

**SEAMICO SECURITIES PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**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

Solaris Asset Management Co., Ltd. (formerly 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, 2012 and 2011, 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 and the Stock Exchange of Thailand to extend the suspension period for securities and derivative business operation until April 30, 2013 and December 31, 2013, respectively.

However, the Company continues as a listed securities company which most businesses are related to investment and may 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.
- 2.2 The consolidated financial statements for the years ended December 31, 2012 and 2011 include the accounts of the Company and Solaris Asset Management Co., Ltd., which the Company has a holding of 75.34% in its equity. Significant transactions and balances between the Company and the subsidiary have been eliminated.

Additionally, the consolidated financial statements for the years ended December 31, 2012 and 2011 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 are not yet effective for the current period as follows:

- 3.1 TAS, TFRS and TSI which are effective for the financial statements for the periods beginning on or after January 1, 2013:

### **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 Financial Reporting Standard (TFRS)**

TFRS 8	Operating Segments
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### **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 Shareholders

3.2 TSI and TFRI which are effective for the financial statements for the periods beginning on or after January 1, 2014

**Thai Accounting Standard Interpretation (TSI)**

TSI 29 Disclosure - Service Concession Arrangements

**Thai Accounting Standard Interpretations (TFRI)**

TFRI 4 Determining Whether an Arrangement Contains a Lease

TFRI 12 Service Concession Arrangements

TFRI 13 Customer Loyalty Programmes

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. 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:

##### **4.1 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.

#### 4.2 Interest on borrowing

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

#### 4.3 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. At the end of reporting period, the Company writes these amounts off from both assets and liabilities and presents only assets and liabilities which belong to the Company.

#### 4.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, current accounts, saving accounts, time deposit with original maturity not more than 3 months and without commitments, call note receivables and term note receivables with original maturity not more than 3 months. This accords with the Notification issued by the Office of the Securities and Exchange Commission.

#### 4.5 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 comprehensive 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 in other components of equity until securities are sold, then, the change shall be included in the statements of comprehensive 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).

Gains and losses on sale of investments are determined by the weighted average method and recognized in the statements of comprehensive income.

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.

#### 4.6 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 subsidiary and associated companies are accounted for under the equity method in the consolidated financial statements.

#### 4.7 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 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”.

#### 4.8 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.

#### 4.9 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

At the end of reporting period, the Company reviews whether there is an indicator indicating that the assets are impaired. In case there is an indicator, the Company will estimate the recoverable amount of such assets. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized as expense 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 comprehensive income.

#### 4.10 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 are stated at the lower of cost or fair value after deducting cost to sell. Loss on impairment will be recorded as expense in the statements of comprehensive income.

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

#### 4.11 Intangible assets

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

Amortization is charged to the statements of comprehensive 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).

#### 4.12 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.

#### 4.13 Long-term lease

##### 4.13.1 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 statements of comprehensive income over the lease term.



#### 4.13.2 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 term of contract. 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 statements of comprehensive income.

#### 4.14 Employee benefits

##### 4.14.1 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.

##### 4.14.2 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.

##### 4.14.3 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.

#### 4.15 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.

#### 4.16 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 end of reporting period 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 substantively 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.

#### 4.17 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.

#### 4.18 Foreign currency translation

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.

#### 4.19 Risk management and prevention

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

#### 4.20 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.

#### 4.21 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.

### 5. 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,
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Cash, short-term deposits and promissory notes with original maturity less than 3 months	266,410,773	368,558,334	247,496,923	356,218,450
<u>Less</u> Cash deposits held for customers*	<u>(15,370,023)</u>	<u>(18,460,799)</u>	<u>(15,348,023)</u>	<u>(18,398,798)</u>
Total cash and cash equivalents	<u>251,040,750</u>	<u>350,097,535</u>	<u>232,148,900</u>	<u>337,819,652</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, 2012 and 2011, the Company had deposits at financial institutions and promissory notes held for customers in the consolidated statements of financial position in amounting to Baht 15.37 million and Baht 18.46 million, respectively, and the separate statements of financial position in amounting to Baht 15.35 million and Baht 18.40 million, respectively, which the Company must return to the customers at call.

As at December 31, 2012 and 2011, the securities business cash customers and credit balance of 715 accounts and 1,143 accounts, respectively, which were transferred to KT ZMICO Securities Co., Ltd. (see Note 35) 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 7.50 million and Baht 8.88 million, respectively, and shares with the values of Baht 209.80 million and Baht 571.47 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.

As at December 31, 2012, there is no derivatives business receivables, which were transferred to KT ZMICO Securities Co., Ltd. that have not yet returned the open account agreements for securities trading to KT ZMICO Securities Co., Ltd. (as at December 31, 2011, 91 accounts and deposits for derivatives business of Baht 1.20 million).

## 6. SECURITIES BUSINESS RECEIVABLES - NET

As at December 31, 2012 and 2011, the Company has securities business receivables as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2012 Baht	As at December 31, 2011 Baht
Other receivables		
Receivables under litigation	263,597,90	263,768,55
Installment receivables	7,09	7,09
Other receivables	406,07	406,14
Total securities business receivables	<u>264,011,07</u>	<u>264,181,78</u>
<u>Less</u> Allowance for doubtful accounts (see Note 7)	<u>(259,963,812)</u>	<u>(261,483,547)</u>
Total	<u><u>4,047,26</u></u>	<u><u>2,698,24</u></u>

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

<b>CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS</b>					
As at December 31, 2012			As at December 31, 2011		
Securities business receivables and accrued interest receivables Baht	Allowance for doubtful account set up by the Company Baht	Securities business receivables and accrued interest receivables - net Baht	Securities business receivables and accrued interest receivables Baht	Allowance for doubtful accounts set up by the Company Baht	Securities business receivables and accrued interest receivables - net Baht
Substandard debts	4,047,260	4,047,260	2,698,240	-	2,698,240
Doubtful debts	259,963,812	-	261,483,547	(261,483,547)	-
Total	<u>264,011,072</u>	<u>4,047,260</u>	<u>264,181,787</u>	<u>(261,483,547)</u>	<u>2,698,240</u>

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

<b>CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS</b>	
As at December 31, 2012 Baht	As at December 31, 2011 Baht
Over 1 year to 3 years	70,412,29
Over 3 years	193,769,48
Total	<u>264,181,78</u>

## 7. ALLOWANCE FOR DOUBTFUL ACCOUNTS

<b>CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS</b>	
As at December 31, 2012 Baht	As at December 31, 2011 Baht
Beginning balance of the period	285,666,33
Doubtful accounts (reversal)	(1,349,086)
Bad debts recovery	(7,879,120)
Bad debts	(14,954,579)
Ending balance of the period (see Note 6)	<u>261,483,54</u>

## 8. INVESTMENTS - NET

8.1 As at December 31, 2012 and 2011, the Company has investments in debt and equity securities classified by investment type as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
	As at December 31, 2012		As at December 31, 2011	
	Cost/ Book value	Fair value	Cost/ Book value	Fair value
	Baht	Baht	Baht	Baht
<u>Trading securities</u>				
Equity securities – List securities	33,903,490	35,702,367	-	-
Debt securities - Government bond	4,995,508	4,997,379	-	-
Debt securities – Bill of exchange	42,000,000	42,075,377	-	-
Mutual fund	99,166,620	99,349,872	-	-
Total	180,065,618	182,124,995	-	-
<u>Add</u> Revaluation adjustments	2,059,377	-	-	-
Total trading securities - net	182,124,995	182,124,995	-	-
<u>Available-for-sale securities</u>				
Equity securities - Listed securities	-	-	2,989,828	2,989,828
Mutual fund	-	-	40,650,105	54,898,544
Total	-	-	43,639,933	57,888,372
<u>Add</u> Revaluation adjustments	-	-	14,248,439	-
Total available-for-sale securities - net	-	-	57,888,372	57,888,372
<u>General investments</u>				
Ordinary shares	156,517,201	89,042,140	156,517,201	85,273,650
Preference shares	125,000	125,000	125,000	125,000
Total	156,642,201	89,167,140	156,642,201	85,398,650
<u>Less</u> Allowance for impairment	(67,475,061)	-	(71,243,551)	-
Total general investments - net	89,167,140	89,167,140	85,398,650	85,398,650
Total investments - net	271,292,135	271,292,135	143,287,022	143,287,022

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 potential purchasers and also assist and co-ordinate with the Company and the potential 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 purchaser. Therefore, the Company has suspended the sale of such investment. However, as at December 31, 2012 and 2011, the Company recorded an allowance for impairment for such investment in the amount of Baht 67.47 million and Baht 71.24 million, respectively, and the carrying amount of such investment is Baht 88.55 million and Baht 84.78 million, respectively.

## 8.2 Gain (loss) on investments

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	Baht	Baht	Baht	Baht
Unrealized gain on re-measuring trading investments	2,059,377	1,648,802	2,059,377	1,648,802
Gain on sale of trading investments	1,883,352	228,117	1,883,352	228,117
Gain on sale of available-for-sale investments	23,101,289	-	23,101,289	-
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
<b>Total</b>	<b>27,044,018</b>	<b>(1,507,621)</b>	<b>27,044,018</b>	<b>(504,153)</b>

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	Baht	Baht	Baht	Baht
Interest income	-	-	-	-
Dividend	44,312	146,964	60,737,252	81,806,556
<b>Total</b>	<b>44,312</b>	<b>146,964</b>	<b>60,737,252</b>	<b>81,806,556</b>

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
	Baht	Baht	Baht	Baht
Beginning balance of the period	11,398,751	7,514,824	11,398,751	7,514,824
Changes during the period				
- from deferred tax adjustment	2,849,688	370,950	2,849,688	370,950
- from re-measuring of investments	8,852,850	3,512,977	8,852,850	3,512,977
- from sale of investments	(23,101,289)	-	(23,101,289)	-
<b>Ending balance of the period</b>	<b>-</b>	<b>11,398,751</b>	<b>-</b>	<b>11,398,751</b>

8.5 As at December 31, 2012 and 2011, 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, 2012			As at December 31, 2011		
	Cost/ Book value Baht	Fair value Baht	Allowance for impairment loss Baht	Cost/ Book value Baht	Fair value Baht	Allowance for impairment loss Baht
Ordinary shares	7,808	852	6,956	7,808	930	6,878
	<u>7,808</u>	<u>852</u>	<u>6,956</u>	<u>7,808</u>	<u>930</u>	<u>6,878</u>

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

As at December 31, 2012 and 2011, 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	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	
			invested	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,
				2012	2011	2012	2011	2012	2011	2012	2011
	Million Baht	Million Baht	%	%	Million Baht	Million Baht	Million Baht	Million Baht			
<b>Associate</b>											
KT ZMICO											
Securities	Securities	Ordinary									
Co., Ltd.	business	share	1,838	1,838	49.54	49.54	1,087.5	1,087.5	1,205.2	1,159.3	
<b>SEPARATE FINANCIAL STATEMENTS</b>											
Company name	Type of business	Type of shares	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	
			invested	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,
				2012	2011	2012	2011	2012	2011	2012	2011
	Million Baht	Million Baht	%	%	Million Baht	Million Baht	Million Baht	Million Baht			
<b>Subsidiary</b>											
Solaris Asset	Mutual,										
Management	private and										
Co., Ltd.	provident										
	fund	Ordinary									
	management	share	184.5	152	75.34	75	139	114.0	19.7	15.6	
<u>Less</u>	Allowance						(119.8)	(98.4)	-	-	
	for impairment						<u>19.2</u>	<u>15.6</u>	<u>19.7</u>	<u>15.6</u>	
<b>Associate</b>											
KT ZMICO											
Securities	Securities	Ordinary									
Co., Ltd.	business	share	1,838	1,838	49.54	49.54	<u>1,087.5</u>	<u>1,087.5</u>	<u>1,205.2</u>	<u>1,159.3</u>	
Total - net							<u>1,106.7</u>	<u>1,103.1</u>	<u>1,224.9</u>	<u>1,174.9</u>	



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

	<b>As at December 31,</b>	
	<b>2012</b>	<b>2011</b>
	<b>Million Baht</b>	<b>Million Baht</b>
Total assets	7,392.	4,279.
Total liabilities	(5,288.5)	(2,267.4)
Net assets	<u>2,104.</u>	<u>2,011.</u>

	<b>For the year ended December 31,</b>	
	<b>2012</b>	<b>2011</b>
	<b>Million Baht</b>	<b>Million Baht</b>
Total revenue	1,774.	1,554.
Net income for the period	203.	150.
Net other comprehensive income (loss) for the period	11.8	(1.0)
Dividend received from an associated company	60.7	81.7

On September 6, 2011, the Company disposed of 25% of investment in Solaris Asset Management Co., Ltd. (formerly 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. Subsequently, on January 30, 2012, July 27, 2012 and October 19, 2012, the subsidiary increased its share capital by Baht 20 million, Baht 10 million and Baht 2.5 million, respectively, from the capital injection from the Company and Evolution Capital Public Company Limited in the amount of Baht 25 million and Baht 7.5 million, respectively.

As at December 31, 2012 and 2011, the paid-up share capital of the subsidiary is Baht 184.5 million and Baht 152 million, respectively, consisting of 18,450,000 ordinary shares and 15,200,000 ordinary shares, respectively, of Baht 10 each. As at December 31, 2012, the subsidiary's shares are held by the Company and Evolution Capital Public Company Limited 75.34% and 24.66%, respectively.

## 10. BUILDING IMPROVEMENTS AND EQUIPMENT - NET

	CONSOLIDATED FINANCIAL STATEMENTS			
	Balance as at	Increase	Decrease	Balance as at
	December 31,			December 31,
	2011			2012
	Baht	Baht	Baht	Baht
<b>Cost</b>				
Building improvement	2,012,836	614,821	-	2,627,657
Office equipment	7,671,997	752,435	-	8,424,432
Vehicles	934,030	-	-	934,030
Total cost	<u>10,618,863</u>	<u>1,367,256</u>	<u>-</u>	<u>11,986,119</u>
<b>Accumulated depreciation</b>				
Building improvement	(1,871,723)	(181,969)	-	(2,053,692)
Office equipment	(6,686,766)	(734,913)	-	(7,421,679)
Vehicles	(911,000)	(23,030)	-	(934,030)
Total accumulated depreciation	<u>(9,469,489)</u>	<u>(939,912)</u>	<u>-</u>	<u>(10,409,401)</u>
<b>Total building improvements and equipment - net</b>	<u>1,149,374</u>	<u>427,344</u>	<u>-</u>	<u>1,576,718</u>

	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 improvements and equipment - net</b>	<u>2,613,143</u>	<u>(1,463,762)</u>	<u>(7)</u>	<u>1,149,374</u>

### Depreciation for the years ended December 31,

2012	<b>Baht</b>	<u>939,912</u>
2011	<b>Baht</b>	<u>1,535,224</u>

	SEPARATE FINANCIAL STATEMENTS			
	Balance as at	Increase	Decrease	Balance as at
	December 31,			December 31,
	2011			2012
	Baht	Baht	Baht	Baht
<b>Cost</b>				
Office equipment	512,823	291,500	-	804,323
Total cost	512,823	291,500	-	804,323
<b>Accumulated depreciation</b>				
Office equipment	(306,775)	(209,528)	-	(516,303)
Total accumulated depreciation	(306,775)	(209,528)	-	(516,303)
<b>Total building improvements and equipment - net</b>	<b>206,048</b>	<b>81,972</b>	<b>-</b>	<b>288,020</b>

	SEPARATE FINANCIAL STATEMENTS			
	Balance as at	Increase	Decrease	Balance as at
	December 31,			December 31,
	2010			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 improvements and equipment - net</b>	<b>329,160</b>	<b>(123,105)</b>	<b>(7)</b>	<b>206,048</b>

Depreciation for the years ended December 31,			
2012		Baht	209,528
2011		Baht	150,925

As at December 31, 2012 and 2011, in the consolidated financial statements, there are 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 9.2 million and Baht 3.9 million, respectively. For the separate financial statements as at December 31, 2012 the Company has building improvements and equipment items which have been fully depreciated but are still in use Baht 0.3 million (As at December 31, 2011 : Nil).

## 11. INTANGIBLE ASSETS - NET

CONSOLIDATED FINANCIAL STATEMENTS						
As at December 31, 2012						
	Useful lives	Beginning balance	Additions	Amortization	Write-off/ Transfer out	Ending balance
		Baht	Baht	Baht	Baht	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	3,991,609	-	(1,431,410)	-	2,560,199
Total		8,580,102	-	(1,431,410)	-	7,148,692

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		<u>10,078,207</u>	<u>8,100</u>	<u>(1,506,198)</u>	<u>(7)</u>	<u>8,580,102</u>

Amortization for the years ended December 31,

2012	<u>1,431,410</u>
2011	<u>1,506,198</u>

SEPARATE FINANCIAL STATEMENTS

As at December 31, 2012

	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	16,342	-	(4,913)	-	11,429
Total		<u>3,336,890</u>	<u>-</u>	<u>(4,913)</u>	<u>-</u>	<u>3,331,977</u>

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		<u>3,341,810</u>	<u>-</u>	<u>(4,913)</u>	<u>(7)</u>	<u>3,336,890</u>

Amortization for the years ended December 31,

2012	<b>Baht</b> <u>4,913</u>
2011	<b>Baht</b> <u>4,913</u>

\* 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, 2012 and 2011, in 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 0.53 million and Baht 0.03 million, respectively. For the separate financial statements, there is no computer software items which have been fully amortized but are still in use.

## 12. DEFERRED INCOME TAX - NET

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	1,602,758	1,641,387	1,602,758	1,641,387
Allowance for impairment of investments	33,519,195	36,410,009	33,519,195	36,410,009
Unrealized loss on re-measuring trading investments	-	421,360	-	421,360
Unrealized loss on re-measuring available-for-sale investments	-	-	-	-
Cumulative tax loss	1,006,077	1,156,988	1,006,077	1,156,988
Other assets	28,357	28,357	28,357	28,357
Unrealized gain on transfer of business to an associated company	24,296,470	25,694,320	-	-
	<u>60,452,857</u>	<u>65,352,421</u>	<u>36,156,387</u>	<u>39,658,101</u>
<b>Deferred tax liabilities</b>				
Unrealized gain on re-measuring trading investments	411,875	-	411,875	-
Unrealized gain on re-measuring available-for-sale investments	-	2,849,688	-	2,849,688
Amortization of derivative license	332,055	232,054	332,055	232,054
	<u>743,930</u>	<u>3,081,742</u>	<u>743,930</u>	<u>3,081,742</u>
Deferred tax assets - net	<u>59,708,927</u>	<u>62,270,679</u>	<u>35,412,457</u>	<u>36,576,359</u>

The movements of deferred tax assets and liabilities during the periods are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS			
	As at	Items as	Items as	As at
	January 1,	recognized in	recognized in	December 31,
	2012	profit or loss	other comprehensive	2012
	Baht	(see Note 30)	income	Baht
		Baht	Baht	
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	1,641,387	(38,629)	-	1,602,758
Allowance for impairment of investments	36,410,009	(2,890,814)	-	33,519,195
Unrealized loss on re-measuring trading investments	421,360	(421,360)	-	-
Cumulative tax loss	1,156,988	(150,911)	-	1,006,077
Other assets	28,357	-	-	28,357
Unrealized gain on transfer of business to an associated company	25,694,320	(1,397,850)	-	24,296,470
	<u>65,352,421</u>	<u>(4,899,564)</u>	<u>-</u>	<u>60,452,857</u>
<b>Deferred tax liabilities</b>				
Unrealized gain on re-measuring trading investments	-	411,875	-	411,875
Unrealized gain on re-measuring available-for-sale investments	2,849,688	-	(2,849,688)	-
Amortization of derivative license	232,054	100,001	-	332,055
	<u>3,081,742</u>	<u>511,876</u>	<u>(2,849,688)</u>	<u>743,930</u>
Deferred tax assets - net	<u>62,270,679</u>	<u>(5,411,440)</u>	<u>2,849,688</u>	<u>59,708,927</u>

CONSOLIDATED FINANCIAL STATEMENTS

	As at January 1, 2011	Items as recognized in profit or loss (see Note 30)	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>

SEPARATE FINANCIAL STATEMENTS

	As at January 1, 2012	Items as recognized in profit or loss (see Note 30)	Items as recognized in other comprehensive income	As at December 31, 2012
	Baht	Baht	Baht	Baht
<b>Deferred tax assets</b>				
Allowance for doubtful accounts	1,641,387	(38,629)	-	1,602,758
Allowance for impairment of investments	36,410,009	(2,890,814)	-	33,519,195
Unrealized loss on re-measuring trading investments	421,360	(421,360)	-	-
Cumulative tax loss	1,156,988	(150,911)	-	1,006,077
Other assets	28,357	-	-	28,357
	<u>39,658,101</u>	<u>(3,501,714)</u>	<u>-</u>	<u>36,156,387</u>
<b>Deferred tax liabilities</b>				
Unrealized gain on re-measuring trading investments	-	411,875	-	411,875
Unrealized gain on re-measuring available-for-sale investments	2,849,688	-	(2,849,688)	-
Amortization of derivative license	232,054	100,001	-	332,055
	<u>3,081,742</u>	<u>511,876</u>	<u>(2,849,688)</u>	<u>743,930</u>
Deferred tax assets - net	<u>36,576,359</u>	<u>(4,013,590)</u>	<u>2,849,688</u>	<u>35,412,457</u>

	SEPARATE FINANCIAL STATEMENTS			
	As at January 1, 2011	Items as recognized in profit or loss (see Note 30)	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 available-for-sale 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>

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 30) and other comprehensive income (loss).

### 13. ASSETS CLASSIFIED AS HELD FOR SALE - NET

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2012	As at December 31, 2011
	Baht	Baht
Land	160,257,46	160,257,46
Condominium	4,873,12	4,873,12
Golf membership	200,00	200,00
	<u>165,330,58</u>	<u>165,330,58</u>
<u>Less</u> Allowance for impairment	<u>(141,78€)</u>	<u>(141,78€)</u>
Total assets classified as held for sale - net	<u>165,188,80</u>	<u>165,188,80</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.

## 14. OTHER ASSETS

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Accrued interest income	250,100	31,986	242,920	-
Prepaid insurance	109,712	110,876	106,194	107,294
Prepaid repair and maintenance	147,138	123,539	-	-
Other deposits	557,002	557,002	194,627	194,627
Fund management fee and service income receivables	787,725	591,226	-	-
Accrued income from associated company on transfer of business (see Note 35)	-	70,000,000	-	70,000,000
Corporate income tax claim receivable	773,414	639,305	170,605	62,393
Value-added-tax receivable	3,717,698	3,175,902	-	-
Others	792,507	1,382,977	634,913	499,787
Total	<u>7,135,296</u>	<u>76,612,813</u>	<u>1,349,259</u>	<u>70,864,101</u>

## 15. EMPLOYMENT BENEFITS OBLIGATION

Employment benefits obligation consists of the following:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	December 31,	December 31,	December 31,	December 31,
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Post-employment benefits obligation	1,594,435	2,702,409	766,691	2,101,079
Unused paid vacation leave	399,820	441,657	169,256	262,952
	<u>1,994,255</u>	<u>3,144,066</u>	<u>935,947</u>	<u>2,364,031</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		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the years		For the years	
	ended December 31,		ended December 31,	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Current service cost	411,245	390,823	208,884	200,141
Interest cost	76,188	88,907	52,135	73,113
	<u>487,433</u>	<u>479,730</u>	<u>261,019</u>	<u>273,254</u>

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

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the years		For the years	
	ended December 31,		ended December 31,	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Beginning balance of post-employment benefits obligation	2,702,409	2,222,679	2,101,079	1,827,825
Current service cost	411,245	390,823	208,884	200,141
Interest cost	76,188	88,907	52,135	73,113
Benefits paid	(1,595,407)	-	(1,595,407)	-
Ending balance of post-employment benefits obligation	<u>1,594,435</u>	<u>2,702,409</u>	<u>766,691</u>	<u>2,101,079</u>

The principle actuarial assumptions used to calculate the obligation under the post-employment benefits plans as at December 31, 2012 and 2011 are as follows:

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (% p.a.)
<b>Financial assumptions</b>	
Discount rate	4.0 10.0 - 20.0
Employee turnover rate	subject to the range of age of employee
Expected rate of salary increase	5.0 - 7.0

## 16. OTHER LIABILITIES

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	As at	As at	As at	As at
	December 31, 2012 Baht	December 31, 2011 Baht	December 31, 2012 Baht	December 31, 2011 Baht
Withholding tax payable	287,923	4,447,449	168,574	4,365,599
Value-added-tax payable	202,294	188,695	189,536	188,695
Others payable	8,581,636	7,006,417	8,050,941	6,355,376
Amounts of capital reduction not redeemed by shareholders (see Note 17)	1,041,377	1,064,066	1,041,377	1,064,066
Others	5,607,936	5,165,103	5,256,275	4,823,444
Total	<u>15,721,166</u>	<u>17,871,730</u>	<u>14,706,703</u>	<u>16,797,180</u>

## 17. SHARE CAPITAL

On August 30, 2010, the Extraordinary General Meeting of Shareholders 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 paid-up share capital mentioned above. The Company also transferred the appropriation of treasury stock to unappropriated retained earnings in the amount of Baht 10,147,500.

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

As at December 31, 2012 and 2011, there were the amounts of capital reduction paid to shareholders but not redeemed by the shareholders of Baht 1,041,377 and Baht 1,064,066, respectively, presented as a part of other liabilities in the statements of financial position (see Note 16).

On May 12, 2011, the Board of Directors meeting of the Company No.2/2554 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.

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. 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, 2012, there is the amount of share subscription payable of Baht 5,341 presented as a part of other liability in the statement of financial position (as at December 31, 2011: Baht 31,919,794 presented as liabilities 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, totalling Baht 10.57 million. The discount from resale of treasury stocks is Baht 3.68 million.

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, 2012 Share	2011 Share
Beginning balance of ordinary shares	902,619,44	833,895,13
<u>Less</u> Beginning balance of treasury stocks	-	(20,295,000)
<u>Add</u> Stock dividend (see Note 19)	-	79,932,21
Beginning balance of ordinary shares held by outside parties	902,619,44	893,532,34
<u>Add</u> Weighted average treasury stocks sold during the period	-	269,11
<u>Add</u> Weighted average additional ordinary shares issued during the period	118,688,52	-
Weighted average number of ordinary shares held by outside parties as at December 31,	<u>1,021,307,97</u>	<u>893,801,46</u>

#### Net asset value

As at December 31, 2012 and 2011, net asset value per share, which was determined by dividing owners' equity by the number of issued and paid-up shares which net of the number of treasury stocks at the end of reporting date, is as follow:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2012 Baht	As at December 31, 2011 Baht	As at December 31, 2012 Baht	As at December 31, 2011 Baht
Net asset value (per share)	1.75	1.93	1.76	2.00

## 18. TREASURY STOCK

18.1 Movements of treasury stocks during the year ended December 31, 2011 is as follow (during the year ended December 31, 2012 : Nil)

	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS				
	For the year ended December 31, 2011				
	Beginning balance	Additional repurchase	Resale (at cost) (see Note 17)	Cancellation/ Write-off (at cost) (See note 17)	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)	-

18.2 Movements of premium on treasury shares during the year ended December 31, 2012 is as follow (during the year ended December 31, 2012 : Nil)

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

## 19. DIVIDEND

On April 27, 2012, the ordinary shareholders' meeting of the year 2012 has passed the resolution to approve the dividend payment for the operation for the year ended December 31, 2011 to the shareholders at the rate of Baht 0.05 per share equalling to Baht 51.11 million. The dividend was paid on May 14, 2012.

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.

## 20. 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, 2012 and 2011, 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 35).

## **21. 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.

## **22. 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, 2012 and 2011, the Company has statutory reserve at the rate of 21 percent of authorized share capital.

## **23. 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.

During the year ended December 31, 2011, the Company reversed Baht 31.82 million in appropriated retained earnings for treasury shares as a result of the treasury shares writing-off (see Note 18).

## 24. FEE AND SERVICE INCOME

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended		For the years ended	
	December 31,		December 31,	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Financial advisory fee	5,245,946	-	5,245,946	-
Private fund management, mutual fund management and provident fund management	9,888,052	7,238,858	-	-
Total	<u>15,133,998</u>	<u>7,238,858</u>	<u>5,245,946</u>	<u>-</u>

## 25. FEE AND SERVICE EXPENSES

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended		For the years ended	
	December 31,		December 31,	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Fees for private fund, mutual fund and derivative licenses	500,000	500,000	-	-
Others	4,619,936	4,063,927	115,052	-
Total	<u>5,119,936</u>	<u>4,563,927</u>	<u>115,052</u>	<u>-</u>

## 26. DIRECTORS' 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 2012 was approved by the ordinary shareholders' meetings of the Company and its subsidiary held on April 27, 2012 and April 24, 2012, respectively. 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.

## 27. OTHER EXPENSES

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the years ended		For the years ended	
	December 31,		December 31,	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Entertainment expenses	125,52	353,37	89,96	220,79
Publication and marketing expenses	1,039,33	2,173,83	51,44	688,97
Traveling expenses	1,533,41	1,333,27	1,397,78	1,150,39
SET fee	2,912,68	2,766,67	2,912,68	2,766,67
Stationery and office supply	776,53	697,02	300,20	189,72
Taxes and duties	95,29	141,68	80,50	15,46
Legal fee	86,34	2,680,26	86,34	2,680,26
Others	4,329,72	4,529,41	1,584,64	2,856,92
Total	<u>10,898,86</u>	<u>14,675,55</u>	<u>6,503,57</u>	<u>10,569,22</u>

## 28. 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, 2012 and 2011, the Company has contributed Baht 0.5 million and Baht 0.5 million, respectively, to the fund and the subsidiary has contributed Baht 0.4 million and Baht 0.5 million, respectively, to the fund.

## 29. IMPAIRMENT LOSS ON SECURITIES (REVERSAL)

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	For the years		For the years	
	ended December 31,		ended December 31,	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Impairment loss from equity securities reversal	(3,768,491)	(4,245,506)	(3,768,491)	(4,245,506)
Impairment loss on investment in subsidiary	-	-	21,399,72	29,743,735
Total	<u>(3,768,491)</u>	<u>(4,245,506)</u>	<u>17,631,23</u>	<u>25,498,229</u>



### 30. CORPORATE INCOME TAX

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended December 31,		For the years ended December 31,	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Income tax - expenses (see Note 12)	(5,411,440)	(48,828,106)	(4,013,590)	(33,438,342)
Total	<u>(5,411,440)</u>	<u>(48,828,106)</u>	<u>(4,013,590)</u>	<u>(33,438,342)</u>

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

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	For the years ended December 31,		For the years ended December 31,	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Income before tax	97,196,251	69,375,411	56,627,841	105,491,451
Tax rate	23%	30%	23%	30%
The result of the account profit multiplied by the income tax rate - expenses	(22,355,139)	(20,812,625)	(13,024,405)	(31,647,435)
Effect of the change in income tax rate from 23% to 20%	(1,882,701)	-	(2,092,378)	-
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	21,681,371	16,017,281	13,958,161	19,010,201
Effect of the temporary difference not recognized as deferred tax assets	(4,236,182)	(12,698,667)	(4,236,182)	(2,314,167)
Effect of loss carried forward not recognized as deferred tax assets	1,381,201	(2,288,375)	1,381,201	(2,288,375)
Income tax - expenses (see Note 12)	<u>(5,411,440)</u>	<u>(48,828,106)</u>	<u>(4,013,590)</u>	<u>(33,438,342)</u>

### 31. 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, 2012 and 2011 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	As at December 31, 2012 Baht	As at December 31, 2011 Baht	As at December 31, 2012 Baht	As at December 31, 2011 Baht
<b>Subsidiary</b>				
Solaris Asset Management Co., Ltd.				
Investment in subsidiary - net (see Note 9)	-	-	19,186,383	15,586,112
Investment in mutual fund managed by subsidiary (see Note 8.1)	-	54,898,544	-	54,898,544
Investment in private fund managed by subsidiary company	384,427,848	-	384,427,848	-
Accrued private fund management fee expenses	-	-	69,365	-
<b>Associate</b>				
KT ZMICO Securities Co., Ltd.				
Investment in associate (see Note 9)	1,207,321,146	1,159,348,495	1,087,504,850	1,087,504,850
Other receivables from transfer of business (see Note 35)	-	70,000,000	-	70,000,000
Other payables	223,572	465,862	223,572	465,862
<b>Related companies</b>				
<b>Under common directors</b>				
Thanh Cong Securities Company J.S.C.				
Investment in ordinary shares - net (see Note 8.1)	88,552,538	84,783,969	88,552,538	84,783,969
Other receivable	161,389	-	161,389	-
Quam Limited				
Accrued expenses	16,865	-	16,865	-
Quam Securities Company Limited				
Accrued advisory services	92,754	-	92,754	-

Significant transactions with related parties for the years ended December 31, 2012 and 2011 are as follows:

	CONSOLIDATED		SEPARATE		Pricing policy
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS		
	2012	2011	2012	2011	
	Baht	Baht	Baht	Baht	
<b>Subsidiary</b>					
Solaris Asset Management Co., Ltd.					
Investment in ordinary shares	-	-	25,000,000	21,000,000	2012 : 2.5 million shares at 10 Baht per share 2011 : 2.1 million shares at 10 Baht per share
Withdrawal mutual fund managed by subsidiary	40,650,105	-	40,650,105	-	Net asset value
Investment in mutual fund managed by subsidiary	380,992,963	-	380,992,963	-	Investment
Management fee of private fund	-	-	104,538	-	At the rate determined under the contract 0.2% of net asset value per year
<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 32.1)
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 32.2)
Income from transfer of business	-	70,000,000	-	70,000,000	At the rate determined under the contract (see Note 35)
Financial advisory	5,245,946	-	5,245,946	-	At the rate determined under the contract at 15% of revenue
<b>Related companies</b>					
<b>Under common directors</b>					
Quam Limited					
Office rental	-	573,418	-	573,418	At the rate determined under the contract of HKD 22,941 per month (see Note 32.4)
Other expenses	192,757	-	192,757	-	At actual amount of expenses
Quam Securities Company Limited					
Research and advisory service expense	92,754	-	92,754	-	At the rate determined under the contract
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 9)
<b>Related with subsidiary and associate</b>					
Rental income	18,000	216,000	-	-	At the rate determined under the agreement : Baht 18,000 per month The agreement was terminated from Feb. 2012 onwards
Selling agent fee expense	881,888	618,772	-	-	At the rate determined under the agreement
Service fee expenses	3,540,000	840,000	-	-	At the rate determined under the agreement as follows: In 2011 : Baht 25,000 per month. From Nov 2011 onwards : Baht 295,000 per month

For the years ended December 31, 2012 and 2011, 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 ended		For the years ended	
	December 31,		December 31,	
	2012	2011	2012	2011
	Baht	Baht	Baht	Baht
Short-term employee benefits	7,876,345	9,892,850	4,772,975	5,863,90
Post-employment benefits	379,296	380,792	247,952	261,01
Total	<u>8,255,641</u>	<u>10,273,642</u>	<u>5,020,927</u>	<u>6,124,91</u>

## 32. COMMITMENTS

### Transactions with related parties

- 32.1 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.
- 32.2 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.
- 32.3 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.
- 32.4 On October 17, 2012, the Company entered into an agreement with Soloris Asset Management Co., Ltd. Which is subsidiary company. The subsidiary will manage the Company’s fund for one year. Contract, which will be expired on 17 October 2013, is automatically renewed for another year. Under the agreement, the Company agreed to pay a management fee at rated of 0.2 percent per annum of the net asset value of the fund.

## Transactions with other business parties

- 32.5 As at December 31, 2012 and 2011, the subsidiary has the following outstanding rental and service commitments under long-term lease agreements for its office building and equipment.

	CONSOLIDATED FINANCIAL STATEMENTS	
	As at December 31, 2012 Million Baht	As at December 31, 2011 Million Baht
Within 1 year	2.0	2.0
Over 1 year to 5 years	3.6	1.1
Total	<u>5.6</u>	<u>3.1</u>

- 32.6 As at December 31, 2011, the Company has a letter of guarantee issued by bank of Baht 2.26 million for the use of telephone lines (as at December 31, 2012 : Nil).

### 33. 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.

### 34. RISK MANAGEMENT

#### 34.1 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, 2012 and 2011, 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, 2012 and 2011, the subsidiary’s financial statements showed owners’ equity amounting of Baht 25.46 million and Baht 20.78 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 8, 2013, regarding the progress of the plan to recover its owners’ equity to the level not lower than Baht 30 million. On December 18, 2012, the Board of Directors’ meeting No. 7/2012 of the subsidiary has passed a resolution to increase the subsidiary’s share capital of Baht 7.5 million. Such increase in share capital is in accordance with the special resolution of the extraordinary shareholders’ meeting No. 2/2012 of the subsidiary. The subsidiary already received cash of Baht 7.5 million for the increased share capital on January 15, 2013 and registered the capital increased with the Registrar of Partnerships and Companies on January 22, 2013 (see Note 36).

Additionally, the Company has given a letter of undertaking dated January 31, 2013 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, 2012 and 2011 are as follows:

Unit: Million Baht

**CONSOLIDATED FINANCIAL STATEMENTS**  
As at December 31, 2012

**Outstanding balances of net financial instruments**

	At call	Within 1 year	1 - 5 years	Over 5 years	Not limit	Non- performing receivables	Total
<b>Financial assets</b>							
Cash and cash equivalents	-	215	-	-	36	-	251
Securities business receivables	-	-	-	-	-	264	264
Investments - net	-	133	-	-	138	-	271
<b>Total</b>	<b>-</b>	<b>348</b>	<b>-</b>	<b>-</b>	<b>174</b>	<b>264</b>	<b>786</b>

Unit: Million Baht

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

**Outstanding balances of net financial instruments**

	At call	Within 1 year	1 - 5 years	Over 5 years	Not limit	Non- performing receivables	Total
<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

**SEPARATE FINANCIAL STATEMENTS**  
As at December, 2012

**Outstanding balances of net financial instruments**

	At call	Within 1 year	1 - 5 years	Over 5 years	Not limit	Non- performing receivables	Total
<b>Financial assets</b>							
Cash and cash equivalents	-	200	-	-	32	-	232
Securities business receivables	-	-	-	-	-	264	264
Investments - net	-	133	-	-	138	-	271
<b>Total</b>	<b>-</b>	<b>333</b>	<b>-</b>	<b>-</b>	<b>170</b>	<b>264</b>	<b>767</b>

Unit: Million Baht

SEPARATE FINANCIAL STATEMENTS

As at December 31, 2011

Outstanding balances of net financial instruments

	At call	Within 1 year	1 - 5 years	Over 5 years	Not limit	Non- performing receivables	Total
<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>

### 34.2 Significant financial instruments risk

As at December 31, 2012 and 2011, the Company and its subsidiary have not speculated in or engaged in trading of any off-financial position financial derivatives instruments.

#### 34.2.1 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, 2012

Outstanding balances of net financial instruments

Repricing or maturity dates

	Floating interest rate	At call	Within			Non- performing receivables	No interest	Total	Interest rate (Percent)	
			1 year	1-5 years	5 years				Floating rate	Fixed rate
<b>Financial assets</b>										
Cash and cash equivalents	21	-	215	-	-	-	15	251	0.60 – 2.50	2.61 – 3.00
Securities business receivables	-	-	-	-	-	264	-	264	-	-
Investments - net	-	-	47	-	-	-	224	271	-	-
<b>Total</b>	<b>21</b>	<b>-</b>	<b>262</b>	<b>-</b>	<b>-</b>	<b>264</b>	<b>239</b>	<b>786</b>		

Unit : Million Baht

CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2011

Outstanding balances of net financial instruments

Repricing or maturity dates

	Floating interest rate	At call	Within			Non- performing receivables	No interest	Total	Interest rate (Percent)	
			1 year	1-5 years	5 years				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

SEPARATE FINANCIAL STATEMENTS

As at December 31, 2012

Outstanding balances of net financial instruments

Repricing or maturity dates

	Floating interest rate	Within				Non- performing receivables	No interest	Total	Interest rate (Percent)	
		At call	1 year	1-5 years	Over 5 years				Floating rate	Fixed rate
<b>Financial assets</b>										
Cash and cash equivalents	18	-	200	-	-	-	14	232	0.60 – 2.50	2.61 – 2.80
Securities business receivables	-	-	-	-	-	264	-	264	-	-
Investments - net	-	-	47	-	-	-	224	271	-	-
Total	18	-	247	-	-	264	238	767		

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

As at December 31, 2011

Outstanding balances of net financial instruments

Repricing or maturity dates

	Floating interest rate	Within				Non- performing receivables	No interest	Total	Interest rate (Percent)	
		At call	1 year	1-5 years	Over 5 years				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	-	-
Total	13	220	-	-	-	264	248	745		

The average yield on average financial asset balances for interests bearing financial instruments are presented in the following table:

Unit : Baht

CONSOLIDATED FINANCIAL STATEMENTS

As at December 31, 2012

Financial Instruments	Average balance	Interest income	Average yield (Percent)
<b>Financial assets</b>			
Cash and cash equivalents	300,836,185	8,430,036	2.80
Deposits at financial institutions	6,250,000	224,877	3.60
Investment in debt	57,319,704	1,389,749	2.42
Securities business receivables	1,124,261	-	-

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	238,095,427	6,025,886	2.53
Securities business receivables	1,911,273	-	-

Unit : Baht			
SEPARATE FINANCIAL STATEMENTS			
As at December 31, 2012			
Financial Instruments	Average balance	Interest income	Average yield (Percent)
<b>Financial assets</b>			
Cash and cash equivalents	284,529,595	8,010,339	2.82
Investment in debt	57,319,704	1,389,749	2.42
Securities business receivables	1,124,261	-	-

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	225,033,212	5,742,753	2.55
Securities business receivables	1,911,273	-	-

#### 34.2.2 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.

#### 34.2.3 Foreign exchange risk

As at December 31, 2012 and 2011, the Company and its subsidiary do not have any material financial instruments in foreign currency.

#### 34.2.4 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.

#### 34.2.5 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, 2012 and 2011, the fair values of financial assets and financial liabilities are not significantly different from their book values.

### **35. 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 by Baht 300 million will be received upfront and the remaining Baht 200 million will be received proportionately over 3 years depending on earnings before interest, tax, depreciation and amortization (“EBITDA”) of KT ZMICO Securities Co., Ltd. for the year 2009 to 2011, and the Company will also receive returns from transfer of margin loan accounts at the value on the transferring date.

During the year ended December 31, 2011, the Company recorded the last portion of 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. Subsequently, on April 18, 2012, the Company already received such amount of cash. At the end of year 2011, the Company recognized the entire amount of consideration from the transfer of business of Baht 500 million as the associated company was able to generate 3-year cumulative EBITDA from 2009 - 2011 according to the criteria specified in the agreement.

The Company recognized such gain on transfer of business to an associated company as income in the consolidated financial statements according to the shareholding percentage of the third parties in the associated company. The remaining amount was presented as “unrealized gain on transfer of business to an associated company”. The Company will realize such “unrealized gain on transfer of business to an associated company” as income when the Company has lower percentage of shareholding in the associated company and when the associated company calculates depreciation or sells such transferred assets to the third parties. The movements of unrealized gain on transfer of business to an associated company in the consolidated financial statements for the years ended December 31, 2012 and 2011 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS	
	<b>Unrealized gain on transfer of business to an associated company For the years ended December 31,</b>	
	<b>2012</b>	<b>2011</b>
	<b>Million Baht</b>	<b>Million Baht</b>
Beginning balance of the period	163.09	136.95
<u>Add</u> Unrealized gain on additional gain on transfer of business to an associated company recognized during the period	-	34.61
<u>Less</u> Recognize additional gain on transfer of business to the associated company because the associated company calculated depreciation and sold part of transferred assets to the third parties	(6.99)	(8.47)
Ending balance of the period	156.10	163.09

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

### 36. EVENT AFTER THE REPORTING PERIOD

- 36.1 On December 18, 2012, the Board of Directors’ meeting No. 7/2012 of the subsidiary has passed a resolution to call for the payment of additional share capital from the existing shareholders in the amount of Baht 7.5 million by issuing additional 0.75 million ordinary shares with the par of Baht 10 at the price Baht 10 each. The subsidiary already received the cash of such increased share capital on January 15, 2013 and registered the capital increased with the Registrar of Partnerships and Companies on January 22, 2013.
- 36.2 On February 14, 2013, the Board of Directors’ meeting No. 2/2013 of the subsidiary has passed a resolution to approve the decreasing the subsidiary’s authorized and paid-up capital from Baht 192,000,000 to Baht 105,600,000 and the par value of share from Baht 10 per share to Baht 5.50 per share for decrease of retained deficit of the subsidiary. Additionally, the meeting had a resolution to approve the amendment of the subsidiary’s Memorandum of Association to reflect the decrease of the subsidiary’s authorized and paid up capital. Consequently, such resolutions have been approved by the extraordinary shareholders’ meeting No. 1/2013 of subsidiary on February 18, 2013.

**37. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved for issuing by the audit committee and authorized director of the Company on February 27, 2013.