	100	-	-	-	-	20	147	0.25-1.10	1.89
Securities business receivables	-	-	-	-	-	287	-	287	-	-
Investments - net	-	-	-	-	-	-	137	137	-	-
<b>Total</b>	<b>27</b>	<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>287</b>	<b>157</b>	<b>571</b>		

The average yield on average financial asset balances and average cost of funds on average financial liabilities for interest bearing financial instruments are presented in the following table:

Unit : Baht			
CONSOLIDATED FINANCIAL STATEMENTS			
As at December 31, 2011			
Financial Instruments	Average balance	Interest income	Average yield (Percent)
<b>Financial assets</b>			
Cash and cash equivalents	476,190,854	6,025,886	1.27
Securities business receivables	3,822,546	-	-

Unit : Baht			
CONSOLIDATED FINANCIAL STATEMENTS			
As at December 31, 2010			
Financial Instruments	Average balance	Interest income	Average yield (Percent)
<b>Financial assets</b>			
Cash and cash equivalents	477,564,348	6,645,686	1.39
Securities business receivables	4,400,581	-	-
Investments in debt securities	99,038,843	2,167,198	2.19

Unit : Baht			
SEPARATE FINANCIAL STATEMENTS			
As at December 31, 2011			
Financial Instruments	Average balance	Interest income	Average yield (Percent)
<b>Financial assets</b>			
Cash and cash equivalents	450,066,423	5,742,753	1.28
Securities business receivables	3,822,546	-	-

Unit : Baht			
SEPARATE FINANCIAL STATEMENTS			
As at December 31, 2010			
Financial Instruments	Average balance	Interest income	Average yield (Percent)
<b>Financial assets</b>			
Cash and cash equivalents	453,344,277	6,298,108	1.39
Securities business receivables	4,400,581	-	-
Investments in debt securities	99,038,843	2,167,198	2.19



### 35.2.2 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to fulfill an obligation causing the Company and its subsidiary to incur a financial loss. The financial assets of the Company and its subsidiary are not subject to significant concentration of credit risk. The maximum credit risk exposure is the carrying amount of the financial assets, less provision for losses, as stated in the statements of financial position.

### 35.2.3 Foreign exchange risk

As at December 31, 2011 and 2010, the Company and its subsidiary do not have any material financial instruments in foreign currency.

### 35.2.4 Market situation risk

The Company's exposure to market situation risk is the risk that volatility on the Stock Exchange of Thailand and The Thailand Futures Exchange will substantially reduce the value of the Company's investments. However, the Company manages such risk at acceptable levels through risk management policies as well as a risk monitoring function.

### 35.2.5 Fair value

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

The approximate fair values of most financial assets and financial liabilities are based on the amounts recognized in the statements 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 the quoted market price in the Stock Exchange of Thailand. For general investments in non-listed equity securities, fair values are estimated from net asset value. For held-to-maturity debt securities, fair values are estimated by using discounted cash flows analyzes based on current interest rates and remaining time to maturity.

As at December 31, 2011 and 2010, the fair values of financial assets and financial liabilities are not significantly different from their book values.

### 36. 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 will receive returns from the transfer of business in the total amount of Baht 500 million and returns from transfer of margin loan accounts at the value on the transferring date.

On May 4, 2009, the Company received returns from the transfer of business of Baht 300 million and returns from transfer of margin loan accounts of Baht 687 million (the value of margin loan accounts on the transferring date is Baht 834 million). The remaining returns of Baht 147 million were received in June 2009 and July 2009. Such receivables had already signed the open account agreements with KT ZMICO Securities Co., Ltd.

Subsequently, on March 29, 2010 and March 31 2011, the Company received additional consideration regarding the transfer of business of Baht 58.18 million and Baht 71.82 million, respectively, because the results of operations (earnings before interest, tax, depreciation and amortization (“EBITDA”)) of KT ZMICO Securities Co., Ltd. met the criteria specified in the agreement.

The Company will receive the remaining consideration of Baht 70 million within 15 days from the date on which the KT ZMICO Securities Co., Ltd.’s shareholders meeting approve the financial statements of year 2011 providing that EBITDA of KT ZMICO Securities Co., Ltd. for year 2011 is not less than Baht 400 million. In case where EBITDA of year 2011 is less than Baht 400 million, the receipt will be adjusted on a pro-rata basis based on the comparison of (a) the actual EBITDA from 2009 to 2011 with (b) the estimated 3-year-period EBITDA in the amount of Baht 1,000 million providing that such adjusted outstanding payment shall be deducted by the amount that has already been received and the total amount received shall not be more than Baht 200 million.

For the year ended December 31, 2011, the Company recorded additional gain on transfer of business to an associated company of Baht 70 million and recorded accrued income from an associated company on transfer of business at the same amount as at December 31, 2011 as the final portion of the consideration from transfer of business of Baht 200 million to be received from the associated company as the associated company is 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, which includes additional consideration received as mentioned above, 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. The movements of unrealized gain on transfer of business to an associated company in the consolidated financial statements for the years ended December 31, 2011 and 2010 are as follows:

	<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
	<b>Unrealized gain on transfer of business to an associated company</b>	
	<b>For the years ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
	<b>Million Baht</b>	<b>Million Baht</b>
Beginning balance of the period	136.95	111.37
<u>Add</u> Unrealized gain on additional gain on transfer of business to an associated company recognized during the period	34.61	35.52
<u>Less</u> Recognize additional gain on transfer of business to an associated company because the associated company calculated depreciation and sold part of transferred assets to the third parties	(8.47)	(9.94)
Ending balance of the period	163.09	136.95

As a result of transfer of business, the Company has temporarily ceased its operation on securities and derivative business (see Note 1).

### 37. RECLASSIFICATIONS

The consolidated and separate statements of comprehensive income for the year ended December 31, 2010 have been reclassified to conform to classifications used in the consolidated and separate statements of comprehensive income for the year ended December 31, 2011 as follows:

	For the year ended December 31, 2010		Previous classification	Current classification
	CONSOLIDATED	SEPARATE		
	FINANCIAL STATEMENTS Baht	FINANCIAL STATEMENTS Baht		
Impairment loss from equity securities	65,472,212	65,472,212	Included in gain on trading in securities and derivatives	Included in impairment loss from securities (reversal)
Impairment loss from investment in subsidiary	-	30,163,728	Presented separately	Included in impairment loss from securities (reversal)
Taxes and duties	235,323	213,445	Presented separately	Included in other expenses
Personnel expenses	21,572,800	16,570,800	Included in directors and managements' remuneration	Included in personnel expenses

### 38. EVENTS AFTER THE REPORTING PERIOD

- 38.1 On January 5, 2012, the Company registered the increase in its share capital of 120 million shares at the par value of 0.5 Baht per share, totalling Baht 60 million with the Ministry of Commerce (see Note 18).
- 38.2 On January 18, 2012, the Board of Directors' meeting of the Company No.1/2012 has passed a resolution to additionally invest in the ordinary shares of Seamico Asset Management Co., Ltd., its subsidiary, in the amount of Baht 22.5 million. The Company already paid Baht 15 million for the first-time increased share capital on January 30, 2012.

### 39. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved for issuing by the audit committee and authorized director of the Company on February 22, 2012.

## Auditor's Remuneration

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### 1. Audit fee

The company and its subsidiaries (Seamico Asset Management Co., Ltd.) paid audit fee to Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. for the year 2011 of Baht 600,000 and 310,000 respectively.

### 2. Non-audit fee

- None -

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