

2010

Annual Report

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Chairman's Letter

Dear Shareholders,

I am glad to report that 2010 was a very successful year for your company, and that despite continuing political uncertainties we were able to increase market share, expand profitability and launch new products. The recovery from the global financial crisis of 2008 continued, and as a result asset prices including share prices continued to recover in most markets. Although the status of Thai politics in the first half of 2010 was negative, the situation improved considerably later in the year. Other external factors also have impact on the market such as the economic crisis in Europe and the tightening monetary policy in China. Investors are concerned about those issues. Nonetheless, ample fund inflows supported the THB currency and the SET so that the stock index ended the year 2010 at 1,032.8pts, rising by 298.2pts or 40.6%.

For the year as a whole, KGI's equity brokerage market share was 4.65% and we ranked 4th. This was improvement compared with 2009, when KGI's market share was 3.88% and we ranked 9th. This in turn represents the continuation of a positive trend and we hope to maintain this progress in the current year.

During 2010, KGI maintained its position as the leader in developing innovative new products for Thai investors. In 2009, KGI became the first broker to issue derivative warrants (DW). During 2010, KGI issued a total of 21 DWs – by far the largest number of DWs issued by any broker. These DWs were very well received by investors and KGI's presentations about DWs to investors and regulators were always well attended.

As a result of these factors KGI was able to improve its profitability in 2010. For the whole of 2010 KGI produced a net profit of Baht 752 million, equivalent to EPS 0.38 satang. This represents an increase of 211 % from the profit achieved in 2009.

Thailand

Despite the political protests which erupted in April and May, Thailand's economy continued to grow at a healthy rate during 2010. The outlook for Thailand and the rest of Asia is now more positive and this should be a year of continued growth. At the end of 2010 the SET index had risen by 40.6% compared with the end of 2009. This impressive performance by the SET was the 2nd biggest increase amongst Asian stock markets, behind only Indonesia which rose by 46.1%.

Average daily trading volume on the Thai stock market also increased, rising to Baht 29.1bn per day in 2010, an increase of 63.5% compared with the level of Baht 17.8bn seen in 2009. Foreign investors were net buyers of Baht 81.4bn in 2010 after buying Baht 38.2bn net of Thai stocks during 2009. The SET's market Capitalization rose to Baht 8.33trn at the end of 2010, an increase of 41.9%, from Baht 5.87trn in 2009.

The Thai Baht also strengthened throughout most of 2010 despite some volatility. The Baht/US\$ rate was 33.25 at the beginning of the year, and strengthened to reach a peak of 29.55 in November driven by foreign fund inflows attracted by the rising stock market and US\$ weakness. The Baht weakened slightly in December to end the year at 30.15 to the US\$, and has continued to weaken somewhat since then, in part due to currency outflows from Thailand due to profit taking. However, we expect the Thai Baht to strengthen again during 2011 given the local economy's good fundamental prospects and expected further interest rate increases by the Bank of Thailand.

Thailand's real economy was volatile in 2010. In the first and the second quarters, Thai GDP expanded by 12% YoY and 9.2% YoY, respectively. In the third quarter GDP recovered to grow by 6.7% YoY. Meanwhile, economists estimated that Thai economy would grow by 8.0% for the whole 2010.

Nonetheless, the political turmoil in Thailand in the first half of 2010 was an important factor which negatively impacted investor confidence. There was a contraction of the tourism and manufacturing sectors during the violence. The current Thai government is expected to dissolve parliament and call a general election in 2011.

Outlook for 2011

The current year will be a challenging year; after the sliding scale of brokerage commission was introduced in 2010, the policy of the SET is to move towards fully deregulated brokerage fees. Full deregulation is expected in 2012. ASEAN Linkage which links the securities markets of Indonesia, Malaysia, Philippines, Singapore, Vietnam, and Thailand, and allows investors to trade the securities of all those markets, will provide challenges as well as opportunities, whilst competition among brokerages is expected to be intense. However, given the strength and diversity of its business operations, its experienced and hard working staff and the support offered by its regional partners, I expect that KGI Thailand is well placed to overcome the obstacles.

The outlook for Thailand's stock market for the current year remains positive, although continued volatility is to be expected. Whilst the outlook for Thailand's economy and for corporate earnings growth is positive, growth is likely to be affected by slower global economic growth in 2011 and increased inflation and rising interest rates. Thailand's government plans to try and stimulate the economy by launching its "Pracha Wiwat" stimulus spending program.

Given its long-term positive fundamentals we expect that foreign investment interest in Thailand will remain positive in 2011, and that net foreign inflows will remain positive. Nevertheless, the key country specific risk factor for investing in Thailand, the political situation, remains uncertain and with new elections due this year increased market volatility can be expected.

Brokerage

Starting from the beginning of 2010, Thai brokerage fixed commission rates were replaced with a sliding scale. This sliding scale of commission rates is in line with the policy of the SET to move towards fully deregulated Thai securities brokerage fees. It was expected that the lower rates would encourage investors to trade more, and in fact market volume did increase significantly.

Both the full deregulation which is expected to be introduced 2012 and the ASEAN Linkage project are likely to increase competition among brokerages. However, we believe these moves will also strengthen the development of ASEAN capital markets.

Equity Derivatives

2010 was another successful year for our Equity Derivatives department. KGI was the first Thai broker to launch a Derivative Warrant (DW). During the year KGI launched more DWs than all other brokers combined. Investor response was very positive and we expect to build on this platform and to launch an expanded range of DWs during 2011. Investors who are interested to learn more about DWs may visit the web site we have set up; www.thaiwarrant.com.

Dividend

In view of the company's strong performance in 2010 and in order to reward shareholders for their continued support of the company, the directors propose a final dividend of Baht 0.33 per share. Once approved by shareholders, the dividend is expected to be paid on 26 April 2011 with KGI shares currently trading at Baht 2.82 (21 February 2011), the proposed dividend represents a yield of 12%. We are happy to be able to provide shareholders with such a healthy return on their investment.

Employees

I would like to take this opportunity to thank all KGI's employee for their hard work and dedication to the company throughout the year, and to thank KGI's shareholders for their continuing support.



Foong Hock Meng
Chairman

Report of the Board of Directors' Responsibilities for Financial Reports

The Board of Directors of KGI Securities (Thailand) Public Company Limited is responsible for the financial statements and financial reports of the Company as presented on its annual report for the year 2010. The financial statements and financial reports of the Company were prepared in compliance with generally accepted accounting principles, with due care and carefulness. The Company has provided sufficient disclosure of important information in the notes to financial statements for the benefit of shareholders and general investors.

For the purpose of preparing reliable and accurate financial statements and information, the Board of Directors set up a risk management and internal control system to ensure accurate, complete and sufficient recording of accounting data for the purpose of asset custody and prevention of any fraud and unusual activities. As well, the Company set up an Audit Committee to review its accounting policies, sufficiency of the internal control system, auditing and disclosure of financial data to ensure accurate, reliable and reasonable data regarding its financial status, results of operations, and cash flows.

The Company's financial statements were audited by Ernst & Young Office Limited. In auditing, the Company's financial statements, the Board of Directors and the management provided data and documents necessary for the auditor to perform auditing tasks and provide the opinion in accordance with applicable auditing standards. The auditor's opinion already appears on the Company's annual report.

It is the Board of Directors' opinion that the financial statements of KGI Securities (Thailand) Public Company Limited and its subsidiaries for the year ended 31 December 2010 are prepared in line with generally accepted accounting principles and relevant rules and regulations.



Mr. Foong Hock Meng
Chairman of the Board



Mr. Wei Chang Fang
Chief Operating Officer



Ms. Khunmira Thunnom
Executive Vice President
Finance & Accounting Department

Report of the Audit Committee

Dear Shareholders,

The Audit Committee of KGI Securities (Thailand) Public Company Limited consists of three independent directors. In 2010, the Audit Committee had six meetings and details of attendance of each director are as follows:

Audit Committee	Position	Attendance Record / Total Meeting
Dr. Pisit Leeahtam	Chairman of the Audit Committee	6 / 6
Dr. Don Bhasavanich	Audit Committee Member	5 / 6
Mr. Pradit Sawattananond	Audit Committee Member	6 / 6

The Committee performed its duties as assigned by the Board of Directors in accordance with the Charter of the Audit Committee. These duties included reviewing of financial statements, reviewing of the Company's internal control, reviewing of the Company's compliance with laws relating to securities and the stock exchange, reviewing of the related party transactions, monitoring of risk management, as well as proposing the appointment of external auditors. The duties are summarized as follows:

1. Reviewing of financial statements

The Audit Committee reviewed the quarterly and yearly financial statements for the year 2010 of the Company and its subsidiaries with the Executive of Finance and Accounting Department, Audit Department, and the external auditor which does not participate with the top management of the Company. Thus, the Audit Committee consulted with the external auditors so as to freely discuss important issues in the preparation of the financial statements.

The Audit Committee agreed that the financial statements of KGI Securities (Thailand) Public Company Limited and its subsidiaries for year ended 31 December 2010 were correct and complete adhering to the general accepted accounting principles and in accordance to the law and related regulations.

2. Reviewing of internal control system

The Audit Committee monitored and reviewed the audit plan of the Company and its implementation along with considering on the quarterly and annual reports of the Audit Department for the year 2010. In addition, the Audit Committee assessed the Self Assessment Questionnaire on Adequacy of Internal Control System of the Company along with organization control and operational environment, risk management measures, management activity control, information and communication measures, and monitoring system. The assessment result for the year 2010, the Audit Committee regarded that the Company has an adequate internal control system appropriate for its businesses.

3. Review of Company's compliance with Securities and Exchange Act

The Audit Committee monitored and reviewed the Company's compliance with Securities and Exchange Act along with considering the quarterly and annual reports of the Legal and Compliance Department for the year 2010. The Audit Committee agreed that the Company closely controlled and audited the performance of its units to ensure that they worked appropriately and complied with the rules.

4. Reviewing of related party transactions

In 2010, the Audit Committee reviewed related party transactions which were general business terms and approved in principle by the Board. For the other related transactions, the Audit Committee has considered and agreed that these transactions were necessary and reasonable and served the most benefit of the Company including disclosing all significant information complying with SET regulations.

5. Monitoring of risk management

In 2010, the Audit Committee monitored the risk management practices and assessed the adequacy and effectiveness of the risk management system to ensure that the Company has efficient risk management control. These risks include Credit Risk, Market Risk, and Operation Risk.

6. Appointment of the external auditor for 2011

The Audit Committee considered the performance of the external auditor Ernst and Young Office Ltd in the past year and agreed that Ernst and Young Office Ltd and its auditors have expertise in the auditing of financial businesses including good suggestions and consultation on accounting, tax and internal control. The Audit Committee has the opinion that the audit fee for 2011 that Ernst & Young Office Ltd. has proposed is appropriate for the business and size of business of the Company.

Thus the Auditor recommended that the Board of Directors seek approval at the ordinary general shareholder's meeting for the appointment of Ms. Ratana Jala, Certified Public Accountant registration No.3734 and/or Mrs. Nonglak Pumnoi, Certified Public Accountant registration No.4172, and/or Ms. Rungnapa Lertsuwankul, Certified Public Accountant registration No. 3516 as the Company's auditor for 2011.

7. Self Assessment Control

The Audit Committee members performed a self assessment comparing with compliance guideline. The evaluation of the year 2010 revealed that the Audit Committee's performance completely fulfilled its Charter and complied with good principles, enhancing good corporate governance effectively.

Respectfully,



Mr. Pisit Leeahtam

Chairman of Audit Committee

General Information

Information of KGI Securities (Thailand) Public Company Limited (“the Company”)

Type of business	Securities businesses, main business consisting of:- <ul style="list-style-type: none">• Securities Broking Business• Securities Dealer Business• Investment Banking Business• Fixed Income Business• Private Repo Business• Selling Agent of Unit Trust Business• Futures Business• Securities Borrowing and Lending Business• OTC Derivative Business• Derivative Warrants Business.
Head office address	173 Asia Centre Building, 8 th - 11 th Floor, South Sathorn Road, Thungmahamek Sub-District, Sathorn District, Bangkok 10120 Thailand
Telephone number	66 (0) 2658 8888
Fax number	66 (0) 2658 8012
Website	www.kgiworld.co.th and www.thaiwarrant.com
Company’s PCL registration number	No. 0107536000293
Paid up capital	Baht 1,991,763,130
No. of paid-up shares	1,991,763,130 shares
Par Value	Baht 1.00

Juristic Information which is 10% up of paid-up shares owed by the Company

One Asset Management Limited (“ONEAM”)

% of holding by the Company	98%
Business Type	Fund Management
Address	989 Siam Tower (Siam Discovery), 24 th Floor, Rama I Road, Pathumwan Sub-District, Pathumwan District, Bangkok 10330, Thailand
Telephone number	66 (0) 2659 8888
Fax number	66 (0) 2659 8860
Website	www.one-asset.com
Amount and Type of paid-up shares	Common stock : paid-up 10,500,000 shares at par value Baht 10.00

KGI Securities (Thailand) International Holdings Limited (“HOLDCO”)

% of holding by the Company	100%
Business Type	Investment
Address	41/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
Telephone number	(852) 2878 6888
Fax number	(852) 2878 6800
Amount and Type of paid-up shares	Common stock : paid-up 39,444,670 shares at par value US\$ 1.00

KGI (Thailand) Holdings Limited (“KTHL”)

% of holding by the Company	100 %
Business Type	Investment
Address	P.O. Box 3340, Road Town, Tortola, British Virgin Islands
Telephone number	(852) 2878 6888
Fax number	(852) 2878 6800
Amount and Type of paid-up shares	Common stock : paid-up 20,000,000 shares at par value US\$ 1.00

Information of references

<u>Registrar</u>	Thailand Securities Depository Co., Ltd. (“TSD”)
Address	62 The Stock Exchange of Thailand Building , 4 , 6-7 Floor Rachadapisek Road, Klong Toey Sub-District, Klong Toey District, Bangkok 10110, Thailand
Telephone number	66 (0) 2229-2800
Call Center	66 (0) 2229-2888
Fax number	66 (0) 2359-1259
Website	www.tsd.co.th
E-mail	contact.tsd@set.or.th

Auditor The Company’s auditors for the 2010 accounting period :

	1. Mrs. Nonglak Pumnoi, CPA No. 4172 and/or
	2. Ms. Rungrapa Lertsuwankul, CPA No. 3516 and/or
	3. Ms. Saifon Inkeaw, CPA No. 4434
	Ernst and Young Office Limited
Address	193/136-7 Lake Rachada Office Complex, 33 rd Floor, Rachadapisek Road, Klong Toey Sub-District, Klong Toey District, Bangkok 10110 G.P.O Box 1047, Bangkok 10501, Thailand
Telephone number	66 (0) 2264-0777
Fax number	66 (0) 2264-0789-90
Website	www.ey.com

Financial Highlights

(in Baht millions except per share data and ratio)
For year 2010-2008, as of or for year ended December 31

	2010	2009	2008
Operating Results			
Total income	2,293	1,290	1,363
Total expenses	1,259	962	1,110
Earning before income tax	1,034	329	254
Net profit*	752	242	187
Balance Sheet Results			
Total assets	11,172	8,059	6,655
Total liabilities	6,167	3,543	2,198
Paid-up capital	1,992	1,992	1,992
Shareholders' equity **	5,001	4,511	4,450
Per Share Information			
Per value per share (Baht)	1.00	1.00	1.00
Book value per share (Baht)	2.51	2.26	2.23
Basic Earning per share (Baht) *	0.38	0.12	0.09
Dividend per share (Baht)	0.33	0.10	0.075
Profitability Ratios			
Gross profit margin (%)	92.09%	87.89%	87.23%
Net profit margin (%)	32.81%	18.78%	13.72%
Return on equity (%)	15.82%	5.41%	4.19%
Return on investment (%)	19.12%	9.79%	14.52%
Efficiency Ratios			
Return on assets (%)	7.83%	3.29%	2.51%
Assets turnover (times)	0.24	0.18	0.18
Financial Ratios			
Liquid assets to total liabilities (times)	0.86	1.37	1.78
Earning assets to total liabilities (times)	1.55	1.97	2.60
Liquid assets to total assets (%)	47.43%	60.09%	58.75%
Earning assets to total assets (%)	85.60%	86.64%	85.84%
Debt to equity (times)	1.23	0.79	0.49
Dividend payment (%)	81.68%	80.65%	71.43%
Other ratios			
Securities investment to total assets (%)	56.23%	67.32%	41.60%
NCR to net liquid assets (%)	109.45%	208.04%	425.64%

Note: * Net income attributable to equity holders of the parent

** Equity attributable to equity holders of the parent

Overview of the Company's Business

KGI Securities (Thailand) Public Company Limited was incorporated as a public limited company under the Public Limited Companies Act. The Company operates its business in Thailand with five securities licenses; securities brokerage, securities dealing, investment advisory, securities underwriting and securities borrowing and lending services. In addition, the Office of the Securities and Exchange Commission (SEC) has granted the Company licenses to operate securities registrar business and derivatives broker business and approved to operate financial advisory business, Over-the-Counter (OTC) derivative business and to act as a sales agent for unit trusts in designed areas as specified by SEC.

The Company is recognized as one of the leaders in innovation in the development of financial products, giving more alternatives to clients. The Company's developments were as follows:

- The first securities company acting as a principal and agent of SBL services
- The first securities company providing OTC Derivatives services
- The first and only securities company acting as Market Maker and Participating Dealer of ThaiDEX SET50 ETF (TDEX), Thailand's first Equity ETF
- The first securities company to launch Derivative Warrant in Thailand
- Ranked No.1 in bond outright trading among securities brokers
- The first securities company providing Private Repo

To meet the diverse financial requirements of our customers, the Company provides professional service through a 98%-held subsidiary, One Asset Management (ONEAM), which is one of the leader in Thailand's asset management market. ONEAM has a full range of products including mutual fund, private fund and provident fund to help clients achieve optimal asset allocation in their wealth management.

As of 31 December 2010, the Company and its subsidiaries employed around 608 professionals in its 13 business locations throughout the country; as follows:

Bangkok	Provincial	
1) Pin klao	1) Chiang Rai	5) Samut Sakhon
2) Changwattana	2) Nakhon Sawan	6) Suphan Buri
3) Thapra	3) Nakhon Ratchasima	7) Nakhon Pathom
4) Silom Center	4) Udon Thani	8) Phetchaburi
		9) Hat Yai

In 2010, the Company ranked No. 4 in terms of brokerage market share with an overall share of 4.65% and ranked No. 5 with market share of 5.64% of TFEX market. The Company's consolidated net profit (net income attributable to equity holders of the parent) were of Baht 752 million (equivalent to earnings per share of Baht 0.38) and as of 31 December 2010, the Company's total assets was Baht 11,172 million, total liabilities was Baht 6,167 million, shareholders' equity (equity attributable to equity holders of the parent) was Baht 5,001 million and the Company's net capital adequacy ratio (NCR) was 109.45 %, which is in full compliance with the requirement stipulated by the Securities and Exchange Commission (SEC) of not less than 7%.

Credit Rating

TRIS Rating Co.,Ltd affirmed the company rating of the Company as of 23 June 2010 at BBB+. The rating reflects the firm's capable management team with a proven track record, strong market position in derivative business, as well as sufficient liquidity and stable revenue contribution from One Asset Management Limited (98% owned by the Company). See Rating report at www.kgiworld.co.th.

KGI Securities (Thailand)'s shareholding in subsidiaries

(Subsidiary companies included in consolidated financial statements)

As of 31 December 2010

Company	Country of Incorporation	Business Type	% holding
One Asset Management Limited	Thailand	Fund Management	98
KGI Securities (Thailand) International Holdings Limited	Hong Kong	Investment	100
KGI (Thailand) Holdings Limited	British Virgin Islands	Investment	100

(See details of investments in subsidiary companies in section 9 of the notes to financial statements)

One Asset Management Limited (“ONEAM”)

ONEAM was established on 19 March 1992 with registered capital of Baht 100 million (fully paid-up). At the beginning, the company has been granted a license from the Ministry of Finance for mutual fund management only. Later, the company has acquired additional licenses for private fund management and provident fund management.

ONEAM has increased its registered capital to Baht 105 million (fully paid-up) with KGI Securities (Thailand) holding 98%, ONEAM's directors and employees holding 2% of outstanding shares.

ONEAM offers many types of funds to provide its clients with investment alternatives to suit their diversified investment requirements. The mutual funds under ONEAM are as follows:

- | | |
|---------------------------|----------------------------|
| 1. Equity Fund | 5. Long Term Equity Fund |
| 2. Fixed Income Fund | 6. Foreign Investment Fund |
| 3. Mixed Fund | 7. Country Fund |
| 4. Retirement Mutual Fund | 8. Specific Fund |

In 2010, ONEAM's net profit were of Baht 38 million (equivalent to earnings per share of Baht 3.60) and as of 31 December 2010, ONEAM's total assets were Baht 196 million, total liabilities were 21 million, shareholders' equity were Baht 175 million. ONEAM has built up a strong reputation with both individual and institutional investors and has total asset size under management of Baht 73.25 billion (as of 31 December 2010). Investment performance has been good, stable and suitable to each investor under acceptable risk level.

KGI Securities (Thailand) International Holdings Limited (“HOLDCO”)

Formerly known as “KGI Securities One International Holdings Limited”, a wholly owned offshore subsidiary established in Hong Kong. Its name was changed to “KGI Securities (Thailand) International Holdings Limited” on December 7, 2001.

KGI (Thailand) Holdings Limited (“KTHL”)

KGI (Thailand) Holdings Limited, a wholly owned offshore subsidiary established in British Virgin Islands.

Policy for group operations

The Company and its subsidiaries have hired professional managers and the Company also appointed persons to be directors for setting policies of its subsidiaries.

Revenue Structure

The majority of the operations of the Company and its subsidiary companies involve the single business segment of securities related business, including mutual fund management, and are carried on in Thailand, Hong Kong and the British Virgin Islands. As a result, all revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned industry and geographic areas. (See note of financial statements No. 33: Financial information by segment)

In 2010, the Company reported total income of Baht 2,293 million. The elements of the Company's securities income structure were;

- 41% from gain on trading in securities and derivatives,
- 39% from brokerage fees from securities business and derivatives business,
- 10% from fee and service income,
- 7% from interest and dividends income,
- 2% from interest on margin loans and
- 1% from other income

Unit : Baht						
	Operate By	% Share Holding By Company	Income of 2010 (before contra)	Contra	Total Income of 2010 (after contra)	% of total income
1. Brokerage fee from securities business	the Company	-	838,475,998	-	838,475,998	36.56%
2. Brokerage fee from derivatives business	the Company	-	55,776,389	-	55,776,389	2.43%
3. Fees and services income ¹	the Company	-	30,885,859	-	30,885,859	1.35%
Fees and services income ¹	ONEAM ²	98%	192,983,052	(3,252,893)	189,730,159	8.27%
4. Gain (loss) on trading in securities	the Company	-	834,319,153	-	834,319,153	36.38%
Gain (loss) on trading in securities	HOLDCO ³	100%	22,202,629	-	22,202,629	0.97%
Gain (loss) on trading in securities	KTHL ⁴	100%	(7,691,104)	-	(7,691,104)	(0.34%)
5. Gain (loss) on trading derivatives	the Company	-	99,131,262	-	99,131,262	4.32%
6. Interest and dividends	the Company	-	211,488,780	(43,019,491)	168,469,289	7.35%
Interest and dividends	ONEAM ²	98%	2,875,442	-	2,875,442	0.13%
Interest and dividends	HOLDCO ³	100%	2,850	-	2,850	0.00%
7. Interest on margin loans	the Company	-	39,646,240	-	39,646,240	1.73%
8. Share of profit from subsidiary Companies accounted for Under equity method	the Company	-	(9,073,804)	9,073,804	-	0.00%
9. Other income	the Company	-	18,301,085	-	18,301,085	0.80%
Other income	ONEAM ²	98%	1,175,614	-	1,175,614	0.05%
Other income	HOLDCO ³	100%	(5,586)	-	(5,586)	(0.00%)
TOTAL INCOME			2,330,493,859	(37,198,580)	2,293,295,279	100.00%

Note /1 See note of financial statements No. 24: Fees and Services Income.

/2 ONEAM: One Asset Management Limited, 98% owned by the Company.

/3 HOLDCO : KGI Securities (Thailand) International Holdings Limited, 100% owned by the Company

/4 KTHL : KGI (Thailand) Holdings Limited, 100% owned by the Company

Significant Developments

The Company was found as the name of “The Goldhill Securities Company Limited” on 7 March 1975 with register no. 212/1975 and had three licenses; securities broker, securities dealer, and investment advisory. In 1986, Thai Farmers Bank Public Company Limited, Finance One Public Company Limited, and a group of major shareholders of Finance One Public Company Limited acquired Goldhill Securities Company Limited and changed its name to “Securities One Company Limited.” on 15 February 1988.

The Company registered as a public company with registered number 0107536000293 (formerly number Bor Mor Jor 103) and changed its name to “Securities One Public Company Limited.” on 6 May 1993. In 1998, KGI Group became the major shareholder of the Company and changed its name to “KGI Securities One Public Company Limited” on 12 July 1999. Last, the Company changed its name to “KGI Securities (Thailand) Public Company Limited” on 25 May 2001.

The Company's significant developments in its businesses in the three preceding years were as follows.

2008	September	The Company started providing OTC Equity Derivatives on foreign equity underlying covering markets; Hong Kong, Japan, Singapore, Australia, USA, and Europe.
	November	The Company started to provide trading in Single Stock Futures.
2009	January	The Company moved its Head Office from United Center Building on Silom Road to Asia Centre Building on South Sathorn Road.
	February	The Company started to provide trading in Gold Futures.
	June	The Company became the first securities company in Thailand to launch Derivative Warrants (DW).
	August	The Company joined a group led by One Asset Management Limited to launch ThaiDEX FTSE Set Large Cap ETF (TFTSE). The Company acts as Market Maker (MM), providing liquidity in the secondary market and as Participating Dealer (PD), facilitating the creation and redemption of TFTSE in the primary market.
2010	September	The Company has signed an agreement with Market for Alternative Investment (MAI) to produce securities analysis. This cooperation will enhance and develop securities analysis of stocks with potential growth of small and medium enterprises listed in MAI. Furthermore, the cooperation will help conducting marketing activities to educate investors about investment.
	November	The Company acts as Participating Dealer (PD) for Thailand's first ETF on foreign ETF in the name of W.I.S.E. KTAM-CSI300 China Tracker.

Business Lines

Securities Broker

KGI Securities (Thailand), a member of the Stock Exchange of Thailand (SET Broker seat No. 13), provides broking services to both local and foreign investors and to both individual and institutional investors. In 2010, the Company ranked No. 4 in terms of brokerage market share with an overall share of 4.65%.

The clients can open accounts with the Company by divided into 2 types of accounts, as follows:

(1) Cash Accounts:

1.1. Cash account is the account that client can trade by deposit collateral of 15% of the amount at which clients may transact the purchase, with compliance to the regulations of the SET. Clients have to pay the purchasing within the third business day following the date of purchase and the Company has to pay to the clients for the selling securities within the third business day following the date of selling.

1.2 Cash Balance Account: The company will set the buying power of the client according to the amount of funds deposited by client. When the client sells, the money form selling will be kept in the client's account for setting the new buying power.

(2) Credit Balance Account: Clients can borrow money from the Company to purchase the securities by deposit money and/or other assets for collateral at least 50% or any percent that the SET required.

Unit: Baht

Daily Trading Volume	2010	%	2009	%	2008	%
SET (Baht Million)*	29,065.90		17,777.00		16,118.31	
The Company (Baht Million)*	2,856.61		1,380.80		1,208.45	
The Company's market share (%)	4.91%		3.88%		3.75%	
1) Clients	4.65%		2.89%		2.59%	
2) The Company's portfolio	0.26%		0.99%		1.16%	
Breakdown by types of clients (Baht Million)						
1) Fund	155.08	5.43	83.63	6.05	60.02	4.97
2) Retail and corporate clients	2,150.04	75.27	900.09	65.19	736.30	60.93
3) Foreign clients	72.79	2.55	46.41	3.36	35.07	2.90
Total clients volume	2,377.91	83.25	1,030.13	74.60	831.39	68.80
4) The Company's portfolio	478.70	16.75	350.67	25.40	377.06	31.20
Total	2,856.61	100.00	1,380.80	100.00	1,208.45	100.00
Breakdown by types of accounts (Baht Million)						
1) Cash account						
1.1) Trading via marketing officers	1,971.40	69.01	1,195.93	86.61	1,007.52	83.37
1.2) Trading via internet trading	272.82	9.55	70.96	5.14	114.69	9.49
2) Credit balance accounts	612.39	21.44	113.91	8.25	86.24	7.14
Total	2,856.61	100.00	1,380.80	100.00	1,208.45	100.00

Note : * Trading volume referred to volume in both SET and MAI

Information for year 2009 Jan - Oct including the Company's portfolio

Nov - Dec excluding the Company's portfolio

Internet Trading (E-Business)

KGI Securities (Thailand), one of Thailand's leading securities companies, provides internet trading services and also Futures online trading services. Clients can see real time information to follow price movements 24 hours a day, 7 days a week, wherever they are. We provide in-depth research for fundamental analysis and technical analysis. The reports issued by its research institute can be used as decision making tools for clients.

The Company provides the foremost high quality services that are fast and accurate. The Company also employs high technology enabling clients to trade stock trading via mobile phones and Pocket PCs. Investors are being updated with various important information, they can trade, get updates on stock prices

and check their portfolios anywhere and anytime online. The commission rates for trading online are lower than through a marketing representative.

Our company aims at providing services with a high level of customer satisfaction. We continue to develop our internet trading services so they become even more convenient, efficient and secure for our clients. The Company cooperates closely with Settrade.com Co., Ltd, to develop internet trading programs in order to allow our investors to trade via the internet. We also offer seminars and training for clients and investors. In these seminars, clients learn to use the internet trading program to trade both equity and derivatives products.

If you have any questions, need additional information or would like to open an Internet Trading account with our company, please visit our website : www.kgiworld.co.th or contact us at Hotline : 02 658 8555 or email : CorporateSale@kgi.co.th

In 2011, the Company plans to enhance the Company's website trading support features for futures and options traders and further support the growth of TFEX.

Securities Dealer

The Proprietary Trading Department and Fixed Income Department are responsible for stock, bond, and derivatives, futures and option, selection and investment allocation according to the established policy, while the Risk Management Department will closely track those departments' exposure to control the Company's overall risks.

The Company pays serious attention to conflict of interests, especially the misuse of inside information. The Company regards such departments as investors; therefore, such departments have no right to receive information or research that differs from other clients of the Company.

Investment Advisory

SEC granted an approval to the Company to operate investment advisory business on 6 January 2004, allowing the Company to provide a full range of services.

Financial advisory and securities underwriting

The SEC has granted the Company approval to operate financial advisory business under the scope specified by the SEC which covers the full range of Investment Banking Services, including fund raising, IPOs and secondary market placements, mergers and acquisitions, firm valuations, loan arrangements, debt restructuring and other advisory works. In addition, the Company provides a securities underwriting service to those companies intending to issue securities including debt, equity, and equity-linked products.

During first half of 2010, due to the political violence, the stock market was not favorable for investment and fund raising. As a result, there were only 5 IPOs launched during the first half of the year. After the ease of the political tension, the investors gained more confidence over stock investment while there were foreign capital fund flow in the stock market, SET index response in the upward direction and had soared to close above 1000 points. Many companies started to reactivate their listing plan, however, due to the IPO preparation process, there were only 6 IPOs and listing during the second half of the year or in total of 11 IPOs in 2010 which were fewer than expected.

In 2010, the company selectively participated in underwriting activity; acted as co-underwriter on 1 IPO and act as financial advisor and lead underwriter on 4 IPOs. One IPO was successfully launched and traded on the stock market, while the remaining IPOs still on preparation process. Furthermore, the company acted as financial advisor for many M&A transactions one successful deal was the M&A of a distribution company in Vietnam, and private placement transaction for listed companies. Nevertheless, the company also performed financial advisor roles for TDRs issuance, and debenture issuance.

With our group of experienced staff and expertise in financial engineering to structure products that suit our clients' needs and with our regional group network, KGI's investment banking team can provide a full line of products and services in both the domestic and foreign markets.

Securities Registrar

The Company received approval to conduct securities registrar business on 14 June 1994, and the Company continues to maintain its securities registrar license in order to support its derivatives products in the future.

Fixed Income Business

The Company is a member of Bond Electronic Exchange (BEX) and Thai Bond Market Association (ThaiBMA), provides trading fixed income securities services to the Company's clients. Investors can open an account for fixed income trading together with opening an account for securities trading. The Company has an experienced staff that is proficient in providing services and advice that allow clients to make investment decisions in their best interest.

In 2010, the Company was ranked No. 1 in bond outright among securities brokers, with total trading value of Baht 133,084 million, increasing 104% from 2009 (2009 trading value was Baht 65,188 million).

Private Repo Business

The Company, pioneered Private Repo to corporate and high net-worth clients, providing a new alternative investment. The Company was ranked No. 1 in terms of Repo volume among securities firms in 2010. Moreover, it was the first and the only one to provide Repo agreement in Thai version, approved by SEC, to offer clients with more convenience. Currently, Private Repo market continuously showed growth at significant pace and would further play an important role in developing bonds market.

Selling Agent of Unit Trust Business

The Company received a selling agent of unit trust approval from SEC on 16 January 2002, and at the end of 2010 the Company was appointed as a selling agent of unit trust for 19 asset management firms.

For market overview of Mutual Fund in Thailand, total net asset value (NAV) of mutual funds at the end of 2010 was Baht 2 trillion, increasing 10% from 2009 (2009 NAV was Baht 1.8 trillion). The grand total of mutual funds at the end of 2010 was 1,429 funds (increasing by 165 funds from 2009). The NAV of the Equity Fund increased 25%, which is a result of the increase in stock indexes in 2010 and the NAV of the Fixed Income Fund increased 7%.

Furthermore, when we consider just special funds, we find that at the end of 2010, FIF fund's NAV decreased a significant 23% from 2009 due to the fact that there were many redemptions of Korean bond funds including Thai Baht strengthened. Therefore, investors slow to invest in foreign assets to protect uncertainty. RMF fund's NAV and LTF fund's NAV also increased 35% and 52%, respectively. The rise in the Thai index was one of the reasons and the other was that investors buy funds to get tax benefits.

Futures Business

The Company has received a license to conduct futures business from Securities and Exchange Commission (SEC) and also an approval to act as a futures broker from Thailand Futures Exchange Plc. (TFEX) and the Thailand Clearing House Co., Ltd. (TCH). Also Futures trading started on 28 April 2006.

The Company won the "Best House of the Year 2006", which was given to the futures brokerage firm with the most outstanding performance and the best service quality. The Company also won the "Most Active House 2006", which was given to the futures brokerage firm with the most active futures derivatives business, at the TFEX Best Awards 2006.

Currently, the Company provides trade on the following derivative products:

- SET50 Index Futures
- SET50 Index Options
- Single Stock Futures
- Gold Futures
- Interest Rate Futures

Besides Futures retail brokerage business, the Company also trades futures in Proprietary Trading and furthermore acted as a Market Maker of SET50 Index Futures, SET50 Index Options, and Single Stock Futures in Thailand Futures Exchange (TFEX) and Stock Exchange of Thailand. In 2010, the Company was ranked No. 5 with market share of 5.64% of TFEX market.

Securities Borrowing and Lending (SBL)

The Company was the first broker to act as a principal and agent assisting of clients who want to lend or borrow securities: 1. Institutional Lenders, 2. Local and Foreign Institutional Borrowers, 3. Retail Borrowers. This service will help increase liquidity and price stability to the Thai capital market.

In 2010, SBL gained popularity due to the volatile stock market. SBL was popular among local and foreign clients, including both retails and institutions. By the end of 2010, the Company prepared to expand SBL business by increasing the numbers of lending and borrowing securities to include the stocks in SET100 Index from SET50 Index, ETF, and components of ETF. The SBL business expansion was directly due to the SET announcement allowing clients to short sell the stocks in SET100 Index. The announcement shall be effective on 4 January 2011. The expansion should help develop SBL business, manage risks and price volatility of securities.

In 2011, the Company plans to expand its SBL business as follows:

1. Consider to develop SBL Integration System to increase efficiency and responsiveness for clients.
2. Expand client base, both foreign and local institutional clients who are increasingly interested in borrowing and lending Thai securities.

OTC Derivatives

The Company is recognized as one of the leaders in innovation in the development of derivatives products in Thailand. The Company has spent more than 10 years preparing for issuing and trading of derivatives products. The major shareholder, the KGI Group has also provided valuable assistance by transferring knowledge and technology to the Company. The KGI Group sent derivatives experts to train our staffs to be ready for this new market in Thailand. At the same time, the Company sent staff to its related companies in Taiwan and Hong Kong to closely study their sophisticated derivatives markets.

The Company adopts the same program and software as those used in Taiwan and Hong Kong. The software is widely recognized in developed derivatives markets in many countries and should be effective in the Thai market as well. Such system will greatly enhance the risk management capability of the Company in hedging our derivatives positions. KGI Group and the Company always develop such system to handle every market situation. The Company is completely ready for OTC Derivatives. At the moment, the Company focuses mainly on institutional clients who have better understanding about the risks and rewards of such products.

1. OTC Equity Derivatives

OTC Equity Derivatives products are tailor-made, and designed according to client's request.

In 2010, OTC Equity Derivatives gained popularity due to the volatile stock market. OTC Equity Derivatives was popular among local and foreign institutional clients including Private Fund, purposely to manage their risk and gain their return. The Company provides three types of OTC Equity Derivatives, as follows:

- 1) Basic Options, which are Call Options and Put Options
- 2) Combination Options, which are Call Spread Options, Put Spread Options, and Strangle, etc.
- 3) Exotic Options, apart from the basic options and combination options, the Company has been launching more complex derivatives, such as Asian Call Spread Options and Digital Call Options, Auto Redemption Options, Forward Start Options, and Himalaya Options and will innovate more and more to match clients' risk and return profiles in the future.

In 2011, the Company views the market is still volatile from both internal and external factors including uptrend interest rate, so the Company expects OTC Equity Derivatives will maintain its popularity. The Company formed a partnership with KGI group and reputed foreign banks in the area of OTC Equity Derivatives on foreign equity underlying covering markets; Hong Kong, Japan, Singapore, Australia, USA, and Europe. The Company will regularly organize training/seminars to ensure that our clients thoroughly understand the products before investing in equity derivatives with us and that our equity derivatives products would help reduce risk and/or enhance return of clients' portfolios.

2. Structured Products

The Company is focusing on developing structured products that combine equity derivatives with money market instruments to serve clients who want to invest in both the equity market and money market. The Company offers structured products exclusively to institutional clients and private funds with a good understanding and knowledge of derivatives. The structured product that the Company provides is Equity Linked Note (ELN).

Equity Linked Note (ELN): To serve the needs of the clients who prefer investment in short term money market with high yield and who can invest in equity market. At present, the Company provides various types of ELN with maximum term of 270 days, whose return is linked to the price of a single stock and TDEX, TFTSE or basket of stocks with good fundamental and high trading volume (Blue chip Stock) or Index. Examples of ELN the Company provides are ELN-Vanilla, ELN-Buffer, ELN-Up&Out, ELN-4U, ELN-StepUP, ELN-KO, and ELN-Accumulator.

In 2010, the Company formed a partnership with reputed domestic banks to issue Structured Products to fulfill need of bank-base clients who need higher return than interest from deposit.

In 2011, the Company will continue to develop new types of Structured Products that attractive and serve the needs of our value clients.

Equity Exchange Traded Fund (Equity ETF)

The Company joined a group led by One Asset Management Limited (98% owned by the Company) and four other leading securities companies as well as a foreign fund advisor that won the right to launch Thailand's first equity exchange traded fund (Equity ETF) in the name of ThaiDEX SET50 ETF or TDEX since 2007. The Company acts as Market Maker (MM), providing liquidity in the secondary market and as Participating Dealer (PD), facilitating the creation and redemption of TDEX in the primary market. As of 31 December 2010, Asset Under Management (AUM) of TDEX was Baht 2,436 million, showing growth of 141% from Baht 1,011 million at inception in August 2007.

In 2009, the Company joined a group led by One Asset Management Limited and five other leading securities companies to launch Thailand's third equity ETF in the name of ThaiDEX FTSE SET Large Cap ETF or TFTSE. On August 2009, Asset Under Management (AUM) of TFTSE was Baht 166 million.

Later, in 2010, the Company acts as Participating Dealer (PD) for Thailand's first ETF on foreign ETF in the name of W.I.S.E. KTAM-CSI300 China Tracker or CHINA managed by Krungthai Asset Management Public Company Limited. During the IPO period, 8-12 November 2010, Asset Under Management (AUM) of CHINA was Baht 390 million. CHINA may invest in W.I.S.E. – CSI300 China Tracker fund, seeking to replicate the return of CSI300 Index.

In 2011, with an overall positive trading value in Thailand Future Exchange (TFEX), particularly in Gold Futures, together with a new TFEX product like Silver Futures, the Company plans to study the possibility of joining with One Asset Management Limited to launch a commodity ETF, such as Gold ETF and Silver ETF, and Sector ETF to provide investment alternatives for investors. The Company also plans to list Thailand's ETF in foreign countries such as Taiwan, Hong Kong, Singapore and Japan. The Company believes it can achieve such target due to its capabilities, Thai market recovery and increasing popularity of TDEX, TFTSE and CHINA.

Derivative Warrants (DW)

More than 5 years, the Company has been developing its infrastructure and workforce and expects to launch Derivative Warrants (DW).

In 2009, the Company was the first securities company in Thailand launching DW. The first DW to be launched by the Company was PTT13CA on June 2009. Within the same year, the Company launched other 2 DWs, KBAN13CA and PTTE13CA.

In 2010, the Company was the securities company offering the most DW in Thailand. The Company launched 21 DWs. All 21 DWs were highly successful and get great response from investors at IPO period and trading on the exchange, which total registered amount of all 21 DWs was around Baht 1,200 million. Therefore, since 2009, the Company has already launched 24 DWs in total, as follows:

DWs issued by the Company

	Name of DW	First Trading Date	Maturity Date
1.	PTT13CA	9 Jul 2009	18 Dec 2009
2.	KBAN13CA	27 Aug 2009	19 Feb 2010
3.	PTTE13CA	5 Nov 2009	30 Apr 2010
4.	PTT13CB	21 Jan 2010	26 Nov 2010
5.	BANP13CA	31 Mar 2010	3 Dec 2010
6.	KBAN13CB	30 Jun 2010	25 Feb 2011
7.	PTTE13CB	30 Jun 2010	25 Feb 2011
8.	BANP13CB	5 Aug 2010	30 Dec 2010
9.	IVL13CA	16 Aug 2010	28 Dec 2010
10.	PTT13CC	16 Aug 2010	28 Dec 2010
11.	PS13CA	16 Aug 2010	30 Dec 2010
12.	TCAP13CA	16 Aug 2010	30 Dec 2010
13.	ADVA13CA	16 Aug 2010	17 Feb 2011
14.	PTTC13CA	16 Aug 2010	17 Feb 2011
15.	SCC13CA	16 Aug 2010	3 Mar 2011
16.	TTA13CA	16 Aug 2010	3 Mar 2011
17.	PTT13CD	22 Nov 2010	9 May 2011
18.	IVL13CB	23 Nov 2010	28 Apr 2011
19.	BAY13CA	24 Nov 2010	7 Apr 2011
20.	TOP13CA	25 Nov 2010	7 Apr 2011
21.	TCAP13CB	26 Nov 2010	29 Apr 2011
22.	BANP13CC	29 Nov 2010	28 Apr 2011
23.	KTB13CA	30 Nov 2010	24 Mar 2011
24.	TTA13CB	30 Dec 2010	23 Aug 2011

As of 31 December 2010, the Company had launched 24 DWs in total. First of 24 DWs, PTT13CA, was expired in 2009. Later in 2010, other nine DWs were expired, which are KBAN13CA, PTTE13CA, PTT13CB, BANP13CA, IVL13CA, PTT13CC, BANP13CB, PS13CA, and TCAP13CA. Therefore, by beginning of 2011, the rest 14 DWs being traded are KBAN13CB, PTTE13CB, ADVA13CA, PTTC13CA, SCC13CA, TTA13CA, PTT13CD, IVL13CB, BAY13CA, TOP13CA, TCAP13CB, BANP13CC, KTB13CA and TTA13CB.

At the beginning of 2011, the Company launched more 13 DWs, namely STA13CA, CPAL13CA, TRUE13CA, SCC13CB, IRPC13CA, BTS13CA, TMB13CA, PTTC13CB, ADVA13CB, KBAN13CC, PTTA13CA, LHI13CA and PTTE13CC, with the first trading date from January 18 - February 3, 2011.

DW is new investment product in Thailand. Since 2009, the Company has planed to educate about DW for brokerage employees and local institutional clients, including, local & foreign retail clients. The DW education was provided through many channels such as Settrade's Blog (both Thai & English version), newspapers, interviews and print media, in order to enhance knowledge and build confidence in DW investment. The Company plans to roadshow to local and foreign institutional investors to publicize new financial products and attract new clients to invest in Thai Capital Market. The Company launched the first website in Thailand, www.thaiwarrant.com (both Thai & English version). This website provides information of all DW in Thailand which is useful for investors who are interested in DW.

MARKET OVERVIEW AND COMPETITION

(A) The Company's Marketing Project in 2010

1. The Company developed and launched new products to be other alternative investment tools for its clients and investors.
 - 1.1 The Company develops structured products by combining equity derivatives with money market instruments (Equity Derivatives) to serve clients who want to invest in both the equity market and money market.
 - 1.2 The Company is member of IB Club's working group to launch DW Direct Listing regulations which make issuing process faster and follow the international standard. SET, SEC, and IB Club's working group push Direct Listing regulations to become effective on May 2010. Moreover, the Company is member of working group to revise DW trading regulations to assist investors. The DW trading regulations has becoming effective since the beginning of 2011.
 - 1.3 The Company is continually developing its website to provide information to all clients and investors. The Company always updates information and news to ensure it is useful to clients and investors. Furthermore, the Company posts its research papers, news, special activities and seminars. The Company has also created the first website about Derivatives Warrant (DW) named www.thaiwarrant.com. The website collects all DW information in Thailand, making it more convenient for investors to find all relevant DW information at one location.
2. Promotion Program
 - 2.1 The Company launched a promotion to support Futures and Options transactions with the Company on 1 November 2009 - 31 January 2010. The promotion launched 3 Japan packages totaling of Baht 334,000.
 - 2.2. The Company launched a promotion to support clients trading Gold Futures with the Company on 1 May 2010- 31 August 2010. The clients will receive gold worth Baht 4,000 for every 100 contracts a client trades.
 - 2.3 The Company joined to open booths in many events and activities such as Gold Futures roaming.

3. The Company has signed MOU with MAI to produce high quality research and conduct marketing activities. Therefore, investors can access information to consider more broadly and easily before investing.
4. Held seminar and training
 - 4.1 The Company was the securities firm offering the most Derivative Warrants (DW). In 2010, the Company launched 21 DWs, and thus the Company emphasizes on educating about DW for the Company's employees and investors.
 - 4.2 The Company held seminars to educate clients and investors on topics such as Internet Trading, Securities Fundamental and Technical Analysis, and Derivative Warrants Knowledge. The seminars not only educated the clients and investors, they also expanded the Company's customer base.
 - 4.3 The Company welcomed university students to visit the Company office to provide the Company information and businesses including to benefit students future occupations.

(B) Market Overview and Competition in 2010

In the year 2010, the Thai market extended its spectacular rally from the year 2009. During the year, external development was positive in that Asia economies, including Thailand, were on the full-scale recovery from the crisis while on the Western side the economic growth was not that strong but the monetary stimulus from major central banks supported ample liquidity in financial markets. Due to the fact that Asia economies had much stronger improvement and had earlier rise in policy interest rates, the foreign exchange in Asia posed significant strength against US Dollar in the year 2010. Accordingly, portfolio investment inflows both in bond and stock markets in Asia were witnessed during the year. Although the status of Thai politics in the first half of 2010 was negative, the situation improved considerably in the second half.

However, the stock market had much higher volatility in the fourth quarter of 2010, as the level of SET Index escalated to high level and there were more uncertainties from the external side, notably European countries and China. From time to time, significant corrections in the market took place as investors reacted negatively to issues like credit rating downgrades against countries in Peripheral Europe, the entering into financial package initiated by EU and IMF by some countries and last but not least the tightening monetary policy in China. Nonetheless, ample liquidity inflows supported the SET to close the year 2010 at 1,032.76pts, rising by 298.22pts or 40.6%, comparable to an increase of 284.58pts or 63.2% in SET Index in the year 2009.

On the political front, the worst point of political turmoil was during April-May 2010 when the anti-government protestors staged a prolonged rally in Bangkok downtown and for weeks blocked the financial and business areas. On 19 May 2010, the Thai military decided to use forces to pressure the protestors leading to the surrendering of protestors' leaders and the end of the rally. The situations then improved in the second half of 2010 but it was not until mid of December 2010 that Thai government removed the emergency decree in Bangkok and vicinity area.

On the economic issues, Thailand's GDP grew at a high rate in 2010, in tandem with a strong rise in stock market. In the first and second quarters, Thai GDP expanded by 12.0% YoY and 9.2% YoY, respectively. The economic growth tempered a bit in the third quarter as both domestic demand and external trades were well back to pre-crisis level and high base effect had more noticeable impact. In the third quarter, Thai GDP rose by 6.7% YoY. For the whole 2010, economists estimated that Thai economy would grow around 8.0%.

In 2010, the daily average market turnover stood at Bt29.1bn, increasing by 63.5% from Bt17.8bn in 2009. Foreign investors reported a net buying position of Bt81.4bn in 2010, following their net buying of

Bt38.2bn during 2009. The market capitalization rose to Bt8.33trn at the end of 2010, up 41.9%, from Bt5.87trn at the end of 2009.

Stock Exchange of Thailand

	2010	2009	2008
Total trading value (Baht million)*	7,033,947	4,355,318	3,981,230
Average daily trading value (Baht million)*	29,066	17,777	16,118
Total market capitalization (Baht million)	8,334,684	5,873,101	3,568,223
SET Index (year-end)	1,032.76	734.54	449.96
Dividend yield (%)	2.9	3.7	6.6
P/E ratio (times)	15.4	25.6	7.0
P/BV ratio (times)	2.0	1.6	1.0
No. of listed companies	475	475	476

*including MAI

As for new listings, there were 11 new companies listed in Thailand's stock markets (both SET and MAI) in 2010, compared to 17 new listings in 2009.

IPO Stocks in 2010

Stock	First trading date	IPO size (Baht million)
IVL	5-Feb-10	4,692.00
TMI	14-May-10	70.40
CYBER	27-May-10	96.00
OFM	28-Jul-10	98.00
IFS	10-Aug-10	162.00
UAC	11-Oct-10	120.00
GUNKUL	19-Oct-10	540.00
NINE	17-Nov-10	36.00
SYMC	26-Nov-10	633.60
ARIP	2-Dec-10	124.56
PHOL	9-Dec-10	144.00

Source: SET and MAI

Competition among Thai Broker

The Thailand Stock Exchange has announced more flexible commission rate since the beginning of 2010, making the competition among Thai brokers much more intense. However, as the SET market turnover increases a significant 63.5% from 2009, the financial performance of most brokers in the market in 2010 improved considerably from the previous year. As shown in the table below, the companies that led the market ranking were mainly the ones that have both foreign and retail business, because both types of investors were highly active during year 2010. Meanwhile, the sum of the market share of the top 10 brokers increased from 51.95% in 2009 to 55.43% in 2010.

Top 10 securities brokers (2010)

Rank	Company Name	Name	Market Shares (%)
1	Kim Eng Securities (Thailand) Plc.	KEST	12.76
2	Country Group Securities Plc.	CGS	5.94
3	Asia Plus Securities Plc	ASP	5.26
4	KGI Securities (Thailand) Plc.	KGI	4.65
5	Phillip Securities (Thailand) Plc.	PST	4.61
6	KT ZMICO Securities Company Limited	KTZ	4.60
7	Finansia Syrus Securities Plc.	FSS	4.53
8	Thanachart Securities Plc.	TNS	4.51
9	Bualuang Securities Plc.	BLS	4.37
10	Phatra Securities Plc.	PHATRA	4.20
The sum of market share of the top 10 brokers			55.43
Others			44.57
Total			100.00

Industry trend in 2011

Similar to the year 2010, competition among brokerages should be intense in 2011, as it is the second year for a cascade calculation policy for commission, and the full liberalization of brokerage fees in 2012. Therefore, investors would not only care about service and the quality of research reports, like in the past, they would also look at the pricing factor. Therefore, the price competition and also non-price strategy would continue to be aggressively applied from brokers. In addition, it has been witnessed since 2010 that the traditional brokerage business had smaller proportion in total revenue of brokers as more new business like Proprietary Trading and Equity Derivatives have been playing more important roles than in the past.

On the Thailand's stock market outlook in 2011, the major trend of SET is likely to remain upward, but a number of uncertainties from outside Thailand would continue to add volatility to the market. Two areas that may have negative investment sentiments would be European countries, which have had fiscal debt problems, and China which is tightening monetary policy. However, the local factors especially Thai political situations are improving from the past few years. The current coalition government is expected to dissolve the parliament and call general election in 2011. Historical market figures indicated that the SET Index moves up favorably before the general election happens. Hence, political development in Thailand would be crucial in driving market performance this year given that external uncertainties remain high.

Funding for Products and Services
Source of funds

If the Company requires new funds, the Company's policy is to try to procure the cheapest source of funds available and will not depend upon one source of funds. The Company analyses its cash flow needs on a daily basis and tries to match its funding and investment in money market instruments to its needs as forecasted.

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 capital in accordance with the rules laid down by the Office of the Securities and Exchange Commission.

Subordinated Loans from Subsidiary

As of 31 December 2010, the Company has investments in subsidiary companies in foreign currency under cost method of USD 59.4 million (equivalent to Baht 2,383 million). However, the Company also has obtained Thai Baht loans from a subsidiary company totaling Baht 1,600 million.

The subordinated loans amounting to Baht 1,600 million from an overseas subsidiary company, are unsecured, interest free Baht loans with the maturity in September 2011. During the current year, the Company and the subsidiary company agreed to extend the maturity date to 21 March 2012.

The Board of Directors' Meeting of the Company held on 23 February 2011 approved the extension of the maturity date of the subordinated loans from 21 March 2012 to 21 September 2012.

Liquidity management policy

The Company has policy to reserve Net Capital Rule and Net Capital Ratio (NCR) higher than SEC's regulation which specified that the Net Capital Rule and Ratio must not be lower than Baht 25 million and 7% of liabilities and guarantees. As of 31 December 2010, the Company has Net Capital Rule of Baht 3,324 million and Net Capital Ratio (NCR) of 109%.

Risks

Company Risks

1) Market Risk

Market risk refers to the risk that the trading volume of the market has changed and has a direct impact on the Company's revenue. Factors causing market trading volume volatility include political developments, economic outlook, and investors' sentiment (both domestic and international). The Company has carried out a policy of diversifying its business by sustaining and expanding its market share. Furthermore, the Company has a policy to earn revenue from its other businesses such as securities dealer, investment banking, fixed income, Private Repo, Selling Agent of Unit Trust, futures, securities borrowing and lending, OTC derivative, and derivatives warrants.

2) Competition Risk in securities broker business

The securities broker business is highly competitive, especially as the Stock Exchange of Thailand changed its policy on brokerage commissions to a cascade calculation. The commission will vary based on trading volume, during 1 January 2010 to 31 December 2011. Also, the brokerage commission fee would be fully negotiable between brokers and members by January 2012. If the Company is unable to maintain a high quality of service compared to other brokers, it may lose its market share. Therefore, the Company has a policy to continually enhance the efficiency of its staff in giving advice and service to clients. The Company also has always developed its research and expanded with new businesses to give more convenience to clients and offer investment alternatives.

3) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations, resulting in a financial loss to the Company and its subsidiary companies.

The Company is exposed to credit risk primarily with respect to securities and derivatives business receivables, loans and other accounts receivable. The Company's management controls such risk by establishing credit limits for customers and counter parties and analyzing their financial position as an ongoing basis. As a result, the Company does not expect to incur material financial losses.

The Company is not exposed to concentrations of credit risk because it has a variety of customer base and large number of customers. The maximum exposure to credit risk is limited to the carrying amount of securities and derivatives business receivables, loans, other receivables as stated in the balance sheet.

As of 31 December 2010, the Company has securities business receivable in cash account totaling Baht 1,812 million and credit balance accounts totaling Baht 1,103 million.

4) Interest rate risk

Interest rate risk is the risk that future fluctuations in market interest rates will affect the operating result and cash flows of the Company and subsidiary companies.

The exposure to interest rate risk of the Company and its subsidiary companies relate primarily to their cash at banks, long-term investments in debt securities and borrowings. However, because most

of the financial assets and liabilities carry floating interest rate which will fluctuate in line with the market interest rates or carry fixed interest rates which approximate the current market interest rate, the Company and its subsidiary companies do not use derivatives to manage their interest rate risk.

As of 31 December 2010, the Company had financial assets carry floating interest rate 4% of total financial assets, no financial liabilities carry floating interest rate and the Company also has invested in fixed income instruments and the return or values of those are sensitive to interest rate movements.

5) Exchange Rate risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

As of 31 December 2010, the Company has investments in subsidiary companies in foreign currency under cost method of USD 59.4 million (equivalent to Baht 2,383 million). However, the Company also has obtained Thai Baht loans from a subsidiary company totaling Baht 1,600 million.

As at 31 December 2010, the Company and its subsidiaries have not entered into any forward exchange contracts to manage its foreign exchange risk.

6) Liquidity risk

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

The Company has adequate liquidity. As of 31 December 2010 the company had cash and cash equivalents totaling Baht 276 million, and it had Baht 106 million long-term deposits at financial institutions. The Company's net capital ratio (NCR) was 109.45% (the Securities and Exchange Commission defines the NCR should be maintained at least 7% of liabilities).

7) Securities investment risk and return risk

Securities investment risk and return risk refer to the risk that the Company has been wrong to expect its return. The Company has assigned its Risk Management Committee to set strict guidelines and policies regarding asset allocation, portfolio limits and risk control in order to manage risk of losses due to market volatility.

As of 31 December 2010, the Company's net investment in debt and equity securities was Baht 6,281 million (89% in net short term investments, 11% in net long term investments).

8) Risk from investment in subsidiaries and associated companies

This type of risk may arise if the subsidiaries and associate companies incur losses which have an effect on the Company's performance. The Company's investments in subsidiaries and associated companies are accounted for under the equity method.

9) Risk from investment banking business

In operating an investment banking business, including an underwriting business, there is a risk of losses from unsubscribed securities that must be transferred to the Company's portfolio. Inappropriate size or pricing of issues, unexpected fluctuations of the stock market, interest rates or foreign exchange rates can cause the investors not to subscribe for such securities. To reduce such risk, the Company studies and analyzes information regarding the issuer and the interest of clients or investors. In the financial advisory business, the Company always studies clients carefully and conducts due diligence before entering deals.

10) Risk from having a major shareholder

As of 11 March 2011 (the last registration close book date), the KGI Group owned approximately 34.97% of the Company's total shares. KGI Group as a major shareholder may exercise greater influence over the Company's management and business policies. However, if the KGI Group wishes to hold more than 50% of the Company, it still needs to seek approval from relevant government agencies.

11) Risk from establishing a Thai Trust Fund and having a Non-Voting Depository Receipts (NVDRs)

Since investors in the Thai Trust Fund and NVDR holders have no voting rights, this effectively leads to a decrease in the number of voting shares. As a result, major shareholders may have an increased level of control over the company. However, as of 31 December 2010, there were no shares held by the Thai Trust Fund and investors had bought only 195,135,415 NVDRs shares (equivalent to 9.8 % of paid-up capital).

12) Risk related to Derivatives products

Having taken into consideration various risks involved in derivatives, the Company has approved the Equity Derivatives Department and Fixed Income Department to sell derivative products to clients. However, the Risk Management Committee has to first approve the document called “Product Program” before the Equity Derivatives Department and Fixed Income Department can issue derivatives to clients. The Product Program mainly focuses on (1) characteristics of securities, services, and target clients; (2) risk policies such as acceptable level of loss and other risk policies depending on attributes of securities and services offered to clients; and (3) internal operational procedures including internal control.

The Risk Management Department monitors the Company’s exposure on a daily basis to ensure compliance with the approved risk policies. The Company is therefore confident that it has put in place a system for limiting risks associated with derivatives to an acceptable minimal level.

Risk factors related to Derivative Warrants (DW)

The Company was the first securities company in Thailand launching Derivative Warrants (DW). In 2010, the Company was the securities company offering the most DW in Thailand. The risks related to DW are as follows.

- 1) DW constitute general unsecured contractual obligations of the Company and of no other person and will rank equally with the Company’s other general unsecured contractual obligations.
- 2) The price of DW issued by the Company may fall in value rapidly and may rise rapidly. DW holders may lose all of their investment in a DW. Before investing, selling, or exercising the DW, DW holders should carefully consider, among other things,
 - 2.1) Trading price of the DW : depends on the factors affecting DW price, and the demand and supply of DW
 - 2.2) Trading price of the underlying asset : depends on the market condition and the demand and supply of underlying asset
 - Generally, when the price of the underlying asset decreases, the price of a call DW may decrease, but the price of a put DW may increase
 - Generally, when the price of the underlying asset increases, the price of a call DW may increase, but the price of a put DW may decrease
 - 2.3) Volatility of the underlying assets : depends on the market condition and the demand and supply of underlying asset
 - Generally, when the volatility of the underlying asset decreases, the prices of a call and put DW may decrease
 - Generally, when the volatility of the underlying asset increases, the prices of a call and put DW may increase
 - 2.4) Time to maturity of a DW and last trading date of a DW. Generally, as the time to maturity of a DW decreases, the price of a call and put DW may decrease
 - 2.5) Interest rates: depends on many factors such as in economic, political and market factors

- Generally, when interest rates decrease, the price of a call DW may decrease, and the price of a put DW may increase
 - Generally, when interest rates increase, the price of a call DW may increase, and the price of a put DW may decrease
- 2.6) Dividend of the underlying company (Only if no right adjustment)
- Generally, when dividend of the underlying company decreases, the price of a call DW may increase, but the price of a put DW may decrease
 - Generally, when dividend of the underlying company increases, price of call DW may decrease, but the price of a put DW may increase
- 2.7) The liquidity of the underlying asset, the liquidity of DW : depends on the market condition, the demand and supply of underlying asset, the demand and supply of DW, and the Market Maker obligation
- 2.8) Trading commission, exercise expenses, other related expenses of trading DW, and the credit and financial status of the Issuer
- 3) If the Exchange issues an order temporarily prohibiting the purchase or sale of securities by posting the “H” (Halt) or “SP” (Suspension) sign on the board of the underlying security of the DW, the Exchange shall also issue an order to prohibit the purchase or sale of the DW.
- 4) The price of the underlying asset may change for many reasons including corporate action of the underlying company, performance of the underlying company and market situation. In some events such as corporate action, the Company may adjust the exercise price and the exercise ratio of the DW. However, if there is a corporate action and the Issuer decides not to make any adjustment, the price of DW may be affected by the corporate action.
- 5) An investment in a DW is not the same as owning the underlying asset or having a direct investment in the underlying asset. The change in the value of the DW may be disproportionate to or opposite to the change in value of the underlying asset. DW holders have no right to the underlying asset or, for example, voting rights or rights to receive dividends.
- 6) On maturity, DW holders may receive the Net Cash Settlement later than normal if there is Events of Default under the Terms and Conditions of DW. On maturity, DW holders may receive the Net Cash Settlement later than normal if there is Events of Default under the Terms and Conditions of DW. Events of Default are defined as the event that is beyond the control of the Company, but not the failure of the Company. Events of Default may occur for many reasons including wars, political unrests, orders prohibiting on the purchase or sale of securities, and regulations affecting the prices of DW and underlying asset to cannot be assigned.
- If Events of Default occur DW holders may receive the Net Cash Settlement later than normal, for example, if any of the events of default occur before or on the last trading date, but resolve within 30 days after the last trading date. Hence, the closing price of the underlying asset on the business day following the day that events of default have been resolved shall be used as the settlement price. The Company shall pay the Net Cash Settlement (if any) to DW holder’s bank account or send a crossed cheque to the registered holder on the Automatic Exercise Date and send by registered mail within 8 business days following the day that the Company determines the Settlement Price.
- 7) DW holder may carry credit risks for either collateralized DW or non-collateralized DW. Therefore, DW holder shall study the financial status, overall operation, and credit rating of the Company. Also, DW holder shall gain knowledge of the DW issuer qualification from related institutions. Such information can be found in DW Filing document (69-DW-Base, Part 2, 2.1 Risk factors related to the Company, 4. Credit rating and 10. Financial status & Overall operation).
- 8) DW holders may be required to pay taxes including tax on the Net Cash Settlement from the exercise.

Not all of the risk factors described above will necessarily be applicable to a particular DW. Please consider all risks carefully prior to investing in any DW. Please carefully read the Terms and Conditions of the DW. DW investors should be confident they understand all related risks before investing in DW.

Company's Shareholders and Management

Company's shareholders

KGI Group, which provides a wide range of financial products and services, is the Company's major shareholder, owning approximately 34.97% of the Company's shares as of 11 March 2011 (the last registration close book date). The top ten shareholders are as follows:

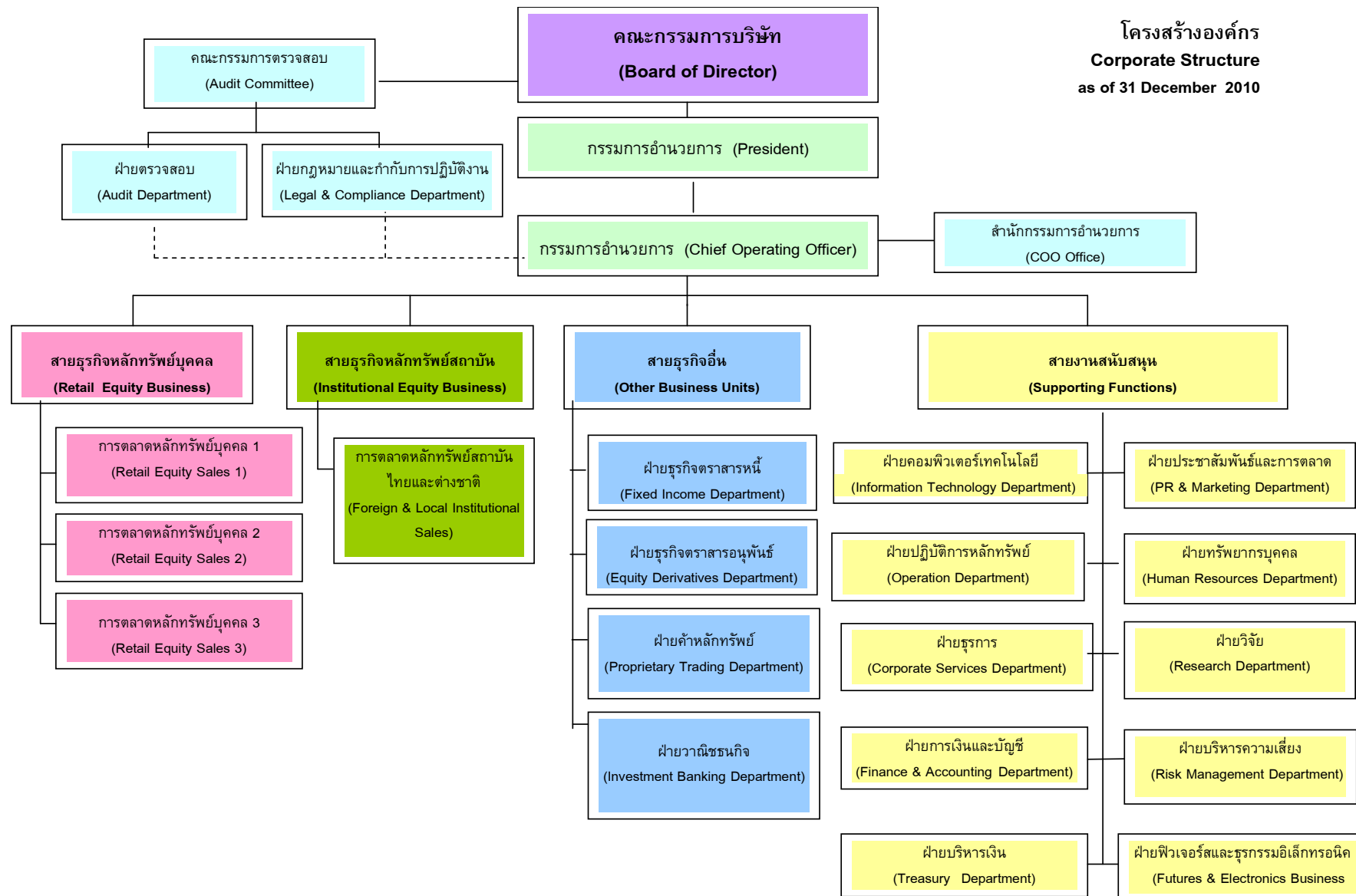
Shareholder	Share	%
1 RICHPOINT COMPANY LIMITED*	696,614,400	34.97%
2 Thai NVDR Company Limited	172,174,215	8.64%
3 Mr. Khuttiya Rojchanakoon	13,100,000	0.66%
4 GERLACH&CO-DIMENSIONAL EMERGING MARKETS VALUE FI	11,847,800	0.59%
5 Mr. Nattapong Phanrattanamongkol	11,400,800	0.57%
6 Mr. Booncherd Wongshusri	10,325,700	0.52%
7 Mr. Khorkiat Pitchayaarthorn	8,000,000	0.40%
8 ONE HOLDING PUBLIC COMPANY LIMITED	6,774,532	0.34%
9 Nor.Or. Bancha Boonyaphukkana Ror.Nor.	6,460,000	0.32%
10 Mr. Chanchai Prasertadisorn	6,350,220	0.32%
11 Others	1,048,715,463	52.65%
	1,991,763,130	100.00%

Note * KGI Group

Management Structure

The Company structure consisting of the Board of Director and Sub-Committees, which are:

- 1) Board of Director
- 2) Audit Committee
- 3) Compensation Committee
- 4) Nomination Committee
- 5) Risk Management Committee
- 6) Debt Recovery Committee
- 7) Purchasing Committee
- 8) Human Resource Committee
- 9) Disciplinary Committee
- 10) Welfare Committee
- 11) Health and Environment Committee
- 12) ESOP Committee



1) Board of Directors

As of 31 December 2010, the Company's Board of Directors consisted of the following 12 members. In 2010, the Company had 8 Board of Directors' meetings; details of attendance of each director are as follows:

Board Director	Board Position	Attendance Record / Total Board Meeting
1. Mr. Foong Hock Meng	Chairman	6 / 8 and 1 Call conference
2. Dr. Pisit Leeahtam	Vice Chairman (Independent Director)	7 / 8
3. Mr. Chin-Lung Tseng	Director	3 / 8
4. Mr. Wisit Wongpaisan	Director	8 / 8
5. Mr. Wei Chang Fang ^{/1}	Director (Authorized Director)	8 / 8
6. Dr. Don Bhasavanich	Director (Independent Director)	8 / 8
7. Mr. Pradit Sawattananond	Director (Independent Director)	8 / 8
8. Mr. Eugenio Tan	Director (Independent Director)	4 / 8 and 1 Call conference
9. Ms. Bee Leng Ooi ^{/1}	Director (Authorized Director)	7 / 8
10. Ms. Suchada Sodthibhaphkul ^{/1}	Director (Authorized Director)	8 / 8
11. Ms. Pi-Lin Huang ^{/1}	Director (Authorized Director)	4 / 8
12. Mr. Yen, Chih-Chien ^{/1}	Director (Authorized Director)	6 / 8 and 1 Call conference

Note 1/ - Any two Authorized Directors shall be required to bind the Company.

Responsibility of the Board of Directors

The Board of Directors has responsibilities as follows:

The Board of Directors' duties

The Board of Directors must carefully carry out their duties with competence, using their knowledge and experience to run the business for the benefit of shareholders and the Company. They must perform their duties in line with the Company's objectives, its Articles of Association, relevant Thai laws and the resolutions of shareholders.

To review and approve appropriate policies

The Board of Directors must review and approve the appropriate policies and directions of the Company's business as proposed by the Management.

To monitor and supervise the management

The Board of Directors must monitor and supervise the management and their implementation of the Company's policies effectively. The Board of Directors should advise the management of any significant matters regarding the Company's business, connected party transactions, or other issues, according to its by-laws, and the rules and regulations of the SEC and the SET. The Directors can seek independent professional advice concerning the Company's business, when considered necessary.

To monitor internal controls and internal audit procedures

The Board of Directors should monitor the effectiveness of the Company's internal controls and internal audit systems. It should set up an Audit Committee, which should supervise on internal audit and compliance.

Conduct of non-executive directors

Non-executive directors should bring independent judgment to bear on issues of strategy, performance, resources, key appointments, and standards of conduct. They should oppose any proposal brought by other directors or management that they consider may lead to inequitable treatment of shareholders.

Code of best practice and ethics

The Board of Directors should ensure that the Company has a Compliance Manual which consists of Code of Corporate Conduct and a Code of Ethics as guidelines for the Company and employees.

Directors' position in other sub-committee

Board Director	Board Position	Directors' position in other Sub-Committee
1. Mr. Foong Hock Meng	Chairman	-
2. Dr. Pisit Leeahtam	Vice Chairman (Independent Director)	<ul style="list-style-type: none"> • Audit Committee Chairman • Nomination Committee Chairman
3. Mr. Chin-Lung Tseng	Director	<ul style="list-style-type: none"> • Compensation Committee Chairman
4. Mr. Wisit Wongpaisan	Director	<ul style="list-style-type: none"> • Risk Management Committee
5. Mr. Wei Chang Fang	Director (Authorized Director)	<ul style="list-style-type: none"> • Risk Management Committee Chairman • Debt Recovery Committee Chairman • Human Resource Committee Chairman • ESOP Committee Chairman
6. Dr. Don Bhasavanich	Director (Independent Director)	<ul style="list-style-type: none"> • Audit Committee
7. Mr. Pradit Sawattananond	Director (Independent Director)	<ul style="list-style-type: none"> • Audit Committee • Compensation Committee • Nomination Committee • ESOP Committee
8. Mr. Eugenio Tan	Director (Independent Director)	-
9. Ms. Bee Leng Ooi	Director (Authorized Director)	<ul style="list-style-type: none"> • Nomination Committee • Risk Management Committee • Human Resource Committee • ESOP Committee
10. Ms. Suchada Sodthibhaphkul	Director (Authorized Director)	<ul style="list-style-type: none"> • Risk Management Committee • Debt Recovery Committee • Human Resource Committee
11. Ms. Pi-Lin Huang	Director (Authorized Director)	-
12. Mr. Yen, Chih-Chien	Director (Authorized Director)	-

Company Secretary

The Board of Directors' Meeting No.5/2002 dated 6 November 2002 approved to appoint Ms. Nongluk Ningsanond, who has attended the Company Secretary Program class 5/2004 and the Effective Minutes Taking Program class 10/2008 conducted by Thai Institute of Directors (IOD), as acting Company Secretary and the Company Secretary has duties as follows.

- (1) To do and storage documents as follows.
 - (a) The Board of Directors' Record
 - (b) Notice and Minute of the Board of Directors' Meeting and Annual Report
 - (c) Notice and Minute of the Annual General Shareholders' Meeting
- (2) To storage reports of interests of the Board of Directors and Executives
- (3) Other responsibilities following Announcement of Capital Market Committee

Criteria for selecting independent director

The Company has the following criteria for selecting independent directors:

1. The Company will select an independent director who has all qualifications and no prohibited characteristics as determined by the SET and SEC. The Nomination Committee will select qualified candidates and propose to Board's meeting for approval.
2. As far as possible, the Company will try to select an independent director who has relevant knowledge and working experience so that he may provide best advice to the Board.

Characteristics of Independent directors

Independent directors of the Company are qualified as per SEC regulation as follows:

- (1) Any shareholding they, and any related persons, have is equivalent to not more than 1 percent of the paid-up capital of the Company, the parent company, any subsidiary company, associated company or major shareholder or any other juristic person which could result in a conflict of interest.
- (2) A director who is not an employee, staff member, or advisor who receives a regular salary, or a controlling person of the Company, the parent company, any subsidiary company or associated company, major shareholders, or of any other juristic person which could result in a conflict of interest, either at present or during the past two years. Not including a director who used to be a government official or advisor of any government department which is a major shareholder of the Company.
- (3) A director who has no biological or legal relationship such as; parent, spouse, sibling, child or spouse of the child with any of the company's executives, major shareholder, controlling person, or any person already proposed to be appointed as an executive or controlling person of the Company or its subsidiaries.
- (4) A director who has no business relationship* with the Company, the parent company, subsidiary company, associated company, major shareholders, or any conflict of interest with the company which would affect the ability of the director to provide independent opinions relating to the operations of the Company and a director who is not a major shareholder, or persons who have relationship with the Company, the parent company, any subsidiary company, associated company, major shareholder, or of any juristic person resulting in a conflict of interest, either at present or during the past two years.

*Business relationship includes transactions for operating the business, leasing, asset or services transactions, or financial subsidies such as loaning or borrowing, providing guarantees, giving assets as guarantee, and all behaviours which will affect the Company or counterparties have duties to liquidate in case that the value is from 30% of tangible assets of the Company or Baht 20 million up, up to the lower amount. However, the concept to calculate transaction follows the disclosure of the Securities and Exchange Commission and will calculate total liabilities which have been for one year before a director has business relationship with.

- (5) A director who is not and has never been an auditor of the Company, the parent company, any subsidiary company, associated company or any juristic person which might result in a conflict of interest. A director who is not a major shareholder or director (other than an independent director) or executive or partner of the audit company which has the auditor of the Company, the parent company, any subsidiary company or associated company or of any juristic person resulting in a conflict of interest, either at present or during the past two years .
- (6) A director who is not or never been a professional advisor, such as legal advisor or financial advisor that received service fees of more than Baht 2 million per year, for services for the Company, the parent company, any subsidiary company or associated company or of any juristic person resulting in a conflict of interest. In the case that the service provider is a juristic person, a director should never be a major shareholder, person with a conflict of interest, or partner of the juristic person, either at present or during the past 2 years.

- (7) A director who is not a representative of any of the Company's directors or major shareholder or a shareholder who is related to the Company's major shareholder.
- (8) A director who does not own or control any business which would result in a conflict of interest with the Company or any subsidiary of the company, and is not a partner of such a business or a director, executive, employee, or advisor who receives a regular salary, or hold shares equivalent to more than 1 percent of the paid-up capital of such business.
- (9) No other characteristic that would prevent the director providing an independent opinion relating to the operations of the Company.

2) Audit Committee

As of 31 December 2010, the Audit Committee composed of 3 Independent Directors and all the Independent Directors have attended director training programs of the Thai Institute of Directors ("IOD"). They have adequate expertise and experience to review creditability of financial reports. Ms. Apaporn Vorapun acts as the Secretary of the Audit Committee.

In 2010, the Audit Committee had 6 meetings and details of attendance of each director are as follows:

Name	Position	IOD Program and Other Program	Attendance Record / Total Meeting
1. Dr. Pisit Leeahtam	Chairman of Audit Committee / Independent Director	DCP 18/2002	6 / 6
2. Dr. Don Bhasavanich	Audit Committee / Independent Director	DCP 62/2005 ACP 7/2005 FND 8/2004	5 / 6
3. Mr. Pradit Sawattananond	Audit Committee / Independent Director	DCP 3/2000 ACP 3/2004 QFR 4/2006 CFO 1/2004	6 / 6

Scope of duties and responsibilities of the Audit Committee

1. To review the company's financial reporting process to ensure its accuracy and adequacy.
2. To review the Company's internal control systems and internal audit systems to ensure that they are suitable and efficient.
3. To review the Company's compliance with Securities and Exchange Act, the SET's regulations, and laws relating to the Company's business.
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, and to attend a meeting with the auditor at least once a year at which the Company's management is not present.
5. To review any connected transactions, or transactions that may lead to conflicts of interest, to ensure that they are in compliance with the relevant laws and the SEC/SET's regulations, to ensure that the transaction is reasonable and best benefit to the Company.
6. To review the Company's risk management policies and procedures to ensure that they are suitable and efficient.
7. To prepare and to disclose in the Company's annual report, an audit committee report which must be signed by the audit committee's chairman and contain at least the following information:

- 7.1 an opinion on the accuracy, completeness and creditability of the Company's financial statements,
 - 7.2 an opinion on the adequacy of the Company's internal control systems,
 - 7.3 an opinion on the compliance with the Securities and Exchange Act, the SET's regulations, and other laws relating to the Company's business,
 - 7.4 an opinion on the suitability of the auditor,
 - 7.5 an opinion on any transactions that may involve conflicts of interests,
 - 7.6 the number of the audit committee meetings, and the attendance at such meetings by each committee member,
 - 7.7 an opinion or overview comment by the audit committee regarding the performance of its duties in accordance with the charter,
 - 7.8 any other transactions which, in the audit committee's opinion, should be disclosed to the Company's shareholders and general investors.
8. In the performance of its duties, if it is found or suspected that a transaction or any of the following acts has taken place, which may materially affect the Company's financial condition or operating results, the audit committee shall report it to the Board of directors for rectification within a period of time to be set by the audit committee
- 8.1 a transaction which causes a conflict of interest,
 - 8.2 any fraud, irregularity, or material defect in an internal control system,
 - 8.3 an infringement of the laws relating to securities or the stock exchange, the SET's regulations, or any other law relating to the Company's business.
- If the Board of Directors or management fails to make a rectification within the specified time, any audit committee member may report the transaction or act to SEC or SET.
9. If the auditor becomes suspects that a director, manager, or any person responsible for the Company's operations has violated any relevant securities law, they should report the evidence relating to such event to the audit committee for investigation immediately. The audit committee will report the results of its preliminary investigation to the Office of the Securities and Exchange Commission and to the auditor within 30 days. Notification of the suspicious events and procedures for investigating such shall comply with the notification of the Capital Market Supervisory Board.
10. To perform any other act as assigned by the Board of Directors and accepted by Audit Committee.

3) Compensation Committee

As of 31 December 2010, the Company's Compensation Committee consisted of 3 members. In 2010, the Compensation Committee had 2 meetings and details of attendance of each director are as follows:

Name	Position	Attendance Record / Total Meeting
1. Mr. Chin-Lung Tseng	Compensation Committee Chairman	2 / 2
2. Mr. Pradit Sawattananond	Compensation Committee / Independent Director	2 / 2
3. Ms. Ms. Yuan-Chen Chiu *	Compensation Committee	-

Note : * Ms. Yuan-Chen Chiu has replaced of Ms. Chao Ling Chen since 10th November 2010.

Scope of duties and responsibilities of the Compensation Committee

1. To consider and approve the compensation of the Company's management.
2. To set the criteria, components, structure and form of payment of the Directors, to ensure their interests are aligned with those of the shareholders.
3. To recommend the compensation of the Directors to the Board for approval and proposal to a shareholders' meeting for final approval.

4) Nomination Committee

As of 31 December 2010, the Company's Nomination Committee consisted of 3 members. In 2010, the Nomination Committee had 1 meetings and details of attendance of each director are as follows:

Name	Position	Attendance Record / Total Meeting
1.Dr. Pisit Leeahtam	Nomination Committee Chairman / Independent Director	1/1
2.Mr. Pradit Sawattananond	Nomination Committee / Independent Director	1/1
3.Ms. Bee Leng Ooi	Nomination Committee	1/1

Scope of duties and responsibilities of the Nomination Committee

Nomination Committee is responsible for selection of qualified candidates to be directors and top management and proposes to Board's meeting for approval.

5) Risk Management Committee

The Risk Management Committee consists of executives from every department both in business units and support units. There are 17 members as follows.

1. Mr. Wisit Wongpaisan President
2. Mr. Wei Chang Fang Chief Operating Officer
3. Ms. Bee Leng Ooi Managing Director
4. Ms. Suchada Sodthibhaphkul Managing Director
5. Ms. Pakavalee Jearsawatvattana Executive Vice President, Investment Banking Department
6. Ms. Naruemol Artamnuayvipas Executive Vice President, Equity Derivatives Department
7. Ms. Jariya Posayajinda Executive Vice President, Proprietary Trading Department
8. Mr. Apichart Tungkiatsilp Executive Vice President, Fixed Income Department
9. Ms. Saranya Larksukthom Executive Vice President, Operation Department
10. Ms. Khunmira Thunnom Executive Vice President, Finance & Accounting Department
11. Ms. Nongluk Ningsanond Executive Vice President, PR & Marketing Department
12. Mr. Pongsak Komolrit Executive Vice President, Institutional Equity Business /or
Ms. Ujjima Kitpoka Vice President, Institutional Equity Business
13. Mr. Mark Antony Hodge Senior Vice President, COO Office
14. Mr. Chai Durongkarattanakul Senior Vice President, Information Technology Department
15. Ms. Acharee Turongsomboon Senior Vice President, Treasury Department
16. Mr. Pakornpolathip Ittichaicharn Senior Vice President, Legal & Compliance Department
17. Mr. Chaimongkol Phraphinit Senior Vice President, Risk Management Department

Scope of duties and responsibilities of the Risk Management Committee

1. Implement risk policies and risk architecture.
2. Approve risk budgeting and risk limits to all Business Units.
3. Approve new product programs, which specify the product characteristic, the risk control, and the work flow.
4. Monitor all risks and exposures within the Company's risk framework.
5. Monitor credit profiles, credit quality, collateral, and counterparty risk for operation.
6. Origination Pricing – assign to Investment Banking Sub-Committee.
7. Grant credit limits to Business Units.
8. Establish and maintain internal control discipline.
9. Monitor local market risk, liquidity risk and other financial risk.
10. Monitor IT security and operations.
11. Other matters as deemed necessary by the committee.

In the regards that the Company's as the DW issuer, the Scope of duties and responsibilities of the Risk Management Committee are described in its regulatory filings for the issue of DWs is not different from above mentioned.

In addition, to avoid violation of Chinese wall or for greater efficiency, the company also established 5 Sub-Committees under the Risk Management Committee as follows:

A) Credit Risk Sub-Committee for Brokerage Business: consisted of the following 7 members:

- | | |
|-------------------------------|---|
| 1. Mr. Wei Chang Fang | Chief Operating Officer |
| 2. Ms. Suchada Sodthibhaphkul | Managing Director |
| 3. Mr. Pisit Patumban | Managing Director, Retail Equity Business |
| 4. Mr. Suthep Rungsiam | Managing Director, Retail Equity Business |
| 5. Ms. Saranya Larksukthom | Executive Vice President, Operation Department |
| 6. Ms. Khunmira Thunnom | Executive Vice President, Finance & Accounting Department |
| 7. Mr. Chaimongkol Phraphinit | Senior Vice President, Risk Management Department |

Scope of duties and responsibilities of Credit Risk Sub-Committee for Brokerage Business

1. To approve credit policy; collateral evaluation and management guidelines and others.
2. To approve account opening policy.
3. To list the qualified securities for credit balance and Stock Borrowing and Lending
4. To deliberate on contents of any agreement made with clients or counterparties.

B) Credit Risk Sub-Committee for Fixed Income: consisted of the following 5 members:

- | | |
|-------------------------------|---|
| 1. Mr. Wisit Wongpaisan | President |
| 2. Mr. Wei Chang Fang | Chief Operating Officer |
| 3. Ms. Bee Leng Ooi | Managing Director |
| 4. Ms. Khunmira Thunnom | Executive Vice President, Finance & Accounting Department |
| 5. Mr. Chaimongkol Phraphinit | Senior Vice President, Risk Management Department |

Scope of duties and responsibilities of Credit Risk Sub-Committee for Fixed Income

Credit Risk Sub Committee for Fixed Income is responsible for approving the policy for investment and holding of financial securities with inherent credit risk in brokerage for Fixed Income business, investment in both government and corporate bond, and Re-Purchase Agreement transactions.

C) Credit Risk Sub-Committee for Equity Derivatives: consisted of the following 5 members:

- | | |
|-------------------------------|---|
| 1. Mr. Wisit Wongpaisan | President |
| 2. Mr. Wei Chang Fang | Chief Operating Officer |
| 3. Ms. Bee Leng Ooi | Managing Director |
| 4. Ms. Khunmira Thunnom | Executive Vice President, Finance & Accounting Department |
| 5. Mr. Chaimongkol Phraphinit | Senior Vice President, Risk Management Department |

Scope of duties and responsibilities of Credit Risk Sub-Committee for Equity Derivatives

Credit Risk Sub-Committee for Equity Derivatives is responsible for approving policy for investments or holding of financial securities with inherent credit risk in OTC derivatives market with counterparties and also approves the policy as well as procedure for securities borrowing and lending transactions.

D) Investment Banking Sub-Committee: consisted of the following 5 members:

- | | |
|-------------------------------|---|
| 1. Mr. Wisit Wongpaisan | President |
| 2. Mr. Wei Chang Fang | Chief Operating Officer |
| 3. Ms. Bee Leng Ooi | Managing Director |
| 4. Ms. Khunmira Thunnom | Executive Vice President, Finance & Accounting Department |
| 5. Mr. Chaimongkol Phraphinit | Senior Vice President, Risk Management Department |

Scope of duties and responsibilities of Investment Banking Sub-Committee

Investment Banking Sub-committee is responsible for approving underwriting deals and other investment banking businesses.

E) Information Technology Security Sub-Committee : consisted of the following 6 members:

- | | |
|--------------------------------|---|
| 1. Mr. Wei Chang Fang | Chief Operating Officer |
| 2. Ms. Bee Leng Ooi | Managing Director |
| 3. Ms. Khunmira Thunnom | Executive Vice President, Finance & Accounting Department |
| 4. Mr. Chai Durongkarattanakul | Senior Vice President, Information Technology Department |
| 5. Mr. Chaimongkol Phraphinit | Senior Vice President, Risk Management Department |
| 6. Ms. Apaporn Vorapun | Senior Vice President, Audit Department |

Scope of duties and responsibilities of Information Technology Security Sub-Committee

Information Technology Security Sub-Committee is responsible for reviewing and approving policies relating to Information Technology security.

6) Debt Recovery Committee : consisted of the following 5 members:

- | | |
|-------------------------------------|---|
| 1. Mr. Wei Chang Fang | Chief Operating Officer |
| 2. Ms. Suchada Sodthibhaphkul | Managing Director |
| 3. Ms. Saranya Larksukthom | Executive Vice President, Operation Department |
| 4. Ms. Khunmira Thunnom | Executive Vice President, Finance & Accounting Department |
| 5. Mr. Pakornpolathip Ittichaicharn | Senior Vice President, Legal & Compliance Department |

Scope of duties and responsibilities of Debt Recovery Committee

1. To periodically review the progress of debt recovery from time to time.
2. To set guidelines and criteria for restructuring of doubtful debts.
3. To approve settlements with debtors.
4. To monitor and approve the sale of real estate portfolio incurred from the debt recovery.

7) Purchasing Committee : consisted of the following 3 members:

- | | |
|-------------------------------------|--|
| 1. Ms. Kobkarn Cholchanupatumpa | Executive Vice President, Human Resources Department |
| 2. Ms. Nongluk Ningsanond | Executive Vice President, PR & Marketing Department |
| 3. Mr. Pakornpolathip Ittichaicharn | Senior Vice President, Legal & Compliance Department |

Scope of duties and responsibilities of Purchasing Committee

1. Setting up and approving the purchasing process of the Company for items such as office equipment, computer systems and capital expenditure, including insurance of the Company's assets to comply with good internal control. The purchasing process includes:
 - 1.1 Comparing prices, quality of products, and service.
 - 1.2 Selecting lists of suppliers and vendors of products or services to have variety.
2. To recommend negotiations with suppliers or vendors.
3. To select and approve the suppliers and vendors of products or services appropriate for and in the best interest of the Company.

8) Human Resource Committee : consisted of the following 4 members:

- | | |
|---------------------------------|--|
| 1. Mr. Wei Chang Fang | Chief Operating Officer |
| 2. Ms. Bee Leng Ooi | Managing Director |
| 3. Ms. Suchada Sodthibhaphkul | Managing Director |
| 4. Ms. Kobkarn Cholchanupatumpa | Executive Vice President, Human Resources Department |

Scope of duties and responsibilities of the Human Resource Committee

1. To review and approve Human Resources related policies; and
2. To review and approve promotions of the Company's staff

9) Disciplinary Committee : consisted of the following 4 members:

- | | |
|--|--|
| 1. Ms. Kobkarn Cholchanupatumpa | Executive Vice President, Human Resources Department |
| 2. Mr. Pakornpolathip Ittichaicharn | Senior Vice President, Legal & Compliance Department |
| 3. Ms. Apaporn Vorapun | Senior Vice President, Internal Audit Department |
| 4. The Department Head of the person being charged | |

Scope of duties and responsibilities of the Disciplinary Committee

Disciplinary Committee is responsible for investigating into alleged misconduct and suggesting the penalty for any individual who violates SEC/SET regulations, and the Company's policies.

10) Welfare Committee : consisted of the following 7 members:

- | | |
|----------------------------------|--|
| 1. Ms. Saranya Larksukthom | Executive Vice President, Operation Department |
| 2. Mr. Somchai Siripaiboolpong | Executive Vice President, Retail Equity Business |
| 3. Ms. Pimchai Fuengaromya | Vice President, Human Resources Department |
| 4. Mr. Bundit Worapaphapin | Vice President, Retail Equity Business |
| 5. Ms. Sumana Siribovornkiat | Assistant Vice President, COO Office |
| 6. Ms. Suthinee Theerawitpreecha | Manager, COO Office |
| 7. Ms. Sirisuda Sujariyanurak | Deputy Manager , Investment Banking Department |

Scope of duties and responsibilities of the Welfare Committee:

1. To join and cooperate with the employer in providing the necessary welfare for the employees.
2. To give advice and recommendations, as well as propose ideas, on ways for the employer to provide for the employees.
3. To check, control, and supervise the provision of the welfare extended to the employees by the employer.
4. To propose ideas and guidelines on providing useful welfare for the employees to the "Welfare Committee."

11) Health and Environment Committee : consisted of the following 12 members:

- | | |
|----------------------------------|--|
| 1. Ms. Saranya Larksukthom | Executive Vice President, Operation Department |
| 2. Mr. Chai Durongkarattanakul | Senior Vice President, Information Technology Department |
| 3. Mrs. Suchada Wongrak | Vice President, Corporate Services Department |
| 4. Ms. Wipha Katikubanan | Vice President, Finance & Accounting Department |
| 5. Mrs. Sujittra Duangpattra | Assistant Vice President, Corporate Services Department |
| 6. Mr. Adisorn Morakotamporn | Assistant Vice President, Audit Department |
| 7. Mr. Surachet Amnuaywittayakul | Assistant Vice President, Legal & Compliance Department |
| 8. Ms. Prungsukon Saengklang | Manager, COO Office |
| 9. Ms. Sirirat Chimkaew | Deputy Manager, Corporate Services Department |
| 10. Ms. Petcharat Ongartpajon | Deputy Manager, Research Department |

11. Ms. Chananchida Poakpeenaphat Deputy Manager, Operation Department
12. Ms. Pimply Kankaew Assistant Manager, Finance & Accounting Department

Scope of duties and responsibilities of Health and Environment Committee

Health and Environment Committee is responsible for providing the Company and its employees a safe working environment, and to prevent and reduce the occurrence of accidents and the suffering of injury due to unsafe working conditions

12) ESOP Committee : consisted of the following 5 members:

1. Mr. Wei Chang Fang Chief Operating Officer
2. Mr. Pradit Sawattananond Independent Director
3. Ms. Bee Leng Ooi Managing Director
4. Ms. Kobkarn Cholchanupatumpa Executive Vice President, Human Resources Department
5. Ms. Chao Ling Chen Member

Scope of duties and responsibilities of ESOP Committee

1. Determine allocation rules and conditions.
2. Review and approve the list of directors and/or employees eligible to receive the warrants.
3. Review and approve the amount of warrants allocated to directors and/or employees.
4. Determine exercise price, exercise period and other related conditions and other details as deemed necessary.

Management

As of 31 December 2010, Company's Executives consisted of the following 18 members:

Name	Title
1. Mr. Wisit Wongpaisan	President
2. Mr. Wei Chang Fang	Chief Operating Officer
3. Ms. Bee Leng Ooi	Managing Director
4. Ms. Suchada Sodthibhaphkul	Managing Director
5. Mr. Pisit Patumban	Managing Director, Retail Equity Business
6. Mr. Suthep Rungsiam	Managing Director, Retail Equity Business
7. Mr. Kittipong Supradith Na Ayudhya	Deputy Managing Director, Retail Equity Business
8. Mr. Somchai Siripaiboolpong	Executive Vice President, Retail Equity Business
9. Mr. Pongsak Komolrit	Executive Vice President, Institutional Equity Business
10. Mr. Hua-Feng Chang	Executive Vice President, Futures & Electronic Business Department
11. Ms. Pakavalee Jearsawatvattana	Executive Vice President, Investment Banking Department
12. Ms. Naruemol Artamnuayvipas	Executive Vice President, Equity Derivatives Department
13. Ms. Jariya Posayajinda	Executive Vice President, Proprietary Trading Department
14. Mr. Apichart Tungkiatsilp	Executive Vice President, Fixed Income Department
15. Ms. Kobkarn Cholchanupatumpa	Executive Vice President, Human Resource Department
16. Ms. Saranya Larksukthom	Executive Vice President, Operation Department
17. Ms. Khunmira Thunnom	Executive Vice President, Finance & Accounting Department
18. Ms. Nongluk Ningsanond	Executive Vice President, PR & Marketing Department

Selection of Directors & Top Management

The Nomination Committee is responsible for selection of qualified candidates to be directors and top management and proposes to Board's meeting for approval. Furthermore, the Company is a securities business under SEC's control; therefore, directors and Top Management must receive approval from the SEC.

In the case there is vacancy among the Directors other than a retirement by rotation, the Board shall elect a person who is qualified and not being prohibited by the Public Company Law to fill the vacancy in the next Board of Directors' meeting except in the event the period of time the Director is entitled to retain his office is less than 2 months. The person who is elected shall retain his office during such time only as the vacating Director was entitled to retain the same. The resolution of the Board of Directors shall consist of votes of not less than three-fourth of the remaining Directors.

In case selection of director has to get approval from shareholders, the director appointment has to gain voting from majority shareholders having right to vote. Election of Directors shall be made by the shareholders' meeting according to the following procedure and rules;

- a) Each shareholder shall have one vote for each share;
- b) Each shareholders shall exercise all votes applicable under (a) in appointing one or more person to be a Director, but provided that any of the vote shall not be divisible; and
- c) Person who has the most vote respectively shall be elected to be the Directors equivalent to the number of Directors required; in case the following persons be elected have equivalent vote, the Chairman shall have a casting vote.

As of 31 December 2010, the Board of Directors consisted of 12 directors and the Company's Directors from the KGI Group, a major shareholder, were as follows: 1) Mr. Foong Hock Meng 2) Mr. Chin-Lung Tseng 3) Ms. Pi-Lin Huang and 4) Mr. Yen, Chih-Chien.

Remuneration of Directors and Management

(A) Directors' remuneration

In 2010, the Company paid remuneration for non-executive directors of Baht 8.75 million, details are as follow:

Directors' remuneration	Amount
Directors' bonus *	Baht 6.00 million (for year 2009)
Audit Committee bonus *	Baht 0.50 million (for year 2009)
Board Attendance allowance and Monthly Allowance	Baht 2.16 million (for year 2010)
Others (traveling & accommodation expenses)	Baht 0.088 million (for year 2010)
Total	Baht 8.75 million

Note: * Directors' bonus and Audit Committee bonus was the bonus of year 2009 which be paid in 2010

Details of each Directors' remuneration

	Name	Directors' Bonus 2009	Audit Com's Bonus 2009	Attendant & Monthly Allowance 2010	Traveling and Accommodation 2010	Total
1	Me. Foong Hock Meng	300,000	-	-	-	300,000
2	Dr. Pisit Leehtam	2,580,000	200,000	500,000	-	3,280,000
3	Mr. Chin-Lung Tseng	1,370,000	-	-	-	1,370,000
4	Ms. Shen Chu Wang*	250,000	-	-	-	250,000
5	Mr. Wisit Wongpaisarn	-	-	-	-	-
6	Mr. Wei Chang Fang	-	-	-	-	-
7	Dr. Don Bhasavanich	300,000	150,000	400,000	-	850,000
8	Mr. Pradit Sawattananond	300,000	150,000	400,000	-	850,000
9	Mr. Eugenio Tan	300,000	-	320,000	88,357	708,357
10	Ms. Bee Leng Ooi	-	-	-	-	-
11	Ms. Suchada Sodthibhaphkul	-	-	-	-	-
12	Ms. Pi-Lin Huang	300,000	-	-	-	300,000
13	Mr. Chih-Chien Yen	300,000	-	540,000	-	840,000
Total		6,000,000	500,000	2,160,000	88,357	8,748,357

Note : * Ms. Shen Chu Wang has resigned as a director of the Company since 27 August 2009

(b) Management's remuneration

In 2010, the Company paid remuneration for 19 Executives of Baht 100,678,171 (including those who left during the year 2010), the details are as follows.

Details of remuneration of executives *	Baht
Saraly, bonus and others **	98,502,931
Provident funds	2,175,240
Total	100,678,171

Note * Executive means Management in rank Executive Vice President and up

** Bonus paid by cash basis in 2010 (including part of 2009 bonus and part of 2010 bonus which paid in 2010).

Corporate Governance

Implement of Good Corporate Governance Report in 2010

The Company shall abide with Good Corporate Governance so that quality of management is effective, transparent and accessible. The Good CG will enhance confidence and trust from shareholders, investors, stakeholders, and related parties. The Good CG is a tool to increase value and enhance stable growth to the Company. In 2010, the Company was assessed on Good Corporate Governance by the Thai Institute of Directors (IOD) at the range of "Very Good". Good Corporate Governance is presented in five categories, as follows.

Section 1 : Right of Shareholders

Section 2 : Equitable Treatment of Shareholders

Section 3 : Role of Stakeholders

Section 4 : Disclosure and Transparency

Section 5 : Responsibilities of the Board

Section 1 : Rights of Shareholders**1.1 Rights to Receive Dividend**

Following to the Company's dividend policy, any dividend payment will be considered by the Board of Directors and, if approved, be proposed to the shareholders' meeting, on a case by case basis, and will take into account prevailing business conditions, outlook, investment opportunities, and other relevant factors. The Board of Directors has approved to propose a dividend payment to the Annual General Shareholders' meeting (AGM) no. 1/2011 for the year 2010 of Baht 0.33 per share (i.e. at the payout ratio of 82%), approximately amounting to Baht 657 million. The record date on which shareholders had the right to receive dividend was 10 March 2011 and the closing of share register book for gathering shareholders' names under the Section 225 of the Securities and Exchange Act was 11 March 2011. The dividends will be paid on 26 April 2011.

1.2 Right to attend shareholders' meeting**Before the Meeting**

1.2.1 The Company requested Thailand Securities Depository Co., Ltd. the Company's registrar to send out the Notice of the Annual General Shareholders' meeting (AGM) no. 1/2010 and the Extraordinary General Shareholders' meeting (EGM) no. 1/2010, and relevant information to shareholders, which was prior to the meeting day and earlier than required by regulations. For the AGM no. 1/2010 held on 8 April 2010 and the EGM no. 1/2010 held on 18 November 2010, the Company sent such information on 24 March 2010 and on 3 November 2010 respectively, which was 14 days prior to the meeting day.

1.2.2 The Company provided the notice and all relevant information relating to the AGM no. 1/2010 and EGM no. 1/2010 in both Thai and English languages on the Company's website on 8 March 2010 and on 18 October 2010, 30 days prior to the meeting. Such information was the same as the Notice in hard copy sent to shareholders.

1.2.3 The notice of AGM no.1/2010 and EGM no. 1/2010, the Company provided sufficient information for every agenda.

On Meeting Day

1.2.4 The Company has specified relevant information relating to shareholders' meeting such as date, time, and place by considering the convenience of shareholders. The Company held AGM no.1/2010 on 8 April 2010, at 2 p.m., at the Tawana Bangkok Hotel, Srisuriwongse Ballroom, 11th Floor (Parking Building), 80 Surawongse Road, Siphaya Sub-District, Bangrak District, Bangkok 10500 and held the EGM no. 1/2010 on 18 November 2010, at 3 p.m., at Thai CC Grand Hall, Ballroom 3, 12th Floor (Car Parking Building), 889 South Sathorn Road, Yannawa Sub-District, Sathorn District, Bangkok 10120. The Company used barcode for registration and voting process. The Company also prepared duty stamps to support shareholders who were appointed as proxy and allowed shareholders who came after the meeting began to attend the meeting.

1.2.5 At AGM no. 1/2010 and EGM no. 1/2010, the Company follows CG as follows:

- a) Directors and executives were present at the meeting to explain and answer the shareholders' questions. The Company introduced Directors, Management, Auditor and Chairman of Sub-Committees to shareholders.
- b) The Company informed on the proportion of shareholders and shareholders who were appointed as proxy who attended the meeting. Furthermore, the Company informed on the counting procedures and voting procedures before the meeting began.
- c) The Company operated the meeting following each agenda and did not add any agenda or switch agenda beyond what was in the Notice.
- d) The meeting Chairman allowed shareholders to ask questions or express their views relevant to the agenda freely and the Company answered all shareholders' questions.

- e) The Company conducts transparent shareholders' voting and allows shareholders to vote separate in each agenda; therefore, shareholders can exercise their rights in each agenda freely. For the directors' election agenda, each shareholder can exercise his/her rights in electing directors and the votes will be counted from individual voting cards handed in by shareholders regardless of whether they are voting "approve", "against" or "abstention".
- f). The Company counted the votes and announced the result on each agenda during the meeting and specified the voting of "approve", "against" or abstention". There were no shareholders opposed to the voting results.

After the Meeting Day

- 1.2.6 The Company disseminates the resolutions of the shareholders' meeting within a working day following the meeting day through the SET's ELCID System. On the AGM no. 1/2010 and on the EGM no. 1/2010, the Company announced the resolutions and the voting, separating the "approve", "against" or "abstention" through the SET's ELCID System on 8 April 2010 and 18 November 2010 respectively.
- 1.2.7 The Company records the minutes of shareholders' meetings including all significant information such as the meeting's time, names of directors who attended/did not attend the meeting, important explanations and clarifications, summaries of questions, answers, and opinions, voting results (for approve/against/abstained vote), and minute taker.
- 1.2.8 The AGM no. 1/2010 and the EGM no. 1/2010, the Company disseminated the minutes of the shareholders' meeting to SET and posted in the Company's website both in Thai and English languages on 22 April 2010 and 2 December 2010 respectively, which was 14 days after the meeting.

1.3 Right to Receive Information

The Company provides significant information to shareholders such as the Company's businesses, annual report, shareholders' structure, directors' names, corporate governance policies and its implementation, ethical and professional standards, Company's news via the SET ELCID system, and analytical reports on the Company's website and always updates the information on the website.

Section 2 : Equitable Treatment of Shareholders

2.1 Fair and Equal Treatment to Shareholders

- 2.1.1 In the case that shareholders could not attend the shareholders' meeting, the Company encouraged them to cast their votes independently on each important matter (proxy form B). Nevertheless, shareholders can use another proxy form. The Company has posted all forms of the proxy issued by the Ministry of Commerce on the Company's website.
- 2.1.2 In the case that shareholders would like to appoint an independent director to vote on their behalf as a proxy, the Company has proposed names of independent directors, at least one, on the notice of the shareholders' meeting for their consideration. At AGM no. 1/2010 and EGM no. 1/2010, the Company proposed names and profiles of three independent directors which were 1. Dr. Pisit Leeahtam 2. Dr. Don Bhasavanich and 3. Mr. Pradit Sawattananond on the notices of the shareholders' meeting for the shareholders' considerations to appoint as a proxy and there were 41 shareholders in the AGM and 10 shareholders in the EGM appointed independent directors who the Company proposed.

2.2 Preventive Policy Regarding Use of Inside Information

The Company gives importance to preventing the use of confidential information; therefore, the Company has a policy to prevent the misuse of Inside Information (see details in "Prevention of Misuse of Inside Information").

2.3 Disclosures of Reports on Interests of Directors, Executives, and Related Persons.

The Board of Directors' meeting no. 4/2009, held on 14 May 2009, determined the policies of reporting on interests of directors, executives and related persons in accordance with the SEC and SET regulations as follows.

2.3.1 All directors and executives have to report their interests and those of their related persons.

- a) The first submission of the report on interests was 1 July 2009.
- b) If there are any changes to the information on the report on interests, all directors and executives have to report the update within 7 days of the change.
- c) All directors and executives have to update yearly on the report of interests.

2.3.2 All directors and executives have to submit reports on interests to the Company Secretary and the Company Secretary will submit such information to the Chairman of the Board of Directors and the Chairman of the Audit Committee within 7 days of receiving the reports.

2.3.3 When the Board of Directors would like to consider any transaction between the Company and directors or executives of the Company, they will use the report on interests to compose their consideration and not allow persons who have a conflict of interest with the transaction participate in the decision making process.

Section 3 : Role of Stakeholders

3.1 Treatment of Stakeholders

Shareholder

The Company has attempted to provide the highest return to shareholders. As well, the Company has encouraged shareholders to exercise their legal rights covering statutory rights of shareholders such as receiving dividends and voting rights, and the Company has taken care of shareholders over what is required by regulations such as providing necessary information through the Company's website.

Client

The Company has the principle that clients are the first importance. Therefore, the Company has continued to improve and develop products and services to provide comprehensive services. The Company has been recognized as a leader in developing innovative products that give clients more investment alternatives. Furthermore, the Company has put emphasis on equal and fair treatment to all clients and client information is kept confidential. Additionally, the Company's compliance covers the procedures to deal with clients' complaints and comments.

Employee

The Company values its human resources and regards them as important human capital. The Company also gives high priority to developing and strengthening the efficiency of its employees. This should improve their performance and the efficiency of the organization.

1. The Company organizes training programs to educate and develop its employees' skills continuously.
2. The Company shall give appropriate and fair compensation and welfare. The Company has the Welfare Committee consider and recommend welfare to employees such as providing health check-ups every year, having welfare for IPD and OPD medical expenses. For IPD the welfare covers employees' families, spouse and children.
3. The Company gives equitable rights to employees to be members in the Company's provident fund.
4. The Company gives importance to a healthy and safe environment for working thus the Company has set up a Health and Environment Committee to ensure that employees have a safe and healthy work environment.

Competitor

The Company has supported the policy of competition fairness following the regulations of the SEC and SET.

Supplier

The Company will treat all suppliers fairly and transparently. The Company has a purchasing committee to ensure that competing vendors are given fair treatment and to review purchasing procedures and systems to ensure they are appropriate.

Creditor

The Company shall comply with contract terms and conditions and treat creditors fairly.

Community, Society, and Environment

The Company believes in giving back to society. The Company's Corporate Social Responsibilities projects in the past five years are as follows:

- 1) On 4 January 2005, the Company donated Baht 20 million to help tsunami victims, to emphasize long-term rehabilitation including the re-building of homes, and especially the need to care for children orphaned by the disaster.
- 2) On 9 January 2005, the Company's management and staff joined a walk rally program: Walk To Unite Thais for The South" at Lumpini Park, to express their concerns and raise funds in support of the people in the South suffering from the unrest and tsunami.
- 3) On 25 August 2005, the Company's Board of Directors approved to undertake a project under the initiative of HRH Princess Maha Chakri Sirindhorn for three years consecutive of donating Baht 1 million each year to help enhance the education of students in remote areas detailed below:
 - a) On 28 September 2005, the Company had an audience with HRH Princess Maha Chakri Sirindhorn to contributed Baht 1 million to the project to construct a library at the Border Patrol School in Baan Kaenoi, Muang Na Sub-District, Chiang Dao District, Chiang Mai Province. The library was inaugurated on 26 March 2006.
 - b) On 20 November 2006, the Company had an audience with HRH Princess Maha Chakri Sirindhorn to contributed Baht 1 million to the project to construct a new school building at Patrol Police School in Baan Saen Kham Lue School, Tamlod Sub-District, Pang Mapha District, Mae Hong Son province. The school building was inaugurated on 3 November 2007.
 - c) On 8 May 2008, the Company had an audience with HRH Princess Maha Chakri Sirindhorn to contributed Baht 1 million to the project to construct a new library at Patrol Police School in Indira Gandhi Award Baan Pakasae School, Maetuan Sub-District, Om-Khoi District, Chiang Mai province. The library was inaugurated on 14 February 2009
- 4) On 16 September 2006, the Company's management together with staff joined in planting trees for the sustainable forest program in honor of the 60th anniversary of His Majesty the King's Accession to the Throne. The trees were planted on 10 rai of land in Kuiburi District, Prachuabkhirikhan Province.
- 5) On 9 October 2006, the Company with ONEAM organized the Symphony Orchestra Pays Tribute to H.M. The King "The Celebration for Maharajah: The Great King of Music.
- 6) On 3 February 2006, the Company's management and staff presented a donation to Wat Phra Baht Nam Phu in support of the monarch's AIDS patients.
- 7) On 28 May 2008, the Company donated Baht 1 million along with donated money from the Company's staff to help victims of the earthquake in China. The donation was made to the Thai Red Cross Society.
- 8) On 3 June 2008, the Company donated Baht 1 million and a grant from KGI's staff to help victims of Cyclone Nargis in Burma. The distribution was made to the Rajaprajanugroh Foundation.

- 9) On 27 September 2008, the Company's management and staff released sea turtles back to the sea at the Sea Turtle Conservation Center, Sattahip Naval, Chonburi province.
- 10) On 9 January 2010, the Company's staff donated money to provide lunches for students at Border Patrol Schools in remote areas in Chiang Mai Province and Mae Hong Son province.
- 11) On 10 August 2010, the Company donated computers to Baan Lak Daan, Wang Hin Sub-District, Nong Song Hong District, Khon Kaen Province, to use for educational purposes and to build experience for a career.
- 12) On 15 September 2010, the Company joined to be a network of "Magic Box Project" of Ampol Food Processing Ltd to receive used UHT boxes to transform them to desks and chairs for needy schools.
- 13) On 3 November 2010, the Company's staff donated money and necessities to the Friends in Need (Of "PA") Volunteers Foundation Thai Red Cross to help victims of the severe flooding in Thailand.
- 14) On 13-14 December 2010, the Company hosted an onsite visit of Assumption University students to give them a better understanding of the overall securities industry. The event was held at KGI's Headquarters at Asia Centre Building, South Sathorn Road.
- 15) On 10 November 2010, the Company's Board of Directors no. 8/2010 approved the "KGI Scholarship Project" which is will help provide for undergraduate students. The budget for each year is not to exceed Baht 1.5 million.

3.2 Participation of Stakeholders

All stakeholders can file complaints with the Legal and Compliance Department, at 173 Asia Centre Building, 11th Floor, South Sathorn Road, Thungmahamek Sub-District, Sathorn District, Bangkok 10120 or telephone 02 658 8888 ext. 8745-6, or e-mail at compliance@kgi.co.th The Legal and Compliance Department will report complaints to the Audit Committee and report to the Board of Directors.

SECTION 4 : Disclosure and Transparency

4.1 Efficiency of Information Disclosure in accordance with the rules of listed companies.

For 2010, the Company disclosed significant information in accordance with the rules of listed companies such as the Company Annual Registration Statement (form 56-1), and Annual Report (form 56-2) in both Thai and English languages via the SET's ELCID System and on the Company's website.

4.2 Quality of Financial Reports

The Company discloses the Report of the Board of Directors' responsibilities for financial Reports which is signed by the Chairman of the Board, Chief Operating Officer, and Executive of Finance & Accounting Department and has published in the Annual Report 2010. For financial year 2010, the Board reported that the financial statements of the Company ended 31 December 2010 were prepared in line with generally accepted accounting principles and relevant rules and regulations.

4.3 Investor Relations

The Company has set up an Investor Relations Division to be the representative of the Company which can be contacted by shareholders, institutional investors, analysts, other investors and related government agencies. Investors can contact Investor Relations Division at 02-658-8881 or email investorrelations@kgi.co.th

SECTION 5 : Responsibilities of the Board

5.1 Board Structure

The Company has considered an appropriate Board structure and balanced their responsibilities. As of 31 December 2010, the Board of Directors consisted of 12 persons. Each director has various qualifications, skills, experience, and expertise that are useful to the Company. The Board Structure is as follows.

- The Chairman of the Board of Directors is not the same person as the Chief Operating Officer
- There are 4 independent directors, following the SEC's regulations
- There are 4 representative directors from major shareholder, which are 1/3 of all directors and proper with the portion of share holding.
- There are 4 executive directors which are 1/3 of all directors.
- There are 4 directors who attend the IOD program.
- The Company has assigned the Company Secretary to provide regulatory advice, take care of the Board's activities, and monitors compliance to the Board's resolutions. The Board of Directors appointed Ms. Nongluk Ningsanond, who has attended the Company Secretary Program class 5/2004 and the Effective Minutes Taking Program class 10/2008 conducted by Thai Institute of Directors (IOD), as acting Company.

Board Structure

Director	Position	Independent Directors	Representative Directors from major shareholder	Executive Director	Details of Directors who attended IOD Program and other Program
1. Mr. Foong Hock Meng	Chairman	-	✓	-	-
2. Dr. Pisit Leeahtam	Vice Chairman	✓	-	-	DCP 18/2002
3. Mr. Chin-Lung Tseng	Director	-	✓	-	-
4. Mr. Wisit Wongpaisan	Director	-	-	✓	-
5. Mr. Wei Chang Fang	Director	-	-	✓	-
6. Dr. Don Bhasavanich	Director	✓	-	-	DCP 62/2005, ACP 7/2005 FND 8/2004
7. Mr. Pradit Sawattananond	Director	✓	-	-	DCP 3/2000, ACP 3/2004 QFR 4/2006, CFO 1/2004
8. Mr. Eugenio Tan	Director	✓	-	-	-
9. Ms. Bee Leng Ooi	Director	-	-	✓	-
10. Ms. Suchada Sodthibhaphkul	Director	-	-	✓	DCP 38/2003, CMA 2/2006
11. Ms. Pi-Lin Huang	Director	-	✓	-	-
12. Mr. Yen, Chih-Chien	Director	-	✓	-	-

5.2 Sub-Committees

For the efficiency of the Board of Directors' actions, the Board of Directors has organized sub-committees to study and screen accordance as necessary. The Board has set policies, duties, and responsibilities for each sub-committee. (see details of each sub-committee have been published under the topic "Management Structure")

5.3 Roles, Duties and Responsibilities of the Board of Directors

Besides the Roles, Duties and Responsibilities of the Board of Directors, revealed under the topic "Management Structure", the Board of Directors are responsible for Good Corporate Governance as follows:

- 5.3.1 The Board of Directors approved the Corporate Governance (CG) Policy in writing. The Board of Directors will review and assess the implementation of the policy at least once a year. The Company encourages its staff to follow that policy. The Board of Directors' meeting no. 1/2011, held on 23 February 2011, reviewed the Company's CG Policy and Implementation of its CG policy in 2010, and announced that all staff had acknowledged and followed the policy. The Company has posted the policy on the Company's website under the topic "Good Governance".
- 5.3.2 The Company has carefully considered conflicts of interest in the Board of Directors meetings for the best interest of the company and all shareholders. Persons who have interest in the transaction can not participate in the decision making process. The Board also monitors compliance to the regulations regarding criteria, procedures and disclosures of transactions with conflict of interests.
- 5.3.3 The Board assigns the Audit Department and Legal and Compliance Department to be responsible for ensuring the Company has effective internal control systems and for ensuring that the systems are used properly and comply with SEC/SET regulation. The Audit Committee will consider and review the suitability and sufficiency of the internal control measure at least once a year.
- 5.3.4 The Company has established a Risk Management Committee, comprised of representatives from all business units for the risk management policies to cover all business units. The Company has assigned the Risk Management Department to take responsibility in following the risk management policies including paying attention to early warning signs and unusual transactions.
- 5.3.5 The Board of Directors formulated a written Company Code of Conduct for all corporate ranges, directors, executives, and staff of the Company to follow, and regularly reviews the implementation. The Company has posted its ethical and professional standards on the Company's website.

5.4 Meeting of the Board of Directors

- 5.4.1 The Board of Directors sets its meeting schedule in advance and notifies each director of the schedule so that each member can arrange to attend the meetings.
- 5.4.2 Notice of the meeting will be sent to the Board of Directors 7 days prior to the meeting with sufficient information for each agenda. The Board can request additional information through the Chief Operating Officer, the Company Secretary or the executive designated as a contact person.
- 5.4.3 The Chairman of the Board of Directors arranges a meeting time sufficient for each agenda and the Board of Directors invites executives for inquiry during the meeting. Therefore, the Board can inquire for any additional information directly from the executives in charge.

- 5.4.4 The minutes of the Board of Directors' meeting have all necessary and relevant information, such as date, time, names of directors who attend and do not attend the meetings, significant information and comments, resolutions, and name of minute taker. The Company has good storage systems to retrieve the data. The Company Secretary has informed SEC of the storage place.

5.5 Self-Evaluation by the Board of Directors

The Board of Directors' meeting no. 8/2010 held on 10 November 2010 conducted the Self-Assessment for year 2010. Each director will conduct an overall evaluation of the Board's implementation and then review jointly to reconsider and resolve issues. The evaluation topics cover the following:

- 5.5.1 Structure and characteristics of the board.
- 5.5.2 Roles and responsibilities of the board.
- 5.5.3 Board Meeting
- 5.5.4 Board's performance of duties.
- 5.5.5 Relationship with management.
- 5.5.6 Self-development of directors and executive development

The assessment points are 0 – 4 and N/A; 0 = no processing on that issue, 1 = there is less processing on that issue, 2 = there is moderate processing on that issue, 3 = there is good processing on that issue, 4 = there is excellent processing on that issue, and N/A = not applicable. The Board's assessment for 2010 was satisfactory with high point (good-excellent processing on that issue).

5.6 Evaluation of Internal Control

In 2010, the Audit Committee and the Board of Directors completed the self assessment questionnaire on the adequacy of the internal control system in regards to organizational control and environment measures, risk management measures, management control activities, information and communication measures, and monitoring. Regarding the evaluation result, the Audit Committee and the Board gave the same opinion that the Company had an appropriate internal control system with its business.

5.7 Remuneration

The Compensation Committee considers the remuneration of directors which will take into account prevailing profit of the Company, reflect experience, obligations, scope of work, accountability and responsibilities, contributions of each director and comparable to the industry level in which the company operates. The Committee will recommend the compensation of the directors to the Board of Director for approval and propose to the shareholders' for final approval.

5.8 Development of Directors and Executives

- 5.8.1 The Board encourages and facilitates training for all internal parties (such as directors, members of the Audit Committee, Executives, Company Secretary, etc.) on corporate governance. Training will enable them to continuously improve their performances.
- 5.8.2 If there are new directors, the Company will provide them with all useful documents and information, and roles and responsibilities to perform their duties to ensure that the new directors can perform effectively.

5.9 Succession Plan

The Company has a succession plan in the event that the Chief Operating Officer cannot perform his duties either temporarily or permanently. The Company will appoint the executive under the Chief Operating Officer to temporarily manage such duties and the Nomination Committee will select a qualified person and propose them at the Board's meeting for approval.

Prevention of the Misuse of Inside Information

The Board of Directors has set up a strictly policy to prevent the misuse of inside information. The punishment for those who do not follow the policy will be considered by the Disciplinary Committee. The policies are as follows:

1. Executives cannot trade the Company's securities one month prior to the disclosure of financial statements to the public until a day after disclosure.
2. In the case that directors or managers purchase or sell KGI securities, they must report the transaction to the SEC in accordance with Section 59 of Securities and Exchange Act and submit the copy one to the Company Secretary.
3. The Company Secretary reports changes in the holding of securities of directors and executives to the Board of Directors every quarter.
4. The Company informed all staff of the mentioned policies and procedures to have them implemented and followed up constantly.
5. Executives cannot conjoin to make decisions on any transactions which they have a conflict of interests with.

The Company has rules and regulations for staff relating to securities trading, including rules on the prohibition of use of inside information. For example, Legal and Compliance department has designated the Restricted List for staff in departments that deal with inside information.

Relationship between the Company and the underlying companies of the DWs which the Company has issued

The Company and the underlying companies of the DWs that the Company has issued are not related either in terms of Capital Structure or Management. The Company is not an insider of any of the underlying companies of which it has issued DWs.

Internal Controls

The Company has an appropriate internal control system with its businesses which helps it prevent damages that might occur and discover errors on time. Furthermore, it helps the Company reduce its business risks and directors' risks from their operation, and helps the Company's financial statements be more accurate and reliable.

The Company's Audit Committee is responsible for reviewing the Company's financial statements. By coordinating with external auditors and the relevant managers, to ensures that the Company discloses information fully and accurately. The Audit Committee monitored and reviewed the Company's internal control, and reviewed to ensure that the Company has followed the Securities and Exchange Act and related regulations along with considering on the related party transactions and risk management to ensure that the Company has an appropriate internal control system.

In 2010, the Audit Committee and the Board of Directors completed the self assessment questionnaire on the adequacy of the internal control system in regards to organizational control and environment measures, risk management measures, management control activities, information and communication measures, and monitoring. Regarding the evaluation result, the Audit Committee and the Board gave the same opinion that the Company had an appropriate internal control system with its business.

Dividend Policy

The Company's dividend policy

The Company's dividend policy is "Any dividend payment will be considered by the Board of Directors and, if approved, be proposed to the shareholders, on a case by case basis, and will take into account prevailing business conditions, outlook, investment opportunities, and other relevant factors."

The Board of Directors' meeting of the Company No. 1/2011 held on 23 February 2011 passed a resolution to propose to the Annual General Meeting of the company's shareholders for an approval of dividend payment of Baht 0.33 per share, or a total of Baht 657 million from the earnings of the 1 January 2010 to 31 December 2010 period. The dividend will be paid on 26 April 2011.

The Subsidiary's dividend policy

For our subsidiary's dividend policy, the subsidiary's board will recommend and propose the appropriate dividend to the subsidiary's shareholders by looking at the profit of the subsidiary company and available investment opportunities.

The Board of Directors' meeting of the One Asset Management Co.,Ltd (98% owned by the Company) No. 1/2011 held on 22 February 2011 passed a resolution to propose to the Annual General Meeting of the subsidiary company's shareholders for an approval of dividend payment of Baht 3.5 per share, or a total of Baht 36.75 million from the earnings of the 1 January 2010 to 31 December 2010 period. As an interim dividend payment of Baht 2 per share was made during 2010, the final dividend payment would be Baht 1.5 per share, or a total of Baht 15.75 million. The dividend will be paid in March 2011.

Related Party Transactions

Related Party Transactions in 2010

See details of related party transactions in Section 30 of Related Party Transactions of Notes to Financial Statements for the year ended 31 December 2010.

Necessity of and reason for transactions

In 2010, the Company's related party transactions, both commission fee and brokerage fee, were general business terms which were approved in principle by the Board. For other related transactions, the Company has process of approval and disclosure in compliance with the regulation, the Audit Committee and the Board of Directors has considered and agreed that these transactions were necessary and reasonable and served the benefit of the Company and shareholders.

Process for approval of related party transactions

The Company certifies that future related party transactions shall be reasonable and serve the benefit of the Company and Shareholders. The process for approval by the Audit Committee, Board and/or shareholders will be carried out in compliance with the notifications, regulations, orders or requirements of the SEC/SET, which include related party transactions and acquisitions or disposal of assets of listed companies or subsidiaries. Connected executives or shareholders will not be involved in that agenda.

Management Discussion & Analysis

(Analysis from consolidated financial statements as of 31 December 2010, "the Company means the Company together with its subsidiaries")

Analysis of Performance

The Company reported total income of Baht 2,293 million and net profit (net income attributable to equity holders of the parent) of Baht 752 million (equivalent to earnings per share of Baht 0.38). Details of the Company's performance are as follows:

1. Revenue structure

To diversify its income base, the Company tried to expand its revenue from various businesses such as dealer business, fixed income business, futures business, securities borrowing and lending business, OTC equity derivatives business, and derivatives warrant business and Investment banking business.

In 2010, the Company reported total income of Baht 2,293 million. The main elements of the Company's securities income structure were;

- 41% from gain on trading in securities and derivatives,
- 39% from brokerage fees from securities business and derivatives business,
- 10% from fee and service income,
- 7% from interest and dividends income,
- 2% from interest on margin loans and
- 1% from other income.

(Unit : Baht)

Consolidated Financial Statements	2010		2009	
	Amount (Baht)	%	Amount (Baht)	%
Income				
Brokerage fee				
Brokerage fee from securities business	838,475,998	37%	570,991,459	44%
Brokerage fee from derivatives business	55,776,389	2%	80,227,889	6%
Fee and service income	220,616,018	10%	200,707,183	16%
Gain (Loss) on trading in securities	848,830,678	37%	-331,147,935	(26%)
Gain on trading in derivatives	99,131,262	4%	627,624,040	49%
Interest and dividends	171,347,581	7%	104,752,477	8%
Interest on margin loans	39,646,240	2%	28,089,902	2%
Other income	19,471,113	1%	9,008,117	1%
Total income	2,293,295,279	100%	1,290,253,132	100%

2. Changes in income and expenses

2.1 Change in securities business income

2.1.1 Brokerage fee

Brokerage fee from securities business

Brokerage fee increased from Baht 571 million in 2009 to Baht 838 million in 2010. Accordingly, the daily average turnover increased and Company's market share increased from 3.88% (rank no.9) in 2009 to 4.65% (rank no .4) in 2010.

Brokerage fee from derivatives business

Brokerage fee from derivatives business decreased from Baht 80 million in 2009 to Baht 56 million in 2010. With increased competition, the Company's market share decreased and in 2010 the Company was ranked fifth with 5.64%.

2.1.2 Fee and service income

The Company's fee and service income increased from Baht 201 million in 2009 to Baht 221 million in 2010. In 2010, the main fee and service income was from mutual fund management fees and private fund management fees, which were Baht 157 million and Baht 20 million, respectively. These income fees were from One Asset Management Limited (a 98% owned by the Company). The changes in fee and service income are as follows:

Consolidated financial statements	2010		2009	
	Baht	%	Baht	%
Mutual fund management fee	156,589,263	71%	153,823,345	77%
Private fund management fee	20,011,090	9%	18,846,187	9%
Provident fund management fee	2,145,051	1%	1,246,320	1%
Management fee, registrar and custodian fees	10,068,422	5%	9,083,677	5%
Underwriting fee	4,048,100	2%	905,431	-
Financial advisory fee	4,952,015	2%	3,440,514	2%
Securities borrowing and lending fee	8,010,466	4%	9,355,736	5%
Selling agent fee	11,120,965	5%	3,736,846	2%
Others	3,670,646	2%	269,127	-
Total fees and services income	220,616,018	100%	200,707,183	100%

2.1.3 Gain on trading in securities and derivatives

The Company's Gain on trading in securities and derivatives business increased from Baht 296 million in 2009 to Baht 948 million in 2010.

2.1.4 Interest and Dividend Income

The Company's interest and dividend income increased from Baht 105 million in 2009 to Baht 171 million in 2010. The main reasons were an increase in interest income from bond investment and an increase in dividend income from investment in SET.

2.1.5 Interest on Margin Loans

The Company's interest on margin loans increased from Baht 28 million in 2009 to Baht 40 million in 2010 as there was a increase in credit balance accounts.

2.2 Change in Expenses

The Company's total expenses decreased from 75% of total income in 2009 to 55% of total income in 2010, details are as follows:

Consolidated financial statements	2010		2009	
	Baht	% of Income	Baht	% of Income
Total Income	2,293,295,279		1,290,253,132	
Expenses				
Expenses on borrowings	62,329,305	3%	32,934,645	3%
Fees and service expenses	117,587,566	5%	122,177,736	9%
Bad debt and doubtful accounts (reversal)	3,449,126	-	(981,495)	-
Operating expenses				
Personnel expenses	537,112,372	23%	414,273,807	32%
Premises and equipment expenses	155,585,569	7%	160,129,668	12%
Taxes and duties	5,475,653	-	2,371,418	-
Directors and management's remuneration	188,255,849	8%	113,271,457	9%
Other expenses	189,433,360	8%	117,382,736	9%
Total operating expenses	1,075,862,803	47%	807,429,086	63%
Total expenses	1,259,228,800	55%	961,559,972	75%

2.2.1 Expenses on borrowings

Expenses on borrowings increased from Baht 33 million in 2009 to Baht 62 million in 2010. The main increase was from increase of interest paid on securities sold under repurchased agreement and interest paid to borrowing.

2.2.2 Fee and Service Expenses

Fee and service expenses decreased from Baht 122 million in 2009 to Baht 118 million in 2010. The decrease was from decrease of brokerage fees from derivatives business, fees from securities borrowing and lending business.

2.2.3 Bad debt and doubtful accounts

The Company has provided an allowance for doubtful debts based on a review of debtor's ability to make repayment, taking into consideration recovery risk and the value of the collateral. Such debt classifications and provisions are made in accordance with the guidelines laid down in the Notification No. Kor.Thor. 5/2544 dated 15 February 2001 of the Office of the Securities and Exchange Commission, and consideration of other relevant factors.

In 2010, the Company reported debt and doubtful accounts of Baht 3 million, which was from the Company recorded doubtful accounts of Baht 9 million and had transferred-back such doubtful accounts from settlement of Baht 6 million.

2.2.4 Operating Expenses

The Company's operating expenses decreased from 63% of total income in 2009 to 47% of total income in 2010.

In 2010, the operating expenses comprised personnel expenses of Baht 537 million, premises and equipment expenses of Baht 156 million, taxes and duties of Baht 5 million, directors and management's remuneration of Baht 188 million, and other expenses of Baht 189 million.

3. Performance

In year 2010, the Company reported net profit (net income attributable to equity holders of the parent) of Baht 752 million and earnings per share of Baht 0.38, a gross profit margin of 92%, net profit margin of 33%, and return on equity of 16%.

Analysis of Financial Status

As of 31 December 2010, the Company had total assets of Baht 11,172 million, total liabilities of Baht 6,167 million and total shareholders' equity (equity attributable to equity holders of the parent) of Baht 5,001 million. Analysis of financial status is as follows:

1. Assets**a) Investments in debt and equity securities**

As of 31 December 2010, the Company had total investments in debt and equity securities of Baht 6,281 million comprised of net investments of short-term investments of Baht 5,618 million and long term investment of Baht 663 million. (See details in note of financial statements No 8: Investments in debt and equity securities.)

b) Net securities and derivatives business receivables and accrued interest receivables

As of 31 December 2010, the Company had net securities and derivatives business receivables totaling Baht 3,263 million, details as follows:

	2010
<u>Securities business receivables</u>	
Cash accounts	1,811,711,635
Credit balance accounts	1,102,708,983
Receivables under securities borrowing and lending business	
- Guarantee deposit receivables	209,056,288
- Securities borrowing receivables	124,161,872
Other receivables	
- Installment receivables	444,565,994
- Overdue customers' accounts	909,897
Total securities business receivables	3,693,114,669
Add: Accrued interest receivables	11,408,401
Less: Allowance for doubtful accounts	(441,574,666)
Securities business receivables and accrued interest receivables - net	3,262,948,404
Total securities and derivatives business receivables - net	3,262,948,404

The Company had classified its securities business receivables in accordance with the relevant guidelines issued by the SEC governing accounting for the doubtful debts of securities companies. As of 31 December 2010, Baht 30 million were classified as substandard debt and Baht 426 million were classified as doubtful debt. The Company had set aside full provision for doubtful debt.

2. Liquidity

As of 31 December 2010, the value of the Company's liquid assets was Baht 5,299 million (equivalent to 47% of total assets). These liquid assets consisted of Baht 276 million in cash and cash equivalents, Baht 2,648 million in government securities and Baht 2,375 million of listed securities.

The Company has policy to reserve Net Capital Rule and Net Capital Ratio (NCR) higher than SEC's regulation which specified that the Net Capital Rule and Ratio must not be lower than Baht 25 million and 7% of liabilities and guarantees. The Company's Net Liquid Capital Rule and NCR in past 3 year are as follows.

Capital Fund	31 Dec 2010	31 Dec 2009	31 Dec 2008
Net Liquid Capital Rule (Million Baht)	3,324	2,842	2,910
Net Liquid Capital Rule (NCR) ratio (%)	109%	208%	426%

3. Appropriateness of capital structure

As of 31 December 2010, the Company has an appropriate capital structure; debt to equity ratio was only 1.23 times.

4. Research and Development

In 2011, the Company has had plans to launch new products as follows.

Crude Oil Futures and Silver Futures

In 2011, the Company is now preparing staff and system for new product that will be launched by TFEX. In Quarter2-3 of 2011, TFEX plans to launch Crude Oil Futures, Silver Futures and expanding trading hour (Night Session) from 6.30 p.m. - 10.30 p.m.

Derivative Warrants (DW)

In 2011, the Company plans to launch 40 more DWs linked to many leading stocks. The new DW may include a put warrant. This number is subject to market sentiment and the local political atmosphere which directly affect the launch of DW.

Equity Exchange Traded Fund (Equity ETF)

Thailand's first equity ETF (TDEX) and TFTSE have been great successes. The Company, as one of consortium members of TDEX and TFTSE, and as Participating Dealer (PD) of CHINA, sees opportunities in other ETFs. Moreover the Company continuously exchanges knowledge with Asset Management companies in many countries in order to improve The Company's system. With its extensive experience, infrastructure and staff, The Company is ready to launch new ETFs. The Company is confident that with its extensive experience and technology it will play a major role in other ETFs such as Gold ETF, Silver ETF, Sector ETF, and Thailand's ETF listed in a foreign country.

Structured Note (SN)

The Company is now developing and preparing to issue Structured Notes, a debt security with one or more special features, such as making payments based on an underlying. The Company as an issuer can design the features of the Structured Note to match a client's risk and return.

The risk management department will strengthen its systems to better protect the Company and to support the new businesses.

Financial Statements

The Company's Auditors and the Auditor's opinion

The Company appointed Mrs. Nonglak Pumnoi, Certified Public Accountant registration No. 4172 of Ernst & Young Office Ltd. as the Company's auditor for 2010. It is the Auditor's opinion that the financial statements of KGI Securities (Thailand) Public Company Limited and its subsidiaries for the year ended 31 December 2010 present fairly, in all material respects, in accordance with generally accepted accounting principles. (See Financial Statements for 2010-2009 in page 58)

Audit fees

A) Audit fees

In 2010, the Company and its subsidiaries paid audit fees to auditor (Ernst & Young Office Limited) and any persons or companies related to auditor as follows:

Company and its subsidiary	Auditor	Audit Fee (Baht)	Audit Fee (HK Dollar)
KGI Securities (Thailand) Plc.	Ernst & Young Office Limited	1,500,000	-
One Asset Management Limited	Ernst & Young Office Limited	380,000	-
KGI Securities (Thailand) International Holdings Limited	Ernst & Young Hong Kong	-	32,000
KGI (Thailand) Holdings Limited	Ernst & Young Hong Kong	-	60,000
Total Audit Fee		1,880,000	92,000

Note : The above fees are exclusive of out-of-pocket expenses such as traveling , fax and photocopying charges which will be charged to the Company at actual cost.

B) Non-audit fees

In 2010, the Company and its subsidiaries paid non-audit fees to auditor (Ernst & Young Office Limited) and any persons or companies related to auditor as follows:

Company and its subsidiary	Non-audit service	The auditor's firm, persons and companies related to the auditor	Non-audit fees
			Year (HK Dollar)
KGI Securities (Thailand) International Holdings Limited	Tax Service	Ernst & Young Tax Services Limited	8,500
Total Non-Audit Fee			8,500

There is no further expense for services not yet completed which will become payable in the near future.

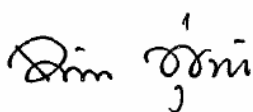
Report of Independent Auditor

To the Shareholders of KGI Securities (Thailand) Public Company Limited

I have audited the accompanying consolidated balance sheets of KGI Securities (Thailand) Public Company Limited and its subsidiaries as at 31 December 2010 and 2009, the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended, and the separate financial statements of KGI Securities (Thailand) Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits 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 audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of KGI Securities (Thailand) Public Company Limited and its subsidiaries and of KGI Securities (Thailand) Public Company Limited as at 31 December 2010 and 2009, the results of their operations, and cash flows for the years then ended, in accordance with generally accepted accounting principles.



Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

Ernst & Young Office Limited

Bangkok: 23 February 2011

KGI Securities (Thailand) Public Company Limited and its subsidiaries
Balance sheets
As at 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Assets					
Cash and cash equivalents	6	276,226,988	208,914,996	149,602,929	171,164,600
Long-term deposits at financial institutions	7	106,198,027	131,067,536	2,013	2,000
Investments in debt and equity securities	8				
Short-term investments, net		5,618,050,993	4,666,706,408	5,610,050,993	4,666,706,408
Long-term investments, net		663,362,009	758,870,213	20,749,963	20,749,963
Net investments in debt and equity securities		6,281,413,002	5,425,576,621	5,630,800,956	4,687,456,371
Investments in subsidiaries	9	-	-	2,624,489,605	2,623,223,160
Receivables from Clearing House	10	889,743,697	362,811,134	889,743,697	362,811,134
Securities and derivatives business receivables - net	11, 12	3,262,948,404	1,539,251,941	3,262,948,404	1,539,251,941
Other derivatives assets		6,462,086	8,560	6,462,086	8,560
Land, premises and equipment - net	13	143,790,852	178,300,335	135,632,523	171,705,781
Intangible assets - net	14	25,392,959	27,125,023	20,886,712	23,090,613
Goodwill		26,713,599	26,713,599	-	-
Property foreclosed - net	15	51,843,155	63,799,155	51,843,155	63,799,155
Other assets		101,180,688	95,773,443	74,646,122	69,689,825
Total assets		11,171,913,457	8,059,342,343	12,847,058,202	9,712,203,140

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

KGI Securities (Thailand) Public Company Limited and its subsidiaries
Balance sheets (continued)
As at 31 December 2010 and 2009

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
Liabilities and shareholders' equity					
Borrowings	16	407,701,795	340,000,000	407,701,795	340,000,000
Securities sold under repurchased agreements	17	2,382,963,871	1,590,005,046	2,382,963,871	1,590,005,046
Payables to Clearing House		-	245,919,197	-	245,919,197
Securities and derivatives business payables	18	2,356,956,767	1,024,017,718	2,356,956,767	1,024,017,718
Subordinated loans from a subsidiary company	19, 30	-	-	1,600,000,000	1,700,000,000
Accrued expenses		309,554,775	161,269,084	288,506,054	139,372,708
Corporate income tax payable		220,109,627	44,009,880	215,699,627	36,964,677
Other derivatives liabilities	20	432,215,480	82,101,156	432,215,480	82,101,156
Estimated liabilities		18,002,250	18,002,250	18,002,250	18,002,250
Other liabilities		39,532,454	37,665,818	40,342,276	36,614,160
Total liabilities		6,167,037,019	3,542,990,149	7,742,388,120	5,212,996,912
Shareholders' equity					
Share capital					
Registered					
1,991,763,130 ordinary shares of Baht 1.00 each		1,991,763,130	1,991,763,130	1,991,763,130	1,991,763,130
Issued and fully paid-up					
1,991,763,130 ordinary shares of Baht 1.00 each		1,991,763,130	1,991,763,130	1,991,763,130	1,991,763,130
Share premium		982,166,480	982,166,480	982,166,480	982,166,480
Surplus from unexercised warrants		101,922,580	101,922,580	101,922,580	101,922,580
Translation adjustment		(41,097,968)	22,345,104	-	-
Retained earnings					
Appropriated - statutory reserve	23	161,030,000	120,800,000	161,030,000	120,800,000
Unappropriated		1,805,159,610	1,292,019,052	1,867,787,892	1,302,554,038
Equity attributable to company's shareholders		5,000,943,832	4,511,016,346	5,104,670,082	4,499,206,228
Minority interest - Equity attributable to minority shareholders of subsidiary					
		3,932,606	5,335,848	-	-
Total shareholders' equity		5,004,876,438	4,516,352,194	5,104,670,082	4,499,206,228
Total liabilities and shareholders' equity		11,171,913,457	8,059,342,343	12,847,058,202	9,712,203,140

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

KGI Securities (Thailand) Public Company Limited and its subsidiaries
Income statements
For the years ended 31 December 2010 and 2009

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Income					
Brokerage fee					
Brokerage fee from securities business		838,475,998	570,991,459	838,475,998	570,991,459
Brokerage fee from derivatives business		55,776,389	80,227,889	55,776,389	80,227,889
Fee and service income	24	220,616,018	200,707,183	30,885,859	20,180,538
Gain (loss) on trading in securities	8.4	848,830,678	(331,147,935)	834,319,153	(331,147,935)
Gain on trading in derivatives	8.5	99,131,262	627,624,040	99,131,262	627,624,040
Interest and dividends		171,347,581	104,752,477	211,488,780	133,046,261
Interest on margin loans		39,646,240	28,089,902	39,646,240	28,089,902
Other income		19,471,113	9,008,117	18,301,085	9,016,649
Total income		2,293,295,279	1,290,253,132	2,128,024,766	1,138,028,803
Expenses					
Expenses on borrowings		62,329,305	32,934,645	62,329,305	32,934,645
Fees and service expenses		117,587,566	122,177,736	94,130,842	102,530,222
Bad debt and doubtful accounts (reversal)		3,449,126	(981,495)	3,449,126	(981,495)
Operating expenses					
Personnel expenses	25	537,112,372	414,273,807	478,081,031	357,854,432
Premises and equipment expenses		155,585,569	160,129,668	138,372,361	143,248,837
Taxes and duties		5,475,653	2,371,418	5,372,703	2,263,539
Directors and management's remuneration	27, 30	188,255,849	113,271,457	165,196,350	92,052,205
Other expenses		189,433,360	117,382,736	112,204,485	90,855,720
Total operating expenses		1,075,862,803	807,429,086	899,226,930	686,274,733
Total expenses		1,259,228,800	961,559,972	1,059,136,203	820,758,105
Income before corporate income tax		1,034,066,479	328,693,160	1,068,888,563	317,270,698
Corporate income tax	28	(280,652,078)	(85,268,153)	(264,324,579)	(70,360,384)
Net income for the year		753,414,401	243,425,007	804,563,984	246,910,314
Net income attributable to					
Equity holders of the parent		752,470,688	242,343,059	804,563,984	246,910,314
Minority interests of the subsidiary		943,713	1,081,948		
		753,414,401	243,425,007		

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

KGI Securities (Thailand) Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity
For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements							
	Equity attributable to the parent's shareholders						Minority interest - equity attributable to minority shareholders of subsidiary	
	Share capital	Share premium	Surplus from unexercised warrants	Translation adjustment	Retained earnings		Total equity attributable to the parent's shareholders	Total
					Appropriated	Unappropriated		
Balance as at 31 December 2008	1,991,763,130	982,166,480	101,922,580	54,840,837	108,300,000	1,211,500,672	4,450,493,699	4,456,260,892
Income and expenses recognised directly in equity:								
Translation adjustment	-	-	-	(32,495,733)	-	-	(32,495,733)	(32,495,733)
Net income and expenses recognised directly in equity	1,991,763,130	982,166,480	101,922,580	22,345,104	108,300,000	1,211,500,672	4,417,997,966	4,423,765,159
Net income for the year	-	-	-	-	-	242,343,059	242,343,059	243,425,007
Total income and expenses for the year	1,991,763,130	982,166,480	101,922,580	22,345,104	108,300,000	1,453,843,731	4,660,341,025	4,667,190,166
Dividend paid (Note 31)	-	-	-	-	-	(149,324,679)	(149,324,679)	(149,324,679)
Unappropriated retained earnings transferred to statutory reserve (Note 23)	-	-	-	-	12,500,000	(12,500,000)	-	-
Decrease in minority interest - equity attributable to minority shareholders of subsidiary	-	-	-	-	-	-	-	(1,513,293)
Balance as at 31 December 2009	<u>1,991,763,130</u>	<u>982,166,480</u>	<u>101,922,580</u>	<u>22,345,104</u>	<u>120,800,000</u>	<u>1,292,019,052</u>	<u>4,511,016,346</u>	<u>4,516,352,194</u>
Balance as at 31 December 2009	1,991,763,130	982,166,480	101,922,580	22,345,104	120,800,000	1,292,019,052	4,511,016,346	4,516,352,194
Income and expenses recognised directly in equity:								
Translation adjustment	-	-	-	(63,443,072)	-	-	(63,443,072)	(63,443,072)
Net income and expenses recognised directly in equity	1,991,763,130	982,166,480	101,922,580	(41,097,968)	120,800,000	1,292,019,052	4,447,573,274	4,452,909,122
Net income for the year	-	-	-	-	-	752,470,688	752,470,688	753,414,401
Total income and expenses for the year	1,991,763,130	982,166,480	101,922,580	(41,097,968)	120,800,000	2,044,489,740	5,200,043,962	5,206,323,523
Dividend paid (Note 31)	-	-	-	-	-	(199,100,130)	(199,100,130)	(199,100,130)
Unappropriated retained earnings transferred to statutory reserve (Note 23)	-	-	-	-	40,230,000	(40,230,000)	-	-
Decrease in minority interest - equity attributable to minority shareholders of subsidiary	-	-	-	-	-	-	-	(2,346,955)
Balance as at 31 December 2010	<u>1,991,763,130</u>	<u>982,166,480</u>	<u>101,922,580</u>	<u>(41,097,968)</u>	<u>161,030,000</u>	<u>1,805,159,610</u>	<u>5,000,943,832</u>	<u>5,004,876,438</u>

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

KGI Securities (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Separate financial statements						
	Share capital	Share premium	Surplus from inexercised warrants	Translation adjustment	Retained earnings		Total
					Appropriated	Unappropriated	
Balance as at 31 December 2008	1,991,763,130	982,166,480	101,922,580	-	108,300,000	1,217,468,403	4,401,620,593
Net income for the year	-	-	-	-	-	246,910,314	246,910,314
Dividend paid (Note 31)	-	-	-	-	-	(149,324,679)	(149,324,679)
Unappropriate retained earnings transferred to							
statutory reserve (Note 23)	-	-	-	-	12,500,000	(12,500,000)	-
Balance as at 31 December 2009	<u>1,991,763,130</u>	<u>982,166,480</u>	<u>101,922,580</u>	<u>-</u>	<u>120,800,000</u>	<u>1,302,554,038</u>	<u>4,499,206,228</u>
Balance as at 31 December 2009	1,991,763,130	982,166,480	101,922,580	-	120,800,000	1,302,554,038	4,499,206,228
Net income for the year	-	-	-	-	-	804,563,984	804,563,984
Dividend paid (Note 31)	-	-	-	-	-	(199,100,130)	(199,100,130)
Unappropriate retained earnings transferred to							
statutory reserve (Note 23)	-	-	-	-	40,230,000	(40,230,000)	-
Balance as at 31 December 2010	<u>1,991,763,130</u>	<u>982,166,480</u>	<u>101,922,580</u>	<u>-</u>	<u>161,030,000</u>	<u>1,867,787,892</u>	<u>5,104,670,082</u>

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

KGI Securities (Thailand) Public Company Limited and its subsidiaries
Cash flow statements
For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash flows from operating activities				
Net income before corporate income tax	1,034,066,479	328,693,160	1,068,888,563	317,270,698
Adjustments to reconcile net income before corporate income tax to net cash provided by (paid from) operating activities:				
Bad debt and doubtful accounts	8,910,987	7,593,386	8,910,987	7,593,386
Depreciation and amortisation	61,299,551	64,272,309	56,212,421	59,105,263
Unrealised gain on revaluation of investments and derivatives	(92,025,384)	(18,391,581)	(99,344,337)	(18,391,581)
Discount on investment in debt securities of a subsidiary compa	(24,393)	(24,393)	-	-
Gain on sales of other investments	(22,202,629)	-	-	-
Gain on sales and write-off equipments	(3,412,992)	(1,314,117)	(2,237,378)	(1,321,050)
Gain on sales of property foreclosed	(4,094,000)	-	(4,094,000)	-
Interest income from deposits and investments	(93,817,614)	(76,716,658)	(90,942,171)	(73,496,084)
Dividend income	(68,991,116)	(11,805,968)	(112,010,607)	(43,321,254)
Interest expenses	62,405,536	33,170,401	62,329,304	32,934,644
Income from operating activities before changes in operating assets and liabilities	882,114,425	325,476,539	887,712,782	280,374,022
Decrease (increase) in operating assets				
Long-term deposits at financial institutions	24,869,509	(102,253,483)	(13)	(2,000)
Short-term investments	(976,938,163)	(2,677,430,959)	(976,938,163)	(2,677,430,959)
Receivables from Clearing House	(523,549,763)	(307,267,829)	(523,549,763)	(307,267,829)
Securities and derivatives business receivables	(1,732,607,451)	(113,258,745)	(1,732,607,451)	(113,258,745)
Other derivatives assets	(6,452,966)	(2,800)	(6,452,966)	(2,800)
Other assets	(7,420,632)	4,191,479	(6,701,053)	1,570,783
Increase (decrease) in operating liabilities				
Securities sold under repurchased agreements	792,958,825	460,812,947	792,958,825	460,812,947
Payables to Clearing House	(245,919,197)	234,166,742	(245,919,197)	234,166,742
Securities and derivatives business payables	1,332,381,455	245,041,933	1,332,381,455	245,041,933
Accrued expenses	145,137,713	35,554,316	145,985,368	40,442,950
Other derivatives liabilities	480,226,475	87,670,246	480,226,475	87,670,246
Other liabilities	3,663,866	(1,371,433)	4,619,588	195,400
Cash flows from (used in) operating activities	168,464,096	(1,808,671,047)	151,715,887	(1,747,687,310)
Cash received from interest on deposits and investment	95,890,554	82,072,995	92,746,478	78,779,528
Cash received from sales of property foreclosed	16,050,000	-	16,050,000	-
Cash paid for interest expenses	(57,592,081)	(33,608,337)	(57,515,850)	(33,372,580)
Cash paid for corporate income tax	(104,552,331)	(55,985,312)	(85,589,629)	(41,388,595)
Net cash flows from (used in) operating activities	118,260,238	(1,816,191,701)	117,406,886	(1,743,668,957)

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

KGI Securities (Thailand) Public Company Limited and its subsidiaries
Cash flow statements (continued)
For the years ended 31 December 2010 and 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash flows from investing activities				
Cash paid for purchase of investment in a subsidiary company	(1,266,444)	(478,580)	(1,266,444)	(478,580)
Cash paid for purchase of long-term investments	-	(7,780,000)	-	(7,780,000)
Cash received from sales of other investment	38,067,439	-	-	-
Dividend received on investment	68,931,564	11,775,980	68,931,564	11,775,980
Dividend received from a subsidiary company	-	-	43,019,491	31,515,286
Cash paid for purchase of equipment and computer software	(27,247,671)	(86,514,033)	(19,428,580)	(84,383,736)
Proceed from sales of equipment	4,711,186	1,849,743	2,839,223	1,838,968
Net cash flows from (used in) investing activities	83,196,074	(81,146,890)	94,095,254	(47,512,082)
Cash flows from financing activities				
Cash received from borrowings	406,036,319	340,000,000	406,036,319	340,000,000
Repayment of borrowings	(340,000,000)	-	(340,000,000)	-
Repayment of subordinated loans from a subsidiary company	-	-	(100,000,000)	-
Dividend paid	(199,100,130)	(149,324,679)	(199,100,130)	(149,324,679)
Dividend paid to minority interest	(1,080,509)	(1,034,714)	-	-
Net cash flows from (used in) financing activities	(134,144,320)	189,640,607	(233,063,811)	190,675,321
Net increase (decrease) in cash and cash equivalents	67,311,992	(1,707,697,984)	(21,561,671)	(1,600,505,718)
Cash and cash equivalents at beginning of year	208,914,996	1,916,612,980	171,164,600	1,771,670,318
Cash and cash equivalents at end of year	276,226,988	208,914,996	149,602,929	171,164,600

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

KGI Securities (Thailand) Public Company Limited and its subsidiaries**Notes to consolidated financial statements****For the years ended 31 December 2010 and 2009****1. General information****1.1 Corporate information**

KGI Securities (Thailand) Public Company Limited (“the Company”) was incorporated as a public limited company under the Public Limited Companies Act. The Company operates its business in Thailand with 5 securities licenses, securities brokerage, securities dealing, investment advisory, securities underwriting and securities borrowing and lending services. In addition, the Office of the Securities and Exchange Commission (SEC) has granted the Company licenses to operate securities registrar business and derivatives broker business and approval to operate financial advisory business, Over-the-Counter (OTC) derivative business and to act as a sales agent for unit trusts in designed areas as specified by SEC.

The Company's registered office is located on the 8th-11th Floor, Asia Centre Building, 173 South Sathorn Road, Kwang Thungmahamek, Khet Sathorn, Bangkok. As at 31 December 2010, the Company has 13 branches in Bangkok and upcountry (2009: 13 branches).

2. Basis of preparation

- 2.1** The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with requirement of the Notification 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.

2.2 Basis for consolidation

- a) The consolidated financial statements include the financial statements of the Company (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated total assets as at 31 December		Revenues as a percentage to the consolidated total revenues for the years ended 31 December	
			2010	2009	2010	2009	2010	2009
			Percent	Percent	Percent	Percent	Percent	Percent
One Asset Management Limited	Mutual fund management	Thailand	98	97	1.75	2.56	8.59	14.45
KGI Securities (Thailand) International Holdings Limited (HOLDCO)	Holding company	Hong Kong	100	100	0.76	0.28	0.97	-
KGI (Thailand) Holdings Limited (KTHL)	Holding company	British Virgin Islands	100	100	5.76	8.87	-	-

- b) Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the balance sheet date, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Translation adjustment” in shareholders’ equity.
- e) Material balances and transactions between the Company and its subsidiaries, investments in subsidiaries in the Company’s account and the subsidiaries’ share capital have been eliminated from the consolidated financial statements.
- f) Minority interests represent the portion of net income or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet.

- 2.3** The separate financial statements, which present investments in subsidiaries presented under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements
(revised 2009)

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations

TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources
TFRIC 15	Agreements for the Construction of Real Estate
b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:	
TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

The management of the Company and its subsidiary has assessed the effect of these standards and believes that Framework for Preparation and Presentation of Financial Statements (revised 2009) does not have any significant impact on the financial statements for the current year. For TAS 2 (revised 2009), TAS 11 (revised 2009), TAS 20 (revised 2009), TAS 23 (revised 2009), TAS 26, TAS 28 (revised 2009), TAS 29, TAS 31 (revised 2009), TAS 40 (revised 2009), TFRS 5 (revised 2009), TFRS 6 and TFRIC 15 are not relevant to the business of the Company and its subsidiary, while the other accounting standards and financial reporting standards will not have any significant impact on the financial statements for the year in which they are initially applied, except for the following accounting standard which the management expects the impact on the financial statements in the year when they are adopted.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. Currently, the Company accounts for such employee benefits when they are incurred.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

4. Significant accounting policies**4.1 Revenue recognition****(a) Brokerage fees**

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

(b) Fees and service income

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

(c) Gains (losses) on trading in securities and derivatives

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

(d) Interest and dividends

Interest is recognised as income on an accrual basis. Dividends are recognised as income when the right to receive the dividends is established.

(e) Interest on credit balance loans

Interest is recognised over the term of the loans based on the amount of principal outstanding. No accrual has been made for certain loans which, under Notification No. Kor. Thor. 5/2544 dated 15 February 2001 of the Office of the Securities and Exchange Commission, are not qualified for recognition of interest on an accrual basis and consideration of other relevant factors.

Discounts or interest already included in the face value of notes receivable or loans are deferred and taken up as income evenly throughout the terms of the notes or loans.

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 maturing within 3 months and call notes receivable and term notes receivable issued by financial institutions with an ordinary maturity of 3 months or less from the date of acquisition and not subject to withdrawal restrictions.

4.4 Recognition and elimination of customer deposits

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

4.5 Securities borrowing and lending

The Ministry of Finance granted the Company approval to conduct securities borrowing and lending business on 26 February 1999, whereby the Company can act as a principal or as an agent of the lender or borrower. The Company records its obligations to return borrowed securities which it has sold short or lent as "Securities borrowing payables" in the balance sheet. At the end of the year the balance of Securities borrowing payables, which securities has sold short is adjusted based on the latest offer price quoted on the Stock Exchange of Thailand. Gains or losses arising from such adjustment are included in determining income. Securities lent to customers are recorded as "Securities borrowing receivables" in the balance sheet. Cash paid or received as collateral for securities borrowing and lending is recorded as "Guarantee deposit receivables" or "Guarantee deposit payables". Fees for borrowing and lending are recognised on an accrual basis over the term of the lending.

4.6 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded as gain or losses in the income statement.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as separate item in the shareholders' equity and will be recorded as gain or losses, in the income statement when the securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment (if any).
- e) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

Loss on impairment of investments (if any) are included in income statements. Allowance for loss on the impairment of other investments is based on net realisable value with reference to the net book value of ordinary share and other relevant factors.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised as income or expenses in the income statement.

4.7 Receivable from Clearing House

Receivable from Clearing House comprises the net balance receivable from Clearing House in respect of securities trades settled and derivative business. These also include amounts pledged 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 include related accrued interest receivables.

In addition, securities business receivables include the net receivable balances of cash accounts, credit balance accounts, securities borrowings receivable and guarantee deposit receivables (which comprise cash placed as security with securities lenders or securities depositories) and other receivables such as overdue cash customer 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 debts based on a review of debtor's ability to make repayment, taking into consideration recovery risk and the value of the collateral. Such debt classifications and provisions are made in accordance with the guidelines laid down in the Notification No. Kor. Thor. 5/2544 dated 15 February 2001 of the Office of the Securities and Exchange Commission, and consideration of other relevant factors.

4.9 Land, premises and Equipment/Depreciation

Land is stated at cost. Premises and equipment are stated at cost less accumulated depreciation. Depreciation is calculated by reference to their cost on a straight-line basis over the following estimated useful lives:

Building and building improvement	20 years
Furniture, fixtures and equipment	5 years
Vehicles	5 years

No depreciation is provided for land and installation in progress.

Depreciation is included in determining income.

4.10 long-term lease

Leases of equipment which transfer substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as liabilities, while the interest element is charged to the income statements over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

4.11 Intangible assets and amortization

Intangible assets are initially recorded at cost. Following initial recognition, 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.

A summary of the intangible assets with finite useful lives is as follows.

	<u>Useful lives</u>
Deferred derivative agent license fee	5 years
Computer software	5 years

4.12 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of the cost of the business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired, exceeds the cost of business combination, the excess is immediately recognised as gain in the income statement.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

4.13 Property foreclosed

Property foreclosed represents land received in payment of debt from the Company's securities business receivables, and is stated at the lower of cost or net realisable value. Loss on impairment is included in determining income.

4.14 Securities sold under repurchase agreements

The Company enters into sales of securities under agreements to repurchase securities at certain dates in the future at a fixed price. Securities sold under repurchase agreements presented as liabilities in the balance sheet are stated at amounts received from the sale of those securities and the underlying securities are treated as collaterals.

The difference between the purchase and sale considerations is recognised on an accrual basis over the period of the transaction and is included in expenses on borrowings.

4.15 Payable to Clearing House

Payable to Clearing House comprises the net balance payable to Clearing House in relation to securities trading settlements and derivative business.

4.16 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.

4.17 Provisions

Provisions are recognised when the Company and the subsidiaries have a present obligation as a result of a past event and 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.

4.18 Related party transactions

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

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

4.19 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 rate ruling at the balance sheet date, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

4.20 Impairment of assets

At each reporting date, the Company and its subsidiaries performs impairment reviews in respect of whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

4.21 Employee benefits

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

4.22 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

4.23 Derivatives**Futures**

Obligations under futures which the Company entered into for trading purpose are regarded as off-balance sheet items. Amounts deposited as security for these futures are recorded as receivable from Thailand Clearing House and gains (losses) from changes in the fair value of futures are included in determining income. The fair value of derivatives is based on the daily settlement prices quoted by Thailand Futures Exchange Public Company Limited.

Option

The Company recorded the premium paid (long position) and the premium received (short position) under SET 50 index options contracts as at trade date as other derivative assets and other derivative liabilities, respectively. Gains or losses from changes in the value of the premium under option contracts are included in the income statements. Fair value is determined based on the daily settlement price quoted by Thailand Futures Exchange Public Company Limited.

Derivative warrants

Derivative warrants are recorded as liabilities items and the changes in fair value are recorded in the income statements. The fair value of derivative warrants is based on the latest offer price of the last working day of the year as quoted on the Stock Exchange of Thailand.

Over-the-Counter derivatives

The Company engaged in the trading of financial derivative instruments, in response to client demand and/or trading purpose. Derivatives are regarded as off-balance sheet items and changes in the carrying amounts of derivatives are included in determining income. The fair value is determined by using a valuation technique and model. The input to this model is derived from observable markets, and includes consideration of dividend, interest rate, underlying price and volatility of the underlying item.

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 from these estimates. Significant judgments and estimates are as follows:

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 and arrangements.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts of securities and derivative business receivables

Allowances for doubtful accounts of securities and derivative business receivables are intended to adjust the value of receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses for each outstanding receivables 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 doubtful accounts and adjustments to the allowances may therefore be required in the future.

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.

Impairment of investments

The Company treats other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

Land, Premises and equipment/Depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and salvage values of the Company’s premises and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review land, premises and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and other intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Litigation

The Company and a subsidiary company has contingent liabilities as a result of litigation. The management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the balance sheet date.

6. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash on hand	773,582	785,487	723,582	735,487
Current deposits and savings deposits	270,882,984	184,194,887	179,688,925	172,634,491
Fixed deposits	6,778	450,536,057	6,778	450,536,057
Promissory notes	1,100,000,000	576,140,000	1,100,000,000	550,000,000
Bills of Exchange	435,380,000	-	400,000,000	-
Total cash and cash equivalents	1,807,043,344	1,211,656,431	1,680,419,285	1,173,906,035
Less: Cash deposits held for customers	(1,530,816,356)	(1,002,741,435)	(1,530,816,356)	(1,002,741,435)
Total cash and cash equivalents - net	276,226,988	208,914,996	149,602,929	171,164,600

7. Long-term deposits at financial institutions

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Treasury bills	-	200,000,000	-	200,000,000
Promissory notes	-	130,970,000	-	-
Bills of Exchange	106,100,000	-	-	-
Fixed deposits	3,974	200,003,483	2,013	200,002,000
Deposits with restriction	94,053	94,053	-	-
Total long-term deposits at financial institutions	106,198,027	531,067,536	2,013	400,002,000
Less: Long-term deposits held for customers	-	(400,000,000)	-	(400,000,000)
Total long-term deposits at financial institutions - net	106,198,027	131,067,536	2,013	2,000

As at 31 December 2010 and 2009, a subsidiary company's fixed deposits with a bank totaling Baht 0.1 million were pledged to secure bank guarantee issued by a commercial bank on behalf of that subsidiary company.

8. Investments in debt and equity securities

(Unit: Baht)

	Consolidated financial statements			
	2010		2009	
	Cost value/ amortised cost	Fair value	Cost value/ amortised cost	Fair value
Short-term investments				
<u>Trading securities</u>				
Equity securities				
Listed securities	2,353,854,496	2,375,093,990	2,069,685,780	2,132,426,785
Derivative warrants	48,583,576	47,101,520	50,605,784	40,855,380
Unit trusts	11,550	6,273	11,550	15,688
Total	<u>2,402,449,622</u>	<u>2,422,201,783</u>	<u>2,120,303,114</u>	<u>2,173,297,853</u>
Debt securities				
Government bonds	2,639,707,792	2,639,618,302	2,489,976,621	2,493,408,555
Corporate debentures	548,305,019	548,230,908	-	-
Total	<u>3,188,012,811</u>	<u>3,187,849,210</u>	<u>2,489,976,621</u>	<u>2,493,408,555</u>
Total trading securities	<u>5,590,462,433</u>	<u>5,610,050,993</u>	<u>4,610,279,735</u>	<u>4,666,706,408</u>
Add: allowance for revaluation	<u>19,588,560</u>		<u>56,426,673</u>	
Net trading securities	<u>5,610,050,993</u>		<u>4,666,706,408</u>	
<u>Held-to-maturity debt securities</u>				
- due within one year				
Government bonds	<u>8,000,000</u>		<u>-</u>	
Net held-to-maturity debt securities				
- due within one year	<u>8,000,000</u>		<u>-</u>	
Total short-term investments - net	<u>5,618,050,993</u>		<u>4,666,706,408</u>	
Long-term investments				
<u>Other investments</u>				
Foreign unit trusts	649,931,000		714,280,000	
Other securities - ordinary shares	27,602,642		47,914,415	
Less: allowance for impairment	<u>(14,171,633)</u>		<u>(11,299,809)</u>	
Net other investments	<u>663,362,009</u>		<u>750,894,606</u>	
<u>Held-to-maturity debt securities</u>				
Government bonds	<u>-</u>		<u>7,975,607</u>	
Net held-to-maturity debt securities	<u>-</u>		<u>7,975,607</u>	
Total long-term investments - net	<u>663,362,009</u>		<u>758,870,213</u>	
Total investments in debt and equity securities - net	<u>6,281,413,002</u>		<u>5,425,576,621</u>	

(Unit: Baht)

	Separate financial statements			
	2010		2009	
	Cost value/ amortised cost	Fair value	Cost value/ amortised cost	Fair value
Short-term investments				
<u>Trading securities</u>				
Equity securities				
Listed securities	2,353,854,496	2,375,093,990	2,069,685,780	2,132,426,785
Derivative warrants	48,583,576	47,101,520	50,605,784	40,855,380
Unit trusts	11,550	6,273	11,550	15,688
Total	<u>2,402,449,622</u>	<u>2,422,201,783</u>	<u>2,120,303,114</u>	<u>2,173,297,853</u>
Debt securities				
Government bonds	2,639,707,792	2,639,618,302	2,489,976,621	2,493,408,555
Corporate debentures	548,305,019	548,230,908	-	-
Total	<u>3,188,012,811</u>	<u>3,187,849,210</u>	<u>2,489,976,621</u>	<u>2,493,408,555</u>
Total trading securities	<u>5,590,462,433</u>	<u>5,610,050,993</u>	<u>4,610,279,735</u>	<u>4,666,706,408</u>
Add: allowance for revaluation	19,588,560		56,426,673	
Net trading securities	<u>5,610,050,993</u>		<u>4,666,706,408</u>	
Total short-term investments - net	<u>5,610,050,993</u>		<u>4,666,706,408</u>	
Long-term investments				
<u>Other investments</u>				
Other securities - ordinary shares	27,602,642		27,602,642	
Less: allowance for impairment	(6,852,679)		(6,852,679)	
Net other investments	<u>20,749,963</u>		<u>20,749,963</u>	
Total long-term investments - net	<u>20,749,963</u>		<u>20,749,963</u>	
Total investments in debt and equity securities - net	<u>5,630,800,956</u>		<u>4,687,456,371</u>	

8.1 Investments subject to restrictions

As at 31 December 2010, investment in listed securities held for trading included Baht 71 million of securities that were lent by the securities borrowing and lending business, and investment in government debt securities held for trading included Baht 2,402 million of securities sold under repurchase agreements (2009: Baht 1,603 million).

As at 31 December 2009, investments in government bonds of a local subsidiary, amounting to Baht 8 million were pledged as security with the Ministry of Finance, in accordance with the agreement whereby the Ministry of Finance and the Ministry of Industry hired the Company as fund manager to manage the SME's Venture Capital Fund. As at 31 December 2010, such investments are no longer pledged since the management agreement has terminated. The bonds mature in March 2011.

8.2 Long-term investments - other foreign investments

As at 31 December 2010, other foreign investments in the consolidated financial statements of Baht 643 million (2009: Baht 714 million) were investments in unit trusts of a foreign subsidiary of USD 20 million which the subsidiary intends to hold for more than one year. Such investments are offshore funds, which invest in debt securities and equity securities of foreign companies.

8.3 Debt securities classified by maturity date

As at 31 December 2010 and 2009, a subsidiary classifies investments in held-to-maturity debt securities by the remaining periods to maturity as follows:

	(Unit: Baht)			
	Consolidated financial statements			
	2010			
	Maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity debt securities				
Government bonds	8,000,000	-	-	8,000,000
Total investments in held-to-maturity debt securities	<u>8,000,000</u>	<u>-</u>	<u>-</u>	<u>8,000,000</u>
	(Unit: Baht)			
	Consolidated financial statements			
	2009			
	Maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity debt securities				
Government bonds	-	7,975,607	-	7,975,607
Total investments in held-to-maturity debt securities	<u>-</u>	<u>7,975,607</u>	<u>-</u>	<u>7,975,607</u>

8.4 Gain (loss) on trading in securities

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Unrealised gain (loss) on revaluation of investments held for trading	(33,593,578)	4,176,233	(33,593,578)	4,176,233
Loss of impairment form investment	(7,691,104)	-	-	-
Loss of securities under the securities borrowing and lending business	(69,440,515)	(495,524,910)	(69,440,515)	(495,524,910)
Realised gain on trading of securities	<u>959,555,875</u>	<u>160,200,742</u>	<u>937,353,246</u>	<u>160,200,742</u>
Total gain (loss) on trading in securities	<u>848,830,678</u>	<u>(331,147,935)</u>	<u>834,319,153</u>	<u>(331,147,935)</u>

8.5 Gain on trading in derivatives

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Unrealised gain on revaluation of derivatives	133,495,511	16,885,739	133,495,511	16,885,739
Realised gain (loss) on derivatives	(34,364,249)	610,738,301	(34,364,249)	610,738,301
Total gain on trading in derivatives	99,131,262	627,624,040	99,131,262	627,624,040

8.6 Interest and dividend income from investments in securities

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Interest income from debt securities	65,447,736	37,180,307	64,823,343	36,555,914
Dividend income from equity securities	68,991,116	11,805,968	68,991,116	11,805,968
Dividend income from a subsidiary company	-	-	43,019,491	31,515,286
Total interest and dividend income from investments in securities	134,438,852	48,986,275	176,833,950	79,877,168

9. Investments in subsidiary companies

As at 31 December 2010 and 2009, investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Business	Type of Relations	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
			2010	2009	2010	2009	2010	2009	2010	2009
					%	%	Million Baht	Million Baht	Million Baht	Million Baht
<u>Subsidiary companies included in consolidated financial statements</u>										
One Asset Management Limited	Mutual fund management	Shareholding	Baht 105 million	Baht 105 million	98	97	242	240	43	32
KGI Securities (Thailand) International Holdings Limited (incorporated in Hong Kong)	Holding	Shareholding	USD 39 million	USD 39 million	100	100	1,549	1,549	-	-
KGI (Thailand) Holdings Limited (incorporated in British Virgin Islands)	Holding	Shareholding	USD 20 million	USD 20 million	100	100	834	834	-	-
<u>Subsidiary companies excluded from consolidated financial statements</u>										
Thai Thamrong Finance Company Limited (closed)	Finance	Shareholding	Baht 1,218 million	Baht 1,218 million	53	53	-	-	-	-
<u>Associated companies</u>										
Unitech System International Company Limited	Software rights	Shareholding	Baht 42 million	Baht 42 million	40	40	-	-	-	-
Nithipat Finance Public Company Limited (closed)	Finance	Shareholding	Baht 1,080 million	Baht 1,080 million	24	24	-	-	-	-
Total investments in subsidiaries in separate financial statements							2,625	2,623	43	32

- 9.1 During the year 2010, the Company acquired additional 74,416 ordinary shares of One Asset Management Limited from minority shareholders of that local subsidiary company.

10. Receivables from Clearing House

(Unit: Baht)

	Consolidated and Separate financial statements	
	2010	2009
Receivables from Thailand Securities Depository	-	228,983,485
Receivables from Thailand Clearing House for equity and debt securities	844,737,994	-
Receivables from Thailand Clearing House for derivatives	97,105,600	191,607,956
Less: Receivables from Thailand Clearing House for derivatives - customers' accounts	(52,099,897)	(57,780,307)
Receivables from Thailand Clearing House for derivatives - net	45,005,703	133,827,649
Total receivables from Clearing House	889,743,697	362,811,134

11. Securities and derivatives business receivables

(Unit: Baht)

	Consolidated and Separate financial statements	
	2010	2009
<u>Securities business receivables</u>		
Cash accounts	1,811,711,635	666,278,320
Credit balance accounts	1,102,708,983	407,323,842
Receivables under securities borrowing and lending business		
- Guarantee deposit receivables	209,056,288	270,055,489
- Securities borrowing receivables	124,161,872	171,169,785
Other receivables		
- Installment receivables	444,565,994	448,849,302
- Overdue customers' accounts	909,897	534,095
Total securities business receivables	3,693,114,669	1,964,210,833
Add: Accrued interest receivables	11,408,401	13,198,185
Less: Allowance for doubtful accounts	(441,574,666)	(438,157,077)
Securities business receivables and accrued interest receivables - net	3,262,948,404	1,539,251,941
Total securities and derivatives business receivables - net	3,262,948,404	1,539,251,941

11.1 As at 31 December 2010, the Company had other receivables with book values totaling Baht 419 million from which it has ceased recognizing income (2009: Baht 419 million).

11.2 As at 31 December 2010 and 2009, the Company has classified securities business receivables, including related accrued interest receivables, in accordance with the relevant notification issued by the Office of the Securities and Exchange Commission. The classification is as follows:

(Unit: Million Baht)

	Debt balances		Allowance for doubtful accounts set up by the Company	
	2010	2009	2010	2009
Doubtful debt	426	432	426	432
Substandard debt	30	30	-	-
Total	456	462	426	432
Additional reserve for possible loan loss			15	6
Total			441	438

11.3 As at 31 December 2010, securities business receivables include guarantee deposit receivables of approximately Baht 209 million, which comprise cash which the Company placed as collateral for securities borrowed as part of the securities borrowing and lending business. As at the same date, the fair value of those borrowed listed securities was approximately Baht 180 million. The borrowed securities were sold under short sale transactions or relent to others, with the remaining of Baht 0.6 million was not sold under short sale transactions or relent to other (2009: guarantee deposit receivables Baht 270 million and fair value of listed securities Baht 232 million).

12. Allowance for doubtful accounts

(Unit: Baht)

	Consolidated and Separate financial statements	
	2010	2009
Balance - beginning of the year	438,157,077	439,142,044
Add: Doubtful accounts	8,942,524	7,596,858
Less: Reversal of doubtful accounts	(5,493,398)	(8,578,353)
Bad debt written-off	(31,537)	(3,472)
Balance - end of the year	441,574,666	438,157,077

13. Land, premises and equipment

(Unit: Baht)

Consolidated financial statements							
	Land	Building and improvement	Equipment	Furniture and fixtures	Vehicles	Installation in progress	Total
<u>Cost</u>							
31 December 2009	1,820,000	14,578,506	270,946,494	114,153,719	32,405,753	5,232,787	439,137,259
Purchase	-	103,100	10,192,258	507,076	-	9,522,409	20,324,843
Disposal/write-off	-	-	(2,388,596)	(35,500)	(13,342,755)	(517,650)	(16,284,501)
Transfer in/Transfer out	-	-	5,827,126	170,103	-	(8,958,898)	(2,961,669)
31 December 2010	1,820,000	14,681,606	284,577,282	114,795,398	19,062,998	5,278,648	440,215,932
<u>Accumulated depreciation</u>							
31 December 2009	-	12,980,080	166,461,211	53,554,463	27,841,170	-	260,836,924
Depreciation for the year	-	427,117	32,776,132	15,164,235	2,206,979	-	50,574,463
Disposal/write-off	-	-	(2,304,409)	(35,498)	(12,646,400)	-	(14,986,307)
31 December 2010	-	13,407,197	196,932,934	68,683,200	17,401,749	-	296,425,080
<u>Net book value</u>							
31 December 2009	1,820,000	1,598,426	104,485,283	60,599,256	4,564,583	5,232,787	178,300,335
31 December 2010	1,820,000	1,274,409	87,644,348	46,112,198	1,661,249	5,278,648	143,790,852
Depreciation charge included in income statements for the years ended 31 December							
2009							54,910,039
2010							50,574,463

(Unit: Baht)

Separate financial statements							
	Land	Building and improvement	Equipment	Furniture and fixtures	Vehicles	Installation in progress	Total
<u>Cost</u>							
31 December 2009	1,820,000	3,280,000	244,309,740	108,435,973	22,066,574	5,232,787	385,145,074
Purchase	-	-	5,040,174	363,854	-	9,522,409	14,926,437
Disposal/write-off	-	-	(2,388,596)	(35,500)	(8,173,414)	(517,650)	(11,115,160)
Transfer in /Transfer out	-	-	5,827,126	170,103	-	(8,958,898)	(2,961,669)
31 December 2010	1,820,000	3,280,000	252,788,444	108,934,430	13,893,160	5,278,648	385,994,682
<u>Accumulated depreciation</u>							
31 December 2009	-	2,576,910	142,312,145	48,059,702	20,490,536	-	213,439,293
Depreciation for the year	-	164,000	31,011,801	15,096,146	1,164,234	-	47,436,181
Disposal/write-off	-	-	(2,304,409)	(35,498)	(8,173,408)	-	(10,513,315)
31 December 2010	-	2,740,910	171,019,537	63,120,350	13,481,362	-	250,362,159
<u>Net book value</u>							
31 December 2009	1,820,000	703,090	101,997,595	60,376,271	1,576,038	5,232,787	171,705,781
31 December 2010	1,820,000	539,090	81,768,907	45,814,080	411,798	5,278,648	135,632,523
Depreciation charge included in income statements for the years ended 31 December							
2009							51,559,434
2010							47,436,181

As at 31 December 2010 and 2009, certain equipment, furniture and fixtures and vehicles of the Company and a subsidiary have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 201 million and Baht 193 million, respectively (The Company only: Baht 161 million and Baht 153 million, respectively).

14. Intangible assets

(Unit: Baht)

Consolidated financial statements					
	Remaining amortisation period	Balance as at 1 January 2010	Increase	Amortisation	Balance as at 31 December 2010
Deferred derivative					
agent license fee	3 months	1,334,000	-	(1,067,200)	266,800
Computer software	1 - 5 years	25,791,023	8,993,024	(9,657,888)	25,126,159
Total		27,125,023	8,993,024	(10,725,088)	25,392,959

(Unit: Baht)

Separate financial statements					
	Remaining amortisation period	Balance as at 1 January 2010	Increase	Amortisation	Balance as at 31 December 2010
Deferred derivative					
agent license fee	3 months	1,334,000	-	(1,067,200)	266,800
Computer software	1 - 5 years	21,756,613	6,572,339	(7,709,040)	20,619,912
Total		23,090,613	6,572,339	(8,776,240)	20,886,712

15. Property foreclosed

(Unit: Baht)

Consolidated and Separate financial statements		
	2010	2009
Cost	56,495,417	71,191,583
Less: Allowance for impairment	(4,652,262)	(7,392,428)
Property foreclosed - net	51,843,155	63,799,155

Property foreclosed represents land received in settlement of the debts of the Company's receivables. They are stated net of allowance for impairment, based on each property's appraised value.

16. Borrowings

As at 31 December 2010 and 2009, borrowings comprising only domestic borrowings in Baht currency are classified as follows:

(Unit: Million Baht)

		Consolidated and separate financial statement		
		2010		
		Remaining period to maturity		
Types	Interest rate per annum	At call	Within 1 year	Total
	(percent)			
Promissory notes	2.05	200,000,000	-	200,000,000
Bills of exchange	2.07	-	207,701,795	207,701,795
		200,000,000	207,701,795	407,701,795

(Unit: Million Baht)

		Consolidated and separate financial statement		
		2009		
		Remaining period to maturity		
Types	Interest rate per annum	At call	Within 1 year	Total
	(percent)			
Promissory notes	2.37	140,000,000	200,000,000	340,000,000
		140,000,000	200,000,000	340,000,000

17. Securities sold under repurchased agreement

As at 31 December 2010 and 2009, securities sold under repurchased agreements consist of the following:

(Unit: Baht)

		Consolidated and Separate financial statements	
		2010	2009
Government bonds		2,382,963,871	1,590,005,046

18. Securities and derivatives business payables

(Unit: Baht)

	Consolidated and Separate financial statements	
	2010	2009
Securities business payables of securities trading business	1,976,554,234	663,218,786
Payables under securities borrowing and lending business		
- Securities borrowing payables	175,916,347	232,279,785
- Guarantee deposit payables	204,486,186	128,519,147
Total securities and derivatives business payables	2,356,956,767	1,024,017,718

19. Subordinated loans from a subsidiary company

As at 31 December 2010, the Company has subordinated loans amounting to Baht 1,600 million (31 December 2009: Baht 1,700 million) from an overseas subsidiary company. These are unsecured, interest free Baht loans with the maturity in September 2011. During the current year, the Company and the subsidiary company agreed to extend the maturity date to 21 March 2012.

20. Other derivatives liabilities

(Unit: Baht)

	Consolidated and Separate financial statements	
	2010	2009
Derivative warrants	423,604,793	75,326,714
Over-the Counter derivatives	6,494,927	6,733,402
Derivatives on the Thailand Futures Exchange	2,115,760	41,040
Total other derivatives liabilities	432,215,480	82,101,156

At each reporting date, liabilities from derivative instruments and the unrealized gain/loss on revaluation to fair value of derivatives that have not matured are presented as other derivative assets/ liabilities.

21. ESOP warrants

The Company's Board of Directors' meeting held on 24 February 2006 approved the issuance up to 99,236,870 warrants to the Company's directors and employees free of charge. The exercise ratio is to be 1 warrant per 1 ordinary share and the warrants are to be exercisable every 6 months, with a term of no more than 4 years from the first offering date. The ESOP Committee was granted authority to determine the exercise date and exercise price, which is not to be below the par value of the shares.

However, the Company's Board of Directors' meeting held on 20 April 2006 approved the postponement of the issuance of the ESOP warrants in order to review the allocation of warrants, because there had been changes to the Board of Directors. Any issuance of the warrants is subject to approval by a meeting of the shareholders.

As at 31 December 2010, the Company had not yet issued the above ESOP warrants.

22. 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 capital in accordance with the rules laid down by the Office of the Securities and Exchange Commission.

23. 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.

As at 31 December 2010, the Company had set aside the statutory reserve of Baht 40.2 million from its net income for the year 2010.

24. Fees and services income

(Unit: Baht)

	For the year ended 31 December			
	Consolidated financial		Separate financial	
	statements		statements	
	2010	2009	2010	2009
Mutual fund management fee	156,589,263	153,823,345	-	-
Private fund management fee	20,011,090	18,846,187	-	-
Provident fund management fee	2,145,051	1,246,320	-	-
Management fee, registrar and custodian fees	10,068,422	9,083,677	28,485	29,670
Underwriting fee	4,048,100	905,431	4,048,100	905,431
Financial advisory fee	4,952,015	3,440,514	4,952,015	3,440,514
Securities borrowing and lending fee	8,010,466	9,355,736	8,010,466	9,355,736
Selling agent fee	11,120,965	3,736,846	7,918,109	4,138,355
Others	3,670,646	269,127	5,928,684	2,310,832
Total fees and services income	220,616,018	200,707,183	30,885,859	20,180,538

25. Number of employees and related cost

(Unit: Thousand Baht)

	For the year ended 31 December			
	Consolidated financial		Separate financial	
	statements		statements	
	2010	2009	2010	2009
Personnel expenses for the year	548,970	421,960	489,939	365,540
Reversal of prior year accrued bonus expenses	(11,858)	(7,686)	(11,858)	(7,686)
	537,112	414,274	478,081	357,854
Number of employees at end of year (persons)	608	579	521	491

Personnel expenses of the current year and prior year included the reversal of 2009 and 2008 accrued bonuses amounting of Baht 11.9 million and Baht 7.7 million, respectively. These accrued bonuses was recorded at the end of the years at the estimated amounts approved by Board of Directors' meetings. However, the management reconsidered the appropriate amount of bonus paid and concluded that such amount should be less than the estimated amount. The unpaid amount was therefore reversed in the following year.

26. Provident fund

The Company, its local subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees, the Company and the subsidiary company contributed to the fund monthly at the same rate of 3 to 6 percent of basic salary. The funds of the Company and its subsidiary are managed by One Asset Management Limited and Thanachart Fund Management Company Limited, respectively. The funds will be paid to employees upon termination in accordance with the rules of the fund. During the years ended 31 December 2010 and 2009, Baht 13.2 million and Baht 11.6 million, respectively were contributed to the fund by the Company and its subsidiary. (The Company only: Baht 10.6 million and Baht 8.8 million, respectively).

27. Directors and management's remuneration

Directors and management's remuneration represents the benefits (inclusive of salaries, bonuses, provident fund, related benefits and directors' remuneration in accordance with Section 90 of the Public Limited Companies Act.) paid to directors and management of the Company and its subsidiaries.

The directors' remuneration and management's bonuses were recorded at the end of the years at the estimated amount with directors' remuneration based on the amount approved by Board of Directors for the prior year, and the amounts later adjusted when the amount approved by the Annual General Meeting of Shareholders is known.

Directors and management's remuneration for the year were as follows:

	(Unit: Thousand Baht)			
	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2010	2009	2010	2009
Directors and management's remuneration for the year	188,756	112,971	165,696	91,752
Additional (reversal) of prior year accrued directors' remuneration	(500)	300	(500)	300
	<u>188,256</u>	<u>113,271</u>	<u>165,196</u>	<u>92,052</u>

28. Corporate income tax

Corporate income tax was calculated on net income before income tax for the current year, after adding back expenses and deducting income which are disallowable for tax computation purposes.

29. Earnings per share

Earnings per share presents in the income statements is basic earnings per share which is determined by dividing the net income for the year by the weighted average number of ordinary shares in issue during the year.

30. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, the subsidiaries and those related parties.

(Unit: Thousand Baht)

	Consolidated financial		Separate financial		
	statements		statements		Pricing Policies
	2010	2009	2010	2009	
<u>Transactions with subsidiary Company</u>					
(Eliminated from the consolidated financial statements)					
<u>Commission fee income</u>					Commission fee at percentage of
One Asset Management Limited	-	-	3,253	2,730	net asset value of fund servicing or agreement rate
<u>Transactions with related parties</u>					
<u>Brokerage fee income</u>					At normal rate charged to other clients,
KGI Asia Limited	199	142	199	142	in accordance with SET's and SEC's
KGI Securities Company Limited	744	546	744	546	notification
KGI Securities (Hong Kong) Limited	1,206	6,653	1,206	6,653	
KGI Finance Limited	2,318	5	2,318	5	
<u>Introducing fee income</u>					Fee as stipulated in contracts
KGI Securities Company Limited	1,951	-	1,951	-	
<u>Custodian fee income</u>					Baht 15 of every Baht 1 million on daily
Richpoint Company Limited	28	32	28	32	securities outstanding value
<u>Securities borrowing fee income</u>					
KGI Finance Limited	526	-	526	-	Borrowing fee at percentage of value of borrowed securities and borrowing period
<u>Capital expenditure for developing computer system (Global Standard Business Program)</u>					At the rate determined with reference to cost plus 4 percent margin
KGI Hong Kong Limited	11	200	11	200	
KGI Securities Company Limited	-	84	-	84	
<u>IT consulting fee</u>					Fee as stipulated in contracts
KGI Securities Company Limited	1,992	-	1,992	-	

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing Policies
	2010	2009	2010	2009	
<u>Transaction of subsidiary companies with related parties</u>					
<u>Management fee</u>					Fee as stipulated in contacts
KGI Hong Kong Limited	568	616	-	-	
<u>Transactions with management and directors</u>					
<u>Brokerage fee income</u>					At normal rate charged to other clients, in accordance with SET's and SEC's notification
KGI Securities (Thailand) Public Company Limited	192	111	192	111	
<u>Directors and management's remuneration</u>					
KGI Securities (Thailand) Public Company Limited	165,196	92,052	165,196	92,052	
One Asset Management Limited	17,990	15,729	-	-	
KGI Securities (Thailand) International Holdings Limited	2,535	2,745	-	-	
KGI (Thailand) Holdings Limited	2,535	2,745	-	-	
<u>Transactions with related person</u>					
<u>Advisory fee</u>					Fee as stipulated in contracts
A related person	1,800	600	1,800	600	

As at 31 December 2010 and 2009, the outstanding balances of the above transactions, as presented in the balance sheets are as follows:

	Consolidated financial statements		Separate financial statements		Pricing Policies
	2010	2009	2010	2009	
<u>Accrued service fees</u>					No interest charged
<i>Subsidiary company</i>					
(Eliminated from the consolidated financial statements)					
One Asset Management Limited	-	-	727	662	
<i>Related company</i>					
Richpoint Company Limited	12	9	12	9	
<u>Securities and derivatives business</u>					No interest charged
<u>receivables</u>					
<i>Related companies</i>					
KGI Securities Company Limited	-	116	-	116	
KGI Finance Limited	58	-	58	-	

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing Policies
	2010	2009	2010	2009	
<u>Accrued securities borrowing fee</u>					No interest charged
<i>Related company</i>					
KGI Finance Limited	58	-	58	-	
<u>Securities and derivatives business payables</u>					No interest charged
<i>Related companies</i>					
KGI Asia Limited	-	464	-	464	
KGI Securities (Hong Kong) Limited	-	39,823	-	39,823	
<u>Accounts payable - Global Standard Business Program</u>					No interest charged
<i>Related company</i>					
KGI Securities Company Limited	110	121	110	121	
<u>Accounts payable - IT consulting fee</u>					No interest charged
KGI Securities Company Limited	945	-	945	-	
<u>Advances from</u>					No interest charged
<i>Subsidiary company</i>					
KGI Securities (Thailand)	-	-	1,125	1,244	
International Holdings Limited					
<u>Other payables and advances from related company of subsidiary companies</u>					No interest charged
<i>Related company</i>					
KGI Hong Kong Limited	310	104	-	-	
<u>Subordinated loans from a subsidiary company</u>					No interest charged
<i>Subsidiary company</i>					
<i>(Eliminated from the consolidated financial statements)</i>					
KGI Securities (Thailand)	-	-	1,600,000	1,700,000	
International Holdings Limited					

Company's name and related person	Relationship
One Asset Management Limited	The Company's subsidiary which is 98% held by the Company
KGI Securities (Thailand) International Holdings Limited	The Company's subsidiary which is 100% held by the Company
KGI (Thailand) Holdings Limited	The Company's subsidiary which is 100% held by the Company
KGI Asia Limited	KGI Group is a major shareholder of KGI Asia Limited and of the Company
KGI Securities Company Limited	KGI Group is a major shareholder of KGI Securities Company Limited and of the Company
KGI Securities (Hong Kong) Limited	KGI Group is a major shareholder of KGI Securities (Hong Kong) Limited and of the Company
KGI Finance Limited	KGI Group is a major shareholder of KGI Finance Limited and of the Company
KGI Hong Kong Limited	KGI Group is a major shareholder of KGI Hong Kong Limited and of the Company
Richpoint Company Limited	It is owned by KGI Group and it is one of major shareholders of the Company
A related person	The family of the related person is a major shareholder of KGI Securities Company Limited

31. Dividends

The Company

During the year 2010 and 2009, the Annual General Meeting of the Company's shareholders approved the payment of dividend as follows:

(Unit: Baht)			
Dividends	Approved by	Total dividends	Dividend per share
Dividends for earnings from 1 January 2009 to 31 December 2009	Annual General Meeting of the Company's shareholders on 8 April 2010	199,100,130	0.10
Total for 2010		199,100,130	0.10
Dividends for earnings from 1 January 2008 to 31 December 2008	Annual General Meeting of the Company's shareholders on 9 April 2009	149,324,679	0.075
Total for 2009		149,324,679	0.075

Local subsidiary company

During the year 2010 and 2009, the Annual General Meeting of a subsidiary company's shareholders and the Board of Directors' Meeting of the subsidiary company approved the payment of dividend as follows:

(Unit: Baht)			
Dividends	Approved by	Total dividends	Dividend per share
Dividends for earnings from 1 January 2009 to 31 December 2009	Annual General Meeting of the subsidiary company's shareholders on 9 March 2010	23,100,000	2.20
Interim dividends for earnings from 1 January 2010 to 30 June 2010	Board of Directors' meeting of the subsidiary company on 4 August 2010	21,000,000	2.00
Total for 2010		44,100,000	4.20
Dividends for earnings from 1 January 2008 to 31 December 2008	Annual General Meeting of the subsidiary company's shareholders on 10 March 2009	21,000,000	2.00
Interim dividends for earnings from 1 January 2009 to 30 June 2009	Board of Directors' meeting of the subsidiary company on 26 August 2009	11,550,000	1.10
Total for 2009		32,550,000	3.10

32. Commitments and contingent liabilities

32.1 Significant contingent liabilities as at 31 December 2010 are as follows:

The Company

- 1) In October 2008, the former lessor of the head office's building filed a lawsuit with the Civil Court seeking to have the Court order the Company to sign an extension of the lease agreement, and to pay a deposit of Baht 3.9 million. On 28 January 2009, the Court of First Instance dismissed the lessor's lawsuit, and as a result the Company is not required to enter into a lease agreement and is not required to pay the deposit. However, the plaintiff appealed the judgment of the Court of First Instance on 27 March 2009. On 21 January 2011, the Appeal Court upheld the decision of the Court of First Instance to dismiss the lessor's lawsuit. On 16 February 2011, the plaintiff submitted a motion petitioning the Court to extend the period for submission to the Supreme Court. The Court is considering the motion. The management of the Company believes that the Company will not incur any significant losses as a result of the lawsuit.

- 2) In February 2009, the Company received a notice letter from the former lessor of the head office's building requesting the Company make payment of reinstatement charged of Baht 28 million, together with a fine of Baht 28 million per day, commencing from 8 February 2009 until the building reinstatement process has been completed. Currently, negotiations with the former lessor have yet to reach to a conclusion, but the Company recognised estimated liabilities of approximately Baht 18 million in respect of reinstatement of the leased building in the financial statements for the year 2008, based on the estimation of a property consultant.
- 3) In April 2009, a credit balance account customer demanded the Company pay compensation of Baht 0.7 million and submitted an application to the Office of the Securities and Exchange Commission (SEC) for arbitration under the SEC's regulations. On 8 October 2009, the Arbitrator issued a ruling ordering the Company to pay damages to such customer in the amount of Baht 0.4 million. On 9 February 2010, the Company filed a petition with the Bangkok South Civil Court, asking the Court to overrule the Arbitrator's judgment. Subsequently, on 6 July 2010 the Company and the customer concluded a compromise agreement, whereby the Company paid compensation of Baht 0.3 million to the customer.
- 4) In December 2009, a criminal suit was jointly brought against the Company and a debt collection agency in connection with the execution of a legal order against a debtor of the Company. The preliminary examination process has already been ruled on by the Court of First Instance, which ordered that the facts of the case were admissible for further trial process. However, the Company's legal counsel believes that the Company and its authorized directors did not commit any wrongdoing and has already prepared arguments to dispute the case at the consideration stage. Therefore the Company believes that significant losses will not be incurred as a result of this lawsuit.

- 5) In January 2010, the Company's debt collection agency ("Debt Collector") terminated its provision of debt collection services and requested that the Company pay service fees or professional fees of no less than Baht 20 million. Currently, the Debt Collector has filed 19 civil lawsuits against the Company, with the total claim under these cases amounting to Baht 13.1 million. Some of these cases are at the stage of scheduling court hearings to take evidence and some cases have already been ruled on by the Court of First Instance. Under these rulings, the courts ordered the Company to make payment to the Debt Collector, but the amounts involved are immaterial and the Company has already recorded liabilities in respect to the cases in the financial statement for the current period. The Company will exercise its right to appeal the decisions of the Court of First Instance.

Moreover, the Company has discovered that the Debt Collector breached the agreement by reducing the debt of one debtor and failing to deliver sums received from such debtor to the Company, which constituted an act beyond the authority assigned by the Company. In this regard, the Company has already filed a criminal lawsuit against the Debt Collector, alleging embezzlement. On 2 July 2010, the Debt Collector filed a criminal countersuit against the Company, alleging that it had brought false charges. The preliminary examination process of the above two criminal lawsuits have already been ruled on by the Court of First Instance. Under the rulings, the Court dismissed the Debt Collector's lawsuit and the Debt Collector is appealing the judgment, while the Court found the case brought by the Company against the Debt Collector to have legal grounds and to be admissible, and is setting a date for further hearings.

- 6) In December 2010, a stock trading account client brought case against the Company, its authorized directors and a former marketing officer, accusing them of joint defraud and claiming damages amounting to Baht 7.6 million from the Company. The case is currently being investigated by the police. The Company's legal counsel is of the opinion that the Company and its authorized directors did not commit any criminal acts and is currently preparing a defence of the case. However, in respect of the civil claim, it is yet unclear whether the Company will be jointly liable with its former marketing officer. It has therefore recorded the above liability in the financial statements for the year 2010.

A subsidiary company

- 1) During the year 2007, a commercial bank filed a lawsuit against a local subsidiary company on grounds of infringement and causing damage to the plaintiff as a result of the loss of securities pledged as collateral, namely units of a mutual funds under management of the subsidiary company, due to the dissolution and liquidation of such funds according to the SEC's regulations. Claims from such litigation total approximately Baht 50 million. The plaintiff claimed that the subsidiary company paid proceeds from the liquidation of the fund to the pledgor of the fund units instead of to the plaintiff, as the pledgee, thereby causing damage to the plaintiff. In fact, the pledgor agreed to invest all proceeds from the liquidation of the fund in another fund under the management of the subsidiary company and the plaintiff is not a damaged party with the legal right to sue the subsidiary company in respect of its not paying the proceeds from the fund liquidation to the plaintiff. In addition, the amount claimed by the plaintiff is much higher than the pledgor's obligation in respect of the fund units. The Court of First Instance ordered the case dismissed on 25 February 2008, while the Appeal Court approved the plaintiff's petition to withdraw the lawsuit and dismiss the case on 26 May 2010.
- 2) In September 2008, a subsidiary company has been filed as one of accused on the Criminal lawsuit together with the other ordinary persons and juristic persons in connection with the auction sale of the residential loans of the financial institutions with the Financial Sector Restructuring Authority (FRA). At present, the lawsuit is still in the trial process at the First Instance Court. However, Management of the subsidiary company believes that there will be no significant losses to the subsidiary company as a result of this lawsuit.

32.2 Significant commitments as at 31 December 2010 are as follows:

- 1) The Company and its subsidiaries have the significant outstanding commitments under long-term office space, office equipment and motor vehicles rental and services agreements as follows:

(Unit: Million Baht)

Year	The Company	The Subsidiaries	Total
2011	71.44	14.68	86.12
2012 - 2014	24.65	18.80	43.45
2015 - 2016	0.32	-	0.32

- 2) The Company has an obligation in respect of an agreement related to maintenance of computers and provision of related services under which the Company is to pay a monthly fee of approximately Baht 1.2 million. No due date is stipulated in the agreement.
- 3) The Company has an obligation in respect of IT service agreements with related parties amounting to USD 332,445. The projects' term are 1 to 5 years which are expected to be completed in year 2011. As at 31 December 2010, future obligation under these agreements are USD 146,583.
- 4) The Company is required to pay a membership fee to the Stock Exchange of Thailand comprising a monthly payment of Baht 50,000 and at a rate of 0.005 percent of the trading volume.
- 5) The Company has commitments to pay settlement fee and securities delivery fee to Thailand Clearing House Company Limited, on a monthly basis, at a rate of 0.001 percent of its trading volume and maximum fee of Baht 350 per order.
- 6) The Company is required to pay contributions to the Compensation Fund for Clearing and Settlement, which is overseen by the Thailand Clearing House Company Limited (TCH), on a monthly basis, at a rate of 0.008 percent, 0.012 percent or 0.016 percent of its net settlements each month, depend on settlement risk of the Company.

- 7) The Company is required to pay contributions to the Clearing Fund of derivative, which is overseen by the Thailand Clearing House Company Limited, on a monthly basis, at the minimum rate of Baht 1,000. The Thailand Clearing House may change the monthly contribution rate and may request more fund, depend on settlement risk of the Company. During January to March 2011, the Company is required to pay contributions to the Clearing Fund at a rate of 0.03 percent of the average daily Margin Requirement.
- 8) The Company is required to pay contributions to the Securities Investor Protection Fund, which is overseen by the Stock Exchange of Thailand, on a monthly basis, at a rate of 0.0005 percent of the trading volume.
- 9) The Company has an obligation to pay a service fee under an on-line trading service agreement to Settrade.com Co., Ltd., which is overseen by the Stock Exchange of Thailand, at a rate of 0.002 - 0.04 percent of its trading volume, with the minimum payment not less than Baht 40,000 per month.
- 10) The Company has an obligation to pay an annual fee of Baht 500,000 to Thailand Future Exchange Public Company Limited and is charged with execution fees for purchases or sales of futures contracts at the rate set by Thailand Future Exchange Public Company Limited.
- 11) The Company has an obligation to pay an annual fee of Baht 300,000 and other service fees as stipulated in the contract to Thailand Clearing House Company Limited.
- 12) The Company has an obligation to pay service fee upon an on-line derivative trading agreement to Settrade.com Co., Ltd., which is overseen by the Stock Exchange of Thailand, at the rate of Baht 10 - 60 per contract for buying or selling derivative. The minimum fee is set to be Baht 40,000 per month.
- 13) A subsidiary company is required to pay annual fees to the Office of the Securities and Exchange Commission for its securities business license for mutual fund management and private fund management. The fee comprises a fund management fee, which is calculated based on the average net asset value of the fund during the calendar year at a stipulated rate, and a fee as registrar or for the sale and redemption of unit trusts, charged at 1 percent per annum of the income from registrar fees and fees from the sale and redemption of unit trusts. The minimum total fee is Baht 500,000 per annum.

- 14) The Company has the following commitments in respect of derivative contracts:

- **Derivatives on the Thailand Futures Exchange (TFEX)**

SET50 Index Futures

As at 31 December 2010, the Company has commitments in respect of SET50 Index Futures contracts traded through the Thailand Futures Exchange for 72 contracts detailed below.

	Long position		Short position	
	No. of Contracts	Cost* (Million Baht)	No. of Contracts	Cost* (Million Baht)
Future contracts of March 2011	-	-	18	13
Future contracts of June 2011	12	9	-	-
Future contracts of September 2011	-	-	42	30
Total	12	9	60	43

* Delivery method of SET50 Index Futures listed in TFEX is cash settlement. Real exposure is a difference between cost of futures and SET50 Index level on settlement date.

As at 31 December 2010, The SET50 index stood at 720.19 and the contract multiplier is Baht 1,000 per index point.

Single Stock Futures

As at 31 December 2010, the Company has commitments in respect of Single Stock Futures contracts traded through the Thailand Futures Exchange for 3,816 contracts detailed below.

	Short position	
	No. of Contracts	Cost* (Million Baht)
Future contracts of March 2011	3,816	818
Total	3,816	818

* Delivery method of Single Stock Futures listed in TFEX is cash settlement. Real exposure is a difference between cost of futures and Single Stock price on settlement date.

Contract size of Single Stock Futures is 1,000 shares per contract.

Gold Futures

As at 31 December 2010, the Company has commitments in respect of Gold Futures contracts traded through the Thailand Futures Exchange for 10 contracts detailed below.

	Long position	
	No. of Contracts	Cost*
		(Million Baht)
Future contracts of February 2011	10	10
Total	10	10

* Delivery method of Gold Futures listed in TFEX is cash settlement. Real exposure is a difference between cost of futures and London Gold A.M. Fixing level on settlement date.

As at 31 December 2010, the London Gold A.M. Fixing price stood at 1,403.5 USD/troy ounce. Each contract size equals to 50 Thai Gold Baht.

SET50 Index Options

As at 31 December 2010, the Company has commitments in respect of SET50 Index Options contracts traded through the Thailand Futures Exchange for 443 contracts detailed below.

	Long position		Short position	
	No. of contracts	Cost*	No. of contracts	Cost*
		(Thousand Baht)		(Thousand Baht)
Call options of March 2011	27	110	213	1,169
Put options of March 2011	4	20	199	1,166
Total	31	130	412	2,335

* Cost of options is the premium paid (long position) and the premium received (short position) as at the date of the trade.

- Derivative Warrants on the Stock Exchange of Thailand

As at 31 December 2010, the Company has commitments in respect of 14 derivative warrants issued by the Company and linked to listed Stock in the SET50 with fair values based on the offer price quoted in the Stock Exchange are summarized below.

	Remaining period before maturity date				Total
	1 - 3 months	4 - 6 months	7 - 9 months	10 - 12 months	
Derivative warrants					
(Call warrants)	303,093	120,500	12	-	423,605

(Unit: Thousand Baht)

The delivery method for the above derivative warrants is cash settlement of the difference between the closing price of the underlying assets at the last trading date and the exercise price.

- Over-the-Counter derivatives (OTC)

As at 31 December 2010, the Company has commitments in respect of Over-the-Counter derivative contracts as follows:

Short position

- Four contracts of Interest Rate Swap where the Company pays fixed rate and receives floating rate with the theoretical values as of 31 December 2010 totaling Baht 6.5 million.

Long position

- Two contracts of Interest Rate Swap where the Company pays fixed rate and receives floating rate with the theoretical values as of 31 December 2010 totaling Baht 6.3 million.

33. Financial information by segment

The majority of the operations of the Company and its subsidiary companies involve the single business segment of securities related business, including mutual fund management, and are carried on in Thailand, Hong Kong and the British Virgin Islands. As a result, all revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned industry and geographic areas.

(Unit: Million Baht)

	For the year ended 31 December									
	Securities business (Thailand)		Holding business (Hong Kong and British Virgin Islands)		Mutual fund management (Thailand)		Elimination entries		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Total incomes	2,128	1,138	14	-	197	186	(46)	(34)	2,293	1,290
Total expenses	(1,059)	(821)	(60)	(7)	(143)	(137)	3	4	(1,259)	(961)
Corporate income tax	(264)	(70)	-	-	(16)	(15)	-	-	(280)	(85)
Net income attributable to minority interest	-	-	-	-	-	-	(1)	(1)	(1)	(1)
Net income (loss)	<u>805</u>	<u>247</u>	<u>(46)</u>	<u>(7)</u>	<u>38</u>	<u>34</u>	<u>(44)</u>	<u>(31)</u>	<u>753</u>	<u>243</u>

(Unit: Million Baht)

	For the year ended 31 December									
	Securities business		Holding business		Mutual fund		Elimination entries		Total	
	(Thailand)		(Hong Kong and the British Virgin Islands)		(Thailand)					
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Cash and cash equivalents and long-term deposits at financial institutions	149	171	85	8	148	161	-	-	382	340
Investments in debt and equity securities - net	5,631	4,687	642	730	8	9	-	-	6,281	5,426
Investments in subsidiaries	2,624	2,623	-	-	-	-	(2,624)	(2,623)	-	-
Receivables from Clearing House	890	363	-	-	-	-	-	-	890	363
Securities and derivatives business receivables - net	3,263	1,539	-	-	-	-	-	-	3,263	1,539
Loans and advances to related companies	-	-	1,621	1,720	-	-	(1,621)	(1,720)	-	-
Land, premises and equipment - net	136	172	-	-	8	6	-	-	144	178
Other assets	154	157	-	-	32	31	26	25	212	213
Total assets	12,847	9,712	2,348	2,458	196	207	(4,219)	(4,318)	11,172	8,059

34. Financial Instruments

A 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.

Financial instruments of the Company and its subsidiaries, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, long-term deposits at financial institutions, investments, receivables from and payables to Clearing House, securities and derivatives business receivables and payables, borrowings and subordinated loans from a subsidiary company.

Financial risk management policy

The Company and its subsidiary companies are exposed to risks from changes in interest rates and currency exchange rates and risks from nonperformance of contractual obligations by counterparties. The Company uses derivatives, as and when it considers appropriate, to manage such risks. In addition, the Company has a policy to enter into contracts with creditworthy counterparties. Therefore, the Company does not expect any material financial losses to be arisen from that the counterparties will fail to discharge their obligations as stipulated in the financial instruments contracts.

The accounting policies of derivatives are disclosed in related notes to financial statements.

34.1 Interest Rate Risk

Interest rate risk is the risk that future fluctuations in market interest rates will affect the operating result and cash flows of the Company and subsidiary companies.

The exposure to interest rate risk of the Company and its subsidiary companies relate primarily to their cash at banks, long-term investments in debt securities and borrowings. However, because most of the financial assets and liabilities carry floating interest rate which will fluctuated in line with the market interest rates or carry fixed interest rate which approximate the current market interest rate, the Company and its subsidiary companies do not use derivatives to manage their interest rate risk.

As at 31 December 2010 and 2009, the significant financial assets and liabilities classified by types of interest rate and, for the financial assets and liabilities carrying fixed interest rate, by the contractual repricing or maturity date (whichever is earlier) are as follows:

(Unit: Million Baht)

Consolidated financial statements										
Outstanding balance of financial instruments as at 31 December 2010										
	Floating interest rate	Fixed interest rate				Without interest	Total	Floating	Fixed	Effective
		Remaining period to the contractual repricing date or maturity date						interest	interest	interest
		Within 1 year	1 - 5 years	Over 5 years	Unspecified			rate	rate	rate
Financial Assets										
Cash and cash equivalents	198	35	-	-	-	43	276	0.66	1.73	0.83
Long-term deposits at financial institutions	-	106	-	-	-	-	106	-	1.94	1.94
Investments in debt and equity securities - net	-	1,326	1,862	8	-	3,085	6,281	-	2.47	2.65
Receivable from Clearing House	45	-	-	-	-	845	890	1.58	-	1.58
Securities and derivatives business receivables - net	209	1,103	-	-	-	1,951	3,263	1.24	5.50	4.82
Financial liabilities										
Borrowing	-	408	-	-	-	-	408	-	2.06	2.06
Securities sold under repurchased agreements	-	2,383	-	-	-	-	2,383	-	1.85	1.85
Securities and derivatives business payables	-	-	-	-	-	2,357	2,357	-	-	-

(Unit: Million Baht)

Consolidated financial statements										
Outstanding balance of financial instruments as at 31 December 2009										
		Fixed interest rate						Floating	Fixed	Effective
	Floating	Remaining period to the contractual				Without		interest	interest	interest
	interest rate	repricing date or maturity date				interest	Total	rate	rate	rate
		Within 1 year	1 - 5 years	Over 5 years	Unspecified			Percentage	Percentage	Percentage
<u>Financial Assets</u>										
Cash and cash equivalents	142	26	-	-	-	41	209	0.68	1.19	0.76
Long-term deposits at										
financial institutions	-	131	-	-	-	-	131	-	1.54	1.54
Investments in debts and equity										
securities - net	-	1,182	1,254	65	-	2,925	5,426	-	1.52	1.49
Receivables from Clearing House	134	-	-	-	-	229	363	1.51	-	1.51
Securities and derivatives										
business receivables - net	270	407	-	-	-	862	1,539	0.73	5.50	3.60
<u>Financial liabilities</u>										
Borrowings	-	340	-	-	-	-	340	-	2.37	2.37
Securities sold under repurchased										
agreements	-	1,590	-	-	-	-	1,590	-	1.28	1.28
Payables to Clearing House	-	-	-	-	-	246	246	-	-	-
Securities and derivatives										
business payables	-	-	-	-	-	1,024	1,024	-	-	-

(Unit: Million Baht)

Separate financial statements										
Outstanding balance of financial instruments as at 31 December 2010										
	Floating interest rate	Fixed interest rate				Without interest	Total	Floating	Fixed	Effective
		Remaining period to the contractual						interest	interest	interest
		repricing date or maturity date						rate	rate	rate
		Within 1 year	1 - 5 years	Over 5 years	Unspecified			Percentage	Percentage	Percentage
<u>Financial Assets</u>										
Cash and cash equivalents	108	-	-	-	-	42	150	1.19	0.75	1.19
Investments in debt and equity										
securities - net	-	1,318	1,862	8	-	2,443	5,631	-	2.46	2.65
Investments in subsidiaries	-	-	-	-	-	2,624	2,624	-	-	-
Receivable from Clearing House	45	-	-	-	-	845	890	1.58	-	1.58
Securities and derivatives business										
receivables - net	209	1,103	-	-	-	1,951	3,263	1.24	5.50	4.82
<u>Financial liabilities</u>										
Borrowing	-	408	-	-	-	-	408	-	2.06	2.06
Securities sold under										
repurchased agreements	-	2,383	-	-	-	-	2,383	-	1.85	1.85
Securities and derivatives										
business payables	-	-	-	-	-	2,357	2,357	-	-	-
Subordinated loans from a										
subsidiary company	-	-	-	-	-	1,600	1,600	-	-	-

(Unit: Million Baht)

Separate financial statements										
Outstanding balance of financial instruments as at 31 December 2009										
		Fixed interest rate						Floating	Fixed	Effective
	Floating	Remaining period to the contractual				Without		interest	interest	interest
	interest rate	repricing date or maturity date				interest	Total	rate	rate	rate
		Within 1 year	1 - 5 years	Over 5 years	Unspecified			Percentage	Percentage	Percentage
<u>Financial Assets</u>										
Cash and cash equivalents	131	-	-	-	-	40	171	0.73	1.24	0.73
Investments in debts and equity										
securities - net	-	1,182	1,246	65	-	2,194	4,687	-	1.50	1.49
Investments in subsidiaries	-	-	-	-	-	2,623	2,623	-	-	-
Receivables from Clearing House	134	-	-	-	-	229	363	1.51	-	1.51
Securities and derivatives										
business receivables - net	270	407	-	-	-	862	1,539	0.73	5.50	3.60
<u>Financial liabilities</u>										
Borrowings	-	340	-	-	-	-	340	-	2.37	2.37
Securities sold under repurchased										
agreements	-	1,590	-	-	-	-	1,590	-	1.28	1.28
Payables to Clearing House	-	-	-	-	-	246	246	-	-	-
Securities and derivatives										
business payables	-	-	-	-	-	1,024	1,024	-	-	-
Subordinated loans from a										
subsidiary company	-	-	-	-	-	1,700	1,700	-	-	-

34.2 Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations, resulting in a financial loss to the Company and its subsidiary companies.

The Company is exposed to credit risk primarily with respect to securities and derivatives business receivables, loans and other accounts receivable. The Company's management controls such risk by establishing credit limits for customers and counter parties and analysing their financial position as an ongoing basis. As a result, the Company does not expect to incur material financial losses.

The Company is not exposed to concentrations of credit risk because it has a variety of customer base and large number of customers. The maximum exposure to credit risk is limited to the carrying amount of securities and derivatives business receivables, loans, other receivables as stated in the balance sheet.

34.3 Liquidity risk

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

The maturity dates of financial instruments held as of 31 December 2010 and 2009, counting from the balance sheet date are as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2010					
	At call	Within 1 year	1-5 years	Over 5 years	No maturity	Total
<u>Financial assets</u>						
Cash and cash equivalents	19	16	-	-	241	276
Long-term deposits at financial institutions	-	106	-	-	-	106
Investments in debt and equity securities - net	-	1,326	1,862	8	3,085	6,281
Receivables from Clearing House	-	890	-	-	-	890
Securities and derivatives business receivables - net	-	2,130	30	-	1,103	3,263
<u>Financial liabilities</u>						
Borrowing	200	208	-	-	-	408
Securities sold under repurchased agreements	-	2,383	-	-	-	2,383
Securities and derivatives business payables	-	2,357	-	-	-	2,357

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2009					
	At call	within 1 year	1-5 years	over 5 years	No maturity	Total
<u>Financial assets</u>						
Cash and cash equivalents	18	8	-	-	183	209
Long-term deposits at financial institutions	-	131	-	-	-	131
Investments in debt and equity securities - net	-	1,182	1,254	65	2,925	5,426
Receivables from Clearing House	-	363	-	-	-	363
Securities and derivatives business receivables - net	-	1,109	23	-	407	1,539
<u>Financial liabilities</u>						
Borrowings	140	200	-	-	-	340
Securities sold under repurchased agreements	-	1,590	-	-	-	1,590
Payables to Clearing House	-	246	-	-	-	246
Securities and derivatives business payables	-	1,024	-	-	-	1,024

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2010					
	At call	Within 1 year	1-5 years	Over 5 years	No maturity	Total
Financial assets						
Cash and cash equivalents	-	-	-	-	150	150
Investments in debt and equity securities - net	-	1,318	1,862	8	2,443	5,631
Investments in subsidiaries	-	-	-	-	2,624	2,624
Receivable from Clearing House	-	890	-	-	-	890
Securities and derivatives business receivables - net	-	2,130	30	-	1,103	3,263
Financial liabilities						
Borrowing	200	208	-	-	-	408
Securities sold under repurchased agreements	-	2,383	-	-	-	2,383
Securities and derivatives business payables	-	2,357	-	-	-	2,357
Subordinated loans from a subsidiary company	-	-	1,600	-	-	1,600

(Unit: Million Baht)

	Separate financial statements					
	As at 31 December 2009					
	At call	Within 1 year	1-5 years	Over 5 years	No maturity	Total
Financial assets						
Cash and cash equivalents	-	-	-	-	171	171
Investments in debts and equity securities - net	-	1,182	1,246	65	2,194	4,687
Investments in subsidiaries	-	-	-	-	2,623	2,623
Receivables from Clearing House	-	363	-	-	-	363
Securities and derivative business receivables - net	-	1,109	23	-	407	1,539
Financial liabilities						
Borrowings	140	200	-	-	-	340
Securities sold under repurchased agreements	-	1,590	-	-	-	1,590
Payables to Clearing House	-	246	-	-	-	246
Securities and derivatives business payables	-	1,024	-	-	-	1,024
Subordinated loans from a subsidiary company	-	-	1,700	-	-	1,700

34.4 Liquidity risk - derivatives

As of 31 December 2010, the Company has liquidity risk in respect of derivatives contracts as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements			
	Remaining period before maturity date			
	1 - 6 months	6 months - 1 year	Over 1 year	Total
<u>Derivatives on the Thailand Futures Exchange</u>				
(Maximum exposure with commitment on maturity date)				
SET50 Index Futures				
Short position	61	382	-	443
Gold Future				
Long position	63	-	-	63
SET50 Index Options				
Long position	129	-	-	129
Short position	408	-	-	408
<u>Derivatives warrants on the Stock</u>				
<u>Exchange of Thailand</u>				
(Maximum exposure with commitment on maturity date)				
Derivative warrants				
Short position	286,127	-	-	286,127
<u>Derivatives - OTC</u>				
(Maximum exposure with commitment on maturity date)				
Interest Rate Swap				
Long position	3,063	-	29,038	32,101
Short position	4,748	2,528	54,160	61,436

34.5 Foreign exchange risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

As of 31 December 2010, the Company has investments in subsidiary companies in foreign currency under cost method of USD 59.4 million (equivalent to Baht 2,383 million). However, the Company also has obtained Thai Baht loans from a subsidiary company totaling Baht 1,600 million.

As at 31 December 2010, the Company and its subsidiaries has not entered into any forward exchange contracts to manage its foreign exchange risk.

34.6 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 and its subsidiary companies have 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, long-term deposits at financial institutions and receivables from Clearing House are considered to approximate their respective carrying values since the financial instruments are predominantly subject to market interest rates. 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 based on the quoted market price. In addition, the fair values of securities business receivables and derivative business receivables are determined based on their book value, less allowance for doubtful accounts.

b) Financial liabilities

Borrowings from financial institutions, securities sold under repurchased agreements, payables to Clearing House and securities business payables and derivative business payables are presented at their book value since they mature in the short-term.

As of 31 December 2010, the Company and its subsidiary companies have no financial instruments of which the book values are materially different from the fair value.

35. Subsequent event

35.1 Approval of extension of the maturity of subordinated loans from a subsidiary company

The Board of Directors' Meeting of the Company held on 23 February 2011 approved the extension of the maturity date of the subordinated loans from 21 March 2012 to 21 September 2012.

35.2 Approval of dividend payment of the Company

The Board of Directors' meeting of the Company No. 1/2011 held on 23 February 2011 passed a resolution to propose to the Annual General Meeting of the Company's shareholders for an approval of dividend payment of Baht 0.33 per share, or a total of Baht 657 million from the earnings of the 1 January 2010 to 31 December 2010 period. The dividend will be paid in April 2011.

35.3 Approval of dividend payment of the subsidiary

The Board of Directors' meeting of the subsidiary company No. 1/2011 held on 22 February 2011 passed a resolution to propose to the Annual General Meeting of the subsidiary company's shareholders for an approval of dividend payment of Baht 3.50 per share, or a total of Baht 36.75 million from the earnings of the 1 January 2010 to 31 December 2010 period. As an interim dividend payment of Baht 2 per share was made during 2010, the final dividend payment would be Baht 1.50 per share, or a total of Baht 15.75 million. The dividend will be paid in March 2011.

36. Reclassification

Certain amounts in the financial statements for the year ended 31 December 2009 have been reclassified to conform to the current year's classification but with no effect to previously reported net income of shareholders' equity. The reclassifications are as follows:

	(Unit: Baht)	
	Consolidated financial statement	
	As reclassified	As previously reported
Premises and equipment expenses	160,129,668	160,336,609
Other expenses	117,382,736	117,175,795

37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2011.

Summary of Directors and executives (As of 31 December 2010)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Mr. Foong Hock Meng - Chairman	54	MS. Operational Research, University Of Birmingham, UK	-	-	Nov 2009 - Present	Chairman KGI Securities (Thailand) Plc
					Dec 2009 - Present	Director KT Opportunistic Ltd Virgin Islands
					Dec 2009 - Present	Director KGI Wealth Management Ltd. Hong Kong
					Aug 2009 - Present	Director KGI Select Fund SPC Cayman Islands.
					Aug 2009 - Present	Director Bauhinia 8 Fund Cayman Islands
					Aug 2009 - Present	Director Vanderee Pte Ltd. Singapore
					Aug 2009 - Present	Director KGI Securities (Singapore) Pte Ltd, (formerly named Hegemony Pte Ltd) Singapore
					Jul 2009 - Present	Managing Director KGI Asia Limited Hong Kong
					Jun 2005 - Mar 2009	President and Director PIMCO ASIA Pte Ltd Singapore
Dr. Pisit Leeahtam - Vice Chairman - Independent Director	59	Ph.D. Economics The Netherlands School of Economics, Erasmus University, Rotterdam, Netherlands -Director Certification Program #18/2002 from Thai Institute of Directors Association (IOD)	-	-	Mar 2004 - Present	Vice Chairman KGI Securities (Thailand) Plc.
					May 2001- Present	Audit Committee Chairman & Independent Director KGI Securities (Thailand) Plc.
					Dec 2005 - Present	Country Chairman Thailand Jardine Matheson (Thailand) Ltd.
					Apr 2001 - Sep 2003	President & Chief Operating Officer TT&T Public Company Limited
					Nov 1997 - Feb 2001	Deputy Minister of Finance Ministry of Finance

Summary of Directors and executives (As of 31 December 2010)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Mr. Chin-Lung Tseng - Director	57	B.S. International Trade, Faculty of Economics, Tamkang University	-	-	July 2006 - Present	Director KGI Securities (Thailand) Plc.
					July 2006 - Nov 2009	Chairman KGI Securities (Thailand) Plc.
					Aug 2010 - Present	Vice Chairman KGI Securities Co., Ltd. Taiwan
					Jul 2009 - Aug 2010	CEO KGI Securities Co. Ltd. Taiwan
					Mar 2007 - Jul 2009	President & CEO KGI Securities Co. Ltd. Taiwan
					Apr 2006 - Mar 2007	Chairman KGI Securities Co. Ltd. Taiwan
					May 1999 - Present	Director KGI Securities Co. Ltd. Taiwan
					Mar 2005 - Present	Director KGI Asia Limited Hong Kong
					Dec 2004 - Present	Director Taiwan Integrated Shareholder Service Company
					Dec 2007 - Present	Standing Director ChineseTaiwan Securities Association
Mr. Wisit Wongpaisan - President	58	MBA, University of East Asia, Macau	-	-	Dec 2007 – Apr 2010	Director Gre Tai Securities Market
					Aug 2001 - Present	President KGI Securities (Thailand) Plc.
					Oct 2000 - Jul 2001	Chief Operating Officer KGI Securities (Thailand) Plc.
					Jun 1993 - Jul 2000	Executive Vice President Bank of Asia Plc.

Summary of Directors and executives (As of 31 December 2010)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Mr. Wei Chang Fang - Chief Operating Officer - Authorized Director	47	MBA, Finance Drexel University, USA	-	-	Sep 2005 – Present	Chief Operating Officer KGI Securities (Thailand) Plc.
					Mar 2003 - Present	Director KGI Capital Asia Limited
					Jan 2004 - Aug 2005	Chief Operating Officer KGI Asia Limited
					Jan 2004 - Aug 2005	Managing Director KGI Hong Kong Limited
					Mar 2003 - Aug 2005	Managing Director KGI Capital Asia Limited
					Jul 2000 - Jun 2002	President -MVP (H.K.) Industries Ltd. -Shinn Hua (China) Machinery Co.,Ltd.
					Apr 1994 - Jun 2000	Managing Director Capital Securities (Hong Kong) Ltd. (Holding Company), has subsidiaries as follows: - CSC Securities (HK) Ltd. - CSC Futures (HK) Ltd. - CSC Asia Ltd. - CSC Brokerage (HK) Ltd. - CSC Finance Ltd.
Dr. Don Bhasavanich - Independent Director	59	PhD, Electrical Engineering, University of Liverpool, UK -Directors Certification Program #62/2005, -Audit Committees Program # 7/2005, -Finance for Non- Finance Director # 8/2004 from Thai Institute of Directors Association (IOD)	-	-	Apr 2001 - Present	Audit Committee & Independent Director KGI Securities (Thailand) Plc
					Feb 2010 - Present	Director - CPO Canadoil Group Ltd.
					May 2007 - Jan 2010	Chief Operating Officer & Managing Director Canadoil Group Ltd
					Oct 2006 - May 2007	Managing Director Thai Copper Industries Plc
					May 2004 - Sep 2006	President NSM Plc
					Oct 2002 - May 2004	CEO Unithai Group of Companies Plc
					Feb 1999 - Oct 2002	Managing Director DHL (Thailand) Plc.

Summary of Directors and executives (As of 31 December 2010)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Mr. Pradit Sawattananond - Independent Director	62	MBA, Central State University, USA. -Director Certification Program #3/2000, -Audit Committee Program#3/2004 - Improving the Quality of Financial Reporting Program # 4/2006 from Thai Institute of Directors Association (IOD) -Chief Financial Officer Certification Program Class 1/2004 from The Institute of Certified Accountants and Auditors of Thailand	-	-	Feb 2000 - Present	Audit Committee & Independent Director KGI Securities (Thailand) Plc.
					Mar 2004 - Present	Chairman of the Audit Committee and Independent Director Asia Sermkij Leasing Plc.
					Jan 2004 - Present	Audit Committee Member and Independent Director Thai Film Industries Plc.
					May 2005 - Feb 2006	Advisor to the Committee on Economics Department, The House of Representative
					Dec 2003 - Dec 2006	Director Thailand Securities Depository Co.,Ltd.
Mr. Eugenio Tan - Independent Director	48	MBA, Finance & Accounting, Stanford University	-	-	Aug 2001 - Feb 2006	Specialist of Committee on Finance, Banking and Financial Institution The House of Representatives
					Jun 2008 - Present	Independent Director KGI Securities (Thailand) Plc.
					Jul 2010 - Present	Managing Director NM Rothschild
					Oct 2007 - Present	Independent Financial Advisor / Investor
					Jan 2004 - Sep 2007	Managing Director HSBC Investment Bank (Hong Kong)
Ms. Bee Leng Ooi - Managing Director - Authorized Director	51	MBA University of Chicago, USA	20,000	-	Jan 2002 - Dec 2003	Managing Director GE Capital (Hong Kong)
					Apr 2001 - Present	Managing Director KGI Securities (Thailand) Plc.
					Dec 2000 - Present	Director KGI Securities (Thailand) Plc.
					2000	Director, Business Planning KGI Asia Ltd
					1999 - 2000	Managing Director GK GOH Securities Philippines

Summary of Directors and executives (As of 31 December 2010)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Ms. Suchada Sodthibhaphkul - Managing Director - Authorized Director	56	MBA Chulalongkorn University, Thailand -Director Certification Program #38/2003 from Thai Institute of Directors Association (IOD) -Capital Market Academy Leadership Program #2/2006	-	-	May 2001 - Present	Managing Director KGI Securities (Thailand) Plc.
					Jan 2008 - Present	Director Thai Rubber Latex Corporation (Thailand) Plc.
					1997 - Mar 2001	Executive Director KGI Securities (Thailand) Plc.
					1990 - 1997	Executive Director First Asia Securities Plc.
Ms. Pi-Lin Huang - Authorized Director	41	Bachelor, Accounting National Taiwan University	-	-	Jul 2005 - Present	Director KGI Securities (Thailand) Plc.
					Jan 2005 - Present	Senior Vice President, Finance KGI Securities Co. Ltd Taiwan
					Mar 2005 - Present	Director KGI Asia Limited Hong Kong
					Mar 2005 - Present	Director KGI Securities (Hong Kong) Limited Hong Kong
					Mar 2005 - Present	Director KGI Efficient Frontier Ltd. Hong Kong
					Mar 2005 - Feb 2008	Director KGI Securities (Korea) Co., Ltd. Korea
					Mar 2004 - Jan 2005	Manager Yageo Corp. Taiwan
					1999 - Jan 2004	Manager Deloitte Consulting (Arthur Andersen Business Consulting),Taiwan

Summary of Directors and executives (As of 31 December 2010)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Mr. Yen, Chih-Chien - Authorized Director	46	MBA, MIT, Sloan School of Management LLM, University of Michigan Law School	-	-	Jul 2005 - Present	Director KGI Securities (Thailand) Plc.
					Dec 2009 - Present	Director KGI Wealth Management Limited Hong Kong
					Jan 2005 - Present	Director KGI Efficient Frontier Limited Hong Kong
					Jun 2007 - Present	Director Global Securities Finance Corporation Taiwan
					May 2004 - Present	Executive Vice President KGI Securities Co. Ltd. Taiwan
					Jun 2005 - Feb 2008	Standing Director KGI Securities (Korea) Co., Ltd. Korea
					May 1994 - Mar 2004	Senior Lawyer Lee and Li, Attorneys-at-Law, Taiwan
					Jan 2001 - Jan 2002	Senior Vice President Lee and Li Business Consultant (Shanghai) Co.,Ltd, China

Summary of Directors and executives (As of 31 December 2010)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Mr. Pisit Patumban -Managing Director Retail Equity Business	45	MA. Psychology of Counseling, Kasetsart University Master of Public and Private Managment (M.P.P.M), Institute of Development Administration (NIDA)	-	-	Jan 2010 – present Jun 2006 – Dec 2009 2001 - 2006 1996 - 2000	Managing Director Retail Equity Business KGI Securities (Thailand) Plc Executive Vice President Retail Equity Business KGI Securities (Thailand) Plc Senior Vice president Equity Business Division Asia Plus Securities Plc. Vice president Business Development Department Asia Plus Securities Plc.
Mr. Suthep Rungsiam -Managing Director Retail Equity Business	43	MBA, Chaminade University of Honolulu, USA	-	-	Nov 2009 - Present 2006 - 2008 2000 - 2005 1998 - 2000	Managing Director, Retail Equity Business KGI Securities (Thailand) Plc. Deputy Managing Director Globlex Securities Co., Ltd. Vice President BNP Paribas Peregrine Securities (Thailand) Ltd. Vice President Indosuez W.I. Carr Securities (Thailand) Ltd.
Mr. Kittipong Supradith Na Ayudhya - Deputy Managing Director Retail Equity Business	43	Bachelor of Law, Ramkhamhaeng University	-	-	Oct 2010 - Present Dec 2006 - Sep 2010 Mar 2003 - Nov 2006	Deputy Managing Director, Retail Equity Business KGI Securities (Thailand) Plc. Deputy Managing Director, Globlex Securities Co., Ltd. Deputy Managing Director, Far East Securities Co., Ltd.
Mr. Somchai Siripaiboolpong -Executive Vice President Retail Equity Business	57	BA, Chulalongkorn University, Thailand	-	-	2000 - Present 1994 - 1999 1991 - 1994	Executive Vice President Retail Equity Business KGI Securities (Thailand) Plc. SCCF Finance & Securities JF Thanakom Securities
Mr. Pongsak Komolrit - Executive Vice President Institution Equity Business	43	BA. Finance, California State University, Long Beach	-	-	Sep 2010 - Present Nov 2006 - Oct 2010 2003 - 2006	Executive Vice President, Institutional Equity Business KGI Securities (Thailand) Plc. Assistant Managing Director Finansia Syrus Securities Plc. Head of Sales Trading ABN Amro Securities Co., Ltd.

Summary of Directors and executives (As of 31 December 2010)

IName	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Mr. Hua-Feng Chang -Executive Vice President Futures & Electronic Business Department	48	MBA in International Management Monterey Institute of International Studies. CA USA	-	-	Apr 2008 – Present Feb 2001 - Mar 2008	Executive Vice President Futures & Electronic Business Department KGI Securities (Thailand) Plc. Senior Vice President (2004 - 2008) Vice President (2001 - 2004) KGI Securities (Thailand) Plc.
Ms. Pakavalee Jearsawatvattana -Executive Vice President Investment Banking Department	46	MBA, (Finance), National Institute of Development Administration (NIDA)	-	-	Mar 2006 - Present Jul 2002 - Mar 2006 1999 - 2001	Executive Vice president Investment Banking Department KGI Securities (Thailand) Plc Vice President Investment Banking Department Finansa Securities Limited Vice President Corporate Finance Department, DBS Thai Dhanu Securities Limited
Ms. Naruemol Artamnuayvipas -Executive Vice President Equity Derivatives Department	41	MBA, (Finance) Kentucky, USA	-	-	Apr 2008 - Present Dec 1998 - Mar 2008	Executive Vice President Equity Derivatives Department KGI Securities (Thailand) Plc. Senior Vice President (2005 - 2008) Vice President (2002 - 2004) KGI Securities (Thailand) Plc.
Ms. Jariya Posayajinda -Executive Vice President Proprietary Trading Department	43	MBA, (Finance), Eastern Michigan University, Michigan USA	-	-	Apr 2009 - Present Sep 2005 - Apr 2009 May 2002 - Feb 2005	Executive Vice President Proprietary Trading Department KGI Securities (Thailand) Plc. Senior Vice President KGI Securities (Thailand) Plc. Deputy Chief Marketing Officer UOB Asset Management (Thai) Co., Ltd
Mr. Apichart Tungkiatsilp -Executive Vice President Fixed Income Department	38	MBA, Cleveland State University, USA	-	-	Sep 2009 - Present 2005 - Aug 2009 2004 - 2005	Executive Vice President Fixed Income Department KGI Securities (Thailand) Plc. Financial Institution Sales Manager Siam Commercial Bank PLC Fixed-Income Trading Manager Siam Commercial Bank PLC

Summary of Directors and executives (As of 31 December 2010)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Ms. Kobkarn Cholchanupatumpa -Executive Vice President Human Resource Department	58	Master of Public Administration, National Institute of Development Administration (NIDA)	-	-	Apr 2001 - Present Aug 1998 - Mar 2001	Executive Vice President Human Resource Department KGI Securities (Thailand) Plc. Vice President Vickers Ballas Securities (Thailand) Co., Ltd.
Ms.Saranya Larksukthom -Executive Vice President Operation Department	48	MBA, Strayer College, USA	-	-	Mar 2001 - Present 1999 - Feb 2001 1996 - 1998	Executive Vice President Operation Department KGI Securities (Thailand) Plc. Senior Vice President KGI Securities (Thailand) Plc. Assistant Vice President Nava Vickers Ballas Securities (Thailand) Co., Ltd.
Ms. Khunmira Thunnom -Executive Vice President Finance and Accounting Department	45	Master of Financial Accounting, Chulalongkorn University, Thailand.	-	-	Apr 2008 - Present 1993 - Mar 2008 1989 - 1992	Executive Vice President Finance & Accounting Department KGI Securities (Thailand) Plc. Senior Vice President (2001 - 2008) Vice President (1993 - 2001) Finance & Accounting Department KGI Securities (Thailand) Plc. Assistant Manager Ernst & Young Office Limited
Ms. Nongluk Ningsanond -Executive Vice President PR and Marketing Department	48	MBA(Finance), Bangkok University -Certified Investment and Securities Analyst (CISA III) from Securities Analysis Association -Company Secretary Program Class 5/2004 -Effective Minute Taking Class 10/2008 from Thai Institute of Directors Association (IOD)	55	-	Apr 2008 - Present Mar 2001- Mar 2008 1997 – 2001 1992 - 1997	Executive Vice President PR & Marketing Department KGI Securities (Thailand) Plc. Senior Vice President KGI Securities (Thailand) Plc. Vice President KGI Securities (Thailand) Plc. Vice President First Asia Securities Plc.

**The position of the Company's Directors and Management in its subsidiaries
(As of 31 December 2010)**

Management	Position in the Company	Subsidiary and Related Companies		
		ONEAM 98% owned by the Company	HOLDCO 100% owned by the Company	KTHL 100% owned by the Company
Mr. Foong Hock Meng	A	-	-	-
Dr. Pisit Leeahtam	B, D, F	-	-	-
Mr. Chin-Lung Tseng	C	-	-	-
Mr. Wisit Wongpaisan	C, H	-	-	-
Mr. Wei Chang Fang	E, H	-	C	C
Dr. Don Bhasavanich	D, G	-	-	-
Mr. Pradit Sawattananond	D, G	-	-	-
Mr. Eugenio Tan	D	-	-	-
Ms. Bee Leng Ooi	E, I	-	-	-
Ms. Suchada Sodthibhaphkul	E, I	-	-	-
Mr. Yen, Chih Chien	E	-	-	-
Ms. Pi-Lin Huang	E	-	-	-
Mr. Pisit Patumban	I	-	-	-
Mr. Suthep Tungkiatsilp	I	-	-	-
Mr. Kittipong Supradith Na Ayudhya	J	-	-	-
Mr. Somchai Siripaiboolpong	K	-	-	-
Mr. Pongsak Komolrit	K	-	-	-
Mr. Hua-Feng Chang	K	-	-	-
Ms. Pakavalee Jearsawatvattana	K	-	-	-
Ms. Naruemol Artamnuayvipas	K	-	-	-
Mrs. Jariya Posayajinda	K	-	-	-
Mr. Apichart Tungkiatsilp	K	-	-	-
Ms. Kobkarn Cholchanupatumpa	K	-	-	-
Ms. Saranya Larksukthom	K	-	-	-
Ms. Khunmira Thunnom	K, L	-	-	-
Ms. Nongluk Ningsanond	K	-	-	-

Director title

A : Chairman B : Vice Chairman C : Director D : Independent Director
E : Authorized Director F : Chairman of Audit Committee G : Audit Committee

Management title

H : President / Chief Operating Officer I : Managing Director J : Deputy Managing Director
K : Executive Vice President L : Head of Finance & Accounting Department

Subsidiaries

ONEAM : One Asset Management Limited
HOLDCO : KGI Securities (Thailand) International Holdings Limited
KTHL : KGI (Thailand) Holdings Limited

Details of subsidiary companies' Directors (As of 31 December 2010)

Director	ONEAM	HOLDCO	KTHL
	98% owned by the Company	100% owned by the Company	100% owned by the Company
Mr. Wei Chang Fang		A	A
Ms. Tehsin Chiu		A	A
Mr. Wong Sai Hung	A		
Mr. Monrat Phadungsit	B		
Mr. Suripol Khemjinda*	B		
Ms. Tivarat Taychamekiatchai	B		
Ms. Sheng Chia-Chen	A		
Ms. Li Ching Ching	A		
Mr. Shih-Wei, Hung	A		

Note *Mr. Suripol Khemjinda has resigned from ONEAM, effective since 1st January 2011.

Subsidiary companies

ONEAM : One Asset Management Limited

HOLDCO : KGI Securities (Thailand) International Holdings Limited

KTHL : KGI (Thailand) Holdings Limited

Director title

A: Director

B: Executive Director

Bangkok Metropolitan Area		Provincial Area
Pin Klao 7/129 Central Pinklao Building, 7 th Floor, Room no. 704, Boromrajchonnane Road, Arunammarin Sub-District, Bangkok Noi District, Bangkok 10700 Tel: 02-884-9090-8 Fax: 02-884-9099	Chiang Rai 490/1 Utrarakit Road, Weang Sub-District, Muang District, Chiang Rai 57000 Tel: (053) 740701-7 Fax: (053) 600973 Fax: (053) 740704	Suphan Buri 28/6-7 Muanhan Road, Thapeeleang Sub-District, Muang District, Suphan Buri 72000 Tel: (035) 522530-3 Fax: (035) 522530-3
Changwattana 99/349 Na-nakorn building, 1 st Floor, Moo.2, Changwattana Road, Tongsonghong Sub-District, Laksee District, Bangkok 10210 Tel: 02-576-1889 Fax: 02-576-1562	Nakhon Sawan 15/28-29 Sawanvithi Road, Pak Sub-District Nam Pho, Muang District, Nakhon Sawan 60000 Tel: (056) 314211-9 Fax: (056) 314211-9	Nakhon Pathom 28/32 Yingpao Road, Sanamjan Sub-District, Muang District, Nakhon Pathom 73000 Tel: (034) 272300-9 Fax: (034) 217181
Thapra TVO. Building , Ground Floor 149 Ratchadapisek Road (Thapra-Taksin), Bukhalow Sub-District, Thonburi District, Bangkok 10600 Tel: 02-876-4800-06 Fax: 02-876-4807	Nakhon Ratchasima 1242/2 The Mall Shopping Center, Nakorn-Ratchasima branch, 3 rd Floor, Mittapap Road, Naimuang Sub-District, Muang District, Nakhon Ratchasima 30000 Tel: (044) 393722 Fax: (044) 393723	Phetchaburi 60/4 , Moo 8, Kirirattaya Road, Thongchai Sub-District, Muang District, Petchaburi 76000 Tel: (032) 418371-5 (032) 401761-5 Fax: (032) 418375
Silom Center 2, Silom Center Building , 18 th Floor, Room 1803, Silom Road, Suriyawong Sub-District, Bangrak District, Bangkok 10500 Tel: 02-632-9360-69 Fax: 02-632-9370	Udon Thani 26-27 Naraesuan Road, Makkeng Sub-District, Muang District, Udon Thani 41000 Tel: (042) 244008, (042) 243536, (042) 247925 Fax: (042) 243960	Hat Yai 29 Lee Garden Plaza, 6 th Floor, Room no. 602, Prachathipat Road, Hat Yai Sub-District, Hat Yai District, Songkhla 90110 Tel: (074) 352520-39 Fax: (074) 237164
	Samut Sakhon 923/55 A.T. Tower Building, Ekachai Road, Maha Chai Sub-District, Muang District, Samut Sakhon 74000 Tel: (034) 426940-7 Fax: (034) 426940-5	
Subsidiary Company	Regional Office	
One Asset Management Limited 989 Siam Tower (Siam Discovery), 24 th Floor, Rama I Road, Pathumwan Sub-District, Pathumwan District, Bangkok 10330, Thailand Tel: 66 (0) 2659 8888 Fax : 66 (0) 2659 8860 Website :http:// www.one-asset.com	Taiwan KGI Securities Co.Ltd. No. 700, Mingshui Road, Zhongshan District, Taipei City 104, Taiwan (R.O.C.) Tel: (886-2) 2181-8888 Fax : (886-2) 8501-2944 Website :http://www.kgi.com	Hong Kong KGI Hong Kong group 41/F Central Plaza, 18 Harbour Road, Wanchai, Hong Kong Tel : (852) 2878-6888 Fax : (852) 2878-6800 Website: http://www.kgiworld.com



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