

Roles of listed companies' management regarding information disclosures



Management should realize that disclosed information could influence the securities price, investors' decisions, and/or shareholders' interests. Thus, the information must be disclosed to the public using the SET's electronic system as its principal distribution channel. This is to ensure that all investors receive correct, sufficient, timely and equal information. These procedures are important in creating reliability and adding value to the companies.

Management has an obligation to provide correct, accurate, complete, and up-to-date information. Management should have written policies and procedures regarding information disclosures to serve as practical guidelines for their staff in charge of these matters. Furthermore, management should demonstrate to its employees that the accuracy of all information disclosures is important. Management should monitor the performance of the officers in charge so that the officers perform their work strictly in accordance with the provided guidelines, to ensure that safeguards exist to prevent inside information usage and information leaks to internal and external bodies.

Management should also emphasize good corporate governance-related-policies and corporate structures, which play an important role in encouraging the maintenance of higher standards in the quality of information disclosures and also encourage better corporate transparency. This will lead to the improved confidence and trust of investors in the firm.

Summary of information disclosures that listed companies can make available to the public

Acceptable disclosures

1. Information which needs to be immediately disclosed

Quarterly/annual financial statements in accordance with deadlines previously disclosed to the SET.

Caution

Quarterly/annual financial statements which are close to the deadline of disclosure to the SET should not be revealed.

Significant information, e.g., the acquisition or sale of assets, the declaration or absence of dividends, or changes in shares' par values, previously submitted to the SET.

Caution

Significant information, e.g., the acquisition or sale of assets, declaration or absence of dividends, or changes in shares' par values, which have not been finalized, contains insufficient details, was compiled for a company's internal use, or was specified by law to be concealed, cannot be revealed.



2. Recommended disclosures

- Rumors or reports containing errors information should be clarified by the release of facts to the best of the company's knowledge or give the latest update. If the transaction is subjected to any other significant conditions, the disclosure should be specified clearly, such as "...In addition, such actions are subject to approval of the board of directors/shareholders."
- The firm should clarify any facts to a research company which reported the faulty information to correct the research immediately. If the research company refuses to revise its analysis, the company can inform the SET as to the flaws in the report's accuracy or misunderstanding.
- A company should give its opinion when a third party announces news that results in a significant effect on its securities.

Caution

A company should not selectively clarify news which has either positive or negative impact on the firm's performance.



3. Optional disclosures

Annual financial forecasts which are provided to the SET prior to or simultaneously with other media

Caution

- Annual financial forecasts which have never been provided to the SET

- If a company has never provided its forecast to the SET, only its income may be announced.

Caution

- Any data which can be used to calculate the profits of the company

- Sales quantity (not the value of sales)
- Long term forecasts (more than 6 months), e.g., expectations of capital increases, dividend payments or consolidation
- Expectations of business direction

Caution

- The value of sales



Summary of disclosures of information that listed companies must not disclose

Prohibited disclosures ❌

Quarterly financial forecasts or income or profit expectations, regardless of whether that information has been disclosed to the SET or not.

Any financial forecasts or income/profit expectations which are close to the deadline of disclosure to the SET, regardless of whether that information has been disclosed to the SET or not.

Gross profit expectations which have never been published by the SET

Short-term forecasts (of less than 6 months), e.g., expectations of capital increases, dividend payments or consolidation

Individual comments which can lead prices.

Recommendation

Statistics and data with references, such as P/E and P/BV, should be announced cautiously, e.g., the present earnings should be used for calculating P/E because the expected earnings can impact the share price.





Compulsory disclosures

: these are disclosures that are required by law or the SET's regulations. These can be classified into two categories as follows:

1) Periodic disclosures:

Financial statements	Submission due date (days after the end of the accounting period)
1. Quarterly financial statements (Reviewed by an auditor)	45 days
2. Yearly financial statements (Audited by an auditor) Listed companies may choose either of the following submissions approaches and should use it consistently.	
2.1 Submit the fourth-quarter financial statements	3 months
2.2 Does not submit the fourth-quarter financial statements	60 days
3. Annual registration information (Form 56-1)	3 months
4. Annual reports (Form 56-2)	110 days



2) Non-periodic disclosures:

The Company must disclose this category of information immediately. Examples of non-periodic disclosure are:

- A change in financial structure, e.g., an acquisition and/or disposition of assets, merger and/or consolidation, joint venture investment, any impact from exchange rates, capital issuance or reaching a binding obligation on either assets or liabilities even if such obligation is outside the firm's primary business.
- Dividend payment declarations, dividend omission declarations, or stock-dividend payment announcements
- Any changes in a share's par value
- The acquisition or loss of a significant commercial contract, customer, or key partner
- An introduction of a significant new product, significant development in a resource, technology, product or market, or significant discovery concerning a natural resource
- A redemption of securities
- A change in any key management e.g. the managing director*
- An involvement in a binding agreement which can result in a future debt obligation
- The issuance of a significant amount of new shares for sale to the public or any person
- Significant litigation
- The purchase or sale of a significant asset
- A tendered offer for another company's securities
- A change in the company's objectives
- A change in the company's auditor before the end of the contract term, a resignation of auditor, or a change in auditor's opinion
- A change in securities rating type by a credit rating institution

*In all cases where a company's director or any senior management person has changed, the information shall be disclosed within 3 business days.

The above aforementioned disclosures are only a sampling picked from the SET's rules and regulations. Further details on rules and regulations are listed in the bibliography section.

The definition of whether or not the information is relevant or will have an effect on the company's securities price will vary according to each company's profile. A firm's profile includes its nature of business, sector, assets size, profitability and capitalization. The management of listed firms shall employ their own judgments and critique the impact of any information being considered for release upon investors' investment decisions or securities analysts' evaluation of risks and returns.

In addition, when determining non-periodic disclosures, management should allow for a balance between encouraging immediate and timely disclosures that concern the business and the prevention of disclosures that lead to price manipulations, overactive volume trading or the announcement of inconclusive information, which increase the risks for investors.

Making an immediate announcement does not apply to the following information, which the companies shall keep confidential:



1. Information concerning an incomplete proposal or negotiation, e.g., a project during its initial consideration, undergoing negotiation, or in process of being approved.
2. Information which is insufficiently complete or accurate to disclose.
3. Trade secrets
4. Information whose disclosure would put the company in breach of a law.

However, if information that is leaked to or obtained by a third party may have a material effect on the company's securities price, the firm should release the information immediately.



Recommended Disclosures

Sometimes, management should communicate proactively when rumors surface, information varies or is found to be inaccurate. In these cases, companies are encouraged to clarify the facts immediately-not waiting until the SET requests them to do so. In any case, companies should not intend to disclose overstated or exaggerated information, without any evidential support, which could lead its stock price's direction. On the other hand, companies should provide correct, timely, sufficient, and fair announcements of pertinent information, as follows:

1) Clarifications when there are rumors or misleading reports

In these types of cases, when a company's affairs are publicly circulated via any other media before announcing them through the SET and the information is considered material, whether it concerns good or bad news, the company should immediately disclose the information via the SET.

Guidelines for information clarifications

- The companies shall clarify the facts to the best of their knowledge or give the latest update. If there has been any key condition added, they should be clearly disclosed. The following is a sample of an announcement:

“... However, the board of directors or shareholders meeting may or may not approve the matter.”

- If a contract condition binds the company to keeping certain information secret, the firm should additionally specify within the contract that it may be required to disclose said information under some circumstances in accordance with the SET's rules.

2) Clarifications when there are false references on analyst's recommendation reports.

In general, a company need not comment on any analysis report, including business forecasts, estimated figures, or analyst recommendations; management is not required or entitled to express any comments about it. However, if the information is inconsistent with what has been disclosed through the SET or such information is materially misinterpreted or misunderstood, companies are encouraged to promptly respond and provide the correct information to the analysis report issuer. Subsequently, if said report is not immediately put right, firms should disclose the correct information to the SET.

3) Announcements of a third party

Any announcements from governmental organizations or regulatory authorities related to companies' industries may affect their stock prices. If the announcement is expected to cause a material impact on a company's business performance, the firm should immediately disclose the expected impact.





Optional Disclosures

1) Financial Projections

As a rule, companies do not need to disclose their quarterly or annual financial projections, because such plans are for internal use. However, if the companies deem it necessary to disclose their financial projections, they must do so with great care and with the support of correct, rational and practical assumptions to avoid the risk associated with disseminating false information and misleading companies' stock price direction. Furthermore, companies are obligated to track and report any changes that may cause the target to vary significantly from the projection. **Depending upon a company's own judgment and opinion, it may choose to disclose its yearly financial projection. If a firm decides to announce its financial projections to the public, the disclosure shall be done restrictively as stated below:**

- ▣ Disclosure should be disseminated through the SET as the primary distribution channel and before or at the same time as it is reported to any other media.
- ▣ The annual forecast shall contain the following at a minimum: revenues, expenses, and profit accompanied by a full set of rational assumptions, which mention both positive and negative views. Furthermore, the management or the board of directors should review the forecast thoroughly before it is being released.
- ▣ The annual forecast should be disclosed annually and routinely before or at the Annual General Meeting.
- ▣ If there is an event or any changes in assumptions that cause a relevant variation from the financial projection, whether positively or negatively, but particularly for negative effects, the company should promptly clarify such impacts to their financial forecasts.

If a company has already disclosed its financial forecast to the SET, it is then permitted to publicly announce these already-released financial figures through any other channels. Otherwise, the company can disclose only revenues or sale volumes.

Cautions

Essentially, companies should be cautious not to disclose any quarterly revenue or profit forecasts even if the companies had already provided an annual financial forecast because:

- Companies are required to disclose their periodic report every quarter.
- The information is short-term and a part of it has already occurred.
- The information may change rapidly over time and announcements of each change may cause investors confusion.

If it is necessary to disclose numeric information, companies can release their sales figures in term of sales volumes but not monetary numbers. An example is shown below:

“This year, the company believes that approximately 1.2-1.3 million mobile phones will be sold, which will meet the company’s established target. During the first half of the year, 570,000 mobile phones were sold and an additional 600,000 phones are expected to be sold in the next half.”



The management discussion and analysis (MD&A) report is another viable channel to disclose a company's financial plan/outlook.

When providing information to analysts who need to prepare a Preview Report, firms should provide them with comprehensive information on its business and its sector's operations, which may include a business overview, data sources, sales volumes, and industrial outlook rather than emphasizing only financial figures. However, a company's net profit or any other data that can be used to calculate the net profit must not be stated. The companies can obtain their business and industrial outlook information from their annual registration information (form 56-1) and annual reports (form 56-2) so that the analysts can develop a more precise estimated projection.

In addition, firms should be concerned about the fair disclosure principle. Material information not yet disclosed to the SET should neither be publicly announced nor selectively released to a given group of persons, including security analysts or the press, because the material information is released unequally and will benefit only that group which receives it. However, in inevitable cases where information is distributed to a specific person, companies should announce such information via the SET immediately so that the company fairly complies with the disclosure principle.

2) Views about probable important future events

If a company has a prior awareness of a probable important future event, of which the likelihood of occurrence is still unclear and dependent upon uncertain factors happening in the future, the firm may choose to disclose the perceived event to the public with caution and without notifying the SET. However, the company should also provide information regarding associated assumptions, risk factors, and/or other important information. An overview of types of views of probable important future events follows:

1) Long-term view of broad outlook and future prospects (more than 6 months):

For example, sales targets for sales personnel, key performance evaluation figures for management, prospects about the potential increasing/decreasing of share capital, prospects of dividend payments and the possibility of a merger and/or acquisition. However, disclosure of short-term estimations (less than 6 months) should be avoided because this could immediately affect the firm's securities price.

2) View of industrial direction and future prospects: A company can provide its overview regarding its industry's direction and future prospects.

For example, *“For the second-half of the year, the Construction Materials industry's upward trend is likely to decline because of the slowdown in the country's economy and increasing interest rates. Such factors contributed to the delays in the high-end housing market. Housing developers have adjusted their strategies concurrently to capture more of the middle and lower class markets. As a result, the need for construction materials has dropped.”*

Management should not voice any opinions, whether in writing or verbally, regarding its company's securities price.

This is because such a disclosure may have a profound effect on the movement of the securities price, since management is considered to have inside information. Therefore, any comment by the management on the company's securities price could direct the price movement and would therefore be deemed unfair. An analyst is, alternatively, an appropriate person to play the role of providing information to investors. However, in cases where the management is required to answer questions concerning such matters, it can provide fundamental factual information that the securities price is reflected from its performance. The management can also provide the firm's fundamental statistical information. For example, a firm's P/E or P/BV ratio can be referred to as a source of information. Importantly, the figures in calculations should be used with caution. The "E" in the calculation of a P/E ratio should be the past results, since the future "E" could move the price of the securities. Management can also obtain the firm's fundamental statistical information from the SET. Lastly, management should note that the release of such a disclosure should be done with caution and should not include any of its own opinions.





Examples of Non-periodic disclosures

• Dividend Payment

The company may provide information based on the policy previously provided to the SET or refer to its overall performance. However, a firm should avoid providing numerical or percent expectations that can be compared to the last-year's dividend payments and used for calculating the present-year's dividend payments. It should also avoid making statements concerning changes in its dividend payment policy which has not yet reached a clear conclusion or received the board of directors' approval because this information can inaccurately reflect the company's present status.

If a firm has to answer to the press, the firm can give positive or negative trends, or refer to economic circumstances or expansion of the company's business, because these types of information are widely known. It should be clearly stated that these are just projections and any factors which could possibly have a changing effect on these projections must be clearly specified.



? According to last year's performance, how much will this year's dividend payment be?

Example of Answers

✓ *"The company dividend payment policy is to pay not less than 50% each year and will continue to remain the same for the foreseeable future. For this year, dividend payments will be based on the company's overall performance."*

Reason : The information should follow the policy which was previously provided to the SET.

Example of Answers

✓ *"Because of the extra income, the company's performance for this year is better than those for the previous years. Thus, we expect our dividend payments to be more than that of last year. However, this depends on our board of directors' decision. Currently our dividend payment policy states that we will not pay out less than 30%."*

Reason : The information can be in the form of a reference to the company's overall performance.

Example of Answers

✗ *"The company will hold a meeting about its annual dividend payments on June 30, 2005 and the dividend payment is expected to be THB5 per share."*

Reason : The expectation is prohibited from being in numerical form.

Example of Answers

✗ *"The company is in the process of determining whether its dividend payments will be paid in any other form rather than in cash. We have not reached the conclusion yet."*

Reason : Disclosing information on a change in dividend payment policy which has not reached a clear conclusion or has not yet been passed by the board of directors is prohibited.

• Interim Dividend Payment

Expectations of interim dividend payments depend on historical interim dividend payments, as follows:

→ If interim dividends have been paid regularly

The firm may disclose information in accordance with its policy previously disclosed to the SET, but it is prohibited from specifying a figure and/or disclosing ambiguous information. Also, the company is forbidden to disclose information that changes currently still in the process of consideration by the board of directors.

→ If interim dividends have never been paid, and are expected to be paid for the first time

The company must not disclose such information to anyone because paying interim dividends is a new dividend policy that requires the approval of the board of directors and requires a clear resolution. If the company has to answer such a question, the company should refer to the earlier published information and clearly identify it as an expectation that can be changed by various factors.



? Can the company be expected to pay out interim dividends if it experiences an increase in operating results over previous years, and if yes, how much?

Example of Answers

✓ *“The company is prepared to pay an interim dividend twice a year according to its dividend policy but cannot disclose how much.”*

Reason : Information which has been previously disseminated via the SET, can be disclosed.

Example of Answers

✓ *“The firm expects to pay an interim dividend as usual and the payment rate is currently being consideration.”*

Reason : Regular interim dividend payments can be disclosed.

Example of Answers

✗ *“The company expects to pay an interim dividend for the first time. The matter is currently under consideration by the board of directors.”*

Reason : The company cannot disclose such information before its interim dividend policy is approved by the board of directors.

Example of Answers

✗ *“The firm expects to pay out an interim dividend of at least 0.20 baht per share or approximately 70% of net profits.”*

Reason : Numerical data which is related to the expected interim dividend payment cannot be disclosed.

- **Other non-periodic disclosures such as Capital Increase/Decrease, Par Split, Warrant Issuance, and Companies' Merger and Acquisition**

The company must not disclose expected numerical data related to capital increases/decreases, par split, warrant issuance, and company's merger and acquisition, especially the amount and ratio of those incidents. The company should also avoid disclosing any of its related parties, as well as any of its short-term expected information (of less than 6 months) that has not already been approved by the board or has no clear resolution, because it may significantly affect its securities price. However, the company may disclose numerical data that is not price-sensitive and will not affect a shareholder's position, e.g., decreasing capital by reducing or splitting par value.

If the company has to answer such a question, the company should use long-term expected information (of more than 6 months) or disclose only the positive or negative trends, and must clearly identify such information as only expectations that can be changed by many factors.



? Does the company plan to **increase capital**? If yes, by how much?

Example of Answers



“The company plans to raise capital because we need to support new projects which we hope to implement within the coming year.” (As of May 2005)

Reason : Long-termed expected information can be disclosed (of more than 6 months).

Example of Answers



“A source of funds to expand our production capabilities is pending for final decision of the company’s board of directors. It can be either debt financing or a hybrid between debt and equity.”

Reason : Disclosing prospective trends is allowed, but the firm must identify it as only an expectation that can be changed by other factors.

Example of Answers



“The company expects to increase its capital by at least THB4.0 billion within next year.”

Reason : The numerical information related to the proposed transaction cannot be disclosed. In this case, the issue size of capital is considered price-sensitive information even though it is a long-term expectation of greater than 6 months.

Example of Answers



“The company expects to increase its capital by this quarter.”

Reason : Short-termed expected information cannot be disclosed (of less than 6 months), even though it is not numerical information.

? Does the company plan to **decrease its capital**? If yes, by how much?

Example of Answers

✓ *“The firm will consider a capital decrease by a reduction in par value which will not affect shareholders’ positions”*

Reason : Information about a capital decrease by a reduction in par value can be disclosed because it does not affect shareholders’ positions in accounting schemes.

Example of Answers

✗ *“The company expects to decrease registered capital from THB1.0 billion to THB500 million by next year.”*

Reason : The numerical data related to the expectation of restructuring cannot be disclosed. In this case, it is unclear whether reduction in capital is related to a reduction in number of shares or a decrease in company value.

Example of Answers

✗ *“The company expects to decrease registered capital by this quarter.”*

Reason : Short-termed expected information cannot be disclosed.

? Does the company plan to **split the par value** of its shares?

Example of Answers

✓ *“The company plans to split the par value of its shares by the coming year.”* (As of May 2005)

Reason : Long-termed expected information can be disclosed. (Of more than 6 months)

Example of Answers

✗ *“The company has a plan to split par value from THB10 to THB5 by this quarter.”*

Reason : Short-termed expected information cannot be disclosed

 Does the company plan to **issue warrants**? If so, how?

Example of Answers



“The firm plans to raise capital within the coming year by issuing warrants to its existing shareholders. However, this is in the process of being studied.” (As of May 2005)

Reason : Long-termed expected information can be disclosed. (Of more than 6 months)

Example of Answers



“The company plans to issue warrants of not more than THB 1.0 billion units by the middle of the coming year.”

Reason : The numerical information related to the proposed transaction cannot be disclosed. In this case, the issue size of warrants is considered price-sensitive information even though it is a long-termed expected information of greater than 6 months.

Example of Answers



“The company plans to issue warrants to its existing shareholders, including its CEO and MD, by this quarter.”

Reason : The information prior to an approval of the board of directors or without a clear resolution cannot be disclosed.

Example of Answers



“The company plans to issue warrants to its board of directors and employees in the form of ESOP by this quarter.”

Reason : The information prior to an approval of the board of directors or without a clear resolution cannot be disclosed.

? Does the company plan for a **merger**, and, if so, how?

Example of Answers

✓ *“The company is planning to enter into a merger transaction. However, the process is still underway and concerns must be addressed before it can be implemented within the coming year.”*

Reason : Long-termed expected information (of more than 6 months), perspectives and trends can be disclosed.

Example of Answers

✓ *“A merger is being considered in accordance with government policies to strengthen the company’s overall status. However, the process is still under consideration which requires a more thorough study.”*

Reason : Perspectives and trends can be disclosed.

Example of Answers

✓ *“The company is considering the possibility of increasing the value of its enterprise by merging with one or more of its business partners.”*

Reason : Perspectives and trends can be disclosed.

Example of Answers

✗ *“The company is considering the possibility of increasing the value of its enterprise by merging company A and company B by the middle of the coming year.”*

Reason : The company must not disclose information regarding the name of the related party because it may lead to being able to closely forecast the merger’s value, which will obviously affect trading.

Example of Answers

✗ *“The company is considering the possibility of increasing the value of its enterprise by merging with a business partner by this quarter.”*

Reason : Short-termed expectation cannot be disclosed.



Will the company **invest in a new project**, and, if so, what will be the source of its funds?

Example of Answers



“The company intends to invest in a warehouse building and a large-scale software computer system project, which are expected to be completed within this year. The company estimates that the projects will cost about THB 30 million and the source of funds will be from a capital increase via public offering.”

Reason : The overview or trend can be disclosed.

Example of Answers



“The company aims to expand its business by purchasing various firms when it has excess cash flow.”

Reason : The overview or trend can be disclosed.

Example of Answers



“The company intends to invest in a warehouse building and a large-scale software computer system project, which are expected to be completed within this year. The company estimates that the projects will cost about THB30 million and the source of funds will be from a capital increase via public offering. The IRR is expected to be about 12 - 15%.”

Reason : The expected information, such as the average return of the project, must not be disclosed because it can lead to a calculation of the value of the businesses and can effect the company’s share price.



Examples of Recommended disclosures

In some cases, a company's management should be proactive in its role for information dissemination. When the company finds that there is a rumor, incorrect news involving the company or an incorrect information reference, the company must disclose the facts immediately and not wait for a request from the SET. However, the company must never release exaggerated or overstated disclosures because they could be construed as an attempt to lead its securities price.

A company should always try to disclose information accurately, adequately, fairly and timely, as follows:



1 Clarifications of rumors and misleading news

If significant positive or negative news involving a firm appears or is widely spread in the media, but it has not yet been provided to the SET, the company should immediately disclose the facts via the SET as well as identify the source of the particular rumor.

Rumor, incorrect news

“The company might be taken over by a tender offering of THB120 per share.” [the current price is THB70]

Disclosures : *“The company has not been negotiating a tender offering as mentioned in the newspaper A on DD/MM/YY.”*

Rumor, incorrect news

“The company plans to issue a second set of warrants”

Disclosures : *“The company would like to dispel the rumor printed in the newspaper A on DD/MM/YY that the company plans to issue a second set of warrants. We have no plans at this time to issue such warrants.”*

Rumor, incorrect news

“The firm is preparing to purchase company B by using a THB600 - 650 million share in exchange and issue warrants for company B.”

Disclosures : *“The company is still in the process of a feasibility study and must wait for the results of the research and a recommendation from our financial advisor before the board of directors can render a decision.”*

2 Clarifications on securities' research with incorrect data references

The management can refuse to give any comment, except to state that the incorrect data differs extensively from what has been released through the SET or has been significantly misinterpreted. The company should proactively disclose the facts to the research company who released the incorrect information so that the research company can revise its analysis report immediately. If the research company refuses to amend its study, the listed company should disclose information to the SET immediately concerning the inaccuracies and misunderstandings.

Example of Opinion

“Due to the effects of the tsunami, a research company’s analyst reported that the company’s net profits will decrease significantly, by about THB... . The company would like to inform investors that the events did not severely affect the company’s operations as mentioned in the analyst’s report.”

Reason : The company can disclose the correct information.



3 Announcements of a third party

If news announcements of a third party affect a firm, the company can provide the correct information to the SET in the form of a fact reference.

News announcement of a third party

“The Thai government has announced that there is a pandemic bird flu situation in Supanburi province which has created serious concern amongst Thailand’s chicken importers. Currently, all Thai chicken and chicken product exports have been temporarily ceased, which will affect the company’s performance.”

Disclosure : *“At present, the company earns about 35% of all its income from direct and indirect exports. At this moment, the duration of the export ban cannot be estimated. Initially, it is expected to be about 1-3 months, depending upon the negotiations between the Thai government and the country’s chicken importers. The company will inform all investors immediately as the situation progresses.”*

News announcement of a third party

“The company will be temporarily closed down as a result of the bird flu pandemic.”

Disclosure : *“The company has not received any official letter to close down nor even a verbal command from any government office.”*



Examples of Optional disclosures

• Yearly Financial Forecasts

Normally, a listed company does not need to disclose its quarterly or yearly financial forecasts to the public because it is data used for internal planning and management. If the firm would like to disclose its forecast, it must consider the risk of an incorrect data disclosure or perhaps the leading of its share price by the released forecast data. **If** the company thinks that the disclosure of its financial forecast will benefit investors, it must be in line with specified conditions.

If a firm has provided its financial forecast to the SET, the company can then give the data from the disclosed financial statement through other media, but if the financial forecast has not been provided to the SET, **the firm may release to the media only its income or sales quantity**; the release of sales value is not permitted.



What are the company's expectations about its performance for this year?

Example of Answers



“Our company’s financial forecast is produced for internal planning and management and can be made inaccurate due to many factors. Thus, to prevent confusion and possible effects, the company will not disclose this information.”

Reason : The company can give its positive or negative trends, which refer directly to economic conditions or any expansion of the businesses the company is involved in. This is because the information is already widely known. It should declare that the forecast is just an expectation and identify the factors that could affect the forecast.

Example of Answers



“The company expects that its annual performance will increase over last year’s because of the economic expansion. However, this forecast is just the company’s current expectation, which can vary depending upon the country’s changing economic growth rate.”

Reason : The company can give its positive or negative trends, which refer directly to economic conditions or any expansion of the businesses the company is involved in. This is because the information is already widely known. It should declare that the forecast is just an expectation and identify the factors that could affect the forecast.

Example of Answers



“The company expects that its annual profit will increase by over 100% from last year’s according to the company’s performance forecast which was previously disclosed via the SET.”

Reason : The company can release numerical data from financial statements which was previously disclosed via the SET.

Example of Answers



“The company expects its annual performance to be THB1.0 billion in income, THB500 million in expenditures and THB500 million in profits based on the country’s current economic growth rate.”

Reason : There would be risk of disseminating incorrect data and leading share price as the financial forecast was not yet provided to the SET.

• Quarterly Financial Forecasts

The listed company must not disclose its quarterly financial performance, e.g., profit or income, although they have already been disclosed in the annual forecast. This is because this type of information is short-term and related to the real figures. Furthermore, the SET requires that listed companies disclose their quarterly financial statements for each accounting period, so disclosing the same information repetitively may confuse investors.

? What are the company's expectations about its income / profit in this quarter?

Example of Answers



“The current quarterly income/profit is being prepared but has not yet been audited and considered by the board of directors. The company will immediately provide this information to the SET when it is completed.”

Reason : The company must not disclose any quarterly forecast, especially any numerical data.

Example of Answers



“According to the first quarter performance announcement, the company earned a profit of THB100 million. Therefore, when combined with the remaining 3 quarters, the company expects to earn a profit of THB400 million for the year. This is in line with the disclosed annual forecast.”

Reason : Long-term forecast is acceptable. However, the company must not disclose any quarterly forecast even though the company has provided the annual financial forecast to The SET.

Example of Answers



“The company expects that its profit in this quarter should be around THB2.0 billion, or a 20% increase over its profit in the same quarter of last year.”

Reason : Quarterly profit is information that is nearly disclosed to the public, so the company should strictly avoid revealing this information to others before disclosing it to the SET. It may have the effect of misleading the share price.

• Future Incident Forecasts such as Industrial Competition

If the listed company forecasted to have its major future incidents which may, or may not, occur depending on future's impacted factors. It is the company's discretion whether to disclose such information. Upon the company's decision to disclose such information, all uncertainty or unclear predicted incidents shall be disclosed very carefully and are not obliged to inform the Exchange. However, the company should publicly announce about the underlying assumption and/or the company's necessity to publicly broadcast such an incident, and/or risky factors of such information.

? How is the competitive environment in the local and regional industry?

Example of Answers



"The industry environment of the company is in an upward trend, which is supported by the tax exemption policy and lower interest rates."

Reason : Perspectives and overall trends can be disclosed.

Example of Answers



"The industry environment of the company is in an upward trend which is supported by the tax exemption policy and lower interest rates. Therefore, the company should earn an additional profit of about 50%."

Reason : A company would risk an incorrect data disclosure and a misleading of its share price.

• Giving an opinion about securities' price

Management shall avoid giving an opinion about the company's stock price. However, in case that the answer is required, management may give a disclosed fundamental information, or the company's statistical information such as P/E, and P/BV. Nevertheless, all information shall be given very vigilantly by no means of stock price indication.

? Does the company think that its stock price is lower than expected?

Example of Answers

 *“Even though the company's stock price decreased sharply in relation to the overall market's performance, the company's financial result is still satisfactory.”*

Reason : The company can state that the stock price is reflected from the company's performance.

Example of Answers

 *“The company's stock price is controlled by market mechanisms and other factors. Therefore, it is the role of an analyst to disclose this information.”*

Reason : The company's expected stock price should be disclosed by an analyst.

Example of Answers

 *“The company's stock price reflects market conditions. Its P/E is 5 times and the average P/E of industry is 10 times.”*

Reason : The company should disclose information that is already widely known, such as statistics.

Example of Answers

 *“The company estimates the value of the firm using the P/E ratio method.”*

Reason : Perspectives and overall trends can be disclosed.

Example of Answers



“At the moment, the company’s stock price should be able to increase from its current price.”

Reason : Leading information must not be disclosed to investors.

Example of Answers



“The current price is lower than what it should be. The company wishes to purchase treasury stocks but at the present time it can not proceed since the company objects to some rules of the SET.”

Reason : Leading information must not be disclosed to investors.

Example of Answers



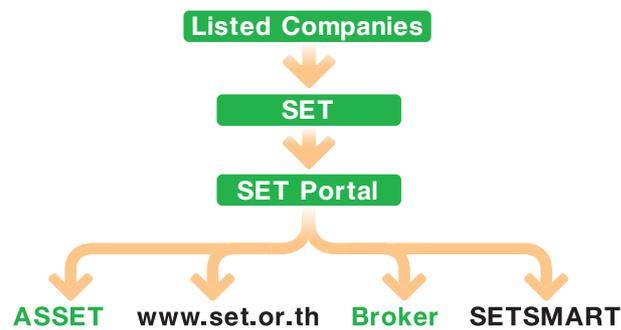
“The company estimates the value of the firm using the P/E ratio method. It is able to calculate that the intrinsic value of the firm should be around THB10 per share.”

Reason : A company risks an incorrect data disclosure and share price leading.

Methods of disseminating disclosures

To ensure that companies' disclosures are distributed to investors correctly, sufficiently, timely and equally, the SET has required that listed companies' disclosures be disseminated through the SET's channels before being released through any other medium. The SET's methods of disseminating disclosures are:

1. The primary method is to distribute disclosures through the SET's Electronic System (SET Portal).
2. If there has been a rumor spreading that management has been releasing the company's information unfairly in addition to publicizing information through the SET Portal as stated in No.1, the management can choose to release the truth through the Money Channel (TV), where investors and the public can receive official information from the management directly and in timely fashion. In addition, the SET may ask management to respond to any rumor concerning the firm through the Money Channel.
3. To allow for a variety of distribution channels, the SET encourages firms to disclose the released information using their own channels, as deemed appropriate. Examples of these channels may include firms' corporate websites, press releases or at analyst briefing



Disclosures management by companies

A firm should establish its own written policies and procedures regarding its information disclosure. After information has been released via the SET, the company could use information technology to enable wide distribution of information. The policies and procedures regarding information disclosure should include the following:

1. The company should establish a manager or a person who is responsible for delivering disclosures to the SET, and that person should be the one who goes for interviews or provides information to analysts, investors and the press.
2. Material disclosures must be disseminated to the SET before using any other media.
3. All groups of investors, analysts, and shareholders should share equal access to all released information; there should be no special privileges for anyone.
4. The company should disclose information in the same manner for every type of information, both positive and negative. For example, a firm should not choose to disclose negative information before or during weekends or during holidays in order to diminish the consequences of the information on the price of its securities.
5. Material information must be submitted to the SET first before being provided to analysts or fund managers.
6. If the firm is unsure whether the information should be disclosed or not, it can consult with the SET staff with whom it is in regular contact.
7. The firm should establish a mechanism to follow up on company news/disclosures that appear on other media, to ensure that the information is kept correct and sufficient and is not misleading.
8. The company should establish a procedure to keep confidential information. For example, use code names instead of real names, reveal information to a limited number of managers or other relevant persons, set up a black out period before delivering disclosures whereby those awarded persons are prohibited from buying or selling the firm's securities, and establish policies to ensure accurate reporting of insiders and management's trading.
9. A company's subsidiary or associated firm should follow the same guidelines and procedures for information disclosures as those of the parent listed company.

The SET's regulating guidelines

1. Breaching the SET's rules and guidelines regarding information disclosures

If a listed company does not act in accordance with SET's rules and guidelines regarding information disclosures, the SET will proceed as follows:

- Process Telephone/written warning

- Post "Notice Pending (NP)" or "Suspension (SP)" sign against the company's securities

- Post an "Investor Alert" sign to warn investors that there is information missing and needs to be considered before investing

- Use of public reprimand

- Forward the issue to the SEC if the company is found to have breached the Securities and Exchange Act A.D. 1992

2. Irregular price movements

If there is an irregular price movement in a firm's securities, the SET will request the company's cooperation to declare whether any material development could have existed to cause such a significant price movement.

Bibliography

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3. Notification of The Stock Exchange of Thailand Re: Guidelines on Disclosure of Information of Listed Companies, 1993
4. Regulations of The Stock Exchange of Thailand Re: Rules, Conditions and Procedures of the Temporary Suspension of the Trading of Listed Securities (No.3), 2005
5. Notification of The Stock Exchange of Thailand Re: Posting of NP and NR Signs (No.2), 2005
6. Notification of the Board of Governors of The Stock Exchange of Thailand Re: Rules, Conditions and Procedures Governing the Disclosure of Information to Protect the Benefit or Interests of the Public, 2005