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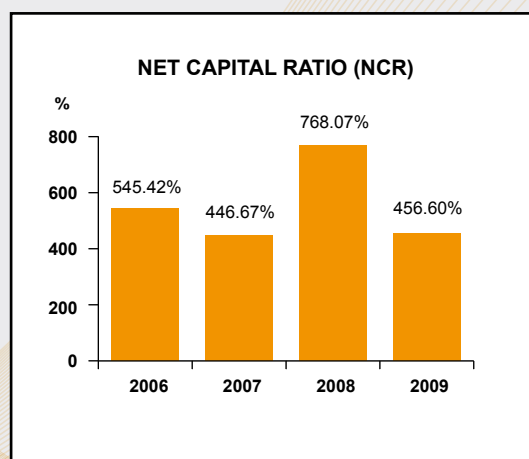
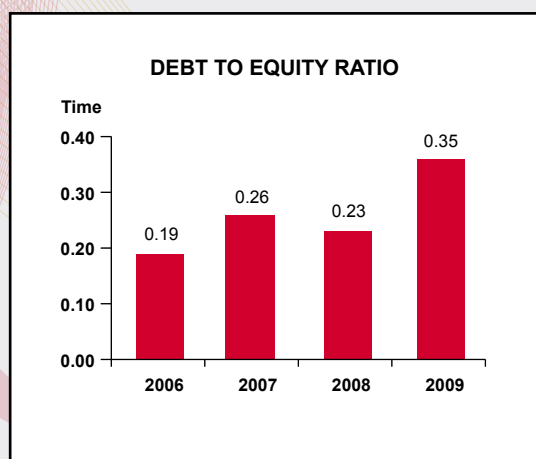
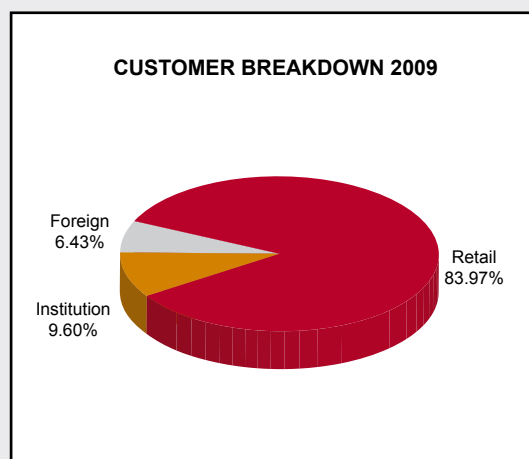
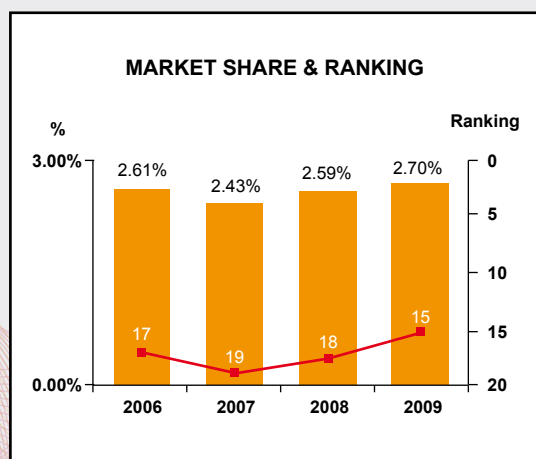
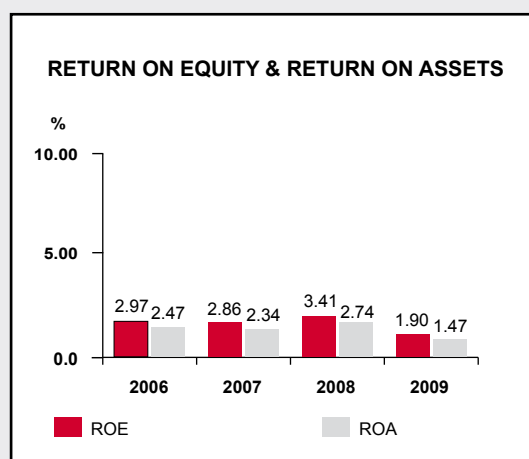
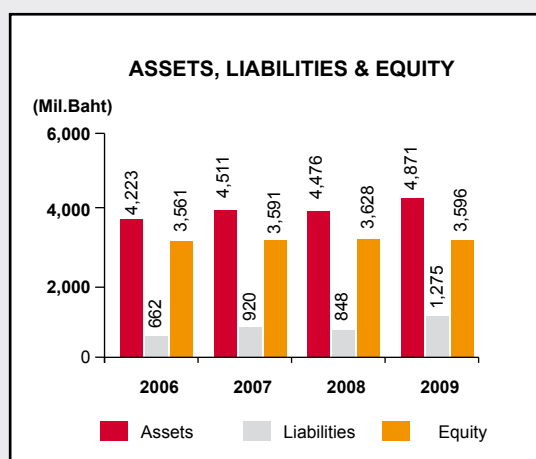
ANNUAL REPORT 2009

บริษัทหลักทรัพย์ พัฒนสิน จำกัด (มหาชน)
Capital Nomura Securities Public Company Limited

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Financial Highlights



Board of Directors



Mr. Suthep Peetakanont
Honorary Chairman



Mr. Takeshi Nishida
Chairman
and President



Mr. Nimit Wongjariyakul
Executive Director
and Chief Operating Officer



Mr. Naoki Sugaya
Executive Director



Mrs. Chrisana Sae-Leiw
Executive Director



Mr. Yoshinori Go
Director



Mr. Pisit Tesabamroong
Director



Mrs. Wattanee Phanachet
Chairman of the Audit Committee
and Independent Director



Col. Ruangsub Kovindha
Audit Committee Member
and Independent Director



Mr. Prasert Virasathienpornkul
Audit Committee Member
and Independent Director

Message from Honorary Chairman



During fiscal year 2009 (starting from September 1, 2008 until August 31, 2009) the securities business was very volatile due to the global financial crisis that impacted global securities markets, including the Stock Exchange of Thailand (SET). On September 1, 2008, the SET index peaked at 675.22 points and saw its low point on October 29, 2008 at 384.15 points. As of the end of fiscal year 2009 the SET index closed at 653.25 points. Meanwhile, the average daily turnover during fiscal year 2009 decreased by approximately 19% to Baht 14,905 million from Baht 18,348 million in fiscal year 2008, while daily turnover for fiscal year 2009 fell to its lowest level at Baht 2,369.77 million on January 26, 2009.

Owing to the success of Capital Nomura Securities Public Company Limited's (CNS) business plans and policies aimed at further expanding our client base, along with improving the quality of our human resources and the range of our services, particularly our Internet-based trading business and Securities Borrowing and Lending (SBL) business for Internet-based short-selling services, we were successful in opening 1,001 new accounts in fiscal year 2009. This progress was particularly evident in our Internet-based trading business, as evidenced by the increase in our trading volume through the Internet that rose from 15.98% to 22.65% of our total trading volume, while the value of our SBL volume increased from Baht 8,153 million in fiscal year 2008 to Baht 12,083 million in the past fiscal year.

As for our core securities brokerage business, our brokerage fee income in fiscal year 2009 totaled Baht 440.58 million for a decline of 16.49% year-on-year. One reason behind this decrease was an approximate 19% year-on-year decline in the SET's total turnover from Baht 8,953,628 million in the previous fiscal year to Baht 7,243,642 million in fiscal year 2009. Despite this decline in our brokerage fee income in fiscal year 2009, our market share improved to 2.70% when compared with our market share of 2.59% for the previous fiscal year. This outcome saw CNS ranked 15th amongst the industry's 38 securities firms, when compared with our rank of 18th in the previous fiscal year. The breakdown of our trading volume by category of customer was as follows: retail investors (83.97%), domestic institutional investors (9.60%) and foreign investors (6.43%). Meanwhile, the breakdown of the total market's trading volume by category of customers was as follows: retail investors (60.44%), domestic institutional investors (19.51%) and foreign investors (20.05%).

Our performance by category of customer in the past fiscal year was as follows:

1. Retail investors – the total market trading volume generated by retail investors during the past fiscal year was Baht 4,378,022 million, while our retail investors' trading volume was Baht 163,374 million. This was equivalent to a market share of 3.73%.
2. Domestic institutional investors - the total market trading volume generated by domestic institutional investors for the past fiscal year was Baht 1,413,592 million, while our domestic institutional investors' trading volume was Baht 18,668 million. Although this figure represented a market share of only 1.32%, it should be noted that the market share figures for domestic institutional investors included the volume of securities companies' proprietary trading, of which our portion was quite minimal.

3. Foreign institutional investors - the total market trading volume generated by foreign institutional investors during the past fiscal year was Baht 1,452,028 million, while our foreign institutional investors' trading volume was Baht 12,510 million. This result gave CNS a market share of 0.86% in fiscal year 2009.

Although foreign institutional investors' share of our trading volume remained low when compared with the overall market, we are still committed to upgrading this area of our business and to continuously increasing our trading volume and market share in the coming fiscal year, such as through focusing on improving the quality of our analysts and research reports, as well as the quality of services provided by our marketing officers.

Our investment banking and fixed income businesses last year were quiet as a result of the sluggish investment atmosphere. CNS participated in four of the nine IPOs that took place during the fiscal year, including as joint lead underwriter for two IPOs. In addition, we remain mandated as the financial advisor for nine companies, which includes mandates from fiscal year 2008 and those have been carried over from prior fiscal years that are still in process.

Meanwhile, for our derivative trading business during the past fiscal year, our trading value decreased by about 4% to Baht 49,998 million from Baht 52,082 million in the previous fiscal year. Meanwhile, the number of derivative trading accounts registered with our company increased by 32.88% from 663 accounts to 881 accounts. CNS was ranked as No.15 in fiscal year 2009, with a market share of 2.45% from among the 43 brokerage firms that provide derivative trading services on the Thai Futures Exchange (TFEX). It should be noted that the market share data for the derivatives market includes the volume of securities companies' proprietary trading.

The management of our capital fund continued to be carried out in a careful and conservative manner by investing in mainly low-risk instruments. Meanwhile, our funds are carefully utilized to promote business expansion and to support our core operations, such as margin financing, credit balance, SBL services, underwriting of equity and fixed income transactions, as well as our derivative trading business.

Due to the abovementioned factors, our net profit for fiscal year 2009 amounted to Baht 68.61 million for a decline of 44.27% when compared with the previous fiscal year's net profit of Baht 123.13 million.

For fiscal year 2010, CNS will continue to focus on its policies and plans that aim to further expand our brokerage business with both retail and institutional clients in the domestic market and internationally. In addition, we will continue to expand our other businesses that are mentioned above, as well as work to promote new businesses such as the Employee Joint Investment Program (EJIP) that is designed to expand our brokerage business and revenue base in the future.

Other business plans for the coming fiscal year include upgrading the skills and talents of our human resources across all departments, such as by organizing training sessions aimed at broadening our employees' knowledge. Likewise, we will continue to organize seminars for our clients in order to make them more aware of our new products and services. Furthermore, we will also improve the quality of our research reports. Finally, as in previous fiscal years, we will continue to promote good corporate governance, quality leadership and financial discipline as part of our commitment to delivering greater long-term shareholder value.

Finally, Capital Nomura Securities Public Company Limited's Board of Directors and I would like to express our sincere gratitude to our shareholders, clients, and staff for their continuous support throughout the year.



Suthep Peetakanont
Honorary Chairman

Corporate Profile

History

Capital Nomura Securities Public Company Limited (the“CNS”) was originally registered as a Limited Company on May 26, 1970 under the name of Bangkok Nomura International Securities Company Limited (Company Registration No.317/2513). It was one of the founding members of The Stock Exchange of Thailand (SET) in 1975. On November 1, 1979 the Company’s name was changed to Bangkok Nomura Finance and Securities Company Limited and on September 23, 1985 it was changed again to Capital Finance and Securities Company Limited.

CNS has been listed on the SET since April 26, 1988 and then CNS returned its finance license to the Ministry of Finance. The Company changed its name to Capital Nomura Securities Company Limited on June 28, 1991. On February 24, 1994 the Company was converted into a “Public Company Limited” under the name of Capital Nomura Securities Public Company Limited (Registration No. 0107537000653).

Major Developments

The significant changes and major developments during the previous three years:

- | | |
|------|---|
| 2006 | CNS launched its Futures Business. It was one of the securities companies that provided futures trading services on the first trading day with Thailand Futures Exchange Public Company Limited (TFEX). |
| 2007 | CNS opened Esplanade branch. This branch was established with the aim of facilitating both financial and investment information to the investors, and also provided brokerage service by internet. |
| 2008 | CNS set up Overseas Investment Sales Department to serve as an agent to trade shares registered in the overseas markets as per client’s order. |
| 2009 | CNS relocated head office from 21/3 Thai Wah Tower, South Sathorn Road, Bangkok, 10120 to 25 Bangkok Insurance Building, 15 th -17 th Floor, South Sathorn Road, Bangkok, 10120 |

Head Office and Branch Offices

Head Office

CNS's head office is located at 25 Bangkok Insurance Building, 15th-17th Floor, South Sathorn Road, Bangkok 10120. Telephone: +66(0) 2638 5000 +66(0) 2287 6000 Facsimile: +66(0) 2287 6001 Call Center: +66(0) 2638 5500 Website: www.cns.co.th and www.cnsrealtime.com The Company's four branches are as follows:

Bangna Branch	1093/111 Central City Tower 1 Office, 19 th Floor, Bangna-Trad Road, Bangna, Bangkok 10260 Telephone: +66(0) 2725 8600 Facsimile: +66(0) 2745 6220-21
Phra-Pinklao Branch	7/129 Central Plaza Pinklao Office Building, 9 th Floor, Room 902 Tower A, Baromrajchonnee Road, Arun-Amarin, Bangkok Noi, Bangkok 10700 Telephone: +66(0) 2884 9068-79 +66(0) 2884 9060 Facsimile: +66(0) 2884 9064 +66(0) 2884 9067
Ratchadaphisek Branch	19 SCB Park Plaza Tower III East, Mezzanine 2 nd Floor, Ratchadaphisek Road, Chatuchak, Chatuchak, Bangkok 10900 Telephone: + 66(0) 2937 8375-87 +66(0) 2937 8383 Facsimile: + 66(0) 2937 8390-91
Esplanade Branch	Room no.202-1, Esplanade Building, 2 nd Floor, 99 Ratchadaphisek Road, Din Daeng, Din Daeng, Bangkok 10400 Telephone: +66(0) 2354 0760 +66(0) 2641 3250 Facsimile: +66(0) 2641 3249

References

Share Registrar

Thailand Securities Depository Company Limited

62 The Stock Exchange of Thailand Building, Ratchadaphisek Road, Klong Toey, Bangkok 10110

Telephone: +66 (0) 2229 2800 Call Center: +66 (0) 2229 2888

Facsimile: +66 (0) 2359 1259

Auditors

Ernst & Young Office Limited

33rd Floor, Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Klong Toey, Bangkok 10110

Telephone: +66 (0) 2264 0777 +66(0) 2661 9190

Facsimile: +66 (0) 2264 0789-90 +66(0) 2661 9192

By: Mrs Nonglak Pumnoi Certified Public Accountant (Thailand) No. 4172

Business Profile

Business Profile in fiscal year 2009

1) Brokerage Business: Securities

CNS is a member of the SET and provides securities brokerage services to both domestic and foreign investors. It aims to expand its brokerage service by extending its customer base through cash and credit balance accounts, as well as internet accounts.

Around the end of year 2008, CNS set up the Overseas Investment Sales Department to serve as an agent to trade listed securities in overseas markets and / or securities which was approved by The Securities and Exchange Commission (SEC) for Thai investors to invest.

2) Brokerage Business: Futures

CNS was granted approval to operate a Futures Business by the Thailand Futures Exchange Public Company Limited and the Thailand Clearing House Co., Ltd. CNS provides brokerage services to both domestic and foreign investors. Currently, Thailand Futures Exchange Market has 4 products which are SET50 Index Futures, SET50 Index Options, Gold Futures and Single Stock Futures. CNS aims to improve services and provide knowledge and understanding amongst investors to make these Futures products to be one of investment opportunities and also to be hedging tool against risk exposure in the capital market.

3) Financial Advisory

CNS was granted approval by the SEC to provide financial advisory services within the scope set by the SEC.

4) Underwriting

CNS provides underwriting services which consist of services that provide a guarantee to issuing companies for the sale of securities, i.e. common shares, debentures, warrants, unit trusts and etc. and offered to investors.

5) Securities Borrowing and Lending

CNS was granted permission by the Minister of Finance to operate a Securities Borrowing and Lending Business. The Company's objective in lending securities to its customers is solely to allow them to short sell securities through the credit balance accounts they have with the Company. These types of transaction are limited to securities listed in the SET 50 Index and in the list of

securities which the Company allows the customers to purchase through margin accounts (Marginable Securities).

6) Selling Agent Business

CNS acts as a selling agent for leading mutual fund management companies. As a selling agent, CNS has the main objectives to support its core main business and generate more income in a long term.

Revenue Structure

(Unit: Baht of Million)

Revenue Structure	Fiscal Year 2009		Fiscal Year 2008		Fiscal Year 2007	
	Amount	%	Amount	%	Amount	%
Brokerage Fees - Securities Business	440.58	52.12	527.60	63.81	466.85	60.73
Brokerage Fees - Futures Business	47.07	5.57	33.11	4.01	24.41	3.18
Fee and Service Income	249.43	29.51	89.64	10.84	91.62	11.92
Gain on Trading in Securities	(9.64)	(1.14)	17.96	2.17	10.72	1.39
Interest and Dividend Income	72.63	8.59	62.54	7.56	111.22	14.47
Interest on Margin Loans	43.11	5.10	90.43	10.94	59.87	7.79
Other Income	2.16	0.25	5.57	0.67	4.00	0.52
Total revenue	845.34	100.00	826.85	100.00	768.69	100.00

Market and Competitive Conditions

Policies and significant marketing strategies

CNS aims at being one of the country's leading securities firms providing quality, fully-integrated and state-of-the-art services to the Company's existing and potential customers. The Company plans to develop the quality of its marketing staff to be ready for new innovation of financial instruments, for example, debt and derivatives. Moreover, the Company has continuously developed its quality of research papers and Information Technology (IT) system up to higher standard, serving as one of the competitive tools for tapping higher market share on the continuing basis.

Competition

Securities trading on the SET during the fiscal year 2009 (September 2008 to August 2009) was on a downtrend when compared with the fiscal year 2008 (September 2007 to August 2008). This is evidenced by the total SET trading turnover during the fiscal year 2009 that slightly decreased by 19.10% to Baht 3,621.82 billion from Baht 4,476.81 billion recorded for the fiscal year 2008. The average daily trading value declined by 18.80% from Baht 18.35 billion to Baht 14.90 billion. As for the market's direction, the SET index has continued to experience volatility and decreased from last year. The SET index fell by 4.56%, or 31.19 points, from the closing of 684.44 points on August 31, 2008 to 653.25 points on August 31, 2009. Factors influencing the investment climate were:

Thailand's economic outlook

The Thai economy for 2009 is projected to slow by 3.7% compared to a 2.6% growth reported for 2008. In 1H09 the economy contracted by 6.0% on a year on year basis. The contraction in the first half was due mainly to domestic demand both in terms of private consumption and private investment that dropped by 2.4% and 16.9% respectively. However, CNS viewed that Thai economy had already bottomed out in the first quarter of 2009 when the country's economy contracted by 7.1% on a year on year basis. The Thai economy has begun to pick up in the second quarter when the contraction slowed to 4.9% from the prior quarter. The global and Thai economy is anticipated to recover in 2H09, driven by the easing monetary policies applied by all countries, including Thailand. Meanwhile, impacts of de-stocking activities that have taken place since late 2008 should gradually disappear. CNS anticipated that the contraction of Thailand's economic growth for the third quarter would slow to 4.5%. This should be followed by a growth of 2.0% in the last quarter of the year following the global economic recovery and the easing monetary policies aimed at boosting economy. Therefore, CNS forecast that Thailand's economy for 2009 would contract by an average of 3.7%. In addition, the Thai economy is likely to face risk concerning economic stability as the country's headline inflation is projected to slide by 1% in 2009 while the country would likely report a current account surplus of 11.1 billion US dollars, translating to a surplus of 4.4% of the country's Gross Domestic Product (GDP).

Earnings of listed companies

The slowdown in the economic growth, higher operating costs, along with higher market competition, was the main reasons for a decline in earnings performance of listed companies. Meanwhile, operators were unable to push cost to consumers. Nonetheless due to the rises in the prices of some products such as petrochemical and energy – related products, earnings of operators in these sectors remained sound. As for overall outlook for 2009, all listed companies' net profits are anticipated to recover, while financial status amongst the listed companies remains strong, evidenced by debt to equity ratio which had dropped continuously.

Foreign investment

During the fiscal year 2009, investment in stock markets worldwide experienced impacts of the financial institution crisis in the US. In reference to the SET, the average daily market turnover dropped to Baht 14.90 billion in 2009 from Baht 18.35 billion in the fiscal year 2008. Total market trading value for the fiscal year 2009 amounted to Baht 7,243,642 million, falling from Baht 8,953,628 million in the fiscal year 2008. This resulted from a significant decrease in trading values from foreign institutional investors owing to the global recession. In the fiscal year 2009, the trading value of foreign institutional investors fell to Baht 1,452,028 million from Baht 2,758,593 million in the fiscal year 2008. Meanwhile, the trading value of retail investors slightly fell to Baht 4,378,022 million from Baht 4,761,800 million in the fiscal year 2008. In addition, the trading value of the domestic institutional investors slashed slightly to Baht 1,413,592 million in 2009 from Baht 1,433,235 million in the fiscal year 2008.

Trading value classified by types of investors

(Unit : Baht of Million)

Fiscal Year 2009 (Sep 08-Aug 09)	Buy		Sell		Total Buy & Sell		Net Buy (Sell) Amount
	Amount	%	Amount	%	Amount	%	
Domestic institutions	708,942	19.57	704,650	19.45	1,413,592	19.51	4,292
Foreign institutions	709,687	19.60	742,341	20.50	1,452,028	20.05	(32,654)
Retail clients	2,203,192	60.83	2,174,830	60.05	4,378,022	60.44	28,362
Total	3,621,821	100.00	3,621,821	100.00	7,243,642	100.00	-

Source : The Stock Exchange of Thailand (SET)

Competition of securities brokerage business

During the fiscal year 2009, securities brokerage business had encountered the more intense competition, especially those brokerages whose focus is geared towards individual retail customers. Their key strategy to compete their competitors was enhancing the quality of Information Technology (IT) services, research papers as well as the online Internet trading system. However, some securities companies still used the human resource strategy by recruiting of high volume marketing officers from other firms. For foreign customers, the securities company tried to find or increase trading volume under the Exclusive Partner agreement. All of these business strategies were prepared for changing of brokerage commission to sliding scale during 2010-2011 and liberalization after that.

Nevertheless, Thailand's macroeconomics would still grow solidly despite some fragility caused by both internal and external factors, in particular, the sustained high oil prices, the US financial crisis and political turmoil. Despite these negative factors, foreign inflows had continued rising. In addition, solid financial status of listed corporate firms which could offer a high dividend payout of 4% should help liven up the investment climate in the SET. CNS has expected total trading turnover in the SET to eventually improve from a year earlier, underpinned by catalysts such as recovery in global economy and the recovery of Thai economy boosted by the government's measures to stimulate economy. These factors are expected to boost the investments in the SET.

The Stock Exchange of Thailand's Data (SET)

	Fiscal Year 2009 Sep 08 – Aug 09	Fiscal Year 2008 Sep 07 – Aug 08	Change	
			Amount	%
Total Turnover				
Value (Baht of Billion)	3,621.82	4,476.81	(854.99)	(19.10)
Average Daily Turnover (Baht of Billion)	14.90	18.35	(3.45)	(18.80)
SET Index (Point)				
Open at the beginning of the year	684.44	813.21	(128.77)	(15.83)
High (Close price)	675.22	915.03	(239.81)	(26.21)
Low (Close price)	384.15	664.52	(280.37)	(42.19)
Close at the end of the year	653.25	684.44	(31.19)	(4.56)
Average Dividend Yield (%)	4.21	4.30	(0.09)	(2.09)
P/E Ratio (Time)	24.95	11.11	13.84	124.57
Market Capitalization (Baht of Billion)	5,195.45	5,411.94	(216.49)	(4.00)
Listed Securities (Mai Included)				
No. of listed securities	656	649	7	1.08
No. of listed companies	530	528	2	0.38
No. of newly listed companies	10	19	(9)	(47.37)

Source: The Stock Exchange of Thailand (SET)

Top five securities firms in terms of market share

In reference to the market share of securities brokerage business, the top five securities firms ranked by the top five trading turnover accounted for 29.82% of total turnover, slightly up from 28.76% recorded for the fiscal year 2008. Note that those brokerages focusing on the individual retail customers saw an increase in market share while those focusing on the foreign institutional investors saw a significant drop in market share. The market share would vary depending on the change in proportion of each investor type.

CNS's market share and types of clients

CNS's market share of the securities business during the fiscal year 2009 stood at 2.70% of the total market turnover of Baht 3,621.82 billion, which ranked 15th out of total 38 brokerage firms and reflected an increase relative to the previous fiscal year where CNS's market share stood at 2.59%, which ranked 18th out of 38 brokerages firms.

If classified by types of clients, CNS's main client group fell into individual retails category which accounted for 83.97% of CNS's total trading turnover, an increase from the fiscal year 2008 which accounted for 78.26% of CNS's total trading turnover. Meanwhile, the proportion of domestic institutional clients declined from 10.87% to 9.60% and that of foreign institutional clients fell from 10.87% to 6.43%.

(Unit : Baht of Million)

Trading Values Classified by Types of Investors	Fiscal Year 2009		Fiscal Year 2008		Fiscal Year 2007	
	Amount	%	Amount	%	Amount	%
Individual Retails	163,374	83.97	180,437	78.26	145,531	74.56
Domestic Institutions	18,668	9.60	25,065	10.87	22,131	11.34
Foreign Institutions	12,510	6.43	25,059	10.87	27,511	14.10
Total*	194,552	100.00	230,561	100.00	195,173	100.00

Note: Total trading values include those of SET and MAI

*Total values exclude CNS's investment portfolios.

Considering CNS's client base classified by trading turnover, the proportion of online Internet trading clients increased the most from 15.98% of the total trading turnover during the fiscal year 2008 to 22.65% during the fiscal year 2009. Meanwhile, the proportion of credit balance trading clients rose from 16.16% during the fiscal year 2008 to 18.38% for the fiscal year 2009. Cash trading clients still represented the largest share of 58.97%, though declined from the previous fiscal year at 67.86%. The change in client base structure was due the commission rate of online Internet trading was cut to not more than 60% of the minimum commission fee at 0.25%.

(Unit : Baht of Million)

Company's Total Trading Turnover Category	Fiscal Year 2009		Fiscal Year 2008		Fiscal Year 2007	
	Amount	%	Amount	%	Amount	%
Cash Account	115,274	58.97	157,200	67.86	156,071	79.77
Internet Online Account	44,275	22.65	37,020	15.98	16,244	8.30
Margin Loan Account	35,933	18.38	37,430	16.16	23,345	11.93
Total	195,482	100.00	231,650	100.00	195,660	100.00

Note: Total trading turnover includes those of SET and MAI

Market share of securities firms

Fiscal Year 2009 (Sep 2008 – Aug 2009)				Fiscal Year 2008 (Sep 2007 – Aug 2008)			
Ranking	Broker	Market Share (%)	Turnover (Baht of Million)	Ranking	Broker	Market Share (%)	Turnover (Baht of Million)
1	KIMENG	9.93	719,329.14	1	KIMENG	8.20	733,923.54
2	ASP	5.75	416,609.78	2	PHATRA	5.89	527,257.27
3	PST	4.74	343,425.81	3	ASP	5.47	489,947.35
4	BFITSEC	4.71	341,086.47	4	CS	5.03	450,671.43
5	PHATRA	4.69	339,899.64	5	SCBS	4.17	373,124.52
6	TNS	4.17	302,143.97	6	UBS	4.07	364,719.87
7	BLS	4.00	289,518.15	7	BLS	3.91	350,088.13
8	KTZ	3.97	287,838.05	8	AYS	3.85	344,691.47
9	KGI	3.94	285,339.29	9	KGI	3.82	341,729.24
10	AYS	3.84	278,392.91	10	TNS	3.80	339,990.70
11	CGS	3.27	236,915.77	11	ZMICO	3.71	331,894.24
12	CS	3.08	223,070.62	12	BFITSEC	3.57	319,345.30
13	ZMICO	2.92	211,378.37	13	TMBMACQ	2.85	254,749.40
14	UBS	2.89	209,242.68	14	PST	2.83	253,265.27
15	CNS	2.70	195,481.91	15	JPM	2.67	239,399.72
16	TSC	2.59	187,771.19	16	TSC	2.66	238,242.10
17	SCBS	2.47	179,110.32	17	CLSA	2.65	237,656.28
18	AIRA	2.25	162,860.57	18	CNS	2.59	231,649.65
19	MACQ	2.24	162,083.45	19	ACLS	2.52	225,655.42
20	ACLS	2.11	152,533.28	20	TRINITY	2.42	217,037.24
21	KS	2.09	151,328.01	21	ASL	2.34	209,252.93
22	DBSV	1.97	142,439.20	22	DBSV	2.30	206,116.60
23	CLSA	1.82	131,770.47	23	UOBKHST	1.85	165,524.32
24	UOBKHST	1.80	130,027.78	24	FINANSA	1.73	154,661.04
25	GLOBEX	1.79	129,328.25	25	FES	1.48	132,587.72
26	KKS	1.57	113,856.77	26	SICSEC	1.48	132,245.51
27	SICSEC	1.52	109,869.85	27	GLOBEX	1.43	127,821.42
28	JPM	1.48	106,972.46	28	KS	1.35	120,590.92
29	FINANSA	1.47	106,381.41	29	KKS	1.26	112,942.33
30	TRINITY	1.40	101,713.94	30	BTSEC	1.18	105,453.93
31	FSS	1.30	94,503.46	31	AIRA	1.15	102,814.12
32	FES	1.19	86,015.82	32	KTBS	1.09	97,272.02
33	SCIBS	1.03	74,525.61	33	SCIBS	1.01	90,796.53
34	MERCHANT	0.89	64,415.39	34	SYRUS	0.98	87,560.93
35	IVG	0.88	63,655.37	35	IVG	0.89	80,083.14
36	US	0.71	51,791.82	36	US	0.80	71,271.39
37	BTSEC	0.64	46,600.12	37	MERCHANT	0.68	61,315.13
38	CIMB-GK	0.20	14,415.74	38	CIMB-GK	0.34	30,280.57

Source: The Stock Exchange of Thailand (SET)

Market share for derivative market

As for Thailand future market, which currently has two major products, namely Futures and Options on the SET50 Index, Gold's price at London Market. CNS gained 2.45% market share in the fiscal year 2009, declined from 2.74% in the fiscal year 2008. However, our trading turnover in the derivative market this fiscal year decreased by 4.00% to Baht 49,998 million in the fiscal year 2009 from Baht 52,082 million in the previous fiscal year. Total trading turnover in the future market in the fiscal year 2009 jumped to Baht 1,020,516 million from Baht 949,787 million in the fiscal year 2008.

Risk Factors

Risk from dependency on a few high volume-trade accounts

One of the major risks involved in the securities trading business includes a heavy reliance on high-volume trade accounts. In addressing this issue, over the past years CNS has implemented measures to minimize such risk in response to changes in the investment atmosphere and customer base. CNS has expanded its client base by raising the portion of local and foreign institutional clients, while maintaining its retail client base which is the main target client. This is supported by CNS's Research Department which arranges a series of investment seminars and road-show to convey information to the local and foreign institutional clients.

Note that CNS's number of customer accounts (excluding TFEX accounts) rose from 18,303 in fiscal year 2008 to 19,304 in fiscal year 2009.

Risk from The Stock Exchange of Thailand (SET) volatility

CNS's core revenue is dependent on the condition of the equity market and investors' overall confidence in the SET. Whenever the SET becomes highly volatile, giving rise to a decline in average trading volume, CNS's revenue (e.g. brokerage fees and investment banking fees including investment advisory fees and fees on warranties of securities sales) will be affected and so will the revenue for the entire securities industry. Nonetheless, CNS has a policy to restructure its business and service revenue by not depending heavily on any particular line of business. In addition, CNS has improved its approach to providing services suitable to various market circumstances (e.g. advisory services for debt restructuring and mergers) to offset the shortfall in securities brokerage revenue that is highly sensitive to the SET's volatility.

Risk with regard to human resources

As the securities brokerage business is highly sensitive to staff turnover, especially marketing officers, CNS is fully aware of such risk and has a clear policy of offering appropriate compensation and remuneration in accordance with the SET's requirements. In addition, CNS has a policy to provide advance knowledge of investment and services to its marketing staff on an ongoing basis.

Risk from doubtful debt and bad debt

CNS minimizes this risk by directing its marketing staff to assess clients' financial status prior to opening accounts, as well as by prohibiting clients from borrowing funds to purchase high-risk securities. Instead, CNS provides margin loans only for purchase of securities that appear on the 'Marginable Securities List'. CNS cautiously screens clients by providing suitable credit lines that correspond to their financial status to avoid bad debt problems. It also recognizes the importance of debt collection by reviewing clients' financial status and controlling their credit lines closely. Simultaneously, marketing staff are instructed to

follow the rules and regulations set forth by CNS. Due to these measures, there were no bad debt and allowance for doubtful debts from brokerage business in fiscal year 2009.

Risks from underwriting business and engaging in financial advisory services

- **Risk from underwriting business**

CNS may suffer losses from the remaining under-subscribed securities being transferred to CNS's investment portfolio. Such losses might arise as a result of an inappropriate guarantee with regard to quantity and share price associated with the stock market's high volatility, as well as fluctuations in interest rates and foreign exchange rates; all of which could possibly undermine investors' interest in the newly listed companies. In an attempt to minimize such risk, CNS conducts a preliminary study in order to obtain information on securities issuers, as well as analyzes and investigates different categories of businesses and industry trends that include a detailed examination of operating results and future prospects. CNS also evaluates the interests of clients or investors in the quantity of offered securities. This information will then be used as one of the criteria for deciding whether to underwrite such securities.

- **Risk from being a financial advisor**

In providing this kind of service, CNS and its clients must be mutually responsible for disclosing accurate, sufficient and detailed information to the public. This responsibility applies to the issuance of securities and sales offerings, the filing of listing applications, the acquisition of securities for business takeovers, as well as the full disclosure of information to shareholders of listed companies in any transaction that is governed by the SEC and the SET (including related transactions, the acquisition or sale of securities, tender offers, etc). Thus, CNS is very selective with respect to its clientele and studies clients' preliminary information before accepting the job. In addition, CNS prudently determines the appropriate steps with respect to the due diligence process and keeps its staff fully informed on regulations issued by the SEC and the SET, as well as rules and regulations with regard to financial advisory services. In this way each operational process is taken care of to ensure that the services provided by CNS to its clients are in their best interest

Risk from brokerage fee liberalization

The SET and the SEC had set the minimum fee collection of 0.25% of trade value for general securities trades and of 0.20% of trade value for internet securities trades, effective since January 14, 2002. However, the SEC announced new trade fee rates. The new rate was set at 0.15% of trade value through a cash balance (100% warranty) or credit balance account (minimum warranty of 50%) and at 0.20% of trade value for those who did not trade through either account. Note that the minimum fee of 0.25% of trade value for normal trading from January 14, 2007 to January 13, 2010 and during the next two years (January 14, 2010 - December 31, 2011) will be on a sliding scale. The new rates of minimum fees and

future trading fee liberalization will affect the Company's profitability. However, CNS is aware of this risk and is preparing to enhance our competitive advantage when the brokerage fee liberalization comes into effect, in terms of, financial status and business strategy, for example, diversification our source of income to other businesses, apart from the brokerage business as well as improvement of quality of research reports and marketing officers' services and knowledge.

Risk from legal issues

In engaging in the securities business, CNS is regulated by the SEC and the SET. Accordingly, CNS has to comply with applicable laws, rules and regulations in relation to securities business (e.g. The Securities and Exchange Act B.E. 2535 and the Derivative Act B.E. 2546). Furthermore, CNS has to comply with other relevant laws, such as the Anti-Money of Laundering Act B.E. 2542 and other rules and regulations.

Complying with the aforementioned laws, rules and regulations, particularly the amendments or additions thereof, may affect CNS's performance. In many cases, the cost of compliance may significantly increase. In some cases changes to the laws and regulations leads to intensified competition in the securities businesses. For example, the liberalization of the existing securities business licensing system within 5 years will result in an unlimited number of licenses being granted from January 1, 2012 onwards. In addition, changes to the brokerage fee policy from setting the minimum brokerage fee to freely negotiate fee system will be implemented from January 1, 2012.

Shareholders Structure

CNS's registered capital is Baht 716,823,000 of which Baht 716,823,000 is fully paid up and divided into 71,682,300 ordinary shares with a par value of Baht 10.

As of August 31, 2009 the Thai NVDR Company Limited, a subsidiary of the SET, had issued Non-Voting Depository Rights (NVDR) of CNS's shares totaling 3,568,400 units. This was equivalent to 4.98% of CNS's registered shares, down 44.17% or down from 6,391,208 units as of August 31, 2008 which was equal to 8.92% of CNS's registered shares. The NVDR holders receive the same financial rights as investing in CNS shares, but they cannot exercise voting rights during any shareholders' meetings, except for the right to vote to de-list CNS from the SET.

The amount of the CNS's ordinary shares issued as NVDRs is subject to change and it is not under the control of CNS. Investors can check the amount of NVDRs on the SET: www.set.or.th/nvdr

Top Ten Shareholders as of November 25, 2008 (latest book closing date)

Name	No. of shares	Percentage
1. Nomura Holdings, Inc.	18,000,000	25.11
2. Nomura Asia Holding N.V.	9,256,500	12.91
3. Morgan Stanley & Co. International Plc	5,950,192	8.30
4. The Thai NVDR Co.,Ltd.	4,912,608	6.85
5. Kim Eng Securities (Thailand) Public Co., Ltd.	1,633,800	2.27
6. Mr. Prasart Mahakijisiri	1,252,400	1.74
7. Mellon Nominees (UK) Limited	642,000	0.89
8. Mr. Pracha Damrongsutipong	590,000	0.82
9. Aberdeen Small Cap Fund	561,000	0.78
10. Thailand Depository Securities Co.,Ltd for Depositors	503,900	0.70

Note: Investors can check latest top ten major shareholders from CNS's website prior to the annual general shareholders' meeting.

Shareholders classified by nationality as of November 25, 2008 (latest book closing date)

Shareholder	No. of Shareholder	No. of Share	Percentage
Thai	3,341	36,557,973	51.00
Foreigner	35	35,124,327	49.00
Total	3,376	71,682,300	100.00

Influence of Major Shareholders over the Company's Management Policies

Nomura Holdings, Inc. and Nomura Asia Holding N.V., which hold 27,256,500 shares in CNS (which was equivalent to approximately 38.02 % of CNS's share capital as of its latest book closing on November 25, 2008) have two representatives as executive directors of CNS.

Details of Nomura Holdings, Inc.:-

Common Stock Issued : 2,661,092,760 shares (As of March 31, 2009)

Listings : The common shares of Nomura Holdings, Inc. are listed on the Tokyo, Osaka, Nagoya and Singapore stock exchanges. The shares are also listed on the New York Stock Exchange in the form of American Depositary Receipts. (As of March 31, 2009)

Number of shareholders : 383,795 (As of March 31, 2009)

Top ten Major Shareholders of Nomura Holdings, Inc. (As of March 31, 2009)

Shareholder's Name	Number of shares (Thousands)	Percentage
1. Japan Trustee Services Bank, Ltd. (Trust Account)	164,008	6.16
2. The Master Trust Bank of Japan, Ltd. (Trust Account)	153,837	5.78
3. Japan Trustee Services Bank, Ltd. (Trust Account 4G)	143,151	5.38
4. The Chase Manhattan Bank N.A. London S.L. Omnibus Account	49,116	1.85
5. The Bank of New York Mellon as Depositary Bank for DR Holders	42,234	1.59
6. Japan Trustee Services Bank, Ltd. (Trust Account 4)	32,653	1.23
7. The Chase Manhattan Bank, 385036	28,695	1.08
8. State Street Bank and Trust Company 505103	24,508	0.92
9. State Street Bank and Trust Company 505225	22,202	0.83
10. Investors Bank and Trust Company (West) – Treaty	20,480	0.77

Note : As of March 31, 2009 Nomura Holdings, Inc. had 55,127 thousand shares of treasury stock (not included in the above top ten major shareholders).

Shareholder of Nomura Asia Holding N.V.

Shareholder's Name	Number of shares	Percentage
1. Nomura Holdings, Inc.	1,400,000	100.00
Total	1,400,000	100.00

Management Shareholding as of August 31, 2009

Name	No. of Shares	Change During the Fiscal Year 2009 Increase/(Decrease)
Mr. Takeshi Nishida	0	-
Mr. Nimit Wongjariyakul	0	-
Mr. Naoki Sugaya	0	-
Mrs. Chrisana Sae-Leiw	0	-
Mr. Yoshinori Go	0	-
Mr. Pisit Tesabamroong	0	-
Mrs. Wattanee Phanachet	0	-
Mr. Prasert Virasathienpornkul	0	-
Col. Ruangsub Kovindha	0	-
Mrs. Bussarakam Chiasuwan	0	-
Mrs. Krittika Tharamart	0	-
Miss. Wilaiwan Kavinmetawan	0	-
Miss. Varangkna Wasuwanich	0	-
Miss. Titima Thanakornyothin	0	-
Mr. Tarate Poshyananda	0	-
Mr. Thanomsak Saharatchai	0	-

Dividend Policy

CNS has a policy to propose dividend payment to its shareholders at least 60% of its net profit on an annual basis, except for cases when CNS needs to set aside a larger budget for business expansion or other significant activities. However, CNS's dividend payment is subject to shareholders' approval.

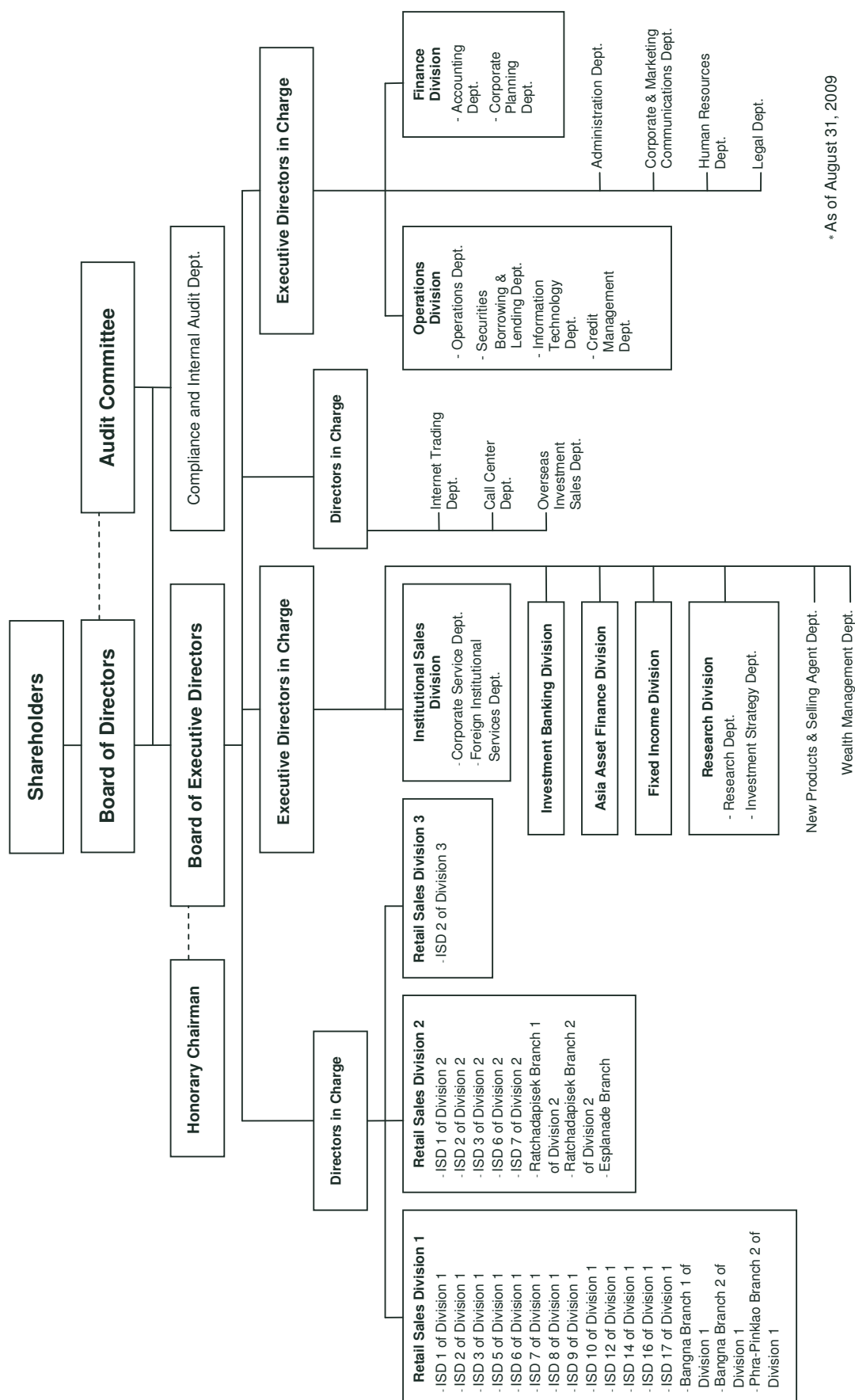
Historical data of dividend payments over the past 5 years

Dividend payment for the performance of fiscal year	2004	2005	2006	2007	2008
Dividend payment per share (Baht)	5.00	2.30	1.20	1.20	1.50
Net income (Baht of million)	364.95	170.38	106.59	102.39	123.13
Dividend payout ratio (%)	98.21	96.77	80.70	84.01	87.33

Legal Disputes

At August 31, 2009, CNS did not face any legal disputes that would affect more than 5% of CNS's shareholders equity or have a significant impact on its business.

Organization Structure



* As of August 31, 2009

Management Structure

CNS's management structure consists of a Board of Directors, a Board of Executive Directors, an Audit Committee, a Credit Review Committee, a Marginable Securities Committee and Executives. The roles and responsibilities are clearly separated between each committee and the management as per the following details:

Board of Directors

As of August 31, 2009, there were 9 members of the Board of Directors which consisted of independent directors, directors who represented the major shareholders, directors who were executives and non-executive director so that they could perform effectively. The members of the Board of Directors are as follows:

1. Mr. Takeshi Nishida	Chairman and President
2. Mr. Nimit Wongjariyakul	Executive Director and Chief Operating Officer
3. Mr. Naoki Sugaya	Executive Director
4. Mrs. Chrisana Sae-Leiw	Executive Director
5. Mr. Yoshinori Go	Director
6. Mr. Pisit Tesabamroong	Director
7. Mrs. Wattanee Phanachet	Independent Director
8. Mr. Prasert Virasathienpornkul	Independent Director
9. Col. Ruangsub Kovindha	Independent Director

Miss Varangkna Wasuwanich is the secretary of the Board of Directors

The Company's Authorized Directors

Directors authorized to sign and bind CNS are any two of the following: Mr.Takeshi Nishida, Mr.Nimit Wongjariyakul, Mr.Naoki Sugaya and Mrs.Chrisana Sae-Leiw with the Company's seal.

Authorities and Duties of the Board of Directors

- To perform their duties in accordance with laws, its objects and Articles of Association, as well as the resolutions of the shareholders' meetings. The Board of Directors may entrust one or several directors or any other person(s) to perform any tasks for the Board of Directors.
- To consider, determine, correct or change the directors who have the authority to sign and bind CNS in order to make juristic acts for and on behalf of CNS.
- To perform their duties in accordance with the principle of good corporate governance as outlined by the SET and the SEC.
- To notify, without delay, any members of the Board of Directors of the following cases:
 - He / She has either direct or indirect interests in any contract made by CNS during the accounting period. The facts relating to the nature of the contract, the names of the counter parties and the interest (if any) of such director(s) must be specified;

- 4.2 He / She holds CNS's shares. Either an increase or a decrease in the amount of shares held during the accounting year (if any) must be specified.

Independent Directors

CNS has 3 independent directors. Note that at least one - third of the directors must be independent directors and the independent directors must be not less than 3 persons, according to the SEC's and the SET's regulations. CNS's independent directors consist of the following:

1. Mrs. Wattanee Phanachet
2. Mr. Prasert Virasathienpornkul
3. Col. Ruangsub Kovindha

Board of Executive Directors

As of August 31, 2009, the Board of Executive Directors comprised 4 members:

- | | |
|----------------------------|---------------------------------|
| 1. Mr. Takeshi Nishida | Chairman of the Executive Board |
| 2. Mr. Nimit Wongjariyakul | Executive Director |
| 3. Mr. Naoki Sugaya | Executive Director |
| 4. Mrs. Chrisana Sae-Leiw | Executive Director |

Miss Varangkna Wasuwanich is the secretary of the Board of Executive Directors.

Authorities and Duties of the Board of Executive Directors

1. To operate and oversee CNS's operations as assigned by the Board of Directors.
2. To make certain that the CNS's operations are performing in accordance with the law and CNS's policies.
3. To set up and propose policies and targets including CNS's strategy to the Board of Directors.

Audit Committee

As of August 31, 2009, the Audit Committee was comprised of 3 members:

- | | |
|-----------------------------------|---------------------------------|
| 1. Mrs. Wattanee Phanachet | Chairman of the Audit Committee |
| 2. Mr. Prasert Virasathienpornkul | Audit Committee Member |
| 3. Col. Ruangsub Kovindha | Audit Committee Member |

Ms. Penphun Palungvitvatana is the secretary of the Audit Committee.

Note : Mrs.Wattanee Phanachet is the Audit Committee who has expertise and experience to review the Company's financial statements.

Authorities and Duties of the Audit Committee

1. To review the accuracy and adequacy of the company's financial reporting.

2. To review the appropriateness and effectiveness of internal control systems, and internal audit functions and consider the Compliance & Internal Audit Department's Independence, as well as to approve any selection, promotion, rotation or termination of the Manager of Compliance & Internal Audit Department.
3. To review with the management related to Risk Assessment, Risk Management and monitor Risk Management.
4. To review the company's operation in conformity with the Securities and Exchange Laws, the regulations of the SET, and the other laws related to the Company's business.
5. To consider, select and propose the appointment of person who is independent as the external auditor, recommend remuneration and meet privately with the external auditor at least once a year without the management team being present.
6. To consider a connected transaction or transaction that may lead to conflict of interests to comply on all SET related laws and regulations and ensure that the aforementioned transaction is reasonable and maximizes benefit to the company.
7. To prepare an audit committee's report to be disclosed in the Company's annual report which signed by the Chairman of the Audit Committee and comprises of the following information:
 - an opinion on the accuracy, completeness and creditability of the Company's financial report
 - an opinion on the adequacy of the Company's internal control systems
 - an opinion on the compliance with the Securities and Exchange laws, and regulations of the SET or other laws related to the Company's business
 - an opinion on the suitability of an external auditor
 - an opinion on the transactions that may lead to conflicts of interests
 - the number of the Audit Committee Meetings, and the attendance of each member
 - an opinion or a comment as the audit committee performed its duties as defined in the committee's charter
 - anything else which should be made available to shareholders and general investors within the scope of duties and responsibilities assigned by the Board of Directors
8. Inspect/Assign to inspect any suspiciousness reported by the company's external auditor, that the Director, the Management or any person who is responsible for the company's operation commits an offence under the Securities and Exchange Act (No.4) B.E.2551 and report the result of preliminary inspection to the Office of the SEC and the external auditor within thirty days after being informed by the external auditor.
9. In carrying out the audit committee's duties, if it is found or suspected that there is a transaction or any of the following acts:
 1. a transaction which causes a conflict of interests
 2. any fraud, irregularity, or significant defect in an internal control system

3. a violation of the Securities and Exchange laws, the regulations of the SET, and the other laws related to the Company's business

which may significant affect the Company's financial condition and operating results, the Audit Committee shall report it to the Board of Directors for rectification within the period of time that the Audit committee thinks that it is appropriate. If the Board of Directors or the Management fails to make rectification within the period of time, any committee member may report the occurrence of a transaction or an act to the Office of the SEC or the SET.

10. Perform any other act as assigned by the Board of Directors with the approval of the Audit Committee.

For fiscal year 2009, the Audit Committee Meeting was held 5 times to acknowledge company progression and evaluate internal control and review financial statements with the Head of Finance Division, the Manager of Compliance & Internal Audit Department and the external Auditor. The Manager of Compliance & Internal Audit Department was appointed as secretary of the Audit Committee.

Credit Review Committee

As of August 31, 2009, the Credit Review Committee comprised 4 members:

- | | |
|----------------------------|----------|
| 1. Mr. Takeshi Nishida | Chairman |
| 2. Mr. Nimit Wongjariyakul | Member |
| 3. Mr. Naoki Sugaya | Member |
| 4. Mrs. Chrisana Sae-Leiw | Member |

Ms. Kridsana Kulpanyalert is the secretary of the Credit Review Committee.

Authorities and Duties of the Credit Review Committee

1. To set the standard practices of account opening credit limits and increasing of credit limits, as well as setting up guidelines for consideration of credit limits.
2. To appoint authorized person approving credit limits for securities trading, as well as considering requested cases which are not stated in the internal guidelines.
3. To set measures of credit risk control or consider any other issues relating to the credit facilities including collateral concentration limit.
4. To approve the Marginable Securities List proposed by the Marginable Securities Committee.
5. To appoint Member of Marginable Securities Committee.
6. To consider the interest rate for cash balance and margin loan

Marginable Securities Committee

As of August 31, 2009, there were 3 members in the Marginable Securities Committee as follows:

- | | |
|--|------------------------|
| 1. Manager of the Credit Management Department | Chairman and Secretary |
| 2. Head of Operations Division | Member |
| 3. Head of Research Division | Member |

Authorities and Duties of the Marginable Security Committee

1. To consider and determine practices and guidelines for the selection of marginable stocks and margin levels suitable for the domestic economy and brokerage business, and make proposal to the Credit Review Committee.
2. To periodically review the Marginable Securities List and the initial margin rate based on the assigned and requested basis, and propose the reviewed list to the Credit Review Committee for their approval.
3. To consider and determine collateral concentration limit suitable for liquidity and risk of each securities.
4. To set measures to manage the risk from collateral concentration.

The Number of Board of Directors Meetings and Audit Committee Meetings and the Attendance by Individual Members for Fiscal Year 2009

Board of Directors Meetings

Meeting No. / Year	9/08	10/08*	11/08	12/08	13/08*	14/08	1/09	2/09	3/09	4/09	5/09	6/09	7/09	8/09	Total
Name/Date	Sep 18	Oct 2	Oct 28	Nov 21	Nov 24	Dec 18	Jan 9	Feb 20	Mar 19	Apr 20	May 22	Jun 19	Jul 13	Aug 21	(Times)
Mr.Suthep Peetakanont (1)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-	-	11/14
Mr.Takeshi Nishida	✓	-	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	12/14
Mr.Yuko Sashisaki (2)	✓	-	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	-	-	10/14
Mr.Nimit Wongjariyakul (3)	✓	✓	✓	✓	✓	✓	✓	✓	-	✓	✓	✓	✓	✓	13/14
Mr. Naoki Sugaya (4)	-	-	-	-	-	-	-	-	-	-	-	-	✓	✓	2/14
Mrs.Chrisana Sae-Leiw (5)	-	-	-	-	-	-	-	-	-	-	-	✓	✓	✓	3/14
Mr.Yoshinori Go (6)	✓	-	✓	✓	-	✓	✓	✓	✓	-	✓	✓	✓	-	10/14
Mr.Pisit Tesabamroong	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14/14
Mrs. Wattanee Phanachet	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14/14
Col. Ruangsub Kovindha	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14/14
Mr. Prasert Virasathienpornkul	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14/14

Remark * The meeting agenda of the Meeting no.10/2008 on October 2,2008 and the Meeting no.13/2008 on November 24, 2008 was to consider the connected transaction between the Company and the company in the NOMURA GROUP, therefore three directors did not attend the Meeting and had no right to vote in this meeting were as follows: Mr.Takashi Nishida, Mr.Yuko Sashissaki, Mr.Yoshinori Go.

- (1) Mr.Suthep Peetakanont had resigned as the Company's Director and the Chairman of Board of Directors, effective in the end of May 31, 2009.
- (2) Mr.Yuko Sashisaki had resigned as the Company's Director, effective in the end of June 22, 2009.
- (3) Mr.Nimit Wongjariyakul had the urgent appointment with client related to investment banking business matter.
- (4) Mr.Naoki Sugaya was appointed to be the Company's Director to replace the resigned director by the resolution of the Meeting of Board of Directors on June 19, 2009. The appointment will be effective on June 22, 2009. Mr.Naoki Sugaya was registered to be Director with the Ministry of Commerce on June 25, 2009.

- (5) Mrs.Chrisana Leiw was appointed to be the Company's Director to replace the resigned director by the resolution of the Meeting of Board of Directors on April 20, 2009. The appointment will be effective on June 1, 2009. Mrs.Chrisana Leiw was registered to be Director with the Ministry of Commerce on June 1, 2009.
- (6) Mr.Yoshinori Go could not attend the Meeting no.4/2009 due to a state of emergency in Thailand, NOMURA GROUP had prohibited their staff coming to Thailand. For the Meeting no.8/2009, Mr.Yoshinori Go could not attend the Meeting because of a prior arrangement.

Audit Committee Meetings

Meeting No. / Year	5/08	1/09	2/09	3/09	4/09	Total
Name/ Date	Oct 15	Jan 6	Apr 10	Jul 8	Aug 19	(Times)
Mrs. Wattanee Phanachet	✓	✓	✓	✓	✓	5/5
Col. Ruangsub Kovindha	✓	✓	-	✓	✓	4/5
Mr. Prasert Virasathienpornkul	✓	✓	✓	✓	✓	5/5

Nomination of Directors and the Management

Directors

The Board of Directors shall select qualified persons to become CNS's directors and propose the list of those selected persons to the shareholders' meeting. Then the shareholders' meeting will consider approving appointment of the directors.

- One shareholder shall have votes equal to the number of shares held;
- In choosing the directors, the method of voting used may be to vote on candidate by candidate or several candidates together, whichever the shareholders' meeting finds appropriate. However, in voting to pass a resolution, the shareholders shall vote using all the votes under (1) which cannot be divided for any particular candidate or group to any extent at all.
- Voting for election of the directors shall base on the majority of votes. In the case of equality of votes, the presiding chairman shall have an additional casting vote.

Appointing Replacement Director

- In case there is a vacancy on the Board of Directors other than from the normal rotation, the Board of Directors shall choose any person who is qualified and not prohibited by law as a replacement director in the next meeting of the Board of Directors, except in the case that the remaining term of office of such director is less than two months. The replacement director shall hold the office only for the remaining term of the director whom he/she replaces. Also, the resolution to appoint a replacement director mentioned above must receive at least three-fourths of the total votes by the remaining directors.
- In case all of the directors vacate their office, the incumbent Board of Directors shall become an acting Board to carry on the business of CNS but only to the extent that is necessary, until a new Board of Directors has taken up its duties unless the Court orders otherwise. In case the Board of Directors has vacated the office by the Court order, the Board that has vacated the office must convene a shareholders' meeting to elect a new Board of Directors within one month from the date of

vacating the office, by sending a notice to inform shareholders of the meeting at least fourteen days prior to the meeting date.

3. In case there are vacancies to the extent that the number of remaining directors is less than the number required to constitute a quorum, the remaining directors shall act in the name of the Board of Directors only for convening a shareholders' meeting to elect replacement directors for all the vacancies. The meeting shall be convened within one month from the date the number of directors was reduced to less than the number required to constitute a quorum, and the replacement directors shall hold the office only for the remaining terms of the directors whom they replace.

Executive of Directors

The Board of Directors has full authority to appoint Executive Directors.

Independent Director

CNS applied the SEC and the SET's regulations regarding number and qualification of the independent directors in accordance with the minimal requirements of the SEC and the SET as follows.

- (1) Not less than one-third and not less than three directors of a company's directors must be independent directors.
- (2) Any independent director must meet the following requirements:
 - (a) holding shares in total not more than one percent of total shares with voting rights of the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest provided that the share held by related person of independent directors shall be inclusive;
 - (b) not being a director having participation in the management, an employee, staff, advisor who receives a regular salary, or Controlling Person of the Company, its Parent Company, its Subsidiary, a subsidiary in the same level, its Affiliate or other juristic person which may have Conflicts of Interest, except for having passed from such the position for not less than two years before appointment;
 - (c) not being a related person by blood or registration under laws, such as father, mother, spouse, sibling or children including spouses of children of Executives, Major Shareholders, Controlling Person, or such other person who will be nominated to take up the position of Executives or Controlling Person of the Company or its Subsidiary;
 - (d) having no business relationship with the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest in the manner which may interfere his or her use of independent judgment as well as not being Major Shareholder, a director who is not a independent director, or an Executive of a person who have business relationship with the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest, except for having passed from such the position for not less than two years before appointment;

The business relationship above includes normal practice trading transactions to lease or rent of real property, transactions related to assets/services, or financial support provision or reception by borrowing or lending, guarantee, providing collateral including other similar actions which make the Company or its counter parties having an obligation against the other a debt servicing worth three percent of the net tangible assets of the Company or more than Baht twenty million, whichever is lower. The calculation of liabilities shall comply with the criteria on the calculation of Connected Transaction as stipulated in the SET Notification re Disclosure of Information and other Acts of Listed Companies concerning the Connected Transaction. However, in consideration of liabilities, the liabilities incurred during one-year period prior to the date of commencement of business relationship with the same person shall be inclusive.

- (e) not being an auditor of the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest, and not being a major shareholder, a non-independent director, an executive or a managing partner of an audit firm for which the auditors of the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic persons which may have Conflicts of Interest work; except for having passed from such the position for not less than two years before appointment;
- (f) not being a professional service provider, including a legal consultant or financial advisor who receives wages of more than Baht two million per year from the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest. In case the professional service provider is a juristic person, a major shareholder, a non-independent director, an executive and a managing partner of the professional service provider shall be inclusive, except for having passed from such the position for not less than two years before appointment;
- (g) not being a director appointed as a representative of the Company's board of directors, Major Shareholders or shareholders who are related to the Company's Major Shareholder;
- (h) not doing a business of the same nature and significantly competitive to the business of the company or is not a significant partner to a partnership or a director participating in business management or an employee, officer, advisor receiving regular payment of salary or holding more than 1% of total voting shares in other company that does a business of the same nature and significantly competitive to the business of the company; and
- (i) not having other characteristics which result in not capable to provide independent opinion with regard to the Company's businesses.

Audit Committee

The Audit Committee shall consist of at least three independent members. The Company's criteria re the audit committee are similar to the requirements of the SEC and the SET as follows.

1. The Board of Directors or shareholder's meeting shall appoint members of Audit Committee.
2. An audit committee member must be independent director and possess qualifications as prescribed by the Office of the SEC and the SET, and:

- (a) not being a director who is authorized by the Board of Directors to make decision in carrying out businesses of the Company, its Parent Company, its Subsidiary, its Affiliate or other juristic person which may have Conflicts of Interest; and
 - (b) not being a director of the Company, its Parent Company, its Subsidiary, or a subsidiary in the same level, which are listed company.
3. The Audit Committee shall perform duties as stated in the SET Notification re Qualifications and Scope of Work of the Audit Committee.
4. The members of Audit Committee shall be capable of performing audit committee duties. At least one member must have sufficient knowledge and experience to review the reliability of financial statements.

Management Staff

The Board of Executive Directors has the authority to select and appoint suitable persons to be Management Staff.

Number of directors from the Major Shareholder

There are 3 directors who represent the major shareholder including Mr. Takeshi Nishida, Mr. Naoki Sugaya and Mr. Yoshinori Go.

List of Executives

As of August 31, 2009, the list of Executives was as follows:

No.	Name	Position
1.	Mr. Takeshi Nishida	Chairman and President
2.	Mr. Nimit Wongjariyakul	Executive Director and Chief Operating Officer
3.	Mr. Naoki Sugaya	Executive Director
4.	Mrs. Chrisana Sae-Leiw	Executive Director
5.	Mr. Yoshinori Go	Director
6.	Mr. Pisit Tesabamroong	Director
7.	Mrs. Wattanee Phanachet	Chairman of the Audit Committee and Independent Director
8.	Mr. Prasert Virasathienpornkul	Audit Committee Member and Independent Director
9.	Col. Ruangsub Kovindha	Audit Committee Member and Independent Director
10.	Mrs. Bussarakam Chiasuwan	Director of Retail Sales Division 1
11.	Mrs. Krittika Tharamart	Director of Retail Sales Division 2
12.	Miss. Wilaiwan Kavinmetawan	Head of Retail Sales Division 3
13.	Miss. Varangkna Wasuwanich	Head of Finance Division
14.	Miss. Titima Thanakornyothin	Head of Institutional Sales Division
15.	Mr. Tarate Poshyananda	Head of Fixed Income Division
16.	Mr. Thanomsak Saharatchai	Head of Research Division

The above is the list of Executives as per the notification of the SET.

Company Secretary

CNS appointed Miss Varangkna Wasuwanich, Head of Finance Division, as Company Secretary.

Remuneration of Directors and Management

Monetary remuneration

Directors' remuneration

The total remuneration paid to the Board of Directors, including for their role as directors and members of the audit committee, in fiscal year 2009 was as follows:

Unit : Baht

	Name	One-time remuneration*	Audit Committee	Meeting Allowance**	Total
1	Mr. Suthep Peetakanont (1)	250,000	-	-	250,000
2	Mr. Takeshi Nishida	220,000	-	-	220,000
3	Mr. Yuko Sashisaki (2)	220,000	-	-	220,000
4	Mr. Nimit Wongjariyakul	220,000	-	-	220,000
5	Mr. Yoshinori Go	220,000	-	150,000	370,000
6	Mr. Pisit Tesabamroong (3)	220,000	-	180,000	400,000
7	Mrs. Wattanee Phanachet	220,000	286,000	195,000	701,000
8	Col. Ruangsub Kovindha	220,000	220,000	195,000	635,000
9	Mr. Prasert Virasathienpornkul	220,000	220,000	195,000	635,000
	Total	2,010,000	726,000	915,000	3,651,000

Note : * The above remuneration was approved at the Annual General Meeting of Shareholders (No.1/2008) on December 18, 2008 based on the performance for fiscal year 2008.

** The Board of Directors Meeting no.10/2008 on October 2, 2008 was the circular resolutions which was to consider the connected transaction between the Company and the company in the NOMURA GROUP, therefore the meeting allowance was not paid for this meeting.

- (1) Mr.Suthep Peetakanont had resigned as the Company's Director and the Chairman of Board of Directors, effective in the end of May 31, 2009.
- (2) Mr.Yuko Sashisaki had resigned as the Company's Director, effective in the end of June 22, 2009.
- (3) Mr. Pisit Tesabamroong had attended the Board of Directors Meeting no.11/2008, but he had not received the meeting allowance due to the Company over paid the meeting allowance 1 time in the fiscal year 2008.

Remuneration for the Executive Directors and the Management

The total salary and bonus paid to the Executive Directors and the Management Staff for fiscal year 2009 was Baht 69,695,127 as follows:

- 6 Executive Directors, included 2 Executive Directors was appointed to be Executive Director during the fiscal year and 2 Executive Directors resigned during the fiscal year.
- 8 Management Staff, included 1 Management Staff resigned during the fiscal year.

Other remuneration

The total provident fund and social security fund paid to the Executive Directors and Management Staff for fiscal year 2009, was Baht 3,428,234 as follows:

- 6 Executive Directors, included 2 Executive Directors was appointed to be Executive Director during the fiscal year and 2 Executive Directors resigned during the fiscal year.
- 8 Management Staff, included 1 Management Staff resigned during the fiscal year.

Profile of Directors and Management

Mr. Takeshi Nishida

Chairman and President

Age: 43 years

Education Background B.A. of Arts in Business and Commerce, Keio University, Japan

% of shareholding in CNS -0-

Work Experience

2006 - Present	Capital Nomura Securities Public Company Limited
2006	Deputy Managing Director, Corporate Planning Department, Nomura Securities Co., Ltd.
2001	Executive Director, Financial Institution Department, Nomura Securities Co., Ltd.

Mr. Nimit Wongjariyakul

Executive Director and Chief Operating Officer

Age: 45 years

Education Background Master of Engineering (Petroleum and Natural Gas)
Pennsylvania State University, U.S.A.

% of shareholding in CNS -0-

Work Experience 1998 - Present Capital Nomura Securities Public Company Limited

Training Programs - DCP Refresher Course, 2009,
Thai Institute of Directors Association (IOD)

Mr. Naoki Sugaya

Executive Director

Age: 44 years

Education Background The degree of Bachelor of Agriculture, Meiji University, Japan

% of shareholding in CNS -0-

Work Experience

2009 - Present	Capital Nomura Securities Public Company Limited
2003 - 2009	Business Manager of Fixed Income Division - Asia Pacific, Nomura International (Hong Kong) Limited
2001 - 2003	Head of Administration, Nomura Italia SIM P.A. – Milano, Italia
1997 - 2001	Head of Controllers Dept, Nomura International (Hong Kong) Limited

Mrs. Chrisana Sae-Leiw

Executive Director

Age: 49 years

Education Background Bachelor of Science, Southern Adventist University, U.S.A.

% of shareholding in CNS -0-

Work Experience 1996 - Present Capital Nomura Securities Public Company Limited

Mr. Yoshinori Go

Director

Age: 51 years

Education Background Bachelor of Arts in Economics, Yokohama National University, Japan

% of shareholding in CNS -0-

Work Experience

2006 - Present	Capital Nomura Securities Public Company Limited
Present	Senior Managing Director and CEO of Wealth Management, Asia, Nomura Holding, Inc.
Present	Director, Nomura Asia Holding N.V.
Present	Vice Chairman, Nomura Singapore Limited
2008	Senior Managing Director and Head of Regional Management, Asia, Nomura Holdings, Inc.
	President and CEO, Nomura Asia Holding N.V.
2007	Senior Managing Director and Head of Asia Region Marketing, Nomura Holdings, Inc.
2006	COO, Nomura Asia Holding N.V.
2004	President & CEO, Nomura International (Hong Kong) Limited

Mr. Pisit Tesabamroong

Director

Age: 85 years

Education Background Bachelor of Law, Thammasat University
Diploma from Thailand National Defence College, Class 18

% of shareholding in CNS -0-

Work Experience

1985 - Present	Capital Nomura Securities Public Company Limited
2005 - Present	Head of Legal Consultant, S.J. International Legal Consulting and Advisory Company Limited.
2000 - 2007	Advisor to the president of Nation institution of Development Administration (NIDA)
1985 - 2007	Special Professor of Faculty of Law, Ramkhamhaeng University

Mrs. Wattanee Phanachet

Chairman of the Audit Committee & Independent Director

Age: 72 years

Education Background M.A.(Accounting), University of Alabama, U.S.A.

% of shareholding in CNS -0-

Work Experience

1998 - Present	Capital Nomura Securities Public Company Limited
2007 - Present	Audit Committee Member & Independent Director Esso (Thailand) Public Company Limited
1999 - Present	Audit Committee Member & Independent Director Thai Poly Acrylic Public Company Limited
2006 - Apr 2009	Audit Committee Member & Independent Director Electricity Generating Public Company Limited

Training Programs

- DCP Refresher Course, 4/2007,
Thai Institute of Directors Association (IOD)
- Audit Committee Program (ACP), 16/2007,
Thai Institute of Directors Association (IOD)
- Board Performance Evaluation Program, 2004,
Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP), 15/2002
Thai Institute of Directors Association (IOD)

Mr. Prasert Virasathienpornkul

Audit Committee Member and Independent Director

Age: 49 years

Education Background Master of Business Administration,
University of Wisconsin-Madison, U.S.A.

% of shareholding in CNS -0-

Work Experience

1999 - Present	Capital Nomura Securities Public Company Limited
1997 - Present	Managing Director Concept Training & Consultant Company Limited
Present	Audit Committee Member & Independent Director Master Ad Public Company Limited
Present	Audit Committee Member & Independent Director Chuo Senko (Thailand) Public Company Limited

Training Programs

- Director Certification Program (DCP), 2002 /
Thai Institute of Directors Association (IOD)

Col. Ruangsub Kovindha

Audit Committee Member and Independent Director

Age: 57 years

Education Background Bachelor of Science in Engineering, University of Alabama, U.S.A.

% of shareholding in CNS -0-

Work Experience

2002 - Present	Capital Nomura Securities Public Company Limited
2000 - Present	Managing Director United Information Highway Co.,Ltd.

Training Programs

- Director Accreditation Program (DAP), 2007 /
Thai Institute of Directors Association (IOD)

Mrs. Bussarakam Chiasuwan

Director of Retail Sales Division 1

Age: 48 years

Education Background Master of Business Administration, University of New Haven, U.S.A.

% of shareholding in CNS -0-

Work Experience 1990 - Present Capital Nomura Securities Public Company Limited

Mrs. Krittika Tharamart

Director of Retail Sales Division 2

Age: 48 years

Education Background Bachelor of Education, Phranakhon Rajabhat University

% of shareholding in CNS -0-

Work Experience 1986 - Present Capital Nomura Securities Public Company Limited

Miss Wilaiwan Kavinmetawan

Head of Retail Sales Division 3

Age: 41 years

Education Background Bachelor of Business Administration, BanSomdej Chaopraya Rajabhat University

% of shareholding in CNS -0-

Work Experience 2007 - Present Capital Nomura Securities Public Company Limited
2003 - 2007 Assistant Vice President,
SCB Securities Company Limited

Miss Varangkna Wasuwanich

Head of Finance Division

Age: 42 years

Education Background Master of Business Administration, Thammasat University

% of shareholding in CNS -0-

Work Experience 2003 - Present Capital Nomura Securities Public Company Limited
2002 - 2003 Business Controller
GE Capital Thailand Limited
1999 - 2001 Senior Manager, Accounting Department
GE Capital Thailand Limited

Miss Titima Thanakornnyothin

Head of Institutional Sales Division

Age: 44 years

Education Background Master of Business Administration, Chulalongkorn University

% of shareholding in CNS -0-

Work Experience 2007 - Present Capital Nomura Securities Public Company Limited
2005 - 2007 Senior Executive Vice President
Adkinson Securities Public Company Limited

Mr. Tarate Poshyananda

Head of Fixed Income Division

Age: 45 years

Education Background Master of Business Administration, Webster University, U.S.A.

% of shareholding in CNS -0-

Work Experience 2004 - Present Capital Nomura Securities Public Company Limited
1997 - 2004 Head of Multinational, Deutsche Bank, Bangkok

Mr. Thanomsak Saharatchai

Head of Research Division

Age: 44 years

Education Background Master of Business Administration, Angelo State University, U.S.A.

% of shareholding in CNS -0-

Work Experience 2006 - Present Capital Nomura Securities Public Company Limited
2005 - 2006 Senior Vice President
Ayudhya Securities Public Company Limited
2004 - 2005 Assistant Director,
APEX Securities Company Limited
1994 - 2004 Deputy Manager
Capital Nomura Securities Public Company Limited

Corporate Governance

The Board of Directors has always realized the importance of conducting business in compliance with good corporate governance principles. On April 25, 2005 the Board resolved corporate governance policy in written to comply with the principles of corporate governance stated by the SET as well as rules and regulations of the SEC which cover the following categories:

- Right of shareholders
- Equitable treatment of shareholders
- Roles of stakeholders
- Disclosure and Transparency
- Responsibilities of the Board

1. Rights of Shareholders

CNS realizes the basic rights of shareholders which include: 1) the right to buy, sell or transfer shares; 2) the right to gain share in CNS's profit; 3) the right to receive relevant and adequate information of CNS in a timely manner 4) the right to participate and vote in the shareholder meetings to elect or remove members of the Board, appoint the external auditor, and make decision on any transactions that may have any impacts on CNS (i.e. amendments to CNS's article of association or affidavit, capital increases or decreases). In addition, shareholders should be fully informed of the criteria and procedures for attending shareholder meetings and sufficient information regarding the issues to be discussed in each agenda in an appropriate time prior to the meeting. CNS shall avoid any actions that violate those rights of shareholders.

In the year 2008, CNS held the 2008 Annual General Meeting (AGM) of shareholders on December 18, 2008. All 9 directors and managements in significant positions attended the meeting. Thailand Securities Depository Co., Ltd (TSD) as CNS's share registrar submitted an invitation letter, annual report and other related information to the shareholders fourteen days prior to the meeting, although there were no special agendas required to be reviewed prior to the meeting. In the invitation letter, CNS completely informed shareholders of the criteria, procedures and documents needed for registration and CNS's article of association related to the meeting agenda was attached to the letter. The invitation letter, the annual report and other related documents were also posted in CNS's website in advance. Shareholders failing to attend the meeting were allowed to appoint one of those there independent directors as their proxies. Before the meeting, the Chairman informed shareholders about voting procedure and during the meeting the Chairman facilitated shareholders' questions and asked the responsible persons to answer all questions. The meeting took approximately two hours which was enough for clarifying issues, discussing, as well as answering questions and finding resolution. CNS duly submitted the minutes of the shareholders' meeting with voting record and every question raised by the shareholders to the SET within fourteen days from the meeting date and

posted such minutes in CNS's website for the shareholders' reviews without waiting for next meeting date.

2. Equitable Treatment of Shareholders

CNS realizes that all shareholders should be treated in an equal way and fair treatment. This includes 1) supervising the uses of shareholders' money in proper ways; 2) ensuring that all processes and procedures of shareholders meeting allow equitable treatment of all shareholders, 3) allowing any shareholders who are unable to attend the meeting to appoint their proxies; 4) setting up procedures to prevent the use of inside information for abusive self-dealing, and 5) defining guidelines for directors and management interest reporting and connected transaction to be in compliance with the rules and regulations of the SET and the SEC.

In 2008 AGM of shareholders on December 18, 2008, CNS proposed three independent directors so that the shareholders could choose as their proxies in case they were unable to attend the meeting. In addition, CNS sent the shareholders 3 proxy forms. The shareholders could select one form which matched with their needs. Among these three proxy forms, there was the form in which shareholders were able to specify their votes. The Chairman conducted the meeting by following the sequence of agenda defined in an invitation letter and did not add any new agenda. During the meeting, the Chairman facilitated shareholders' questions and asked the responsible persons to answer all questions regardless of the amount of shares they were holding. CNS used voting cards for transparency and future reference and the Chairman announced voting result and scores of agree, not agree and abstain in each agenda. In case the shareholders objected the voting result, they were entitled to ask for re-checking the scores immediately. Moreover, CNS had policies and procedures to protect of insider information or abusive self-dealing. Those policies and procedures were conveyed to all staff both in verbal and written forms.

3. Role of Stakeholders

CNS realizes all stakeholders should be treated fairly in accordance with their legal rights as specified in relevant laws. CNS shall not take any action to violate the rights of such stakeholders.

It was clearly stated in the corporate governance policy that the Board shall govern CNS's operation to be in compliance with the SET's and SEC's rules and regulations and other relevant laws and shall attend to the rights of stakeholders. CNS set guideline of treatment to stakeholders in business ethics regarding corporate social responsibility, standard practices to customers, fair treatment to suppliers, human right and equitable working opportunity etc. In addition, CNS had a procedure to report

significant information in which the stakeholders should be informed of in the annual report and CNS's website. Such information includes quarterly financial statement, year end financial statement, other published information, internal control and etc. Moreover, CNS also provided channel to receive suggestions, comments and complaints from stakeholders. Stakeholders may send in their suggestions, comments or complaints to the Compliance and Internal Audit Departments which report directly to the Board and the Audit Committee. If the stakeholders would like to make some inquiries, they could contact investor relations as per details provided in CNS's website.

4. Disclosure and Transparency

CNS realizes that all Company's important information including financial data and non-financial data must be accurately disclosed on a timely basis. The information should be transparently disclosed through easy-to-access channels that are fairly accessible.

In the past fiscal year, CNS disclosed the quarterly financial statements, the year - end financial statement, the annual report, 56-1 the report, the minutes of shareholders' meeting, the resolution of the Board's meeting in significant agenda and other information. All this information was accurately disclosed on a timely basis in both Thai and English in CNS's website (www.cns.co.th). CNS also has investor relation function to update information regularly and to answer any questions from investors, shareholders, or other stakeholders. CNS disclosed all information required by the SET and the SEC completely in annual report and 56-1 report which included roles and responsibilities of the Board and committee, number of board meetings and committee meetings, number of attendance by each member in the past year, directors' remuneration, statement of board responsibilities concerning CNS's financial report presented along with the auditor report.

5. Responsibilities of the Board

The Board realizes that the Board members play an important role in corporate governance for the best interest of CNS and they are accountable to shareholders and independent of management.

5.1 Board Structure

The Board of Directors comprises 9 members in proportional to CNS's size.

- Executive Director 4 persons
- Non-Executive Director 5 persons, of which are:
- Independent Director 3 persons
- Outside Director 2 persons

CNS has three independent directors (one-third of the total number of directors). This proportion conforms to the principles of good corporate governance of the SET and the SEC in order to maintain an appropriate balance of authority in management. CNS's definition of independent directors was also considered to be in compliance with the SET's and SEC's rules and regulations as stated in the section of "Independent Directors". Although the Chairman of the Board of Directors is not an independent director, the Chairman strictly adheres to CNS's good corporate governance policy and performs in a transparent and prudent manner for the best interest of CNS, CNS's shareholders and all stakeholders.

Regarding the term of service of directors, CNS's Articles of Association requires one-third of the directors to retire by rotation in every Annual General Meeting of Shareholders. If the number of directors can not be a multiple of three, the nearest number to one-third must retire from CNS, and the directors who have the longest term of service must retire by rotation.

For efficiency, The Board of Directors would carefully review the effectiveness of the directors with the multiple board membership or the number of board positions that a director can hold. CNS disclosed the information about board membership positions of individual directors to shareholders in form 56-1 report and CNS's annual report.

CNS provides a person in charge of the company secretary function to serve the Board of Directors in areas of providing legal advice, taking care of the Board's activities, and monitoring compliance to the Board's resolutions

The details about the list, roles, duties and responsibilities of the Board of Directors and the company secretary are all clearly stated in the section on "Management Structure".

5.2 Committees

CNS has clearly separated the duties and responsibilities of key management to create transparency. The roles, duties and responsibilities of the Board of Directors, the Board of Executive Directors, the Audit Committee, the Credit Review Committee, and the Marginable Securities Committee are all clearly defined in the section "Management Structure".

5.3 Roles and Responsibilities of the Board

The Board of Directors reviews and approves key business matters such as the vision and mission of CNS, strategies, financial targets, risks, major business and budget plans. The Board of Directors also monitors management's performance to the efficiency. The Board of Directors conveys CNS's

vision, mission, strategy and targets to the directors, executives and staff throughout the organization via various communication channels including annual staff meetings intranet system and e-mail system.

The Board realizes the important of conducting its business in compliance with good corporate governance principles. The Board understands that good corporate governance is a critical factor in achieving success. Therefore, the Board has instituted good corporate governance principles through procedures to transact business in a transparent manner. In the year 2005, the Board also resolved to announce the corporate governance policy in written. This policy was a guideline that shall ultimately maximize shareholders' interest while taking to consideration the interest of all stakeholders

The Board of Directors has formulated a Code of Business Conduct for directors, management and employees to ensure that they are aware of CNS's expectations regarding the standard practices towards shareholders, customers, suppliers, competitors, colleagues and society. The Code of Business Conduct was prepared and distributed to all of staff in order to disseminate clear information about CNS's standard practices on such matters. CNS also promoted its Code of Business Conduct to all staff and set up a monitoring system to make sure that they seriously follow the rules.

The Board has policies and guidelines to prevent related persons from exploiting their positions for personal interest. Any connected transactions must be necessary for CNS's benefit and comply with the SET's and SEC's rules and regulations

The Board realizes the importance of good internal control in the areas of operating control and operating procedures, including financial reporting. All policies about internal control are designed to comply with the rules and regulations of the authorities. As such, it's stated in CNS's policy that all departments must operate with good internal control and as comply fully with the rules and regulations of the authorities. The Compliance and Internal Audit Department are responsible for reviewing and monitoring CNS's operation in this respect. The function of the Compliance and Internal Audit Departments is to evaluate the risk of internal control within CNS in order to contribute to the proper, efficient and effective use of resources. Those in Compliance and Internal Audit Departments should perform their jobs independently and report to the Audit Committee and the Board of Directors on a regular basis.

5.4 Board Meetings

CNS's Board of Directors holds regular meetings on a monthly basis, or at least on a quarterly basis, and may hold extra meetings when necessary. The Chairman of the Board of Directors and the executive directors jointly set the agenda for the Board of Directors' meeting, considering the degree

of importance and necessity of agenda. However, each director can propose an issue for a meeting agenda. The company secretary will send invitation letter attached by the meeting agenda and provide adequate documents to the Board of Directors so that the directors have enough time to review the information prior to the meeting. The Board of Directors sets the schedule, time, venue of the Board of Directors' meeting in advance so that all directors can attend the meetings.

In the Board of Directors' meetings, the Chairman of the Board of Directors appropriately allocates the meeting time to propose the meeting agenda and complete director discussions. The Chairman of the Board of Directors also encourages creative and careful consideration in the meeting. To ultimately maximize shareholders' interest, each director pay attention to each issue presented in the meeting, including issues concerning governance of CNS. For the meeting agenda that may relate to each function within CNS, The Board of Directors can invite any involved executives or managements to attend the board meeting so that they can present details on the issues that they are directly responsible for. The Board of Directors will have a chance to know more about the executives and be able to prepare a succession plans.

In the fiscal year 2009, the Board of Directors held 14 meetings. The number of meetings attended by each director is clearly disclosed in the section of "The Number of Board of Directors Meetings and Audit Committee Meetings and the Attendance by Individual Members for Fiscal Year 2009".

5.5 Remuneration

CNS has set remuneration policies for its directors and managements. In doing so, CNS considers the appropriate remuneration with respect to other companies in the same industry, roles, duties and responsibilities of each director. The remuneration for directors must be approved by the shareholders' meeting. The details of remuneration is stated in the section of "Remuneration of Directors and Management".

5.6 Board and Management Training

The Board of Directors encourages and facilitates training and development for directors, managements, company secretary. CNS mostly joins the training program and seminar held by the SET, the SEC and Thai Institute of Director Association.

For the past fiscal year, CNS supported and sent directors, managements, company secretary, all staff to attend various training courses regarding the new rules, law and a principle of good corporate governance, in order to continuously improve their skills and performance.

Monitoring the use of and access to inside information

Policy on Insider Information

CNS has the policy to prevent staff and all executives from using the inside information or information obtained from the duties for their own benefits by applying the following control measures:

1. Staff and all executive directors are required to open cash trading account with the Company only.
2. Staff and all executive directors are required to submit the trading transaction report of their spouses and minors to the Compliance and Internal Audit Department on a monthly basis.
3. All executives must prepare and disclose report of CNS securities holding to the Board of Directors.
4. Staff and the Board of Directors are prohibited from trading CNS share one month after closing of quarterly financial statement.
5. In relation to the trading of securities of which the Company's research paper covers, it is required that:
 - 5.1 An analyst in the Research Division is not permitted to trade any securities or all securities in the sector that he/she is responsible for. Head / Manager / Deputy Manager of the Research Division are not permitted to trade any securities.
 - 5.2 Staff and all executive directors are prohibited from trading any securities of which he/she knows or should know that the Research Division is in the process of preparing information of such securities or plan to distribute research report of such securities.
 - 5.3 All staff in the Research Division, all executive directors and all officers in the Compliance and Internal Audit Department are prohibited from trading securities within three business days from the date the research paper is published and distributed.
6. Staff and member of Board of Directors who know or should know non-public information or inside information of any securities are not allowed to trade those securities, whether he / she is in the department possesses those information or not.
7. Monitoring of the access or use of inside information is under the responsibility of the Compliance and Internal Audit Department.

Enforcement

Trading securities for one's own benefit by using inside information is a breach of the above policy and the Company will take disciplinary action with all parties involved.

Corporate Social Responsibility (CSR)

CNS is committed to the continuously development in financial business and investment as well as responsible for society. Due to CNS realizes that other than well directing with ethic which is vital key to run the business, developing the society is important duty also. This entire year, CNS has participated in various activities to responsible for society likewise previous years.

Chulalongkorn University (Thailand) Educational Seminar

For seven consecutive years, we have been closely working with Chulalongkorn University to provide guest lecturers from Nomura Group representative on the educational seminar with interesting issues in global economic and financial markets perspective for students enrolled in the Master of Arts in Business and Managerial Economic program (MABE). This year's seminar, Mr. Sean Darby, Chief Asia and Emerging Markets Strategist, Nomura International (Hong Kong) Limited, was the lecturer presented educational lecture on "World Economic Recession: Response of Asian Stock Markets".

Computer for Children project



CNS had done the CSR activity under the project "Computer for children" by donated corporate used-computers to 22 schools and other educational institutes around Bangkok and upcountry. This project had committed to help and provide an opportunity of learning to youth. The donation ceremony of this project had taken place at the headquarters, Bangkok Insurance building on 27 July 2009. CNS as the donor handed 204 computers to the schools in this ceremony. The name of schools which joined the project is listed below:

1. Baan Tonglang School	Nakornrajchasma Province
2. Baan Paisritong school	Supunburi Province
3. Wat Baan-Po Eastern	Supanburi Province
4. The Non-formal & Informal Education- Phasicharoen district	Bangkok
5. The Non-formal & Informal Education- Saimai district	Bangkok
6. The Non-formal & Informal Education- Buengkum district	Bangkok
7. Fuen Jai Foundation Klongtoei branch	Bangkok

8. Wat Prasert Suthawart School	Bangkok
9. Bangpao School	Trang Province
10. Baan Nar Khao School	Trang province
11. The Non-formal & Informal Education- Pak Kret district	Nonthaburi Province
12. Baan Kok Tom School	Roi-et Province
13. Muang Patumrat School	Roi-et Province
14. Mitapab 38 School	Sukhothai Province
15. Hadsanookrajbumrung School	Phrachuap Khirikhan Province
16. Nathorntavittayakarn School	Nakhon Panom Province
17. Baan Klangnoi School	Nakhon Panom Province
18. Baan Klang School	Nakhon Panom Province
19. The Non-formal & Informal Education- Chaiprakarn district	Chaingmai Province
20. Baan Pabong School	Chiangmai Province
21. Baan Huaypharsang School	Chiangmai Province
22. Baan Tasaarnt Kindergarten	Songkhla Province

CNS realized that computer is a useful and important technology for children's education nowadays. So "Computer for children" project was organized to support CNS' social responsibility commitment. Hopefully these computers will provide highest utility for educational use. Moreover they could help open wider learning world for children. This will lead the youth to grow up with better quality of life which will be the main force to drive our social in the future.

English Learning Activity

CNS has been cooperating with Wall Street Institute Silom branch to organize an English Learning activity for investors and individuals. This activity is arranged on Sunday of the second week every month at Maruay library, Esplanade Cineplex.

The objective of this activity due to English is the international language used in all business communications as well as securities investment sector and CNS also realized this importance. Therefore the English Learning activity has continuously arranged for 2 years past that would provide knowledge to participants and support them to do the helpful activity. This activity participants could get an individual language test then learn English for financial and investment. It also has special added activity such as painting cloth bags to reduce global warming and cooking to make participants not only get knowledge also have fun together without any charge.



Investment Road Show in university

CNS with the cooperation from the SET had provided investment experience by the roadshow to university. This activity gave participants a chance to get to know Internet Trading and try investing online. The purpose of this activity were to support widespread know how of securities investment and give youth the basis knowledge of saving and investment for their future. So CNS had been to Sri Patum University, Chonburi campus and Rajapat Thonburi University at Samootprakarn province in order to arrange this activity and it will continuously arrange to other universities further.



Internal Control

The Board of Executive Directors reviewed CNS's internal control adequacy in five aspects : (1) Organizational Control and Environment Measure (2) Risk Management Measure (3) Management Control Activities (4) Information and Communication and (5) Monitoring System. The Board of Executive Directors viewed that CNS's internal control is proper and sufficient in such five aspects.

In the Audit Committee meeting no 5/2009, held on October 16, 2009, the Audit Committee also agreed with the Board of Executive Directors' determination.

Report of Audit Committee

The Board of Directors of Capital Nomura Securities Public Company Limited appointed an Audit Committee comprising of three independent directors who are well – qualified persons in terms of the requirement of the SEC : Assistant Professor Wattanee Phanachet, as the Chairman of the Audit Committee, Col.Ruangsub Kovindha and Mr. Prasert Virasathienpornkul as the Audit Committee's members and the Manager of Compliance & Internal Audit Department performed the duty of the Secretary of the Audit Committee.

For the period of September 1, 2008 - August 31, 2009, the Audit Committee held 5 meetings. There were 4 meetings that all the Audit Committee's members presented in the meetings but there was only 1 meeting that 1 of Audit Committee's members could not attend. The Audit Committee performed the following duties as assigned by the Company:

1. Reviewing the Company's quarterly and year end financial statements, prior to submission to the Company's Board of Directors that Company correctly and adequately discloses. In the meeting, the Committee independently considered audit results and obtain the professional opinion from external and internal auditors.
2. Reviewing the efficiency and appropriateness of the Company's internal control from the results of the auditing carried out by the external and internal auditors. The Committee was informed of the review results, and expressed opinions and recommendations as deemed appropriate.
3. Reviewing the Compliance & Internal Audit Department's operations covering the setting up of an audit plan, the audit procedures, the reporting and following up procedures. In addition, the Committee has given advices in order to enhance the internal audit operations' effectiveness.
4. Reviewing with the management related to Risk Assessment, Risk Management and monitor Risk Management.
5. Reviewing the Company's operations in conformity with the Securities and Exchange laws, the regulations of the SET, and the other laws related to the Company's business.
6. Considering the Company's related party transactions or any transactions that may cause conflict of interests to be conducted according to the SET and the SEC's regulations.
7. Preparing an Audit Committee's Report to be disclosed in the Company's annual report.
8. Selecting and proposing the appointment of an external auditor and the audit fees.

In conclusion, the Audit Committee deems that the Company's financial statements are prepared in accordance with generally accepted accounting principles as specified in the report of independent auditor. The company has proper internal control and compliance with the related regulations. The Committee is confident that the Company's directors and managements maintain business ethics, emphasizes on operating business with the efficient corporate governance, and conservatively manages the business to reach the Company's goal.

In this regard, the Audit Committee considered and proposed the appointment of the external auditor to the Board of Directors for further consideration in the annual shareholders' meeting. The Committee proposed to appoint anyone of Mr. Narong Puntawong or Miss Saifon Inkaew or Mrs. Nonglak Pumnoi from Ernst and Young Office Limited to be the Company's external auditor for the year ended August 31, 2010, with the audit fees of Baht 1,100,000.



(Mrs. Wattanee Phanachet)

Chairman of the Audit Committee and Independent Director
Capital Nomura Securities Public Company Limited

Connected Transactions

October 27, 2009

Subject: Opinions on connected transactions

To: Shareholders
Capital Nomura Securities Public Company Limited

We, Wattanee Phanachet, Col. Ruangsub Kovindha, Prasert Virasathienpornkul, as Independent Directors of Capital Nomura Securities Public Company Limited ("the Company"), would like to report that during the fiscal year ended August 31, 2009, the Company had business transactions with the related companies and/or connected persons as follows:

Ordinary or supporting an ordinary and usual course of business transactions which the Company provided services and received service fees

1. The Company entered into *Agreement for Provision of Services for Asset Finance Business* with Nomura International (Hong Kong) Limited ("NIHK") to provide financial advisory service and other services, advice and information related to financial advisory service which include asset finance business and real estate business in Thailand.

The service fee for the fiscal year 2009 was Baht 172,714,412. The service fee was based on actual costs plus 10% of margin.

2. The Company entered into *Agreement for Provision of Financial Advisory Services* with NIHK to provide information related to the stock market, securities and Thai companies to NIHK.

The service fee for the fiscal year 2009 was Baht 21,560,231. The service fee was based on actual costs plus 10% of margin.

3. The Company entered into the agreement with Nomura Singapore Limited ("NSL") to be an agent of securities trading and appointed NSL to be an Exclusive Partner. The terms and conditions in this agency agreement and Exclusive Partner were similar to other agency agreements made with other customers who were not related to the Company and in accordance with the notifications of the SET and the SEC.

The commission fee for the fiscal year 2009 was Baht 20,019,887. The commission fee was based on trade volume and the same commission rate as the Company charged to other customers and Exclusive Partner, in accordance with the notifications of the SET and the SEC.

4. The Company entered into *Agreement for Provision of Services* with NIHK to provide information related to potential customers who would like to issue non-Thai Baht products to NIHK.

The service fee for the fiscal year 2009 was Baht 16,401,451. The service fee was based on actual costs plus 10% of margin.

5. The Company entered into *Investors Business Support Agreement* with NSL to provide information of potential customers in Thailand which NSL requested.

The service fee for the fiscal year 2009 was Baht 9,294,779. The service fee was based on actual costs plus 10% of margin.

6. The Company entered into *Service Agreement* with NSL to place buy and sell orders of any securities listed on or dealt through any Securities Market except Thai Stock Market.

The service fee for the fiscal year 2009 was Baht 1,390,400. The service fee was agreed at the beginning of each fiscal year and calculated base on annual estimated costs of service plus 10% of margin.

7. The Company entered into *Equity Service Agreement* with NIHK to provide information related to Thai Capital Market directly to the clients of NIHK. This would make the clients of NIHK receive correct, complete and timely information to support their decision making to invest in Thai Capital Market. It resulted in an increase of the Company's brokerage commission from foreign investors.

The service fee for the fiscal year 2009 was Baht 156,726. As this service generates mutual benefit to both parties and support the expansion of the Company's foreign investor base, therefore the service was 50% of actual service costs.

8. The Company entered into *Introducing Broker Agreement* with NSL to introduce potential individual customers in Thailand who were interested in NSL's products to NSL.

The service fee for the fiscal year 2009 was Baht 64,624. The service fee was based on actual executed transactions of our referred customers calculated by using the introducing credit rate as indicated in the agreement referred in similar business.

Ordinary or supporting an ordinary and usual course of business transactions which the Company received services and paid service fees

1. The Company entered into the *Hi-Speed Circuit Service* with United Information Highway Company Limited ("UIH") of which the Company's director was also the managing director of UIH. The Company received the hi-speed circuit service which was the same service and quality as other customers that which did not have a connected relationship received.

The service expense for the fiscal year 2009 was Baht 518,029. The service fee was the same rate as what other customers that did not have a connected relationship paid.

2. The Company entered into the agreement with Mr. Pisit Tesabamroong, the Company's director. By this agreement, the Company received legal consultancy, recommendation, advisory services and review of draft of the Company's agreements.

The service expense for the fiscal year 2009 was Baht 240,000. The fee was a reasonable fixed price compared to other professionals with similar service and quality.

3. The Company paid for brokerage fee to NSL for execution of securities trading orders that listed in foreign securities markets for our customers.

The commission paid for the fiscal year 2009 was Baht 99,788. The commission was calculated base on trade volume and a referential rate charged to other clients.

4. The Company entered into *Internet Security Advisory and Daily Operations Support Agreement* with NIHK. By this agreement, the Company would receive the security advisory and internet security service.

The service expense for the fiscal year 2009 was USD 13,464 or approximately Baht 471,240 (exchange rate Baht 35 : USD 1). The fee was a referential market price.

5. The Company paid for license fee of email and internet software maintenance to NIHK.

The service expense for the fiscal year 2009 was HKD 5,306.70 or approximately Baht 23,880 (exchange rate Baht 4.50 : HKD 1). The fee was a referential market price.

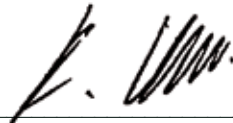
We had an opinion on the connected transactions among the Company and related companies and/or connected persons for the fiscal year 2009 ended August 31, 2009 as stated above that all transactions specified the exact fees and procedures of termination, which were clear and equitable. The above connected transactions were reasonable, equitable and in line with an ordinary and usual course of the Company's business and/or supporting an ordinary and usual course of the Company's business.

For your acknowledgement

Respectfully



Mrs. Wattanee Phanachet
Chairman of the Audit Committee
and Independent Director



Col. Ruangsub Kovindha
Audit Committee Member
and Independent Director



Mr. Prasert Virasathienpornkul
Audit Committee Member
and Independent Director

Capital Nomura Securities Public Company Limited

Connected Transactions

In the fiscal years 2009 and 2008, Capital Nomura Securities Public Company Limited entered into connected transactions with the related companies and connected persons as follow:

Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value (Baht)		Remarks
				2009	2008	
1. Capital Nomura Securities Public Company Limited and Nomura International (Hong Kong) Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura International (Hong Kong) Limited	Agreement for Provision of Services for asset finance business and real estate business which the Company provided services and received fee in return.	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party.	172,714,412	-	The service fee was calculated by reference to the actual cost plus 10% margin.
2. Capital Nomura Securities Public Company Limited and Nomura International (Hong Kong) Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura International (Hong Kong) Limited	Agreement for Provision of Financial Advisory Services which the Company provided services and received fee in return.	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party.	21,560,231	20,357,500	The service fee was calculated by reference to the actual cost plus 10% margin.
3. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura Singapore Limited	Agency Agreement which appointed Nomura Singapore Limited to be an Exclusive Partner. The Company provided services and received fee in return.	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party.	20,019,887	41,690,310	The commission fee was based on trade volume and the same commission rate as the Company charged to other customers and Exclusive Partner, in accordance with the notifications of the SET and the SEC.

Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value (Baht)		Remarks
				2009	2008	
4. Capital Nomura Securities Public Company Limited and Nomura International (Hong Kong) Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura International (Hong Kong) Limited	Agreement for Provision of Services which the Company provided information to support issuing of non Thai Baht products and received fee in return.	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party.	16,401,451	24,062,726	The service fee was calculated by reference to the actual cost plus 10% margin.
5. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura Singapore Limited	Investors Business Support Agreement which the Company provided services and received fee in return.	1 year	9,294,779	9,558,080	The service fee was calculated by reference to the actual cost plus 10% margin.
6. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura Singapore Limited	Service Agreement for placing an order of any securities listed on foreign securities market which the Company provided services and received fee in return.	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party.	1,390,400	-	The service fee was agreed at the beginning of each fiscal year and calculated base on annual estimated costs of service plus 10% of margin.
7. Capital Nomura Securities Public Company Limited and Nomura International (Hong Kong) Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura International (Hong Kong) Limited	The Company provided information of Thai Capital Market directly to the clients of Nomura International (Hong Kong) Limited. The Company provided services and received fee in return.	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party	156,726	516,660	This service generated the mutual benefit for both parties, therefore the rate was 50% of actual service costs.

Related companies / Connected persons	Relationship	Description of the transaction	Period of the agreement	Value (Baht)		Remarks
				2009	2008	
8. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura Singapore Limited	Introducing Broker Agreement which the Company provided services and received fee in return.	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party.	64,624	326,835	The service fee was based on actual executed transactions of our referred customers calculated by using the introducing credit rate as indicated in the agreement referred in similar business.
9. Capital Nomura Securities Public Company Limited and United Information Highway Company Limited	The Company's director is the managing director of United Information Highway Company Limited	Hi-Speed Circuit Service Agreement. The Company received the hi-speed circuit service and paid fee for service.	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party.	518,029	628,248	The service fee was the same rate as what other customers that did not have a connected relationship paid.
10. Capital Nomura Securities Public Company Limited and Mr.Pisit Tesabamroong	Mr.Pisit Tesabamroong is a Company's director.	The Company received legal consultancy, advisory recommendation, advisory services and the review of draft of the Company's agreement and paid fee for service.	1 year	240,000	240,000	The fee was a reasonable fixed price compared to other professionals with similar service and quality.
11. Capital Nomura Securities Public Company Limited and Nomura Singapore Limited	Nomura Holdings, Inc. is the major shareholder of the Company and Nomura Singapore Limited	Agreement for execution of securities trading orders that listed in foreign securities market which the Company received service and paid fee for service.	No expiry date, however, the Agreement can be terminated by issuing not less than 30 days written notice to other party.	99,788	-	The commission was calculated base on trade volume and a referential rate charged to other clients.

Related companies / Connected persons	Relationship	Description of the Transaction	Period of the agreement	Value (Baht)		Remarks
				2009	2008	
12. Capital Nomura Securities Public Company Limited and Nomura Research Institute Hong Kong Limited. Later, the partner of agreement had been changed to Nomura International (Hong Kong) Limited	Nomura Holdings, Inc. is the major shareholder of the Company, Nomura Research Institute Hong Kong Limited and Nomura International (Hong Kong) Limited	The Company received IT security advisory and security monitoring services and paid fee for such services.	1 year	USD 13,464	USD 13,464	The fee was a referential market price.
13. Capital Nomura Securities Public Company Limited and Nomura Research Institute Hong Kong Limited. Later, the partner of agreement had been changed to Nomura International (Hong Kong) Limited	Nomura Holdings, Inc. is the major shareholder of the Company, Nomura Research Institute Hong Kong Limited and Nomura International (Hong Kong) Limited	The Company paid for license fee of email and internet software maintenance. The Company received service and paid fee for service.	1 year	HKD 5,306.70	HKD 5,306.70	The fee was a referential market price.

Outstanding balance of connected transactions as of August 31, 2009 and 2008

Transaction	Related companies	Presented in Financial Statements as	Balance as of 31 Aug 2009	31 Aug 2008
Agency Agreement	Nomura Singapore Limited	Securities business receivable	26,857,509	1,183,645
		Securities business payable	2,776,025	76,127,231
Investors Business Support Agreement	Nomura Singapore Limited	Other assets	164,779	208,080
Introducing Broker Agreement	Nomura Singapore Limited	Other assets	-	2,074
Agreement for Provision of Financial Advisory Services	Nomura International (Hong Kong) Limited	Other assets	-	(4,642,500)
Agreement for Provision of Services	Nomura International (Hong Kong) Limited	Other assets	-	24,062,725
		Other liabilities	(3,098,549)	-
Equity Service Agreement	Nomura International (Hong Kong) Limited	Other assets	-	516,660
Agreement for Provision of Services for Asset Finance Business	Nomura International (Hong Kong) Limited	Other liabilities	1,101,727	-
Agreement for email and internet software maintenance services	Nomura International (Hong Kong) Limited	Other liabilities	49,464	26,194
Internet Security Advisory and Daily Operations Support Agreement	Nomura International (Hong Kong) Limited	Other liabilities	969,599	462,919
Hi-Speed Circuit Service	United Information Highway Company Limited	Other liabilities	35,603	47,047

Necessity and soundness of connected transactions

In case the Company enters into any connected transactions with related companies or related persons, the Company will consider the necessity and soundness to enter into such agreements for connected transactions based on the Company's best interest.

Approval procedures or measures of connected transactions

The Board of Directors requires the Company to comply with the Stock Exchange of Thailand's and the Securities and Exchange Commission's regulations.

Policy or outlook for future connected transactions

- None -

Management Discussion and Analysis

Performance Analysis

In the light of the global economic crisis and the domestic political turmoil, in the fiscal year 2009 the average daily turnover for the SET declined by 18.80%. followed by a continuous decrease in interest rates. As a result, revenue from securities brokerage and interest on margin loan which are the Company's main source of revenues also showed a drop due to the lower daily turnovers.

CNS's brokerage fee income decreased by Baht 87.02 million or 16.49%, which is smaller than the drop in the average daily turnover for the SET. Meanwhile, CNS's market share in the fiscal year 2009 slightly increased to 2.70%, which ranked 15th, vs. 2.59% in the fiscal year 2008, which ranked 18th.

The interest on margin loans dropped by Baht 47.32 million or 52.32%, due to a rather sluggish and uncertain investment climate. As a result, average loans in fiscal year 2009 fell to Baht 769.03 million from Baht 1,639.11 million in fiscal year 2008. Furthermore, the decline the market interest rate to 1.25% as of August 31, 2009, from 3.75% as of August 31, 2008, resulted in a drop in CNS's interest on margin loan.

CNS's gain (loss) on trading in securities decreased by Baht 27.31 million or 151.40%. The company reported a loss on trading in securities of approximately Baht 9.27 million in fiscal year 2009, mostly caused by the allowance for impairment of the investment in TSFC Securities Public Company Limited (TSFC).

While CNS's fee income and service income grew by Baht 159.79 million or 178.25% in fiscal year 2009, mostly contributed by financial advisory service fee for real estate business, the company's personnel expenses also increased by Baht 113.12 million. This was attributed to the fact that most of financial advisory service cost for real estate business were personnel expenses. The financial advisory service fee was calculated on the basis of actual cost plus a margin rate as indicated in the agreement.

Meanwhile, the company's other expenses decreased by Baht 19.33 million due mainly to the drop in expenses related to the brokerage business as well as the company's measures to maintain its costs at a competitive level.

In summary, CNS's net profit for fiscal year 2009 amounted to Baht 68.61 million or an earnings per share (EPS) of Baht 0.96, down by 44.27% when compared with the previous fiscal year's net profit of Baht 123.13 million or an EPS of Baht 1.72. For fiscal year 2009, the company recorded a net profit margin of 8.12% and return on equity (ROE) of 1.90%.

Financial Position Analysis

As of August 31, 2009, CNS had total assets of Baht 4,871.37 million for an increase of Baht 395.53 million or 8.84%, compared with the previous fiscal year when its total assets stood at Baht 4,475.84 million as of August 31, 2008. The significant components of CNS's assets as of the end of the fiscal year 2009 included the following: a) cash and cash equivalents (28.26% of total assets); b) investments in debt and equity securities (21.27% of total assets); c) securities and derivative business receivables (44.04% of total assets); and d) other assets (6.43% of total assets).

As of the end of fiscal year 2009, cash and cash equivalent stood at Baht 1,376.84 million, for a gain of Baht 403.28 million or 41.42% from the level as of the end of the previous fiscal year. This was largely attributable to the payables to clearing house and securities and derivatives business payables that increased by Baht 413.34 million. This increase enabled CNS to maintain its cash level during 1-3 days prior to the securities and derivative payments. The Company's cash and cash equivalent was in forms of deposits and short-term loans to financial institutions that provide more liquidity and working capital for the daily settlement in securities business and also help support the Company's margin lending and securities borrowing and lending businesses.

Meanwhile, as of August 31, 2009 CNS's investments in debt and equity securities stood at Baht 1,035.95 million. The net investments in debt and equity securities comprised: 1) the investment in trading securities that amounted to Baht 7.38 million (or equivalent to 0.71% of the total investments) for the arbitrage trading; 2) Baht 1,019.22 million (98.39% of the total investments) investment in available-for-sales securities, most of which were government bonds that contained low risk; and 3) long-term investment and hold-to-maturity debt securities that amounted to Baht 9.35 million (or 0.90% of the total investments). This shows that CNS invested mostly in the securities that contained low risk exposure and high liquidity.

Furthermore, securities and derivatives business receivables totaled Baht 2,145.40 million, as of August 31, 2009. These receivables were comprised of customers' accounts amounting to Baht 681.64 million (31.77%); margin loans of Baht 833.89 million (38.87%), collateral receivables of Baht 319.59 million (14.90%), securities borrowing receivables of Baht 306.99 million (14.31%), and other receivables of Baht 3.29 million (0.15%). CNS's margin loans decreased by 43.02% year-on-year or a decrease of Baht 629.55 million from Baht 1,463.44 million as of the end of fiscal year 2008 to Baht 833.89 million as of the end of fiscal year 2009. Meanwhile, the customers' accounts increased by Baht 388.92 million, or 132.86%, from Baht 292.72 million as of the end of fiscal year 2008 to Baht 618.64 million as of the end of fiscal year 2009. The increase was in line with the Thai stock market situation during that time. Note that in the fiscal year 2009 CNS did not set aside allowances for

doubtful accounts from the securities business receivables as this group of receivables had more collateral than their obligation and they did not have outstanding balance. In setting a side the provision, CNS complied with the regulations of Thailand's Securities and Exchanges Commission (SEC).

In conclusion, CNS was successful in maintaining its sound financial status and debt-free position, with high financial liquidity. As of August 31, 2009, CNS's net capital ratio (NCR) stood at 456.60%, which is considerably high when comparing to the minimum requirement of 7% set forth by the SEC. In addition, CNS's liquid assets to total assets ratio remained high at 14.19%, while its cash and cash equivalents stood at Baht 1,376.84 million that was equivalent to 28.26% of its total assets. Finally, CNS's debt to equity (D/E) ratio as of the end of fiscal year 2009 was a mere 0.35x and its unappropriation retained earnings were substantial at Baht 436.69 million, while its shareholders' equity stood at Baht 3,596.26 million that was equivalent to a book value of Baht 50.17 per share.

Key Financial Performance

(Baht of Million)

Financial data	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007
Cash and Cash Equivalents	1,376.84	973.56	903.01
Securities and Derivatives Business Receivables - Net	2,145.40	2,206.19	2,204.30
Investment in Securities - Net	1,035.95	1,049.31	1,064.69
Total Assets	4,871.37	4,475.84	4,511.53
Total Liabilities	1,275.11	847.52	920.36
Paid-Up Capital	716.82	716.82	716.82
Retained Earnings - Unappropriated	436.69	474.85	436.88
Total Shareholders' Equity	3,596.26	3,628.32	3,591.18
Income from Brokerage Fees	440.58	527.60	466.85
Total Income	845.34	826.85	768.69
Operating Expenses	690.20	599.70	597.04
Net Earnings	68.61	123.13	102.39

Key Financial Ratios

Financial Ratio	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007
<u>Profitability Ratio</u>			
Gross Profit Margin (%)	92.83%	93.04%	94.07%
Net Profit Margin (%)	8.12%	14.89%	13.32%
Return on Equity (%)	1.90%	3.41%	2.86%
Return on Investment (%)	1.14%	3.67%	4.26%
<u>Efficiency Ratio</u>			
Return on Assets (%)	1.47%	2.74%	2.34%
Assets Turnover (Times)	0.18	0.18	0.18
<u>Financial Ratio</u>			
Liquid Assets to Borrowing (%)	N/A	N/A	N/A
Earning Assets to Borrowing (%)	N/A	N/A	N/A
Liquid Assets to Total Assets (%)	14.19%	21.96%	20.26%
Earning Assets to Total Assets (%)	91.56%	93.12%	88.44%
Debt/Equity (Times)	0.35	0.23	0.26
Dividend Pay-Out (%)	N/A	87.33%	84.01%
<u>Other Ratios</u>			
Investment in Securities to Assets (%)	21.27%	23.44%	23.60%
Net Capital Ratio (calculated as the SEC standard) (%)	456.60%	768.07%	446.67%
<u>Data Per Share (Baht)</u>			
Book Value per Share	50.17	50.62	50.10
Earnings per Share	0.96	1.72	1.43
Dividend per Share	N/A	1.50	1.20
<u>Growth Rate (%)</u>			
Total Assets	8.84	(0.79)	6.82
Total Liabilities	50.45	(7.91)	39.01
Total Income	2.24	7.57	7.27
Income from Sales and Services	2.67	7.40	7.26
Operating Expenses	15.09	0.45	8.90
Net Earnings	(44.27)	20.25	(3.94)

Report of the Board of Directors' Responsibility for Financial Statements

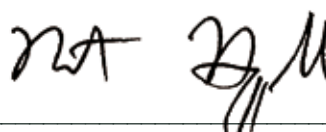
The Board of Directors of Capital Nomura Securities Public Company Limited ("the Company") is responsible for the Company's financial statements, including financial information appearing in the 2009 Annual Report. The financial statements have been prepared in accordance with generally accepted accounting principles with appropriate accounting policies applied on a conservative and consistency basis. Where judgement and estimation were required, these were made with careful and reasonable consideration, and adequate disclosures have been made in the notes to the financial statements. These financial statements have been audited by Ernst & Young Office Limited, which is independent certified auditor who had given their unqualified opinions.

The Company's Board of Directors has also adopted and maintained an appropriate and efficient system of risk management as well as internal control systems. In this regard, the Board of Directors has appointed an Audit Committee which comprises 3 independent directors who are responsible for reviewing and meeting with internal auditors and external auditors on the financial report, internal control, internal audit, financial information disclosure, including compliance, as shown in the report of the Audit Committee in this Annual Report.

The Board of Directors believed that the Company has a satisfactory level of internal control and the financial report as of August 31, 2009 are presented fairly in accordance with generally accepted accounting principles and complied with related rules and regulations.



Mr. Takeshi Nishida
Chairman
and President



Mr. Nimit Wongjariyakul
Executive Director
and Chief Operating Officer



Mr. Naoki Sugaya
Executive Director



Mrs. Chrisana Sae-Leiw
Executive Director

Report of Independent Auditor

To the Shareholders of Capital Nomura Securities Public Company Limited

I have audited the accompanying balance sheet of Capital Nomura Securities Public Company Limited as at 31 August 2009, the related statements of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the management of the Company as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of Capital Nomura Securities Public Company Limited as at 31 August 2008 and for the year then ended, as presented herein for comparative purpose, were audited by another auditor of our firm who, under her report dated 28 October 2008, expressed an unqualified opinion on these statements.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Capital Nomura Securities Public Company Limited as at 31 August 2009, the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting principles.



Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

Ernst & Young Office Limited

Bangkok: 27 October 2009

Financial Statements

Capital Nomura Securities Public Company Limited

Balance sheets

As at 31 August 2009 and 2008

		(Unit: Baht)	
	Note	2009	2008
Assets			
Cash and cash equivalents	6	1,376,843,400	973,561,258
Long-term deposits at financial institutions	7	-	-
Investments in debt and equity securities - net	8	1,035,946,469	1,049,311,579
Receivables from Clearing House	9	3,694,582	22,128,290
Securities and derivatives business receivables - net	10	2,145,404,936	2,206,192,282
Land, premises and equipment - net	12	139,304,908	32,387,997
Intangible assets - net	13	15,097,301	21,457,040
Deferred income tax assets	14	37,665,211	43,963,086
Other assets - net	15	117,414,439	126,839,856
Total assets		4,871,371,246	4,475,841,388

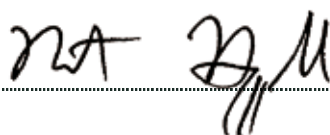
The accompanying notes are an integral part of the financial statements.

Capital Nomura Securities Public Company Limited
Balance sheets (Continued)
As at 31 August 2009 and 2008

(Unit: Baht)

	Note	2009	2008
Liabilities and shareholders' equity			
Liabilities			
Payables to Clearing House		207,705,854	18,516,814
Securities and derivatives business payables	16	928,798,102	704,642,906
Deferred income tax liabilities	14	7,976,582	7,634,776
Other liabilities	17	130,630,217	116,729,521
Total liabilities		1,275,110,755	847,524,017
Shareholders' equity			
Share capital			
Registered, issued and paid-up			
71,682,300 ordinary shares of Baht 10 each		716,823,000	716,823,000
Premium on share capital		2,131,833,600	2,131,833,600
Revaluation surplus in investments	8.3	23,913,428	17,814,479
Retained earnings			
Appropriated - statutory reserve	19	72,000,000	72,000,000
- general reserve		215,000,000	215,000,000
Unappropriated		436,690,463	474,846,292
Total shareholders' equity		3,596,260,491	3,628,317,371
Total liabilities and shareholders' equity		4,871,371,246	4,475,841,388

The accompanying notes are an integral part of the financial statements.




Directors

Capital Nomura Securities Public Company Limited
Income statements
For the years ended 31 August 2009 and 2008

		(Unit: Baht)	
	Note	2009	2008
Revenue			
Brokerage fees			
Brokerage fees from securities business		440,583,885	527,599,486
Brokerage fees from derivative business		47,071,565	33,111,860
Fees and service income	20	249,429,709	89,641,667
Gain (loss) on trading in securities	8.4	(9,272,898)	18,039,059
Loss on trading in derivatives		(374,000)	(81,560)
Interest and dividend		72,624,948	62,536,953
Interest on margin loans		43,113,895	90,432,253
Other income		2,163,611	5,575,027
Total revenue		845,340,715	826,854,745
Expenses			
Expenses on borrowing		19,085,846	20,772,766
Fees and services expenses		41,371,730	36,399,388
Bad debt and doubtful accounts (Reversal)		-	(3,951)
Operating expenses			
Personnel expenses		518,545,025	405,429,812
Premises and equipment expenses		116,994,170	133,972,971
Taxes and duties		2,503,576	4,017,986
Directors' remuneration	21	3,871,000	3,096,000
Other expenses		48,289,341	53,187,496
Total operating expenses		690,203,112	599,704,265
Total expenses		750,660,688	656,872,468
Income before corporate income tax		94,680,027	169,982,277
Corporate income tax	14	(26,068,256)	(46,857,107)
Net income for the year		68,611,771	123,125,170
Basic earnings per share	24		
Net income		0.96	1.72

The accompanying notes are an integral part of the financial statements.

Capital Nomura Securities Public Company Limited
Statements of changes in shareholders' equity
For the years ended 31 August 2009 and 2008

(Unit: Baht)

	Retained earnings					
	Revaluation surplus in investments	Appropriated		Unappropriated	Total	
		Statutory reserve	General reserve			
Balance - as at 1 September 2007	716,823,000	2,131,833,600	18,638,017	72,000,000	215,000,000	3,591,177,219
Revaluation surplus in investments						
- decrease in revaluation in investments	-	-	(1,176,483)	-	-	(1,176,483)
- increase from deferred income tax	-	-	352,945	-	-	352,945
Total expenses recognised in shareholders' equity	-	-	(823,538)	-	-	(823,538)
Net income for the year	-	-	-	-	-	123,125,170
Total income (expenses) recognised for the year	-	-	(823,538)	-	-	122,301,632
Dividend paid (Note 22)	-	-	-	-	-	(85,161,480)
Balance - as at 31 August 2008	716,823,000	2,131,833,600	17,814,479	72,000,000	215,000,000	3,628,317,371
Balance - as at 1 September 2008	716,823,000	2,131,833,600	17,814,479	72,000,000	215,000,000	3,628,317,371
Revaluation surplus in investments						
- increase in revaluation in investments	-	-	6,435,315	-	-	6,435,315
- decrease from deferred income tax	-	-	(336,366)	-	-	(336,366)
Total expenses recognised in shareholders' equity	-	-	6,098,949	-	-	6,098,949
Net income for the year	-	-	-	-	-	68,611,771
Total income recognised for the year	-	-	6,098,949	-	-	74,710,720
Dividend paid (Note 22)	-	-	-	-	-	(106,767,600)
Balance - as at 31 August 2009	716,823,000	2,131,833,600	23,913,428	72,000,000	215,000,000	3,596,260,491

The accompanying notes are an integral part of the financial statements.

Capital Nomura Securities Public Company Limited
Statements of cash flows
For the years ended 31 August 2009 and 2008

	(Unit: Baht)	
	2009	2008
Cash flows from operating activities		
Net income before corporate income tax	94,680,027	169,982,277
Adjustments to reconcile net income before corporate income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	35,421,475	32,882,533
Reversal of bad debt and doubtful accounts	-	(3,951)
Reversal of allowance of other assets	(1,317,405)	-
Reversal of loss on impairment of available-for-sale securities	-	(29,402,130)
Gain on sales of other investments	-	(5,622,945)
Loss on impairment of general investments	7,820,000	10,000
Loss (gain) on disposal of equipments	1,420,286	(2,475,723)
Written-off unused equipment	36,919	393,609
Interest income from deposits and investments	(51,557,363)	(43,086,533)
Interest income from margin loans	(43,113,895)	(90,432,253)
Others interest income	(651,035)	(587,452)
Dividend income	(21,067,585)	(19,450,420)
Interest expenses	17,923,104	19,129,652
Income from operating activities before changes in operating assets and liabilities	39,594,528	31,336,664
Operating assets (increase) decrease		
Current investments	13,604,809	39,559,371
Receivables from Clearing House	18,433,708	118,911,775
Securities and derivatives business receivables	56,648,102	(1,364,680)
Other assets	7,131,737	(29,247,862)
Operating liabilities increase (decrease)		
Payables to Clearing House	189,189,040	(27,762,475)
Securities and derivatives business payables	224,297,011	(68,067,521)
Other liabilities	8,389,360	10,009,049
Cash from operating activities	557,288,295	73,374,321
Cash paid for interest expenses	(18,064,919)	(18,973,964)
Cash paid for corporate income tax	(19,199,582)	(41,553,361)
Cash received from interest on deposits and investment	52,952,367	42,913,450
Cash received from interest on margin loans	47,192,861	89,874,598
Cash received from others interest	657,395	585,603
Net cash from operating activities	620,826,417	146,220,647

The accompanying notes are an integral part of the financial statements.

Capital Nomura Securities Public Company Limited
Statements of cash flows (Continued)
For the years ended 31 August 2009 and 2008

	(Unit: Baht)	
	2009	2008
Cash flows from investing activities		
Proceeds from sales of other investments	-	9,365,067
Proceeds from dividend	21,067,585	19,450,420
Acquisition of equipment	(129,829,687)	(17,338,087)
Proceeds from sales of equipment	936,598	4,003,037
Acquisition of intangible assets	(2,951,171)	(5,990,685)
Net cash from (used in) investing activities	(110,776,675)	9,489,752
Cash flows from financing activities		
Dividend paid	(106,767,600)	(85,161,480)
Net cash used in financing activities	(106,767,600)	(85,161,480)
Net increase in cash and cash equivalents	403,282,142	70,548,919
Cash and cash equivalents at the beginning of year	973,561,258	903,012,339
Cash and cash equivalents at the end of year	1,376,843,400	973,561,258
Supplemental cash flows information		
Non-cash transactions		
Accounts payable for purchase of fixed assets and intangible assets	5,076,867	130,891

The accompanying notes are an integral part of the financial statements.

Capital Nomura Securities Public Company Limited**Notes to financial statements****For the years ended 31 August 2009 and 2008****1. General information**

Capital Nomura Securities Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the securities with business of securities brokerage, securities dealing, securities borrowing and lending services, investment advisory, securities underwriting, financial advisory services and the derivatives broking.

The Company's registered address is 25 Bangkok Insurance Building, 15th - 17th Floor, South Sathorn Road, Tungmahamak, Sathorn, Bangkok. As at 31 August 2009, the Company has 4 branches in Bangkok.

2. Basis of the preparation

The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547, except for the early adoption of Accounting Standard No. 56 "Accounting for Income Tax" which is in line with International Accounting Standard (IAS) No. 12 "Income Taxes" (revised 1996).

The presentation of the financial statements has been made in compliance with requirement of the Notifications of the Office of the Securities and Exchange Commission relating to the format of the financial statements of securities companies No. Sor. Thor. Nor. 26/2549 dated 29 June 2006.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. Adoption of new accounting standards

In June 2009, the Federation of Accounting Professions has issued Notification No. 12/2552, regarding the renumbering of Thai Accounting Standards to match the corresponding International Accounting Standards. Therefore the numbers of Thai Accounting Standards as used in these financial statements are corresponded to those per this notification.

The Federation of Accounting Professions has issued Notification No. 9/2550, 38/2550, 62/2550, 86/2551 and 16/2552 mandating the use of the following new accounting standards and financial reporting standard.

3.1 Accounting standards, financial reporting standard and accounting treatment guidance which are effective for the current year

Framework for the Preparation and Presentation of Financial Statements (revised 2007)

TAS 1 (revised 2007)	Presentation of Financial Statements
TAS 2 (revised 2007)	Inventories
TAS 7 (revised 2007)	Cash Flow Statements
TAS 8 (revised 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 11 (revised 2007)	Construction Contracts
TAS 17 (revised 2007)	Leases
TAS 23 (revised 2007)	Borrowing Costs
TAS 34 (revised 2007)	Interim Financial Reporting
TAS 38	Intangible Assets
TFRS 3 (revised 2007)	Business Combinations
Accounting Treatment Guidance for Leasehold Right	
Accounting Treatment Guidance for Business Combination under Common Control	

These accounting standards, financial reporting standard and accounting treatment guidance became effective for the financial statements for fiscal year beginning on or after 1 January 2008. The Company was adopted Guidance and Framework for the Preparation and Presentation of Financial Statements (revised 2007), TAS 1 (revised 2007), TAS 7 (revised 2007), TAS 8 (revised 2007), TAS 17 (revised 2007), TAS 34 (revised 2007) and TAS 38. The adoption of those accounting standards do not have any significant impact on the financial statements for the current year, while the remaining accounting standards, financial reporting standards and accounting treatment guidances are not relevant to the business of the Company.

3.2 Accounting standards and financial reporting standard which are not effective for the current year

		Effective date for the fiscal year <u>beginning on or after</u>
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
TAS 24 (revised 2007)	Related Party Disclosures	1 January 2011
TAS 36 (revised 2007)	Impairment of Assets	1 January 2009
TAS 40	Investment Property	1 January 2011
TFRS 5 (revised 2007)	Non-Current Assets Held for Sale and Discontinued Operations	1 January 2009

However, TAS 24 (revised 2007), TAS 36 (revised 2007), TAS 40 and TFRS 5 (revised 2007) allow early adoption by the entity before the effective date.

The management of the Company has assessed the effect of these standards and believes that TAS 20, TAS 40 and TFRS 5 (revised 2007) are not relevant to the business of the Company, while TAS 24 (revised 2007) and TAS 36 (revised 2007) will not have any significant impact on the financial statements for the years in which they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Brokerage fees

Brokerage fees on securities and derivatives business are recognised as income on the transaction dates.

Fees and service incomes

Fees and service income are recognised as income when services have been rendered taking into account the stage of completion.

Gain (loss) on trading in securities and derivatives

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

Interest and dividend

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

Interest on credit balance loans

Interest is recognised as interest accrues based on a time proportion 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 collateralised.
- 2) Installment loans with repayments scheduled less frequently than every 3 months and for which principal or interest is overdue for more than 3 months.
- 3) Other receivables of which interest payment is overdue 3 months or more.

These conditions are based on the guidelines stipulated by the Office of Securities and Exchange Commission in Notification No. Kor. Thor. 5/2544 dated 15 February 2001.

4.2 Interest on borrowings

Interest on borrowings is charged to expenses on an accrual basis.

4.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand, all bank accounts, negotiable certificates of deposit and including call notes receivable and term notes receivable maturing within 3 months or less and not subject to withdrawal restrictions.

4.4 Recognition and amortisation of customers' deposits assets

Cash which customers have placed with the Company for securities trading, both through cash accounts and credit balance accounts, including amounts which customers have placed as security for derivatives trading, are recorded as assets and liabilities of the Company for internal control purposes. As at the balance sheet date, the Company excludes the amounts which are unsecured from both assets and liabilities and presents only those assets which belong to the Company.

4.5 Borrowing and lending of securities

The Company conducts both securities borrowing and securities lending transactions through agreements with borrowers and lenders of securities who are the Company's customers. The Company's objective in lending securities to its customers is solely to allow them to short sell securities through the credit balances accounts they have with the Company. These types of transaction are limited to securities listed in the SET 50 Index and in the list of securities which the Company allows the customers to purchase through margin accounts (Marginable Securities).

The Company records its obligations to return borrowed securities which it has lent as "Securities borrowing payables" and securities lent to customers are recorded as "Securities borrowing receivables" in the balance sheet. At the end of the period, the balance of securities borrowing payables and securities borrowing receivables are adjusted based on the close price quoted on the Stock Exchange of Thailand of the last working day of the year. Gains or losses arising from such adjustment are included in determining income. In addition, the Company records cash paid as collateral for securities borrowing as "Guaranteed deposit receivables" and cash received as collateral for securities lending as "Guarantee deposit payable". Fees for borrowing and lending are recognised on an accrual basis over the term of the lending.

4.6 Investments in debt and equity securities

- 1) Investments in securities held for trading are determined at fair value. Gains or losses arising from changes in the value of such securities are included in determining income.
- 2) Investments in available-for-sale securities, both held for current and long-term investments, are stated at fair value. Changes in the carry amount of the securities are shown as separate items in shareholders' equity until the securities are sold, when the changes are then included in determining income.
- 3) Investment in debt securities, expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised by the effective rate method with the amortised amount presented as an adjustment to the interest income.

- 4) Investments in non-marketable equity securities which are classified as other investments are valued at cost net of allowance of impairment (if any).
- 5) 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 debt instruments is determined based on the required rate of return or the yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.
- 6) Losses on impairment of the investments are included in determining income when there is a factor indicating that such investments might be impaired.
- 7) The weighted average method is used for computation of the cost of investments.

4.7 Receivables from/payables to Clearing House

Receivables from/payables to Clearing House comprise the net balance receivable from/payables to Thailand Securities Depository in respect of securities trades settled through the clearing house of Thailand Securities Depository and the net receivable from/payable to Thailand Clearing House including amounts pledge with Thailand Clearing House as security for derivatives trading.

4.8 Securities and derivatives business receivables and allowance for doubtful accounts

Securities and derivatives business receivables comprise the net securities and derivatives business receivables, after deducting allowance for doubtful accounts and related accrued interest receivables.

In addition, securities business receivables comprise the net receivables balances of cash accounts, credit balance accounts, securities borrowing receivables and guarantee deposit receivables (which comprise cash placed as guarantee for borrowers of securities or Thailand Securities Depository) as well as other receivables such as overdue cash customers accounts and securities receivables which are subject to legal proceedings, are undergoing restructuring or are settling in installments.

The Company has provided an allowance for doubtful accounts based on a review of debtor's ability to make repayment, taking into consideration recovery risk and the value of the collateral. An allowance is set aside for doubtful debts not fully covered by collateral and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the following guidelines.

- 1) Assets classified as doubtful loss are to satisfy the following criteria.

- (a) Loans 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 legislation.
 - (b) Loans balances which the Company has forgiven.
- 2) Doubtful debt is defined as the uncollateralised portion of the value of a debt which meets the following criteria.
- (a) General loans and other loans for which the collateral value is less than the loan balance.
 - (b) Installment loans with repayments scheduled less frequently than every 3 months and for which principal or interest is overdue by more than 3 months.
 - (c) Installment loans with repayment scheduled no less frequently than every 3 months, unless there is clear evidence and high degree of certainty that full repayment will be received.
- 3) Substandard debt is defined as the collateralised portion of loans which meet the criteria in 2).

Loans classified as doubtful of loss will be written-off when identified. Allowance for doubtful account will be set aside for loans classified as doubtful at not less than 100 percent of the loan balance. The above guideline is in accordance with Notification No. Kor. Thor. 33/2543 dated 25 August 2000 which is updated by Notification No. Kor. Thor. 5/2544 dated 15 February 2001 of the Office of the Securities and Exchange Commission.

4.9 Land, premises and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment of assets (if any).

Depreciation of building and equipment is calculated by reference to their cost on the straight-line basis over the following estimated useful lives:

Office buildings	20 years
Leasehold improvements	12 years
Office equipment	3, 5, 6 years
Furniture and fixtures	5, 6 years
Motor vehicles	5 years

No depreciation is provided on land.

Depreciation is included in determining income

4.10 Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to the income statement.

Intangible assets with finite useful lives is amortised for a period of 5 years.

4.11 Income tax

1) Current tax

Income tax is provided for the accounts based on the taxable profits determined in accordance with tax legalisation.

2) Deferred tax

Deferred income tax is calculated based on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, by using the enacted tax rate at the balance sheet date.

The Company recognises deferred tax liabilities for taxable temporary differences and recognises deferred tax assets for deductible temporary differences. The temporary differences arise from unrealised losses on investments, allowance for doubtful accounts, allowance for loss on impairment of property foreclosed and other reserve. The Company recognises deferred tax assets to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilized.

At each balance sheet date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The Company records deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

4.12 Property foreclosed

Property foreclosed is stated at the lower of cost, or net realisable value with reference to the latest appraisal value less estimated selling expenses.

4.13 Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company realises loss on impairment when the asset's recoverable amount is less than the book value. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell reflects the amount that the Company could obtain at the balance sheet date from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company recognises impairment losses in the income statement.

4.14 Securities and derivatives business payables

Securities and derivatives business payables are the obligations of the Company in respect of its securities and derivatives business with outside parties, such as the net payable balances of cash accounts, securities delivery obligations as a result of short sales or securities borrowing, and obligations to return assets held by the Company as collateral for securities lending.

4.15 Related parties transaction

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.16 Long-term leases

Leases of assets that all the significant risk and rewards of ownership are retained with the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statements on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty, is recognised as an expense in the period in which termination takes place.

4.17 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rates ruling at the balance sheet date.

Gains and losses on exchange are included in determining income.

4.18 Employee benefits

Salary, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

4.19 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

5.1 Allowances for loan losses for securities and derivative business receivables

Allowances for loan losses for securities and derivative business receivables are intended to adjust the values of loans and receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses for each outstanding loan and receivable by taking into account collection risk and the value of the security used as collateral. However, the use of different estimates and assumptions could affect the amounts of allowances for loan losses and adjustments to the allowances may therefore be required in the future.

5.2 Impairment of investments

The Company treats available-for-sale investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost. The determination of what is “significant” or “prolonged” requires judgment.

The Company treats other investments as impaired when the management judges that the recoverable amount is less than the carrying amount. The management is required to make judgment to estimates the expected loss by considering the status of each investment item.

5.3 Deferred tax assets

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future profits.

5.4 Recognition and derecognition of assets and liabilities.

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events.

5.5 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments.

6. Cash and cash equivalents

	(Unit: Baht)	
	2009	2008
Cash	35,050	35,115
Current deposits and saving deposits	203,364,568	170,360,840
Time deposits with maturity date due no more than 3 months	680,000,000	589,105,504
Promissory notes with maturity date due no more than 3 months	1,276,000,000	890,000,000
Total cash and cash equivalents	2,159,399,618	1,649,501,459
Less: Deposit for the customers' account	(782,556,218)	(675,940,201)
Net cash and cash equivalents	1,376,843,400	973,561,258

7. Long - term deposits at financial institutions

	(Unit: Baht)	
	2009	2008
Time deposits with maturity date due more than 3 months	357,000,000	100,000,000
Less: Deposit for the customers' account	(357,000,000)	(100,000,000)
Net long-term deposits at financial institutions	-	-

8. Investments in debt and equity securities

	(Unit: Baht)			
	2009		2008	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Current investments				
<u>Trading securities</u>				
Listed equity securities	7,504,000	7,381,500	-	-
Less: Allowance for revaluation	(122,500)		-	
Net trading securities	7,381,500		-	
<u>Available-for-sale securities</u>				
Private debt securities	6,947,147	-	6,947,147	-
Listed equity securities	21,402,672	7,627,748	21,402,672	9,436,685
Unit trusts	981,152,824	1,011,590,145	1,000,989,958	1,023,183,026
Total	1,009,502,643	1,019,217,893	1,029,339,777	1,032,619,711
Add: Allowance for revaluation	31,884,571		25,449,255	
Less: Allowance for impairment	(22,169,321)		(22,169,321)	
Net available-for-sale securities	1,019,217,893		1,032,619,711	

(Unit: Baht)

	2009		2008	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<u>Held-to-maturity debt securities</u>				
<u>- due within 1 year</u>				
Treasury bill	475,208		-	
Net held-to-maturity debt securities - due within 1 year	475,208		-	
Current investments - net	1,027,074,601		1,032,619,711	
Long-term investments				
<u>Other investments</u>				
Non-marketable securities	18,075,250		18,075,250	
Less: Allowance for impairment	(9,203,382)		(1,383,382)	
Net other investments	8,871,868		16,691,868	
Long-term investments - net	8,871,868		16,691,868	
Net investments	1,035,946,469		1,049,311,579	

As at 31 August 2009, the Company has investment in treasury bill, classified as held-to-maturity securities, totaling Baht 472.29 million, part of which was customer's portion under the Company's name totaling Baht 471.81 million. Therefore, the remaining balance of Baht 0.48 million was the Company's portion.

- 8.1** As at 31 August 2009 and 2008, the Company classified its investments in debt securities by remaining year to maturity as follows:

	2009		2008	
	Remaining year to maturity - within 1 year	Total	Remaining year to maturity - within 1 year	Total
Available-for-sale securities				
Private debt securities	6,947,147	6,947,147	6,947,147	6,947,147
Less: Allowance for impairment	(6,947,147)	(6,947,147)	(6,947,147)	(6,947,147)
Net available-for-sale securities	-	-	-	-
Held-to-maturity debt securities -				
due within 1 year				
Treasury bill	475,208	475,208	-	-
Total debt securities	475,208	475,208	-	-

8.2 As at 31 August 2009 and 2008, the followings are the investments in available-for-sale securities - unit trust which the Company holds not less than 10 percent of the units of the investee company:

(Unit: Baht)

Name	Type of unit trust	2009			2008		
		Percentage of holding	Cost amount	Fair value	Percentage of holding	Cost amount	Fair value
		Percent			Percent		
KrungThai Dividend Fixed Income Fund ⁽¹⁾	Debt	69.52	220,000,000	224,998,860	37.75	220,000,000	227,006,562
KrungThai Shariah Long-term Equity Fund ⁽¹⁾	Equity	-	-	-	24.70	20,000,000	18,375,558
Smart Cash Fund	Debt	19.78	150,000,000	148,690,775	19.87	150,000,000	149,081,919
Aberdeen Cash Creation Fund	Debt	5.68	90,169,962	97,765,564	13.37	90,169,962	95,647,541

(1) The Company does not consider the investments in unit trust as investments in associated companies because the Company has not influence over the financial and operating policies of these funds, which are independently managed by fund managers and under supervision of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand. The Company accounts for its investments in these funds as short-term available- for-sale, based on the investment objectives.

8.3 Revaluation surplus in investments

(Unit: Baht)

	2009	2008
Balance - beginning of the year	17,814,479	18,638,017
Changes during the year from		
- revaluation	6,435,315	(1,176,483)
- deferred income tax	(336,366)	352,945
Balance - end of the year	23,913,428	17,814,479

8.4 Gain (loss) on trading in securities

(Unit: Baht)

	2009	2008
Realised gain (loss) on trading in securities		
Trading securities	234,749	(170,586)
Available-for-sales securities	(1,687,647)	(16,805,430)
Other investment	-	5,622,945
Loss on impairment in other investment	(7,820,000)	(10,000)
Reversal of loss on impairment in available-for-sales securities	-	29,402,130
Total gain (loss) on trading in securities	(9,272,898)	18,039,059

8.5 Interest and dividend income from investments in securities

	(Unit: Baht)	
	2009	2008
Interest income from debt securities	407,449	1,857,552
Dividend income from equity securities/Unit trusts	21,067,585	19,450,420
Total interest and dividend income from investments in securities	21,475,034	21,307,972

8.6 Investments in companies with weak financial position

As at 31 August 2009 and 2008, the Company's investments in securities include investments in the securities of companies with weak financial positions and operating results. These are summarised below.

	Cost		Fair value		Allowance for changes in value / impairment provided in the accounts	
	2009	2008	2009	2008	2009	2008
	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Debt instruments - debentures						
Closed financial institutions	7	7	-	-	7	7
Equity securities - common shares						
Companies whose auditors' reports cite going concern issues	8	-	-	-	8	-

8.7 Trading transactions in securities

During the years ended 31 August 2009 and 2008, the Company has trading transactions in listed securities which classified as trading securities as detailed below.

	(Unit: Million Baht)	
	2009	2008
Buy volume	322.0	206.6
Sell volume	322.8	207.3

9. Receivables from Clearing House

	(Unit: Baht)	
	2009	2008
Receivables from Thailand Securities Depository	2,459,442	16,751,644
Receivables from Thailand Clearing House	84,569,619	18,851,530
Total receivables from Clearing House	87,029,061	35,603,174
Less: Receivables from Clearing House for customers' accounts	(83,334,479)	(13,474,884)
Net receivables from Clearing House	3,694,582	22,128,290

10. Securities and derivatives business receivables

	(Unit: Baht)	
	2009	2008
<u>Securities business receivables</u>		
Customers' accounts	681,644,791	292,720,050
Margin loans	833,886,382	1,463,442,738
Guaranteed deposit receivables	319,587,982	224,633,100
Securities borrowing receivables	306,989,342	217,702,355
Other receivables	9,147,554	9,541,367
Total securities business receivables	2,151,256,051	2,208,039,610
Add: Accrued interest receivables	3,238,585	7,377,828
Less: Allowance for doubtful accounts	(9,171,127)	(9,451,638)
Net securities business receivables and accrued interest receivables	2,145,323,509	2,205,965,800
<u>Derivative business receivables</u>		
Derivative business receivables	81,427	226,482
Total derivatives business receivables	81,427	226,482
Net securities and derivatives business receivables	2,145,404,936	2,206,192,282

10.1 As at 31 August 2009, the Company has securities business receivables of approximately Baht 9.2 million on which the recognition of income on an accrual basis has been suspended (2008: Baht 9.5 million).

- 10.2** As at 31 August 2009 and 2008, the Company has classified its securities business receivables including related interest receivable as follows, in accordance with the relevant guidelines issued by the Office of the Securities and Exchange Commission governing accounting for the doubtful debts of securities companies.

			(Unit: Million Baht)	
			Allowance for	
			doubtful accounts	
	Debt balances		set up by the Company	
	2009	2008	2009	2008
Doubtful debts	9.2	9.5	9.2	9.5
Substandard debts	-	0.1	-	-
Total	9.2	9.6	9.2	9.5

- 10.3** As at 31 August 2009, guaranteed deposit receivables of approximately Baht 319.6 million represent cash paid to secure the borrowing of securities for securities borrowing and lending transactions and the fair value of the securities borrowed was approximately Baht 307.0 million (2008: Baht 224.6 million and Baht 217.7 million, respectively). All of these securities have been lent onwards to other parties.

11. Allowance for doubtful accounts

	(Unit: Baht)	
	2009	2008
Balance - beginning of the year	9,451,638	9,455,589
Less: Bad debt written-off/reversal	(280,511)	(3,951)
Balance - end of the year	9,171,127	9,451,638

12. Land, premises and equipment

(Unit: Baht)

	Land	Office buildings	Office equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
Cost							
31 August 2008	4,263,129	18,441,572	176,616,063	121,115,468	19,216,006	502,619	340,154,857
Addition/transfer in	-	-	40,043,506	95,311,929	-	103,459,773	238,815,208
Disposals/written-off /transfer out	-	-	(77,950,171)	(86,804,065)	-	(103,962,392)	(268,716,628)
31 August 2009	4,263,129	18,441,572	138,709,398	129,623,332	19,216,006	-	310,253,437
Accumulated depreciation							
31 August 2008	-	18,441,571	165,507,926	108,867,847	14,949,516	-	307,766,860
Depreciation for the year	-	-	12,868,571	10,697,857	1,975,674	-	25,542,102
Depreciation on disposals/written-off	-	-	(77,375,425)	(84,985,008)	-	-	(162,360,433)
31 August 2009	-	18,441,571	101,001,072	34,580,696	16,925,190	-	170,948,529
Net book value							
31 August 2008	4,263,129	1	11,108,137	12,247,621	4,266,490	502,619	32,387,997
31 August 2009	4,263,129	1	37,708,326	95,042,636	2,290,816	-	139,304,908
Depreciation for the year ended							
2008							23,399,387
2009							25,542,102

As at 31 August 2009, certain office equipment, furniture and fixtures and motor vehicle have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to approximately Baht 142.7 million (2008: Baht 247 million).

13. Intangible assets

(Unit: Baht)

		For the year ended 31 August 2009			
	Remaining year	Balance beginning of the year	Increase/transfer in	Amortisation/transfer out	Balance end of the year
Computer software	1.59 Years	21,111,489	2,778,842	(9,233,759)	14,656,572
Software in progress		345,551	1,905,916	(1,810,738)	440,729
		21,457,040	4,684,758	(11,044,497)	15,097,301

14. Deferred income tax assets/liabilities/corporate income tax

During the years ended 31 August 2009 and 2008, the reconciliation between the income tax expense included in the income statements and income tax calculated based on accounting income can be summarised as follows:

	(Unit: Baht)	
	2009	2008
Income tax expense for the year	20,094,884	46,757,232
Deferred income tax relating to decrease in temporary difference	5,973,372	99,875
Income tax for the year presented as expense in the income statements	<u>26,068,256</u>	<u>46,857,107</u>

Deferred income tax assets/liabilities as presented in the balance sheets as at 31 August 2009 and 2008 are calculated on all temporary differences under the liability method. These comprise the following:

	(Unit: Baht)	
	2009	2008
Deferred income tax assets		
Allowance for diminution in valuation of investments	7,843,176	7,065,811
Allowance for impairment on property foreclosed	6,962,800	8,355,360
Allowance for doubtful accounts/allowance for other receivables	2,195,689	3,030,048
Others	20,663,546	25,511,867
Total deferred income tax assets	<u>37,665,211</u>	<u>43,963,086</u>
Deferred income tax liabilities		
Revaluation surplus in investment	(7,971,142)	(7,634,776)
Others	(5,440)	-
Total deferred income tax liabilities	<u>(7,976,582)</u>	<u>(7,634,776)</u>
Net deferred income tax assets	<u>29,688,629</u>	<u>36,328,310</u>

15. Other assets

	(Unit: Baht)	
	2009	2008
Loans to employees	37,686,856	26,973,321
Property foreclosed (net of allowance for impairment of Baht 28 million)	15,000,000	15,000,000
Prepayments for securities clearing fund	25,650,796	24,138,773
Deposits	19,829,193	19,553,388
Prepaid expenses	8,760,510	9,144,527
Accrued interest receivables	1,942,354	4,907,824
Deposit for derivative business	5,000,000	5,000,000
Others	3,544,730	22,122,023
Total other assets	117,414,439	126,839,856

16. Securities and derivatives business payables

	(Unit: Baht)	
	2009	2008
<u>Securities business payables</u>		
Securities business payables	432,366,583	300,658,481
Payable under securities borrowing and lending business		
Guarantee deposit payables	179,799,962	184,945,578
Securities borrowing payables	314,370,842	216,508,022
Interest and fee payables	1,044,475	1,027,165
Total securities business payable	927,581,862	703,139,246
<u>Derivatives business payables</u>		
Derivatives business payables	1,216,240	1,503,660
Total derivatives business payables	1,216,240	1,503,660
Total securities and derivatives business payable	928,798,102	704,642,906

17. Other liabilities

	(Unit: Baht)	
	2009	2008
Accrued expenses	79,971,131	66,534,787
Corporate income tax payables	16,754,776	16,189,418
Others	33,904,310	34,005,316
Total other liabilities	130,630,217	116,729,521

18. Capital management

The primary objectives of the Company's capital management are to maintain the Company's ability to continue as a going concern and to maintain net liquid capital in accordance with the rules laid down by the Office of the Securities and Exchange Commission.

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. The Company set up the full amount of statutory reserve.

20. Fees and service income

	(Unit: Baht)	
	2009	2008
Fixed income business	16,401,451	24,062,726
Financial advisory	201,606,418	25,757,500
Underwriting fee	2,876,900	13,973,250
Business support	9,294,779	9,558,080
Securities borrowing and lending	18,737,922	14,953,516
Providing information of capital market in Thailand	156,726	516,660
Others	355,513	819,935
Total fees and service income	249,429,709	89,641,667

21. Directors' remuneration

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Company Limited Act, exclusive of salaries and related benefits payable to directors who hold executive positions.

22. Dividends

During the years, the Company declared the following dividends for payment to shareholders:

	Approved by	Total dividend declaration (Million Baht)	Dividend declaration per share (Baht)
Dividends from the operating results for the year ended 31 August 2008	The Annual General Meeting of the Company's shareholders No. 1/2551 on 18 December 2008	107	1.50
Dividends from the operating results for the year ended 31 August 2007	The Annual General Meeting of the Company's shareholders No. 1/2550 on 14 December 2007	86	1.20

23. Provident fund

The Company and its employees have jointly registered a provident fund scheme under the Provident Fund Act B.E 2530. The Fund is contributed to by both the employees and the Company at the rate of 5 - 10 percent of the employee's salary. The Fund is managed by Finansia Asset Management Limited and will be paid to the employees upon termination in accordance with the rules of the Fund.

For the year ended 31 August 2009, Baht 15 million has been contributed to the Fund by the Company (2008: Baht 15 million).

In addition to the contributory registered provident fund, the Company has established a provision for an additional plan for employees who work with the Company for over 5 years and over 10 years. The plan is unfunded and is provided only for employees who joined the Company prior to 15 July 1986. Liabilities under this plan have been presented as part of "Other liabilities".

24. Earnings per share

Basic earnings per share is calculated by dividing net income for the year by the weighted average number of ordinary shares in issue during the year.

25. Related party transactions

During the years, the Company had significant business transactions with its related person and companies. Such transactions were concluded on the commercial terms and based agree upon by the Company and those companies in the ordinary course of business. The significant transactions are summarised below.

	2009	2008	(Unit: Baht)
			Pricing policies (For the year 2009)
<u>Transactions occurring during the year</u>			
Fees income from agreement for provision of services for asset finance business			
- Nomura International (Hong Kong) Limited	172,714,412	-	Actual costs plus a margin of 10 percent.
Fees income from financial advisory services agreement			
- Nomura International (Hong Kong) Limited	21,560,231	20,357,500	Actual costs plus a margin of 10 percent.
Brokerage fees income			
- Nomura Singapore Limited	20,019,887	41,690,310	At normal rate charged to other clients and Exclusive Partner, in accordance with the SET's and SEC's notification.
Fees income from agreement for provision of services			
- Nomura International (Hong Kong) Limited	16,401,451	24,062,726	Actual costs plus a margin of 10 percent.
Fees income from business support services agreement			
- Nomura Singapore Limited	9,294,779	9,558,080	Actual costs plus a margin of 10 percent.
Fees income from placing order for any securities listed in other countries except Thailand			
- Nomura Singapore Limited	1,390,400	-	Fee which was agreed at the beginning of each fiscal year and calculated based on annual estimated costs of service plus a margin of 10 percent.
Fees income from providing information of capital market in Thailand			
- Nomura International (Hong Kong) Limited	156,726	516,660	50 percent of actual cost of service.
Fees income from introducing broker agreement			
- Nomura Singapore Limited	64,624	326,835	Based on actual executed transactions of our referred customers and the introducing credit rate as indicated in the agreement referred to similar business.

	2009	2008	(Unit: Baht) Pricing policies (For the year 2009)
Fee expenses from Hi-speed circuit service			
- United Information Highway Co., Ltd.	518,029	628,248	At the same rate charged to other clients without dependent interest.
Legal Advisory fees			
- Director	240,000	240,000	At the reasonable fixed price.
Brokerage fees expense from foreign securities trading			
- Nomura Singapore Limited	99,788	-	At the referential rate charged to other clients.
Fee expenses from internet security advisory and monitoring services			
- Nomura Research Institute Hong Kong Limited	-	USD 1,122	
- Nomura International (Hong Kong) Limited	USD 13,464	USD 12,342	At the referential market price.
Fee expenses from internet and e-mail software maintenance			
- Nomura Research Institute Hong Kong Limited	-	HKD 442.22	
- Nomura International (Hong Kong) Limited	HKD 5,306.70	HKD 4,864.48	At the referential market price.

As at 31 August 2009 and 2008, the outstanding balances of the related party transactions have been shown in the balance sheets as follows:

	2009	2008
Securities business receivables		
- Nomura Singapore Limited	26,857,509	1,183,645
Other assets - accrued income receivables		
- Nomura Singapore Limited	164,779	210,154
- Nomura International (Hong Kong) Limited	-	19,936,885
Securities business payables		
- Nomura Singapore Limited	2,776,025	76,127,231
Other liabilities - accrued expenses		
- United Information Highway Co., Ltd.	35,603	47,047
- Nomura International (Hong Kong) Limited	1,019,063	489,113
Other liabilities - accrued income received in advance		
- Nomura International (Hong Kong) Limited	1,996,822	-

Remuneration to directors

During the year ended 31 August 2009, the Company had remuneration for directors and the audit committees totaling Baht 3.87 million and had salaries, bonuses and gratuities for management and management staff totaling Baht 73.12 million.

26. Financial information by segment

The Company's business operations involve 2 principal segments: securities and derivatives brokerage segment and investments banking segment. These operations are carried on in Thailand.

Below is the financial information as at 31 August 2009 and 2008 and for the years ended 31 August 2009 and 2008 of the Company by segment.

(Unit: Million Baht)

	For the years ended 31 August							
	Securities and derivatives		Investments banking		Other segments		Total	
	brokerage segment		segment					
	2009	2008	2009	2008	2009	2008	2009	2008
Total revenue	507	578	46	62	184	10	737	650
Segment operating income	202	254	9	22	17	5	228	281
Unallocated income (expenses)								
Interest income							116	153
Gain (loss) on trading in securities/derivatives							(9)	18
Other income							2	6
Interest expenses							(19)	(21)
Operating expenses							(223)	(267)
Corporate income tax							(26)	(47)
Net income							69	123

(Unit: Million Baht)

	As at 31 August							
	Securities and derivatives		Investments banking		Other segments		Total	
	brokerage segment		segment					
	2009	2008	2009	2008	2009	2008	2009	2008
Land, premises and equipment - net							139	32
Unallocated assets							4,732	4,444
Total assets							4,871	4,476

27. Commitments and contingent liabilities

As at 31 August 2009, the Company has the following outstanding commitments and contingent liabilities:

- 27.1** The Company has the following outstanding commitments under the lease agreements for its office building and motor vehicles, under which the Company is to pay rental and service fees in the future, counting from the year end date, as follows:

(Unit: Million Baht)

	Amount
Within 1 year	41.1
In 1-2 years	35.8
Over 2 years	24.0

- 27.2** As at 31 August 2009, the Company has commitments to pay the fees related to its securities business to the Stock Exchange of Thailand and Thailand Securities Depository Company Limited. These comprise a monthly fixed amount, a percentage of trading volume each month and/or a percentage of net settlements each month.

- 27.3** As at 31 August 2009, the Company has commitment to pay the fees related to its derivatives business to Thailand Futures Exchange Public Company Limited and Thailand Clearing House Company Limited. These comprise a monthly fixed amount and/or at the fixed payment for each purchase or sale of a futures contract transacted.

- 27.4** As at 31 August 2009, the Company has commitments to pay a fee to the Office of the Securities and Exchange Commission in relation to securities business licensed for securities brokerage, securities trading, investment advisory and underwriting. The fee is charged at the rate of 1 percent per annum of income from the aforesaid activities with a minimum fee of Baht 500,000 per annum and a maximum fee of Baht 5,000,000 per annum.

27.5 Employee Joint Investment Program

On August 21, 2009, the Company's Board of Directors approved the Employee Joint Investment Program ("the EJIP"). The major attributes of the EJIP are below.

- 1) It is one of the Company's staff welfare benefits which support the Company's staff who voluntary apply to be the EJIP members to build their wealth by possessing the Company's shares through the consistent and efficient monthly acquiring system and in compliance with the Stock Exchange of Thailand's, the SEC's and other laws and regulations. This program is eligible for all of the Company's permanent staff who voluntary apply to be the EJIP members. However, members of the Company's Board of Directors are not eligible in this program.

- 2) On monthly basis, the EJIP member must contribute a certain amount or a certain portion but not less than Baht 500 and not greater than 10% of their salary and average incentive. And on monthly basis, the Company shall contribute to the EJIP members at 10% of their contributions.
- 3) In the first year (October 2009 to September 2010), the Company shall pay additional contribution at the amount not greater than 200% of the Company's contribution during the passed year to the EJIP members. The rate and payment shall follow the EJIP terms and conditions.
- 4) In each month, both of the EJIP member's contribution and the Company's contribution shall be used to purchase the Company's common stock in the Stock Exchange of Thailand for those members within the specific determined dates.
- 5) The EJIP shall effective since 1 October 2009 and shall remain until it is terminated by the Board of Directors.

27.6 Bank guarantees

As at 31 August 2009, the Company has outstanding bank guarantees of approximately Baht 0.7 million issued by the bank on behalf of the Company in respect of the normal course of business of the Company for electricity guarantee, postage and information.

28. Financial instruments

Financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

As at 31 August 2009 and 2008, the Company has no policy to speculate in or engaged in the trading of any financial derivative instruments.

The Company's financial instruments principally comprise cash and cash equivalents, investments, receivables from clearing house, securities and derivatives business receivables, loans to employees, payables to clearing house and securities and derivatives business payables. The financial risks associated with these financial instruments and how they are managed is described below.

28.1 Credit risk

The Company is exposed to credit risk primarily with respect to securities and derivatives business receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of securities and derivatives business receivables as stated in the balance sheet.

28.2 Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash and cash equivalents, investment in debt securities, securities and derivatives business receivables, loans to employees and securities and derivatives business payables. However, since the Company's financial assets and liabilities are short-term in nature and bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 August 2009 and 2008 classified by type of interest rates are summarised in the table below.

(Unit: Million Baht)

	As at 31 August 2009					
	Outstanding balances of financial instruments				Average interest rate	
	Floating	Fixed interest rate which the	Without	Total	Floating	Fixed
	interest rate	remaining period before maturity	interest		interest rate	interest rate
		date or end of contract date			% p.a.	% p.a.
		Within 1 year				
Financial assets						
Cash and cash equivalents	660	701	16	1,377	1.07	1.23
Investments in debt securities - net	-	1	-	1	-	1.08
Receivables from Clearing House	-	-	4	4	-	-
Securities and derivatives business receivables	834	325	992	2,151	4.75	4.49
Loans to employees	38	-	-	38	0.75	-
Financial liabilities						
Payables to Clearing House	-	-	208	208	-	-
Securities and derivatives business payables	-	314	615	929	-	2.25

(Unit: Million Baht)

As at 31 August 2008						
Outstanding balances of financial instruments						
Floating interest rate	Fixed interest rate which the remaining period before maturity date or end of contract date		Without interest	Total	Average interest rate	
					Floating interest rate	Fixed interest rate
	Within 1 year				% p.a.	% p.a.
<u>Financial assets</u>						
Cash and cash equivalents	942	-	32	974	3.56	-
Receivables from Clearing House	-	-	22	22	-	-
Securities and derivatives business receivables	1,463	232	513	2,208	6.00	5.79
Loans to employees	27	-	-	27	2.75	-
<u>Financial liabilities</u>						
Payables to Clearing House	-	-	19	19	-	-
Securities and derivatives business payables	-	217	488	705	-	3.75

28.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate financial assets and/or procure sufficient funds to discharge obligations in a timely manner, resulting in a financial loss.

Counting from the balance sheet date, as at 31 August 2009 and 2008 the periods to the maturity dates of financial instruments are as follows:

(Unit: Million Baht)

As at 31 August 2009						
Outstanding balances of financial instruments						
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	676	701	-	-	-	1,377
Investments - net	1,026	1	-	-	9	1,036
Receivables from Clearing House	-	4	-	-	-	4
Securities and derivatives business receivables and accrued interest receivables	627	685	-	-	843	2,155
Loans to employees	-	1	4	33	-	38
Financial liabilities						
Payables to Clearing House	-	208	-	-	-	208
Securities and derivatives business payables	494	435	-	-	-	929

(Unit: Million Baht)

	As at 31 August 2008					
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	Unspecified	Total
Financial assets						
Cash and cash equivalents	974	-	-	-	-	974
Investments - net	1,032	-	-	-	17	1,049
Receivables from Clearing House	-	22	-	-	-	22
Securities and derivatives business receivables and accrued interest receivables	442	300	-	-	1,464	2,206
Loans to employees	-	-	4	23	-	27
Financial liabilities						
Payables to Clearing House	-	19	-	-	-	19
Securities and derivatives business payables	402	303	-	-	-	705

28.4 Foreign exchange risk

As at 31 August 2009 and 2008, the Company has no significant assets or liabilities denominated in foreign currencies.

28.5 Equity position risk

Equity position risk is the risk that changes in the market prices of equity securities. Due to the Company have investment in listed equity securities and debt securities which will result in fluctuations in revenue and the value of financial assets.

28.6 Fair value

Fair value represents the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The Company has estimated the fair value of financial instruments as follows:

a) Financial assets

The method used for determining the fair value is dependent upon the characteristics of the financial instruments. The fair values of financial assets including cash and cash equivalents, and loans to employees are considered to approximate their respective carrying value since the financial instruments are predominantly subject to market interest rates. Fair value of receivables from Clearing House are presented at their book value since they mature in the short-term. The fair values of financial instruments that have standard terms and conditions and are traded on an active and liquid market, such as investments in securities, are determined by the quoted market price. In addition, the fair values of securities and derivative business receivables are determined based on their book value, less allowance for doubtful accounts.

b) Financial liabilities

Payables to Clearing House and securities and derivatives business payables are presented at their book value since they mature in the short-term.

As at 31 August 2009 and 2008, there were no material differences between the book value of financial instruments and their fair value.

29. Approval of financial statements

These financial statements were authorised for issue by the Company's board of directors on 27 October 2009.

Auditor Remuneration

Unit : Baht

No.	Company	Auditor's Name	Audit Fee
1.	Capital Nomura Securities Public Company Limited (For the period from September 1, 2008 to August 31, 2009)	Ernst & Young Office Limited (By Mrs Nonglak Pumnoi)	1,100,000
Audit Fee - Total			1,100,000

Note : Ernst & Young Office Limited did not provide any services to CNS except the service as an external auditor.

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