



2011

Annual Report

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Chairman's Letter

Dear Shareholders,

I am pleased to present KGI Securities (Thailand)'s annual report for 2011. Whilst 2011 was a very challenging year in many ways we are happy to report that the Company performed well under difficult circumstances. Our net profit for 2011 was Baht 535 Million, and EPS was Baht 0.27

Worldwide

2011 was a difficult year for the global economy. In March, Japan was hit by an earthquake and tsunami which caused major damage and loss of life and also destroyed a nuclear power station. In Europe the continuing crisis surrounding the Euro currency and highly indebted European countries such as Greece intensified and fears of sovereign default and possible break-up of the Euro negatively affected markets worldwide. In the US the economic recovery from the 2008 recession appeared to stall and unemployment rose to dangerously high levels. In China, which in recent years had been the global "growth engine", signs of slowing growth causing fears of an economic "hard landing" whilst Chinese government action to curb inflation induced fears of a property market crash.

Thailand

In addition to feeling the after-shocks of the global economic and financial issues described above, Thailand also faced its own domestic problems. In the second half of the year, beginning in July and peaking in December, Thailand was hit by the worst flooding in over 50 years. The flooding caused many deaths and widespread disruption especially in the manufacturing sector. To help those affected by the flooding KGI Securities (Thailand) made donations of Baht 10 million to government and donated Baht 1.55 million to the Association of Securities Companies (ASCO), and donated up to Baht 4 million and provided low interest loans up to Baht 6 million to KGI employees.

Business Units

Broking

The Thai stock market had a volatile year in 2011 with the SET index trading in a range of almost 300 points reaching a low of 855 and a high of 1,144. But despite this volatility the market ended the year almost unchanged with the SET index ending 2011 at 1,025, down just 0.8% from the beginning of the year. Average daily market turnover increased slightly in 2011 from Baht 29.1 billion in 2010 to Baht 29.5 billion in 2011. For 2011 as a whole, KGI's equity brokerage market share was 4.53% which was almost unchanged from 2010.

Equity Derivatives

KGI has always been a leader in the Equity Derivatives market in Thailand, and this remained true in 2011. Highlights of the year included the launch of 114 new Derivative Warrants by KGI and our participation in 1 new ETF as both Market Maker and Participating Dealer and 3 new ETFs as Participating Dealer. However, 2011 also saw a significant increase in competition from other brokers, especially in the Derivative Warrants business. As the Equity Derivatives market in Thailand continues to grow it is inevitable that it will attract increasing competition. Despite this KGI will continue to strive to maintain its market leading position.

Proprietary Trading

Whilst the Thai equity market ended the year almost unchanged, our proprietary trading department again performed well during 2011. Our approach to proprietary trading is a conservative one which focuses on minimizing risk and emphasizes non-directional trading strategies. Our objective is to produce superior risk adjusted returns through the careful use of diversified trading strategies.

Fixed Income

During the first half of 2011 the Bank of Thailand began to raise interest rates, leading to a fall in bond prices. However this tightening approach was reversed in the latter part of the year following the rise in

concerns about the domestic and international economic outlook. Our Fixed Income department remained profitable despite these volatile and difficult market conditions.

Outlook for 2012

2012 is likely to be another volatile year for the global economy; European sovereign debt problems remain unresolved and China's economic growth rate continues to slow which will no doubt impact growth rates throughout Asia. These global challenges will also affect Thailand, particularly its export sector. Especially in the first half of the year, financial markets are likely to remain risk averse and to react negatively to any perceived worsening of these problems. However, as the year progresses investors may come to focus more on underlying economic fundamentals and relatively inexpensive valuations.

For Thailand, 2012 can hopefully be a year of recovery following the serious flooding last year. Reconstruction spending should help the local economy whilst the increases in minimum wages expected later this year may help to boost consumption. KGI Thailand's strong and diverse business operations, its experienced and hard working staff and the support offered by its regional partners, mean that we are well placed to overcome the obstacles we face.

Dividend

In order to reward shareholders for their continued support of the company, the board of directors has resolved to propose a dividend of Baht 0.25 per share. The dividend will be proposed to shareholders at the Annual General Meeting on 10 April 2012 and if approved is expected to be paid on or around 27 April 2012.

Corporate Social Responsibilities

KGI believes in giving back to society and we recognize the importance of education and educational opportunities for the development of young people and Thai society. In 2011, KGI gave 15 scholarships to deserving undergraduate students who have studied hard and acted as good role models. These scholarships will support the students through until graduation. KGI has operated in Thailand for many years and we believe that education is vital to the long term development of Thailand and its people. For this reason we have consistently donated to help support students from junior school through to university. As a responsible member of Thai society we strongly feel that we have a responsibility to help in this way.

Employees

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



Mr. 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 2011. 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.

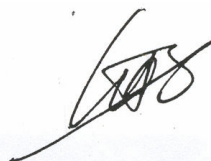
For the purpose of preparing reliable and accurate financial statements and information, the Board of Directors set up a risk management and internal control system to ensure accurate, complete and sufficient recording of accounting data for the purpose of asset custody and prevention of any fraud and 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 31st December 2011 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 2011, 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	5 / 6
Dr. Don Bhasavanich	Audit Committee Member	6 / 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 2011 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 2011 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 2011. 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 2011, 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 2011. 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 2011, 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 2011, 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. Revision of the Audit Committee Charter

In the case where it was considered to be necessary and appropriate, the Audit Committee was able to revise its Charter and proposed amendments to the Company's Board of Directors for consideration and approval. These included the Committee's authority, scope of work duties, and meetings to be in line with the principles of good corporate governance, as well as the regulations of the Stock Exchange of Thailand and Securities and Exchange Commission. As such, in the past year, considerations were made and it is up-to-date and appropriate to the Company's environment.

7. Appointment of the external auditor for 2012

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 2012 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 2012.

8. Self Assessment Control

The Audit Committee members performed a self assessment comparing with compliance guideline. The evaluation of the year 2011 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

Corporate Social Responsibility Activities in 2011



15 March 2012

The Company donated Baht 10 million to the Government to assist Thai people affected by last year's floods. The money will be used in long-term rehabilitation projects. In addition, KGI donated Baht 1.55 million to Association of Securities Companies (ASCO), and donated up to Baht 4 million and provided low interest loans up to Baht 6 million to KGI employees.



30 December 2011

The Company's staff donated money to Soonruam-nam-jai School under the "ED Charity Project #6" to be a part of education development for disabled children.



3 September 2011

The Company's management and staff grew forest at the Natural and Mangrove Forest Conservation Centre for Ecological Tourism, Chonburi Province



23 August 2011

The Company granted 15 scholarships under the "KGI Scholarship Project Year 1" to needy undergraduate students who have studied hard and acted as good role models. The scholarship will support the students through graduation.



20 July 2011

The Company's staff donated dolls and toys to Queen Sirikit National Institute of Child Health (Children Hospital) under the ED Charity Project # 5



5 July 2011

The Company donated computers and electronic equipments to Futures Group supported by Caring Hearts for AIDs Foundation to donate for deficient organizations.



22 April 2011

The Company's staff donated money of Baht 120,950 to the Thai Red Cross Society to help Thai south people affected by floods



23 March 2011

The Company's staff donated money of Baht 156,300.50 to the Thai Red Cross Society to help the Tsunami victims in Japan under the ED Charity Project # 4 : DW for Japan

General Information

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

Type of business	Securities businesses
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 ordinary shares
Par Value	Baht 1.00 per share

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	Paid-up 10,500,000 ordinary 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	Paid-up 39,444,670 ordinary 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	Paid-up 20,000,000 ordinary shares at par value US\$ 1.00

Information of references

<u>Registrar</u>	Thailand Securities Depository Co., Ltd.
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

<u>Auditor</u>	The Company’s auditors for the 2011 accounting period :
	1. Ms. Ratana Jala CPA No. 3734 and/or
	2. Mrs. Nonglak Pumnoi, CPA No. 4172 and/or
	2. Ms. Rungnapa Lertsuwankul, CPA No. 3516 and/or
	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, Thailand
	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

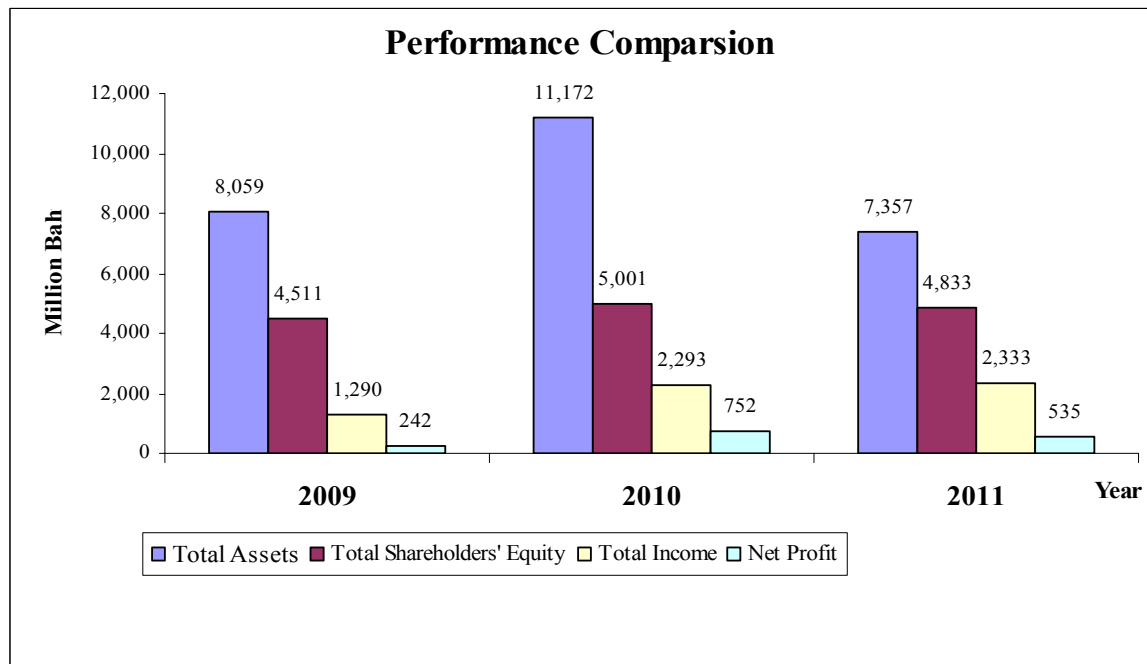
Financial Highlights

(in Baht millions except per share data)
For year 2011-2009, as of or for year ended December 31

	2011	2010	2009
Operating Results			
Total income	2,333	2,293	1,290
Total expenses	1,461	1,259	962
Earning before income tax	872	1,034	329
Net profit*	535	752	242
Balance Sheet Results			
Total assets	7,357	11,172	8,059
Total liabilities	2,521	6,167	3,543
Paid-up capital	1,992	1,992	1,992
Shareholders' equity **	4,833	5,001	4,511
Per Share Information			
Per value per share (Baht)	1.00	1.00	1.00
Book value per share (Baht)	2.43	2.51	2.26
Basic Earning per share (Baht) *	0.27	0.38	0.12
Dividend per share (Baht)	0.25	0.33	0.10

Note: * Profit attributable to equity holders of the parent

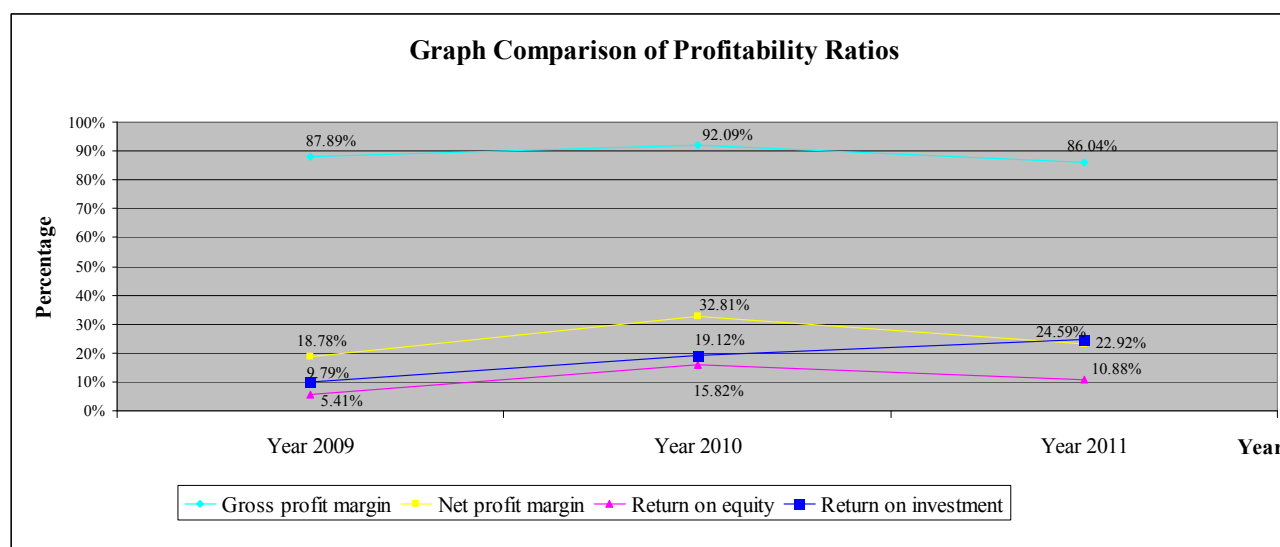
** Equity attributable to holders of the parent



Financial Ratios

For year 2011-2009, as of or for year ended December 31

	2011	2010	2009
Profitability Ratios			
Gross profit margin (%)	86.04%	92.09%	87.89%
Net profit margin (%)	22.92%	32.81%	18.78%
Return on equity (%)	10.88%	15.82%	5.41%
Return on investment (%)	24.59%	19.12%	9.79%
Efficiency Ratios			
Return on assets (%)	5.77%	7.83%	3.29%
Assets turnover (times)	0.25	0.24	0.18
Financial Ratios			
Liquid assets to total liabilities (times)	1.26	0.86	1.37
Earning assets to total liabilities (times)	2.16	1.55	1.97
Liquid assets to total assets (%)	43.18%	47.43%	60.09%
Earning assets to total assets (%)	73.92%	85.60%	86.64%
Debt to equity (times)	0.52	1.23	0.79
Dividend payment (%)	89.93%	81.68%	80.65%
Other ratios			
Securities investment to total assets (%)	31.23%	56.23%	67.32%
NCR to net liquid assets (%)	328.12%	109.45%	208.04%



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 2011, the Company and its subsidiaries employed around 644 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 2011, the Company ranked No. 9th in terms of brokerage market share with an overall share of 4.53% and ranked No. 5 with market share of 5.42% of TFEX market. The Company's consolidated net profit attributable to equity holders of the parent were of Baht 535 million (equivalent to earnings per share of Baht 0.27) and as of 31st December 2011, the Company's total assets was Baht 7,357 million, total liabilities was Baht 2,521 million, shareholders' equity attributable to holders of the parent was Baht 4,833 million and the Company's net capital adequacy ratio (NCR) was 328%, which is in full compliance with the requirement stipulated by the Securities and Exchange Commission (SEC) of not less than 7%.

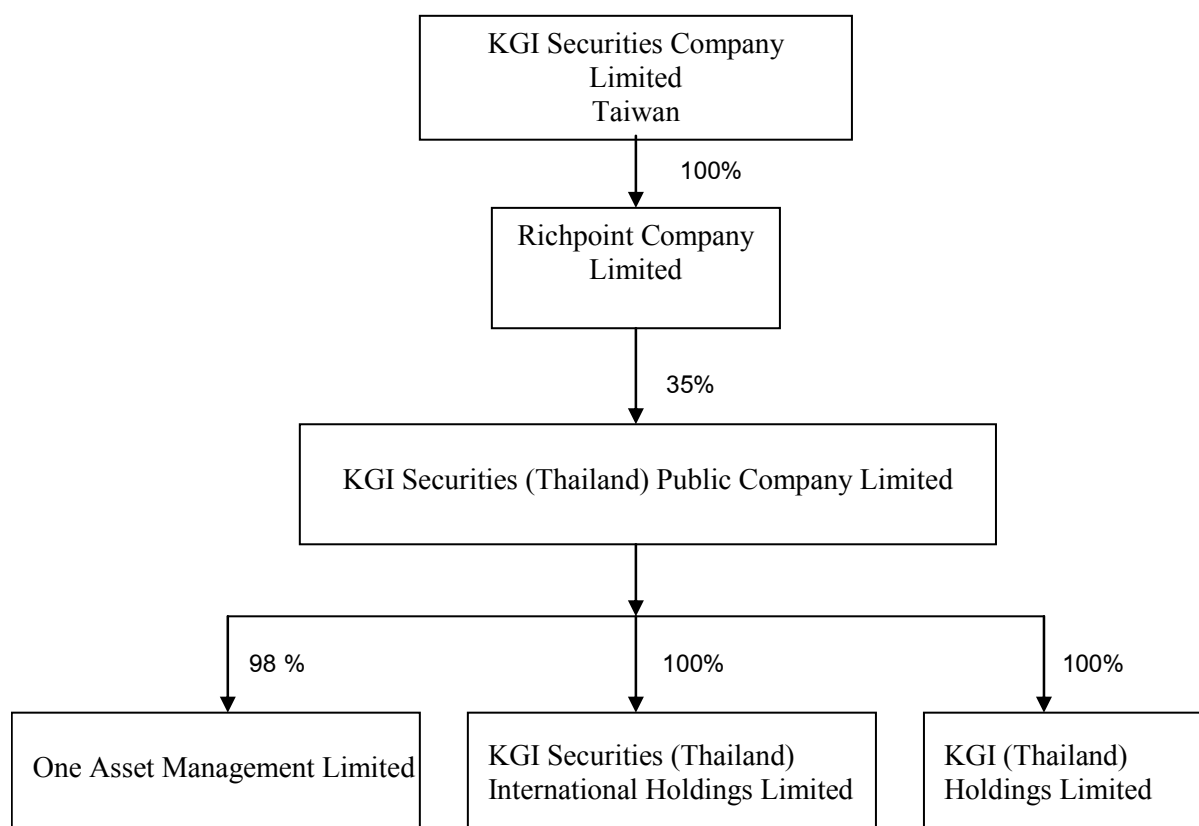
The Company's Shareholding Structure

RICHPOINT COMPANY LIMITED (100% owned by KGI Securities Company Limited, Taiwan), is the Company's major shareholder, owning approximately 35% of the Company's shares as of 12th March 2012 (the last registration close book date) and the Company has 3 subsidiaries: as follows:

<i>Subsidiaries</i>	<i>Country of Incorporation</i>	<i>Business Type</i>	<i>% holding</i>
As of 31 st December 2011			
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 14 of the notes to financial statements)

The Company's Shareholding Structure



One Asset Management Limited (ONEAM)

ONEAM was established on March 19th, 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.

As of 31st December 2011, ONEAM has its registered capital of 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
2. Fixed Income Fund
3. Mixed Fund
4. Retirement Mutual Fund
5. Long Term Equity Fund
6. Foreign Investment Fund
7. Country Fund
8. Property Fund

In 2011, ONEAM's net profit were of Baht 30 million (equivalent to earnings per share of Baht 2.84) and as of 31th December 2011, ONEAM's total assets were Baht 203 million, total liabilities were 35 million, shareholders' equity were Baht 168 million, total asset size under management of Baht 64 billion. Investment performance has been good, stable and suitable to each investor under acceptable risk level.

ONEAM's accolade

2010	Ranked first by The Post/Lipper Thailand Fund Awards 2010 for Best Fund over 10 years Bond Thai Baht
2008	Ranked first by The Post/Lipper Thailand Fund Awards 2008 for Best Fund over 10 years Bond Thai Baht
2007	Ranked first by The Post/Lipper Thailand Fund Awards 2007 for Best Fund Group over 3 years -Overall Group
2006	Ranked first by The Post/Lipper Thailand Fund Awards 2006 for Best Fund Group over 3 years -Bond Group
2004	Ranked First by The Post/Lipper Thailand Fund Awards 2004 in 2 categories of mutual funds, i.e., the 1-year money market fund category and the 3-year fixed income fund category
2003	Ranked First by The Post/Lipper Thailand Fund Awards 2003 in 2 categories of fixed income funds, i.e., the 5-year category and the 3-year category

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 7th, 2001. The purpose of the subsidiary is to explore the opportunity to invest overseas in future.

KGI (Thailand) Holdings Limited (KTHL)

KGI (Thailand) Holdings Limited (KTHL), a wholly owned offshore subsidiary established in British Virgin Islands. The purpose of the subsidiary is to explore the opportunity to invest overseas in future.

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.

Credit Rating

TRIS Rating Co.,Ltd affirmed the company rating of the Company as of 16th June 2011 at BBB+. The rating reflects KGI's capable management team with a proven track record, a continual improvement of its market position in stock brokerage businesses, sufficient liquidity, and a stable source of revenue from fund management (from One Asset Management Limited -98% owned by the Company). See Rating report at www.kgiworld.co.th.

Rating Agency	Date	Rating	Outlook
TRIS	16 th June 2011	BBB+	Stable
TRIS	23 rd June 2010	BBB+	Stable
TRIS	29 th June 2009	BBB+	Stable
TRIS	18 th June 2008	BBB+	Stable
TRIS	6 th July 2007	BBB	Stable
TRIS	5 th July 2006	BBB	Stable
TRIS	3 rd February 2005	BBB	Stable

Revenue Structure

The majority of the operations of the Company and its subsidiaries 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. 38: Financial information by segment)

In 2011, the Company reported total income of Baht 2,333 million. The elements of the Company's securities income structure were 41% from brokerage fees, 34% from gain on securities and derivatives, 11% from interest and dividends, 10% from fee and service income, 3% from interest on margin loans and 1% from other income.

<u>2011 Revenue Structure</u>	Operated By	% Share Holding By Company	Income of 2011 (before contra)	Contra	Total Income of 2011 (after contra)	% of total income
Unit : Baht						
1. Brokerage fee	the Company	-	950,743,148	(2,122,000)	948,621,148	40.66%
2. Fees and services income ^{/1}	the Company	-	37,616,083	-	37,616,083	1.61%
Fees and services income ^{/1}	ONEAM ^{/2}	98%	202,979,918	(2,425,444)	200,554,474	8.60%
3. Gain (loss) on securities	the Company	-	(849,441,844)	-	(849,441,844)	(36.41)%
Gain (loss) on securities	KTHL ^{/4}	100%	54,501,129	-	54,501,129	2.34%
4. Gain (loss) on derivatives	the Company	-	1,592,751,449	-	1,592,751,449	68.27%
5. Interest and dividends	the Company	-	277,649,290	(30,925,218)	246,724,072	10.58%
Interest and dividends	ONEAM ^{/2}	98%	4,095,175	-	4,095,175	0.18%
Interest and dividends	HOLDCO ^{/3}	100%	6,117	-	6,117	0.00%
6. Interest on margin loans	the Company	-	80,076,613	-	80,076,613	3.43%
7. Share of profit from subsidiary Companies accounted for Under equity method	the Company	-	11,354,044	(11,354,044)	-	0.00%
8. Other income	the Company	-	16,177,560	-	16,177,560	0.69%
Other income	ONEAM ^{/2}	98%	1,243,578	-	1,243,578	0.05%
Other income	HOLDCO ^{/3}	100%	1,264	-	1,264	0.00%
Other income	KTHL ^{/4}	100%	(1,830)	-	(1,830)	(0.00)%
TOTAL INCOME			2,379,751,694	(46,826,706)	2,332,924,988	100.00%

Note /1 See note of financial statements No. 28: 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 Development

The Company was found as the name of "The Goldhill Securities Company Limited" on 7th 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 15th 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 6th 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 12th July 1999. Last, the Company changed its name to "KGI Securities (Thailand) Public Company Limited" on 25th May 2001.

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

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.
2011	June	The Company started to provide trading in Silver Futures.
	July	The Company was selected to become part of SET100 Index since 4 July 2011
	August	The Company coordinated with One Asset Management Limited to launch ThaiDEX SET High Dividend ETF (1DIV). The Company acted as Market Maker (MM), providing liquidity in the secondary market and as Participating Dealer (PD), facilitating the creation and redemption of 1DIV in the primary market.
		The Company acted as Participating Dealer (PD) for Thailand's first gold ETF in the name of KTAM Gold ETF Tracker (GLD), managed by Krung Thai Asset Management Public Company Limited, in which has a policy to invest in foreign ETF with a focus only in SPDR Gold Trust.
	October	The Company started to provide trading in Brent Crude Oil Futures.
	November	The Company acted as Participating Dealer (PD) for Bualuang CHAY Gold ETF (BCHAY), managed by BBL Asset Management Co.,Ltd, in which has a policy to invest in domestic gold bars of 96.5 percent purity.
	December	The Company acted as Participating Dealer (PD) for ThaiDEX Gold ETF (GOLD99), managed by One Asset Management Limited, in which has a policy to invest in gold bars of 99.5 percent purity.

Awards and Achievement

Year 2011

- ☞ KGI won the prize "Most Growth Trader Award" for most growth TFEX volume in June, August, and October and the prize "TFEX Best Trader Award" for most growth TFEX volume over 6 months from TFEX Prop-trading Champion 2011.

Year 2010

- ☞ KGI won the "Best Bond Securities Firm" award as a bond dealer that was a securities company active in the bond market. The award is based on trading value, compliance with ThaiBMA rules, volume of transactions in the primary market, and frequency and quality of quotation

Year 2009

- ☞ The Stock Exchange of Thailand congratulates KGI, as the first broker to launch Derivative Warrant in Thailand.
- ☞ KGI won the "Best Bond Securities Firm" award as a bond dealer that was a securities company active in the bond market. The award is based on trading value, compliance with ThaiBMA rules, volume of transactions in the primary market, and frequency and quality of quotation.

Year 2007

- ☞ KGI won the "Best Bond Securities Firm" award as a bond dealer that was a securities company active in the bond market. The award is based on trading value, compliance with ThaiBMA rules, volume of transactions in the primary market, and frequency and quality of quotation.

Year 2006

- ☞ KGI won the "Top Star Most Active" award, as the most trading active broker in SET 50 Index and KGI's marketing officer, who had the third most client Futures accounts won the "Top Star Futures Icon" award in Futures Networking Forum, organized by Thailand Futures Exchange Pcl. (TFEX).
- ☞ KGI won "Best Corporate Bond House (Thailand Baht)" from The Asset Benchmark Survey. The Asset conducted a survey of customers who are institutional investors more than 300 institutions based on dealers' performance, Trade Volume, as well as good relationship with investors.
- ☞ KGI won the "Best House of the Year 2006" award, based on its outstanding performance and best service quality. KGI also won the "Most Active House 2006" award, as the broker with the most volume in futures derivatives business.

Year 2005

- ☞ KGI won the "MAI Newly Listed STAR (Financial Advisor)" award as a Financial Advisor of Unique Mining Plc, which was the most successful IPO on MAI in 2004.

Business Lines**Securities Broker**

KGI Securities (Thailand) Public Company Limited, 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 2011, the Company ranked No. 9th in terms of brokerage market share with an overall share of 4.53%. The Company's daily trading volume breakdown by types of clients comprised of 65% for local retail clients, 6% for local corporate clients, 8% for foreign clients, and 21% for the Company's portfolio.

The Company's daily trading volume breakdown by type of accounts comprises 70% for cash account and 30% for credit balance account. The Company's daily trading volume breakdown by types of trading order channels comprised of 51% for traded through marketing officers and 49% for internet trading.

The following table shows market share, a breakdown by type of clients, type of accounts and types of trading order channels for the past 3 years.

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 and derivatives trading via Smart phones and Tablet. 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. 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 2012, the Company plans to enhance the Company's website trading support features for futures and options traders and further support the growth of TFEX.

Unit : Million Baht

Daily Trading Volume	2011	%	2010	%	2009	%
Daily Trading Volume- SET*	29,473		29,066		17,777	
Daily Trading Volume- The Company *	2,944		2,857		1,381	**
(including the Company's portfolio)						
The Company's market share %	4.53%		4.65%		3.88%	**
(excluding the Company's portfolio)						
Ranking	9		4		9	
Breakdown by types of clients						
1) Local corporate clients	186	6	155	5	84	6
2) Local retail clients	1,911	65	2,150	75	900	65
3) Foreign clients	223	8	73	3	46	3
Total clients volume	2,320	79	2,378	83	1,030	75
4) The Company's portfolio	624	21	479	17	351	25
Total	2,944	100	2,857	100	1,381	100
Breakdown by types of accounts						
1) Cash account	1,614	70	1,766	74	916	89
2) Credit balance accounts	706	30	612	26	114	11
Total	2,320	100	2,378	100	1,030	100
Breakdown by types of trading order channels						
1) Trading via marketing officers	1,180	51	1,090	46	744	72
2) Trading via internet trading	1,140	49	1,288	54	286	28
Total	2,320	100	2,378	100	1,030	100

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

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's Proprietary Trading team performed well in 2011.

KGI Securities (Thailand) based proprietary traders have years of experience. Individual traders are encouraged to adopt diverse trading strategies to suit their personal trading styles. However, to guard against misjudgment that could arise from an emphasis in individualism, all proprietary trading is conducted through a highly-efficient trading platform and is overseen by a stringent risk control system. These controls have engendered a strong culture of discipline among the Company's proprietary Trading and have eliminated the highest degree possible, the potential for mistrades.

The Company pays serious attention to conflict of interests, and 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 6th 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.

In 2011, SET index was highly volatile due from the political instability before the dissolution of parliament on May 9, 2011, as well as the negative effect from the EU zone economic crisis. The index moved from 949 points to peak at 1,113 point and closed at 1041 points during the first half of 2011; thus there were 5 company listed on the stock market.

After the result of the new election in July 2011, which one party won the election with majority vote, the political situation became more stable while there were increasing foreign fund flow into the stock market and has caused the stock index to move in the upward direction to close peak at 1,144 points. However, during Q3/2011, the concerns over the EU economy have continued to impact the world stock market including SET index which plunged down to bottom at 855 points. Nevertheless, during the last quarter of 2011, due to flooding crisis, many companies had postponed their listing plan although index gradually rebounded to close at 1036 pts at the end of 2011. Thus; there were only 5 additional companies listed on the stock market in the second half of 2011, or in total 10 companies in 2011.

In 2011, the company was a lead underwriter of 1 IPO with the issue size of Baht 600 Million, and was co-underwriter of 2 IPOs. The company also performed financial advisor and lead underwriter roles of 4 IPOs in pipelines which still on preparation process. In addition, the company successfully performed financial advisor role for fund raising both debt and equity for both listed and non listed company.

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 experienced staffs that are proficient in providing services and advice that allow clients to make investment decisions in their best interest.

In 2011, the Company was ranked No. 1 in bond outright among securities dealers. In the meantime, it was ranked No. 3 in corporate bond trading value among all dealers.

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 2011. 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 grow 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. As of 31 December 2011, the Company was appointed as a selling agent of unit trust for 20 asset management firms. The client coverage includes both institutional and individual investors. The company has experienced professionals to provide appropriate advice and smooth execution. Those professionals strictly assess client suitability in order to meet investment objectives and risk appetite for the clients' best interest.

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.

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

- SET50 Index Futures
- SET50 Index Options
- Single Stock Futures
- Gold Futures
- Silver Futures
- Brent Crude Oil 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 2011, the Company was ranked No. 5 with market share of 5.42% 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 2011, the SET allowed securities in the SET100 Index to be available for short-selling, effective from 4 January 2011, onwards. Previously, short-selling could be done only with the securities in the SET50 Index, ETF, and a component of ETF. Due to the enlargement of the scope of securities and the volatile stock market, SBL became a widely-used among investors. As a result, the short-sell volume in 2011 was Baht 113,423 million, showing growth of 116% from Baht 52,604 Baht in 2010.

A strong competition in SBL business was reflected in many promotional campaigns from SBL providers in order to attract both retail and institution clients. One of SBL promotional campaigns was 0% fee. KGI, as the first SBL provider in Thailand, plans to expand its SBL business as follows:

1. Develop SBL system for Cash Account to provide alternative investment for KGI's 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, 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 2011, 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,

- 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 2012, the Company views the market is still volatile from both internal and external factors including downtrend 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, IDIV 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 2011, 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 2012, 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 2011, Asset Under Management (AUM) of TDEX was Baht 2,239 million, showing growth of 122% 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 acted 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, November 8-12, 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 a positive overall in SET Index highest closed at a 15-year high, the Company coordinated with One Asset Management Limited to launch ThaiDEX SET High Dividend ETF (1DIV). The Company acted both as Market Maker (MM) and Participating Dealer (PD). Within the same year, TFEX trading volume reached a historical high, particularly in Gold Futures trading; therefore, the Company joined and acted as Participating Dealer (PD) for 3 gold ETFs, including GLD, BCHAY and GOLD99

In 2012, after Thailand Futures Exchange (TFEX) has broaden the variety of products, such as Silver Futures and Oil Futures, the Company plans to study the possibility of joining with One Asset Management Limited to launch a commodity ETF, such as Silver ETF and Oil 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, CHINA, 1DIV, GLD, BCHAY and GOLD99.

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.

Later, in 2010, the Company issued 21 new DWs, which 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.

In 2011, the Company was the securities company offering the most DWs in Thailand. In this year, the Company also first issued Put DW. The total number of issued DW in 2011 was 114 DWs, divided into 87 Call DWs and 27 Put DWs. The total registered amount of all 114 DWs was approximately Baht 3,500 million. Therefore, since 2009, the Company has already launched 138 DWs in total. (see page 67)

As of December 31, 2011, the Company had launched 138 DWs in total. One of 138 DWs was expired in 2009, and other 9 DWs were expired in 2010. Later on, 80 DWs were expired in 2011. As a result, at the beginning of 2012, the total number of DWs trading on SET are 48 DWs. (see page 67)

DW is new investment product in Thailand. Since 2009, the Company has planed to educate about DW for brokerage employees, local institutional clients, including, local & foreign retail clients as shown in the table below. 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 road show 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 2011

1. The Company launched new products to be another alternative investments for its clients and investors such as launching ThaiDEX SET High Dividend ETF (1DIV), launching new 114 DWs, and etc.
2. The Company is continually developing its website, www.kgiworld.co.th and www.thaiwarrant.com to provide information to all clients and investors. The Company always updates information and news to ensure its is useful to clients and investors such as research papers, news, special activities, and seminars.
3. The Company held marketing campaign "Win a Condo with KGI" for retail clients who trade securities and derivatives with the Company during 1st November 2011 – 31st January 2012. Clients will receive one entry for the triple prizes for every Baht 8,000 in accumulated commission. First, clients will receive a Central cash voucher (Bangkok and Perimeter areas) or Tesco Lotus cash voucher (Other province areas) valued at Baht 200 immediately. Second, clients will be entered to win an iPad 2 or PTT cash voucher valued at Baht 20,000 each. Third, clients have the chance to win a Casa Condo near BTS. However, there was a flooding crisis in Thailand, therefore, the Company postponed the campaign to be on 1st February 2012 – 30th April 2012.
4. The Company joined to open booths in many events and activities such as opening booth at seminar at SET or university and etc.
5. The Company co-operated with MAI to produce research paper for medium and small listed companies in MAI and continue conduct marketing activities for investors.
6. Held seminar and training
 - 6.1 Since the Company was the securities firm in Thailand offering the most Derivative Warrants (DWs). In 2011, the Company launched 114 DWs, and the Company emphasizes on educating about DWs for the Company's employees and investors.
 - 6.2 The Company held seminars to educate clients and investors on topics such as Internet Trading, Securities Fundamental and Technical Analysis. The seminars not only educated the clients and investors, they also expanded the Company's customer base.
 - 6.3 The Company held seminars to educate clients and investors regarding new products, such as Silver Futures, Oil Futures, ThaiDEX SET High Dividend ETF or 1DIV and Gold ETF.

(B) Market Overview and Competition in 2011

In the year 2011, the Thai stock market posed significantly high volatility due mainly to the economic and financial turmoil in European economies which led to a fluctuation in foreign equity funds flow. In Thailand, there was also a general election in July 2011 leading to the change in political pole from Democrats Party to Puea Thai Party. However, overall political backdrops were stable for the year and most of market turbulence was due to external issues.

The SET Index had sharp corrections in the first and the third quarter of 2011, as the public debt problem and continued sovereign rating downgrades left countries like Greece, Portugal, Italy and also Spain in tough conditions. Countries like Greece and Portugal needed to request financial aids from European

authorities and IMF, while the fund raising in Italy and Spain was painfully difficult. During those periods, foreign investors pulled out from Asian and Thai stocks leading to the downfall of markets.

Meanwhile, the market was able to recover moderately in the fourth quarter, as the European authorities, having seen the degree of crisis, were more aggressive in cutting interest rate and providing ample liquidity to the financial and banking system. Huge amount borrowing facilities with low interest rate were offered to the commercial banks so that liquidity squeeze disappeared. In addition, since October 2011, the US economic indicators improved noticeably and raised investors' hope that US economy could help offset the impact from European weakness for the year 2012.

For the whole 2011, the SET showed a high volatility and finally closed almost unchanged from the end of 2010. The SET index closed at 1,025.32pts, easing by 7.44pts or 0.72%, comparable to an increase of 298.22pts or 40.59% in SET Index in the year 2010.

On the Thai political front, the general election was held on July 4, 2011. Puea Thai Party won the majority and set up the new coalition government having 300 seats out of total 500 seats. Thailand also has the first female Prime Minister Ms. Yingluck Shinawatra. Meanwhile, we can say that political stress in 2011 was much less than 2010 and 2009 when there were a number of street protests.

On the economic issues, Thai economic performance was moderately positive in the first half of 2011. However, starting in September 2011, Thailand was hit by the worst floods in 50 years. A lot of industrial parks, business areas and also residential properties were strongly hit, leading to a serious supply chain disruption in the fourth quarter. As a result, most economists expect 2011 GDP to grow by only 1.5-2.0%. However, due to the rebuilding demand and higher infrastructure investment for long-term water management, Thai GDP is likely to grow 3.5-4.0% in 2012.

In 2011, the daily average market turnover (SET and MAI) stood at Bt29.5bn, increasing by 1.4% from Bt29.1bn in 2010. Foreign investors reported a modest net selling position of Bt1.7bn in 2011, following their net buying of Bt81.4bn during 2010. The market capitalization rose to Bt8.41trn at the end of 2011, up 0.9%, from Bt8.33trn at the end of 2010.

Stock Exchange of Thailand

	2011	2010	2009
Total trading value (Baht million)*	7,191,481	7,033,947	4,355,318
Average daily trading value (Baht million)*	29,473	29,066	17,777
Total market capitalization (Baht million)	8,407,696	8,334,684	5,873,101
SET Index (year-end)	1,025.32	1,032.76	734.54
Dividend yield (%)	3.7	2.9	3.7
P/E ratio (times)	12.1	15.4	25.6
P/BV ratio (times)	1.9	2.0	1.6
No. of listed companies	472	475	475

*including MAI

As for new listings, there were 10 new companies listed in Thailand's stock markets (both SET and MAI) in 2011, compared to 11 new listings in 2010.

IPO Stocks in 2011

Stock	First trading date	IPO size (Baht million)
1. VTE	9-Mar-11	32.00
2. LHBANK	10-May-11	2,020.34
3. KBS	27-May-11	1,365.00

Stock	First trading date	IPO size (Baht million)
4. UIC	3-Jun-11	99.84
5. COLOR	14-Jun-11	86.70
6. QTC	28-Jul-11	100.00
7. APCS	29-Sep-11	408.75
8. APCO	4-Nov-11	140.00
9. HYDRO	15-Dec-11	101.70
10. CHOW	21-Dec-11	600.00

Source: SET and MAI

Competition among Thai Broker

The competition in Thai brokerage business in 2011 remained intense, as the industry is heading to the full liberalization of commission rate at the beginning of 2012. Meanwhile, foreign investors participated a lot in Thai stocks during the year, both on the buying and selling side given a large scale of volatility in the market. That has been why about half of top 10 brokers in 2011 were foreign investors-based. Meanwhile, the sum of the market share of the top 10 brokers was close to that in 2010. The ratio of top 10 market shares to total was 55.24%, compared to 55.43% in 2010.

Top 10 securities brokers (2011)

Rank	Company Name	Name	Market Shares (%)
1	Maybank Kim Eng Securities (Thailand) Public Company Limited	MBKET	11.86
2	Finansia Syrus Securities Public Company Limited	FSS	5.17
3	Country Group Securities Public Company Limited	CGS	5.14
4	Credit Suisse Securities (Thailand) Limited	CS	4.93
5	Asia Plus Securities Public Company Limited	ASP	4.83
6	UBS Securities (Thailand) Limited	UBS	4.81
7	Bualuang Securities Public Company Limited	BLS	4.78
8	Phatra Securities Public Company Limited	PHATRA	4.76
9	KGI Securities (Thailand) Public Company Limited	KGI	4.53
10	Thanachart Securities Public Company Limited	TNS	4.43
The sum of market share of the top 10 brokers			55.24
Others			44.76
Total			100.00

*including MAI

Industry trend in 2012

Thailand has entered the commission liberalization at the beginning of 2012, which implies that the competition on the service, research quality and other non-price promotions would be intense. The recent consolidation i.e, the merger and acquisition of mid-to-small brokers was a sign for competition. It has also been witnessed in the past few years 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 2012, it has a good chance that the market has a moderate downside in the first half of 2012 as the benchmark index stays at a relatively high level above 1,000pts, while the external factors remain negative especially in Europe. Further credit rating downgrades and stress in European banking system possibly lead to another round of foreign equity selling into Asian and Thai market.

However, the environment of low interest rate around the world and the signal from major central banks that they are ready to act more aggressively if situations worsen imply that the downside of SET Index should be limited. In the second half of the year, the market situation should be better after the European problem reaches the bottom and Thai economy fully recovers from the recent floods crisis.

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 at 31 December 2011, the Company has subordinated loans which are unsecured, interest-free, Baht loans from the overseas subsidiary companies as following:

- a) Subordinated loan amounting to Baht 1,600 million from an overseas subsidiary with the maturity date in September 2012. However, during the current year, the Company and the subsidiary agreed to extend the maturity date to 21 March 2013. (2010: the Company had subordinated loan of Baht 1,600 million).
- b) Subordinated loan amounting to Baht 599 million from another overseas subsidiary. This subordinated loan is maturing in August 2014. (2010: nil)

The Board of Directors' Meeting of the Company held on 23 February 2012 approved the extension of the maturity date of the subordinated loans amounting to Baht 1,600 million from 21 March 2013 to 21 September 2013.

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 2011, the Company has Net Capital Rule of Baht 4,059 million and Net Capital Ratio (NCR) of 328%.

Risks

Company Risks

1) Market risk

Market risk refers to the risk that fluctuations in market trading volumes and interest rates will directly impact on the Company's revenue. Factors causing volatility in market trading volumes and interest rates include political developments, the economic outlook, and domestic and investor sentiment, both domestically and internationally.

A variety of tools are used to implement comprehensive measurement and analysis of market risk. For example, Value-at-Risk is used to measure the potential loss on investment given a certain time horizon and level of probability, and stress testing is implemented to evaluate the robustness of a company in any given stress scenarios. These analytical tools provide a picture of the Company's potential future losses. Moreover, the Company assesses the losses potential resulting from market losses and manages them sets stop loss limits and position limits that are appropriate to current market conditions, which change over time.

2) Risk from Competition 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 1st January 2010 to 31st 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) Risk from Dependence on Major Client

As of 31st December 2011, the Company did not have dependence income on any clients more than 30% of total income. The Company has continuously planed to expand client base both in retail and institutional clients and both in local and foreign. In 2011, the Company had opening trading account increased 13% comparing to the previous year which reduce risk from dependence on major or minor clients.

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 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. (see details of interest of asset and liabilities in note of financial statement no. 39.2)

5) 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 statements of financial position. As of 31st December 2011, the Company has its securities and derivatives business receivables-net of Baht 2,387 million.

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.

When the Company is to launch a new product, it assesses the impact to its liquid capital by estimating its net capital ratio after the product is launched using a stress test technique, and takes this information into consideration in determining the appropriate size of the product issue.

The Company has a policy to maintain a Net Capital Rule and a Net Capital Ratio (NCR) that are higher than the requirements under the SEC regulations, which specified that the Net Capital Rule must be at least Baht 25 million and the Net Capital Ratio must be at least 7% of liabilities and guarantees. As of 31 December 2011, the Company's Net Capital Rule is Baht 4,059 million and its Net Capital Ratio (NCR) is 328%

7) 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 2011, 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 those subsidiary companies totaling Baht 2,199 million.

As at 31 December 2011, the Company and its subsidiaries has not entered into any forward exchange contracts to manage its foreign exchange risk.

8) Risk from Securities investment and return

Risk from Securities investment and return is the risk that the Company may not get return from investment as its expectation.

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 and controlling risk limit on a daily basis. Risk Management Committee will reviewed on a regular basis to consistent with market condition from time to time.

9) 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. The Company appointed persons to be directors for setting policies of its subsidiaries.

10) Risk from investment banking business

In operating an investment banking business, in the 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. The Company also set up the Investment Banking Sub-committee to responsible for approving underwriting deals and other investment banking businesses.

11) Risk from having a major shareholder

RICHPOINT COMPANY LIMITED (100% owned by KGI Securities Company Limited, Taiwan), is the Company's major shareholder, owning approximately 35% of the Company's shares as of 12th March 2012 (the last registration close book date). A major shareholder may exercise greater influence over the Company's management and business policies. However, if A major shareholder wishes to hold more than 50% of the Company, it still needs to seek approval from relevant government agencies.

The company abides with good Corporate Governance. Currently, there are 4 independent directors from totaling 12 directors or equal to 33.33%. They are responsible for good Corporate Governance to ensure that the quality of management is effective, transparent and accessible.

12) 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 2011, there were no shares held by the Thai Trust Fund and investors had bought 169,423,045 NVDRs shares (equivalent to 8.51 % of paid-up capital).

13) Risk associated with 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.

As the company was the first securities company launching Derivatives Warrants which has been popular for couple years. The company has strictly policy to control and monitor associated risk closely. Currently, the company has total Credit Limit for issuing Derivative Warrant Baht 1,000 million.

14) Risk associated with Human Resource

Human Resource is key factor to operate securities business which is highly intense competition. The securities business requires knowledgeable and experienced personnel. Consequently, if company is unable to retain staff, the company’s continuity may be affected to the result of operation.

In order to protect such transfer of those staffs, the company provides continuous training to enhance human resource development in term of potential and expertise to better serve client. Nevertheless, to create career path for the company’s staff, the company has clear policy where marketing officer will be properly compensated in accordance with current market condition. Lastly, the company’s management team has focused on building good relationships within the organization and has improved the working environment to be better condition.

Risk factors related to Derivative Warrants (DW)

The Company was the first securities company in Thailand launching Derivative Warrants (DW). From 2009 until 2011, 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

RICHPOINT COMPANY LIMITED (100% owned by KGI Securities Company Limited, Taiwan), is the Company's major shareholder, owning approximately 35% of the Company's shares as of 12th March 2012 (the last registration close book date). The top ten shareholders are as follows:

Shareholder	Share	%
RICHPOINT COMPANY LIMITED*	696,614,400	34.97%
Thai NVDR Company Limited	162,043,256	8.14%
Mr. Kittisak Akarachalanon	12,500,000	0.63%
Mr. Booncherd Wongshusri	12,425,700	0.62%
EAST FOURTEEN LIMITED-DIMENSIONAL EMER MKTS VALUE FD	9,521,700	0.48%
Mr. Kanok Tungjairakkandee	8,699,000	0.44%
Mr. Khorkiat Pitchayaarthorn	8,037,500	0.40%
Mr. Chanchai Prasertadisorn	7,600,220	0.38%
ALBOUYS NOMINEES LIMITED	7,292,300	0.37%
Mr. Prachuap Wannapruk	6,500,000	0.33%
Others	1,060,529,054	53.25%
Total	1,991,763,130	100.00%

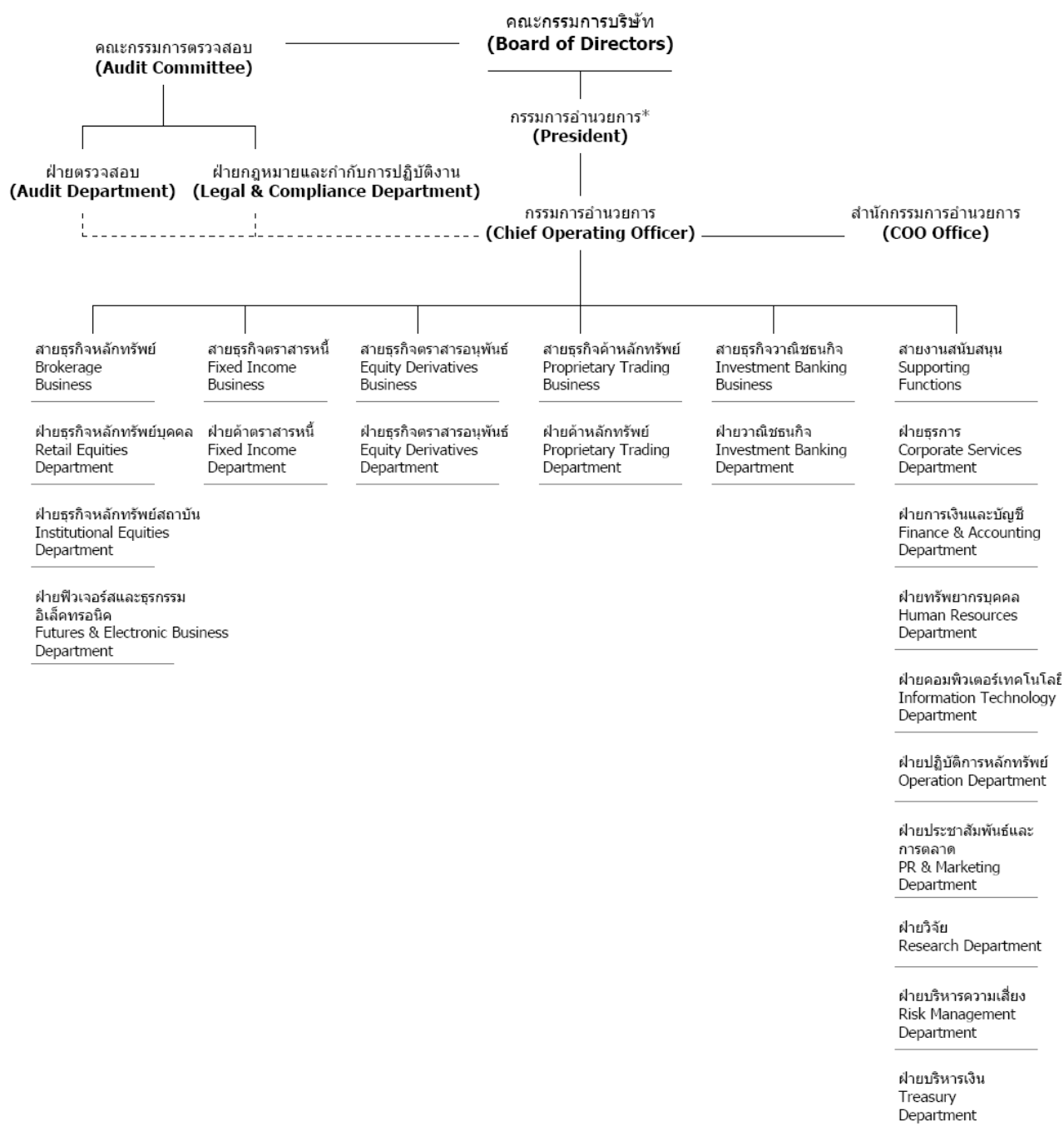
Note * RICHPOINT COMPANY LIMITED – 100% owned by KGI Securities Company Limited , Taiwan

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
- 13) Corporate Governance (CG) Committee

The Company's Organization



Note : Mr. Wisit Wongpaisan, President, has retired from the Company effective on 1st February 2012.
However, Mr. Wisit Wongpaisan will continue to be a director of the Company.

1) Board of Directors

As of 31st December 2011, the Company's Board of Directors consisted of the following 12 members; in 2011, the Company had 6 Board of Directors' meetings; details of attendance of each director are as follows:

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

Note 1/ Mr. Wisit Wongpaisan Position President has retired from the Company effective on 1st February 2012.

However, Mr. Wisit Wongpaisan will continue to be a director of the Company.

2/ Any two Authorized Directors shall be required to bind the Company

3/ Mr. Eugenio Tan, Independent Director has resigned from the Board member effective on 12th May 2011 and Mr. Picharn Kullavanijaya has been appointed as Independent Director as the replacement of Mr. Eugenio Tan effective on 17 June 2011.

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)	• Audit Committee Chairman • Nomination Committee Chairman
3. Mr. Chin-Lung Tseng	Director	• Compensation Committee Chairman
4. Mr. Wisit Wongpaisan*	Director	• Risk Management Committee
5. Mr. Wei Chang Fang	Director (Authorized Director)	• Risk Management Committee Chairman • Debt Recovery Committee Chairman • Human Resource Committee Chairman • ESOP Committee Chairman
6. Dr. Don Bhasavanich	Director (Independent Director)	• Audit Committee
7. Mr. Pradit Sawattananond	Director (Independent Director)	• Audit Committee • Compensation Committee • Nomination Committee • ESOP Committee
8. Mr. Picharn Kullavanijaya	Director (Independent Director)	-
9. Ms. Bee Leng Ooi	Director (Authorized Director)	• Nomination Committee • Risk Management Committee • Human Resource Committee • ESOP Committee
10. Ms. Suchada Sodthibhaphkul	Director (Authorized Director)	• 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)	-

Note * Mr. Wisit Wongpaisan Position President has retired from the Company effective on 1st February 2012. However, Mr. Wisit Wongpaisan will continue to be a member of Risk Management Committee and also was appointed to be a member of Nomination Committee effective on 23 February 2012.

Company Secretary

The Board of Directors' Meeting No.5/2002 dated 6th 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 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.

In this regards of Accounting period of 2011, The Company's independent directors have fully characteristics of SEC's regulation. There is no business relationship or any services with the Company.

2) Audit Committee

As of 31 December 2011, 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 2011, 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	1 Program (see page 74)	5 / 6
2. Dr. Don Bhasavanich	Audit Committee / Independent Director	3 Program (see page 76)	6 / 6
3. Mr. Pradit Sawattananond	Audit Committee / Independent Director	8 Program (see page 77)	6 / 6

Scope of duties and responsibilities of the Audit Committee

The Audit Committee has the following scope of duties and responsibilities, and reports to the Board of Directors.

- 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 laws relating to securities and the stock exchange, 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, and that they are in the best interests of 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 relevant laws relating to securities and the stock exchange, 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 2011 The Company's Compensation Committee consisted of three members and there were two meeting in 2011, 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	Call conference

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 31st December 2011 The Company's Nomination Committee consisted of three members and there was two Nomination Committee meeting in 2011.

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

Note: The Board of Directors' meeting no 1/2012, dated 23 February 2012, has approved the appointment of Mr. Wisit Wompaisan to be member of Nomination Committee.

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. Naruemol Artamnuyvipas Managing Director, Equity Derivatives Department
6. Ms. Jariya Posayajinda Managing Director, Proprietary Trading Department
7. Ms. Saranya Larksukthom Senior Executive Vice President, Operation Department
8. Mr. Apichart Tungkiatsilp Executive Vice President, Fixed Income Department
9. Ms. Khunmira Thunnom Executive Vice President, Finance & Accounting Department
10. Ms. Nongluk Ningsanond Executive Vice President, PR & Marketing Department
11. Mr. Pongsak Komolrit Executive Vice President, Institutional Equity Sales Department
12. Mr. Chai Durongkarattanakul Executive Vice President, Information Technology Department
13. Mr. Mark Antony Hodge Senior Vice President, Corporate Strategy Division
14. Ms. Patchpon Sankaburanuruk Senior Vice President, Investment Banking 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

Note : * Mr. Wisit Wongpaisan Position President has retired from the Company effective on 1st February 2012. However, Mr. Wisit Wongpaisan will continue to be a member of risk Management Committee of the Company.

Scope of duties and responsibilities of the Risk Management Committee

- 1) Implement risk policies and procedures.
- 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 funding.
- 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 Company's risk management procedures are described in its regulatory filings for the issue of DWs.

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 | Senior 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 |

Note : * Mr. Wisit Wongpaisan Position President has retired from the Company effective on 1st February 2012. However, Mr. Wisit Wongpaisan will continue to be a member of Credit Risk Sub-Committee for Fixed Income of the Company.

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 |

Note : * Mr. Wisit Wongpaisan Position President has retired from the Company effective on 1st February 2012. However, Mr. Wisit Wongpaisan will continue to be a member of Credit Risk Sub-Committee for Equity Derivatives of the Company.

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 |

Note : *Mr. Wisit Wongpaisan Position President has retired from the Company effective on 1st February 2012. However, Mr. Wisit Wongpaisan will continue to be a member of Investment Banking Sub-Committee of the Company.

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 |
| 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 management/sale of real estate portfolio incurred from the debt recovery.

7) Purchasing Committee : consisted of the following 4 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 |
| 4. Ms. Nantararat Surakkhaka | Senior Vice President, COO Office (Corporate Strategy) |

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 HR related policies; and
2. To review and approve promotions

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 | Senior 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. Chatkaew Kittayanusorn | Deputy Manager , Fixed Income 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 | Senior Executive Vice President, Operation Department |
| 2. Mr. Chai Durongkarattanakul | Executive Vice President, Information Technology Department |
| 3. Mrs. Suchada Wongrak | Senior 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. Ms. Prungsukon Saengklang* | Manager, President Office |
| 8. Mr. Surachet Amnuaywittayakul | Assistant Vice President, Legal & Compliance Department |
| 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. Pimploy Kankaew | Assistant Manager, Finance & Accounting Department |

Note * Ms. Prungsukon Saengklang has resigned from the Company effective on 1st February 2012.

Scope of duties and responsibilities of Health and Environment Committee

1. To determine regulations about the safety and safety standard for workplace
2. To determine policy, plan, and activities about safety and working environment to protect and reduce the occurrence of accidents and the suffering of injury due to unsafe working conditions.
3. To set the course about the scope of duties and responsibilities of employees' safety
4. To evaluate the implementation of safety of the Company's workplace

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. Yuan-Chen Chiu | 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.

13) Corporate Governance (CG) Committee : consisted of the following 4 members:

- | | |
|-------------------------------------|--|
| 1. Ms. Nongluk Ningsanond | Executive Vice President, PR & Marketing Department |
| 2. Ms. Kobkarn Cholchanupatumpa | Executive Vice President, Human Resources Department |
| 3. Mr. Pakornpolathip Ittichaicharn | Senior Vice President, Legal & Compliance Department |
| 4. Ms. Apaporn Vorapun | Senior Vice President, Internal Audit Department |

Scope of duties and responsibilities of CG Committee

1. Propose the CG policy for board approval
2. Follow up the implementations accordance with the policy
3. Review and evaluate the implementations and propose to the Board of Directors to approve at least once a year.

Management

As of 31 December 2011, Company's Executives consisted of the following 20 members:

	Name	Title
1.	Mr. Wisit Wongpaisan ¹	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.	Ms. Naruemol Artamnuayvipas	Managing Director, Equity Derivatives Department
8.	Ms. Jariya Posayajinda	Managing Director, Proprietary Trading Department
9.	Mr. Kittipong Supradith Na Ayudhya ²	Deputy Managing Director, Retail Equity Business
10.	Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department
11.	Mr. Somchai Siripaiboolpong	Executive Vice President, Retail Equity Business
12.	Ms. Songsri Chawengsataporn	Executive Vice President, Retail Equity Business
13.	Ms. Dutsanee Pamontip	Executive Vice President, Retail Equity Business
14.	Mr. Pongsak Komolrit	Executive Vice President, Institutional Equity Business
15.	Mr. Apichart Tungkiatsilp	Executive Vice President, Fixed Income Department
16.	Mr. Hua-Feng Chang	Executive Vice President, Futures & Electronic Business Department
17.	Ms. Kobkarn Cholchanupatumpa	Executive Vice President, Human Resource Department
18.	Ms. Khunmira Thunnom	Executive Vice President, Finance & Accounting Department
19.	Ms. Nongluk Ningsanond	Executive Vice President, PR & Marketing Department
20.	Mr. Chai Durongkarattanakul	Executive Vice President, Information Technology

Note : 1/ Mr. Wisit Wongpaisan Position President has retired from the Company effective on 1st February 2012. However, Mr. Wisit Wongpaisan will continue to be a director of the Company.

2/ Mr. Kittipong Supradith Na Ayudhya has resigned from the Company effective on 1st March 2012.

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 executives 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 31st December 2011, 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 2011, the Company paid remuneration for non-executive directors of Baht 19.45 million, details are as follow:

Directors' remuneration	Amount
Directors' bonus *	Baht 16.68 million (for year 2010)
Audit Committee bonus *	Baht 0.50 million (for year 2010)
Board Attendance allowance and Monthly Allowance	Baht 2.00 million (for year 2011)
Others (traveling & accommodation expenses)	Baht 0.27 million (for year 2011)
Total	Baht 19.45 million

Note: * Directors' bonus and Audit Committee bonus was the bonus of year 2010 which be paid in 2011

Details of each Directors' remuneration

Name	Directors' Bonus 2010	Audit Com's Bonus 2010	Attendant fee + monthly fee 2011	Traveling and Accommodation 2011	Total
1 Mr.Foong Hock Meng	3,600,000	-	-	-	3,600,000
2 Dr.Pisit Leehtam	3,480,000	200,000	460,000	-	4,140,000
3 Mr.Chin-Lung Tseng	3,600,000	-	-	-	3,600,000
4 Mr.Wisit Wongpaisan	-	-	-	-	0
5 Mr.Wei Chang Fang	-	-	-	-	0
6 Dr.Don Bhasavanich	1,200,000	150,000	360,000	-	1,710,000
7 Mr.Pradit Sawattananond	1,200,000	150,000	360,000	-	1,710,000
8 Mr.Eugenio Tan*	1,200,000	-	107,097	21,616	1,328,713
9 Mr.Picharn Kullavanijaya	-	-	169,333	249,773	419,106
10 Ms.Bee Leng Ooi	-	-	-	-	0
11 Ms.Suchada Sodthibhaphkul	-	-	-	-	0
12 Ms.Pi-Lin Huang	1,200,000	-	-	-	1,200,000
13 Mr.Chih-Chien Yen	1,200,000	-	540,000	-	1,740,000
Total	16,680,000	500,000	1,996,430	271,389	19,447,819

Note : * Mr.Eugenio Tan, Independent Director has resigned from the Board member effective on 12th May 2011 and Mr. Picharn Kullavanijaya has been appointed as Independent Director as the replacement of Mr. Eugenio Tan effective on 17 June 2011.

(b) Management's remuneration

In 2011, the Company paid remuneration for 20 Executives of Baht 175,463,742.25 (including those who left during the year 2011), the details are as follows.

Details of remuneration of executives *	Baht
Salary, bonus and others **	172,710,702.25
Provident funds	2,753,040.00
Total	175,463,742.25

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

** Bonus paid by cash basis in 2011 (including part of 2010 bonus and part of 2011 bonus which paid in 2011).

Corporate Governance

The Company believe that the good corporate governance is a significant tool to ensure efficient and transparent management to foster shareholders' and investors' trust. The Company then intends to conduct the business under the Good Corporate Governance Principles issued by the Stock Exchange of Thailand and the rules and regulations of Listed Company issued by the Securities and Exchange Commission and the Capital Market Supervisory Board to continuously raise the governance of the Company to international level for efficient management and sustainable business growth.

Corporate Governance Policies

For clarity and transparency, the Company has established the written corporate governance policies as guidelines for directors, management and employees. The Policies include the statutory rights of shareholders as well as the Best Practices issued by the Stock Exchange of Thailand. The Board annually reviews the good corporate governance policies.

Communication of Corporate Governance Policies

The Company discloses the Corporate Governance Policies on KGI website at www.kgiworld.co.th, Shareholders who want to receive a hard copy can contact the Corporate Secretary, tel 02-658-8881-2.

Implement of Good Corporate Governance Report in 2011

In 2011, 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. 1/2012 for the year 2011 of Baht 0.25 per share (i.e. at the payout ratio of 90%), approximately amounting to Baht 498 million. The record date on which shareholders had the right to receive dividend was 9th March 2012 and the closing of share register

book for gathering shareholders' names under the Section 225 of the Securities and Exchange Act was 12th March 2012. The dividends will be paid on 27th April 2012.

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. 1/2011 and relevant information to shareholders, which was prior to the meeting day and earlier than required by regulations. For the AGM no. 1/2011 held on 8th April 2011, the Company sent such information on 24th March 2011, 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. 1/2011 in both Thai and English languages on the Company's website on 8th March 2011, 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.1/2011, 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.1/2011 on 8th April 2011, at 2 p.m., at the Tawana Bangkok Hotel, Srisuriwongse Balloom, 11th Floor (Parking Building), 80 Surawongse Road, Siphaya Sub-District, Bangrak District, Bangkok 10500. 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. 1/2011, 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. 1/2011, the Company announced the resolutions and the voting, separating the "approve", "against" or "abstention" through the SET's ELCID System on 8th April 2011.

- 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. 1/2011, 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 22nd April 2011, 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. 1/2011, 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 5 shareholders in the AGM appointing 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 Preventive Conflict of Interests

1. All directors and executives have to report their interests and those of their related persons to the Chairman of the Board of Directors and the Chairman of the Audit Committee within 7 days after year ended and of the changes.

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.

2. The Board of Directors will consider any transaction with transparency and fairness to be best benefits to the Company and shareholders. The approval process will be approved by the Audit Committee, the Board of Directors, and / or shareholders following the regulations of SEC and SET about Connected Transactions and Acquisition and Disposition of Assets 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 Beside the treatment of shareholders' right, the Company has principle for stakeholders excepting from shareholders as followings

Policy on Customers

- The Company will propose products relevant to clients' needs and provide quality services.
- The Company will provide equal services to every client.
- The Company will disclose information relevant to the Company's products and services completely, correctly, precisely, and without any distortion. Therefore, clients can receive all information thoroughly.
- The Company has no policy to disclose client's information to other clients or related persons except for disclosures that are following regulations or injunctions, etc.
- The Company does not impose any commercial conditions that are unfair to clients.
- The Company gives clients opportunities to make complaints when they deem necessary and to take the best action to ensure a swift satisfactory resolution.

Policy on Employee and employee's benefit and welfare

- The Company regards each employee as respected and honored colleague who should be well cared for.
- The Company will take action to ensure that qualified applicants are given equal opportunity to be employed with regards to the required qualification, educational background, experience and other requirements on a non-discriminatory basis regarding gender, age, nationality or religion.
- The Company will ensure fair employment and offer fair career advancement opportunities.
- The Company will set up a fair compensation system for all employees as follows:

Salary and Bonus

The Company's policy in remunerating its employees is on the basis of what is appropriate and fair, according to each individual's knowledge, capability, duties, responsibilities, and performance, in relation to the average pay scale for the industry. These payments have to be in line with the growth of the business line and the Company.

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 will be paid to employees upon termination in accordance with the rules of the fund. During the years ended 31 December 2011 Baht 15.9 million were contributed to the fund by the Company and its subsidiary.

Welfare

The Company provides health check-ups every year, having welfare for IPD and OPD medical expenses. For IPD the welfare covers employees' families, spouse and children.

Policy on development Safety and Health

- The Company follows regulations of safety, health, and work environment.
- The Company ensures the workplace is a safe working environment and clean.
- The Company works with employees on safety, health, and working environment to ensure that employees and the workplace will be safe.
- The Company set up a Health and Environment Committee to meet the safety in workplace in accordance with the laws.
- The Company sets up training programs on roles and duties of safety for every employee level.

Policy on Competitors

- The Company will do any activity under rules in order to support good competition according to the determined rules.
- The Company does not seek any competitors' confidential information in a dishonest or improper manner.
- The Company does not destroy the reputation of competitors by accusing them without honest and actual data. Furthermore, the Company must practice under the international competition rules, commercial practices, and does not seek competitors' information using fraudulent methods.

Policy on Suppliers

- The Company has a policy for employees not to ask or receive bribes or dishonest benefits from supplier.
- Procurements will be transparent and the Company will provide information to every supplier with equal, accuracy, without bias, and no discrimination. The Company will make fair competition among suppliers and make the procurement process strictly relevant to each situation.
- Negotiations must be transparent. The Company's management can supervise and the Company's staff must not receive bribes from procurement. The Company's staff must be neutral and not close to any supplier that may influence the decision making. The Company's staff must strictly follow the conflict of interest rule.
- The Company will follow the conditions appropriately and fairly.

Policy on Creditors

- The Company follows the conditions under loan agreements.
- The Company will not conceal the actual financial status of the Company.

Policy on Environment

- The Company intends to do business environmentally responsibly.
- The Company supports all employees to have awareness and responsibility on environment by efficiently using resource to the best benefits such as policy of saving electricity, saving use of water and saving use of office equipment.

Policy on Social Responsibility

- The Company often supports social activities.
- The Company will root awareness of social responsibility to every employee at every level.

The Company's Corporate Social Responsibilities Activities in 2011

In 2011, the Company joined the activities of Social Responsibilities as follows:

- The Company supports education to disadvantage youth. In 2011, the Company provided 15 scholarships to needy undergraduate students who have studied hard and acted as good role models under the project "KGI Scholarship"
- The Company conducted a road show about Financial Derivatives started at Chiang Mai University to expand knowledge and understanding about financial products.
- The Company donated computers and electronic equipments to Future Group supported by Caring Hearts for AIDs Foundation to donate for deficient organizations.
- The Company staff donated money to the Thai Red Cross Society to help the Tsunami victims in Japan under the ED Charity Project # 4 : DW for Japan.
- The Company staff donated dolls and toys to Queen Sirikit National Institute of Child Health (Children Hospital) to help ICU children's mind releasing from nervousness and loneliness under the ED Charity Project # 5 : Dolls and Toys for Children.

- The Company staff joined activities to help packing bags for flood victims at the Stock Exchange of Thailand Building under the project Thai Stock Market Flood Relief Fund.
- the Company donated used desk calendar to Foundation for the Blind in Thailand under the Royal Patronage of H.M. the Queen. The used calendar will be made to Braille cards for instruction media.
- The Company staff donated money to Soon Ruam Nam Jai School to help developing education course for disabled children under ED Charity Project # 6.
- The Company staff donated money to the Thai Red Cross Society to help the flood victims in South of Thailand.
- The Company staff donated money to the Thai Red Cross Society to help flood victims
- To assist Thai people affected by last year's floods, the Company made donations of Baht 10.00 million to government, donated Baht 1.55 million to the Association of Securities Companies (ASCO), and donated up to Baht 4 million and provided low interest loans up to Baht 6 million to KGI employees.

Policy on Human Right

- The Company supports staff exercising their rights as citizens under the constitution and laws.
- The Company has kept personal information of the Company's staff such as biography, health history, work experiences, etc. The personal information will be disclosed to the public only if it has been approved by the personal information owner. Harassment is subject to disciplinary action following the Company's rules or laws.
- The Company does not support any violation of international human rights and dishonesty.
- The Company's staff must not do anything to violate or threaten whether in verbal or action to others based on race, gender, religion, age, or physical and mental disabilities.

Policy on Intellectual Property

- Works caused during the duties and Company's operations will be considered as property of the Company
- The staff must return intellectual property to the Company on the termination of employment regardless of the form the files are stored in.
- Computers and Software of the Company must have license and get permission from copyright owner and be permitted to be used in the Company to avoid violation of intellectual property infringement
- To present or to use works or information received from a third party it must be ensured that it does not violate intellectual property laws.

Policy on Anti - Corruption Practices

- The Company's staff must not ask or receive any bribes which can lead to misbehavior or omit to do any duties or cause the Company to lose its benefits.
- The Company's staff must omit to propose, or give benefit or assets to third parties to encourage such third parties to do illegal practices or behavior.

3.2 Participation of Stakeholders

In case all stakeholders need to complaint, they can file complaints directly to the Board of Directors at the following address. The Company will keep the complaints as confidential to ensure that the complainants and witnesses will not be threaten or received injustice.

Dr. Pisit Leeahtam

Chairman of Audit Committee

KGI Securities (Thailand) Public Company Limited

173 Asia Centre Building, 11th Floor, South Sathorn Road

Thungmahamek Sub-District, Sathorn District, Bangkok 10120

Tel : 02-658-8880

SECTION 4 : Disclosure and Transparency

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

For 2011, 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 2011. For financial year 2011, the Board reported that the financial statements of the Company ended 31 December 2011 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 31st December 2011, 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.

Board Structure

Director	Position	Independent Directors	Representative Directors from major shareholder	Executive Director	Directors who attended IOD Program and other Program
1. Mr. Foong Hock Meng	Chairman	-	✓	-	-
2. Dr. Pisit Leeahtam	Vice Chairman	✓	-	-	✓
3. Mr. Chin-Lung Tseng	Director	-	✓	-	-
4. Mr. Wisit Wongpaisan*	Director	-	-	✓	-
5. Mr. Wei Chang Fang	Director	-	-	✓	-
6. Dr. Don Bhasavanich	Director	✓	-	-	✓
7. Mr. Pradit Sawattananond	Director	✓	-	-	✓
8. Mr. Picharn Kullavanijaya	Director	✓	-	-	-
9. Ms. Bee Leng Ooi	Director	-	-	✓	-
10. Ms. Suchada Sodthibhaphkul	Director	-	-	✓	✓
11. Ms. Pi-Lin Huang	Director	-	✓	-	-
12. Mr. Yen, Chih-Chien	Director	-	✓	-	-

Note : Mr. Wisit Wongpaisan Position President has retired from the Company effective on 1st February 2012. However, Mr. Wisit Wongpaisan will continue to be a director of the Company.

- 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.

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 with necessity. 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 Corporate Governance (CG)

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. 1/2012, held on 23rd February 2012, reviewed the Company's CG Policy and Implementation of its CG policy in 2011, 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 Code of Conduct

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.

5.3.3 Conflict of Interest

The Company determined the policies of reporting on interests of directors, executives and related persons in accordance with the SEC and SET regulations, 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.

5.3.4 Internal Control

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.

5.3.5 Risk Management

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.

5.4 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. 6/2011 held on 15th December 2011 conducted the Self-Assessment for year 2011. Each director will conduct an overall evaluation of the Board's implementation and then review conjointly 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 2011 was satisfactory with high point (good-excellent processing on that issue).

5.6 Evaluation of Internal Control

In 2011, 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. Company's directors and executives cannot trade the Company's securities to seek benefits for themselves or related persons by using the Company's information which has not been disclosed to public one month prior of disclosure of financial statements to the public.
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 Research List, Grey List and 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 DW 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 DW.

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, the Audit Committee 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 2011, 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. 1/2012 held on 23 February 2012 passed a resolution to propose to the Annual General Meeting of the Company's shareholders for an approval of dividend payment of Baht 0.25 per share, or a total of Baht 498 million from the earnings of the 1 January 2011 to 31 December 2011 period. The dividend will be paid in April 2012.

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 subsidiary company No. 1/2012 held on 16 February 2012 passed a resolution to propose to the Annual General Meeting of the subsidiary company's shareholders for an approval of dividend payment of Baht 2.90 per share, or a total of Baht 30.45 million from the earnings of the 1 January 2011 to 31 December 2011 period. As an interim dividend payment of Baht 1.50 per share was made during 2011, the final dividend payment would be Baht 1.40 per share, or a total of Baht 14.7 million. The dividend will be paid in March 2012.

Related Party Transactions

Related Party Transactions in 2011 (See note of Financial Statements, Section 35: Related Party Transactions)

During the years ended 31 December 2011, 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.

Transactions with related parties

Related parties	Transactions	Thousand Baht	Pricing Policies
1. KGI Asia Limited (KGI Group is a major shareholder of KGI Asia Limited and of the Company)	- Brokerage fee income	73	At normal rate charged to other clients, in accordance with SET's and SEC's notification
	- Securities and derivatives business receivables	250	No interest charged same as other clients.
2. KGI Securities Company Limited (KGI Group is a major shareholder of KGI Securities Company Limited and of the Company)	- Brokerage fee income	906	At normal rate charged to other clients, in accordance with SET's and SEC's notification
	IT consulting fee	66	Service fee was calculated from cost method plus 4 percent margin by calculating from actual working hour.
	Advances to related company	192	No interest charged same as other clients.
3. KGI Securities (Hong Kong) Limited (KGI Group is a major shareholder of KGI Securities (Hong Kong) Limited and of the Company)	- Brokerage fee income	57	At normal rate charged to other clients, in accordance with SET's and SEC's notification
4. KGI Finance Limited (KGI Group is a major shareholder of KGI Finance Limited and of the Company)	- Brokerage fee income	1,821	At normal rate charged to other clients, in accordance with SET's and SEC's notification
	- Securities borrowing fee income	519	Borrowing fee at percentage of value of borrowed securities and borrowing period, same as other clients.
5. Richpoint Company Limited (it is owned by the KGI Group and it is a major shareholders of the Company)	- Custodian fee income	40	Baht 15 of every Baht 1 million on daily securities outstanding value, same as other clients.
	- Accrued service fees	8	No interest charged same as other clients.

Transaction of subsidiary companies with related parties

Related parties	Transactions	Thousand Baht	Pricing Policies
1. KGI Hong Kong Limited (KGI Group is a major shareholder of KGI Hong Kong Limited and of the Company)	Management fee	550	Service fee was calculated from cost method plus 10 percent margin by calculating from actual working hour and negotiation

Transactions with management and directors

Related parties	Transactions	Thousand Baht	Pricing Policies
1. The Company's management and directors	- Brokerage fee income	43	At normal rate charged to other clients, in accordance with SET's and SEC's notification
2. The Company's directors	- Directors remuneration	12,126	Directors remuneration as per its shareholders' approval
3. Directors of One Asset Management Ltd (The Company's subsidiary which is 98% held by the Company)	- Directors remuneration	125	Directors remuneration as per its shareholders' approval

Related parties	Transactions	Thousand Baht	Pricing Policies
4. Directors of KGI Securities (Thailand) International Holdings Limited (The Company's subsidiary which is 100% held by the Company)	- Directors remuneration	2,450	Directors remuneration as per its shareholders' approval
5. Directors of KGI (Thailand) Holding Limited (The Company's subsidiary which is 100% held by the Company)	- Directors remuneration	2,450	Directors remuneration as per its shareholders' approval

Transactions with related person

Related parties	Transactions	Thousand Baht	Pricing Policies
1. A related person (The family of the related person is a major shareholder of KGI Securities Company Limited)	- Advisory fee	1,800	The Board of Directors' meeting date 27 August 2009 has approved the Advisory fee of Baht 150,000 per month or Baht 1.80 million per year, the service fee was negotiated based on prevailing market rates, and comparison with other advisors.

Necessity of and reason for transactions

In 2011, 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 31st December 2011, "the Company means the Company together with its subsidiaries")

Analysis of Performance

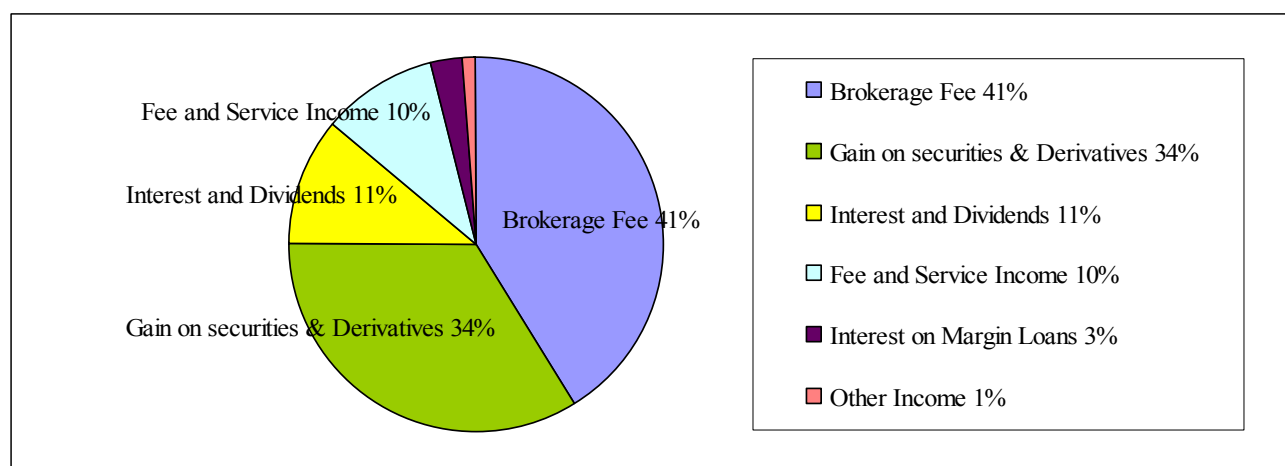
The Company's performance remained satisfactory. The Company reported total income of Baht 2,333 million and net profit attributable to equity holders of the parent of baht 535 million which equivalent to earnings per share of Baht 0.27, to net profit margin 23%, to return on Equity 11%. Details of the Company's performance are as follows:

1. Diversify Income base

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 2011, the Company reported total income of Baht 2,333 million. The main elements of the Company's income structure were; 41% from brokerage fees, 34% from gain on securities and derivatives, 11% from

interest and dividends income, 10% from fee and service income, and 3% from interest on margin loans and 1% from other income.



(Unit : Baht)

Consolidated Financial Statements	2011		2010	
	Amount	%	Amount	%
Income				
Brokerage fee				
Brokerage fee from securities business	820,815,450	35%	838,475,998	37%
Brokerage fee from derivatives business	119,835,572	5%	55,776,389	2%
Other Brokerage fee	7,970,126	1%	6,953,207	-
Fee and service income	238,170,557	10%	213,662,811	9%
Gain(Loss) on investment	(794,940,715)	(34%)	783,409,314	34%
Gian on derivatives	1,592,751,449	68%	164,552,626	7%
Interest and dividends	250,825,364	11%	171,347,581	8%
Interst on margin loans	80,076,613	3%	39,646,240	2%
Other income	17,420,572	1%	19,471,113	1%
Total income	2,332,924,988	100%	2,293,295,279	100%

2. Changes in income and expenses

2.1 Change in securities business income

2.1.1 Brokerage fee

Brokerage fee from securities business

The Company's brokerage fee from securities business decreased from Baht 838 million in 2010 to 821 million in 2011 as the Company's market share decrease from 4.65% in 2010 to 4.53% in 2011.

Brokerage fee from derivatives business

The Company's brokerage fee from derivatives business increased from Baht 56 million in 2010 to Baht 120 million in 2011 due to trading volume in TFEX market in 2011 increased as well as the Company's market share of SET50 index and Gold Futures increased.

2.1.2 Fee and service income

The Company's fee and service income increased from Baht 214 million in 2010 to Baht 238 million in 2011. The main fee and service income was from mutual fund management fees and private fund management fees, which were Baht 162 million and Baht 25 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	2011 Baht	%	2010 Baht	%
Mutual fund management fee	162,161,699	68%	156,589,263	73%
Private fund management fee	25,090,213	11%	20,011,090	9%
Provident fund management fee	2,198,262	1%	2,145,051	1%
Management fee, registrar and custodian fees	11,900,477	5%	10,068,422	5%
Underwriting fee	11,723,485	5%	4,048,100	2%
Financial advisory fee	6,066,435	3%	4,952,015	2%
Securities borrowing and lending fee	8,279,727	3%	8,010,466	4%
Others	10,750,259	5%	7,838,404	4%
Total fees and services income	238,170,557	100%	213,662,811	100%

2.1.3 Gain on investment and derivatives

For the year 2011, the Company had total gain on investment and derivatives of Baht 798 million, which consists of loss on investments of Baht 795 million and gain on derivatives of Baht 1,593 million. The Company will consider on operation result from total gain on derivatives and on investment which come from the Proprietary Trading business and Derivatives Warrant business as follows.

Proprietary Trading Business: The Company will invest both equities in SET and derivatives in TFEX which will consider the economy, industry fundamentals, financial statements, technical analysis. The Company has an investment strategy of opening long or short derivatives positions in TFEX at the same time as opening long or short positions or borrowing equities to short in SET to make gain on investment on acceptable risks. This is a low risk investment strategy called Arbitrage which makes profits from the difference between the price in the equity market and the derivatives market. During the year, the Company has long position in equities and short position in derivatives in TFEX, therefore, the Company had loss on investment when the stock price decreased but the Company had gain on derivatives in TFEX. The Company still had gain when offset between gain and loss of the two markets which was the difference of the prices between the two markets from the Arbitrage strategy.

Derivative Warrant Business: The Company has a hedging strategy to protect against potential risks as follows.

- In case of issuing Call Warrant, the Company will have risk when the underlying stock price increases that would make the Company have loss from issuing DWs. Therefore, the Company has a strategy to hedge such risk by buying underlying stocks in appropriate proportion calculated from Net Delta Value. The occurred risk from loss from issuing Call DWs will be offset by gain on underlying stock which the Company bought to hedge before.
- In case of issuing Put Warrant, the Company will have risk when the underlying stock price decreases that would make the Company have loss

from issuing DWs. Therefore, the Company has a strategy to hedge such risk by short selling underlying stocks in appropriate proportion calculated from Net Delta Value. The occurred risk from issuing Put DWs will be offset by gain on underlying stock which the Company did the short selling to hedge before.

To protect against risk from stock price fluctuations that impact gain and loss of underlying stock and derivatives positions; the Company will hedge risk by opening underlying stock position. Therefore, the Company will record gain and loss of underlying stock position and derivatives position in the opposite way.

2.1.4 Interest and Dividend Income

The Company's interest and dividend income increased from Baht 171 million in 2010 to Baht 251 million in 2011. The main reasons were an increase in interest income from bank deposits and dividend income from investment in SET.

2.1.5 Interest on Margin Loans

The Company's interest on margin loans increased from Baht 40 million in 2010 to Baht 80 million in 2011 as there were increases in credit balance accounts and interest rate charged.

2.2 Change in Expenses

The Company's total expenses increased from 55% of total income in 2010 to 63% of total income in 2011, details are as follows:

Consolidated financial statements	2010		2009	
	Baht	%	Baht	%
Total income	2,332,924,988	100%	2,293,295,279	100%
Expenses				
Financial costs	118,603,762	5%	62,329,305	3%
Fee and service expenses	204,729,738	9%	117,587,566	5%
Operating expenses				
Personnel expenses	732,623,980	32%	697,538,714	30%
Premises and equipment expenses	166,691,396	7%	155,585,569	7%
Directors' remuneration	17,152,350	1%	27,829,507	1%
Other expenses	217,798,784	9%	194,909,013	8%
Total operating expenses	1,134,266,510	49%	1,075,862,803	47%
Bad debt and doubtful accounts	3,745,835	-	3,449,126	-
Total expenses	1,461,345,845	63%	1,259,228,800	55%

2.2.1 Financial Cost

The Company's financial costs increased from Baht 62 million in 2010 to Baht 119 million in 2011. The main reason was the increase in interest paid on borrowing and interest paid on securities sold under repurchased agreement.

2.2.2 Fee and Service Expenses

The Company's fee and services expenses increased from Baht 118 million in 2010 to Baht 205 million in 2011. The increase was mainly due to increase in fees on securities borrowing and lending business, futures business and derivatives warrant business.

2.2.3 Operating Expenses

The Company's operating expenses increased from 47% of total income in 2010 to 49% of total income in 2011.

In 2011, the operating expenses comprised personnel expenses of Baht 733 million, premises and equipment expenses of Baht 167 million, directors' remuneration of Baht 17 million, and other expenses of Baht 218 million.

2.2.4 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 2011, the Company reported debt and doubtful accounts of Baht 3.8 million, which was from the Company recorded doubtful accounts of Baht 9.5 million and had transferred-back such doubtful accounts from settlement of Baht 5.7 million.

Analysis of Financial Status

1. Assets

As of 31st December 2011, the Company has stable financial status with total assets of Baht 7,357 million. The significant details as follows.

1.1 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.

As of 31st December 2011, the Company had cash and cash equivalents of Baht 1,122 million, consisted of cash on hand and deposit at bank of Baht 323 million, promissory notes of Baht 1,350 million, bills of exchange of Baht 849 million, and less cash deposits held for customers of Baht 1,400 million.

1.2 Deposits at financial institutions

As of 31st December 2011, the Company had deposits at financial institutions of Baht 202 million, consisted of promissory notes of Baht 300 million and Bills of exchange of Baht 378 million and less deposits held for customers of Baht 476 million. The maturity of all of the Company's deposits at financial institutions will be over 3 months, but not over 1 year.

1.3 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. As of 31st December 2011, the Company had Receivable from Clearing House of Baht 970 million.

1.4 Securities and derivatives business receivables

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.

As of 31st December 2011, the Company had securities and derivatives business receivables of Baht 2,387 million, consist of cash account of Baht 744 million, credit balance accounts of Baht 1,032 million, receivables under securities borrowing and lending business of Baht 604 million, other receivables of Baht 441 million, accrued interest receivables of Baht 11 million and allowance for doubtful accounts of Baht 445 million.

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.

The Company has classified securities business receivables, including related accrued interest receivables, in accordance with the relevant notification issued by SEC. As of 31st December 2011, the Company had Sub-standard Dept of Baht 30 million, Doubtful Dept of Baht 421 million. The Company had set aside full provision for doubtful debt.

1.5 Investments

As of 31st December 2011, the Company had investment-net of Baht 2,298 million, details as follows:

1. Trading securities of Baht 2,200 million, consist of equity securities of Baht 1,266 million and debt securities of Baht 938 million and less allowance for revaluation of Baht 5 million.
2. Held-to-maturity debt securities which was Government bond (maturity 1-5 years) of Baht 8 million.
3. Other investments of Baht 90 million, consist of foreign unit trusts of Baht 77 million, other securities of Baht 28 million and less allowance for implement of Baht 15 million.

1.6 Land, Premises and Equipment

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 estimated useful lives.

As of 31st December 2011, the Company had Land, Premises and Equipment-net of Baht 124 million which included land of Suphanburi Branch of Baht 1.82 million, building and building improvement of Baht 1.31 million, equipment of Baht 70 million, furniture and fixtures of Baht 32 million, vehicles of Baht 0.39 million, and installation in progress of Baht 19 million.

1.7 Intangible assets

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 (if any).

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 profit or loss.

As of 31st December 2011, the Company had intangible assets-net of Baht 46 million, consisting of computer software of Baht 21 million and computer software under development of Baht 25 million.

1.8 Property foreclosed

As of 31st December 2011, the Company had property foreclosed of Baht 52 million. The 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.

1.9 Other assets

As of 31st December 2011, the Company had other assets of Baht 123 million, consisting of asset for protecting the clearing system of Baht 16 million, payments of compensation fund for clearing and settlement of Baht 26 million, deposits of Baht 28 million, fees and services income receivables of Baht 23 million, accrued interest receivables Baht 14 million and others of Baht 16 million.

2. Liquidity

As of 31 December 2011, the Company's net liquid capital rule was Baht 328%. 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 NCR in past 3 year are as follows.

Capital Fund	31 Dec 2011	31 Dec 2010	31 Dec 2009
Net Liquid Capital Rule (Million Baht)	4,059	3,324	2,842
Net Liquid Capital Rule (NCR) ratio (%)	328%	109%	208%

3. Appropriateness of capital structure

The Company has an appropriate capital structure. As of 31 December 2011, the Company has total liabilities of Baht 2,521 million and total equity attributable to holder of the parent of Baht 4,833 million;; debt to equity ratio was only 0.52 times.

4. Research and Development

In 2012, the Company has had plans to launch new products as follows.

Currency Future

In 2012, the Company is now preparing staff and system for new product that will be launched by TFEX. In Quarter2 of 2012, TFEX plans to launch Currency Futures.

Derivative Warrants (DW)

In 2012, The Company plans to launch 100 more DWs linked to many leading stocks. The new DW may be based on new underlying securities, such as SET50 Index, SET100 Index, ETF and a component of SET100 Index, as approved by regulators. In addition to new underlying securities, new DWs may be physical settled.

Exchange Traded Fund (ETF)

The Company, as one of consortium members of TDEX and 1DIV, and as Participating Dealer (PD) of CHINA, GLD, BCHAY and GOLD99, 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 Silver ETF, Oil 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.

Thai Depositary Receipt (TDR)

The Company is currently studying the process of issuing TDR in order to facilitate an investment in foreign securities through SET. In comparison to foreign direct investment, TDR eases investment to be less complicated due to the fact that TDR is a foreign securities and is automatically regarded as a listed securities by SET and settled in Thai Baht. The settlement method is similar to any other securities on SET.

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

In 2011, the Company appointed Miss Ratana jala, Certified Public Account no. 3734 of Ernst & Young Office Limited, as the Company's auditor for 2011. The auditor's report does not contain any qualified opinion. Based on the auditor's opinion, the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2011 and 2010, present fairly, in all material respects, in accordance with generally accepted accounting principles. (See Financial Statements for 2011-2010 in page 87)

Audit fees

A) Audit fees

For 2011, 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	1,580,000	-
One Asset Management Limited	Ernst & Young Office Limited	400,000	-
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		1,980,000	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

For 2011, 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.

Attachment 1:
Information of DW issued by The Company

Information of DW issued by The Company

	Name of DW	First Trading Date	Maturity Date
1	PTT13CA	9 July 2009	18 December 2009
2	KBAN13CA	27 August 2009	19 February 2010
3	PTTE13CA	5 November 2009	30 April 2010
4	PTT13CB	21 January 2010	26 November 2010
5	BANP13CA	31 March 2010	3 December 2010
6	KBAN13CB	30 June 2010	25 February 2011
7	PTTE13CB	30 June 2010	25 February 2011
8	BANP13CB	5 August 2010	30 December 2010
9	IVL13CA	16 August 2010	28 December 2010
10	PTT13CC	16 August 2010	28 December 2010
11	PS13CA	16 August 2010	30 December 2010
12	TCAP13CA	16 August 2010	30 December 2010
13	ADVA13CA	16 August 2010	17 February 2011
14	PTTC13CA	16 August 2010	17 February 2011
15	SCC13CA	16 August 2010	3 March 2011
16	TTA13CA	16 August 2010	3 March 2011
17	PTT13CD	22 November 2010	9 May 2011
18	IVL13CB	23 November 2010	28 April 2011
19	BAY13CA	24 November 2010	7 April 2011
20	TOP13CA	25 November 2010	7 April 2011
21	TCAP13CB	26 November 2010	29 April 2011
22	BANP13CC	29 November 2010	28 April 2011
23	KTBI3CA	30 November 2010	24 March 2011
24	TTA13CB	30 December 2010	23 August 2011
25	STA13CA	18 January 2011	2 June 2011
26	CPAL13CA	19 January 2011	6 June 2011
27	TRUE13CA	20 January 2011	24 June 2011
28	SCC13CB	21 January 2011	8 June 2011

	Name of DW	First Trading Date	Maturity Date
29	IRPC13CA	24 January 2011	27 June 2011
30	BTS13CA	25 January 2011	13 June 2011
31	TMB13CA	26 January 2011	20 June 2011
32	PTTC13CB	27 January 2011	6 July 2011
33	ADVA13CB	28 January 2011	21 June 2011
34	KBAN13CC	31 January 2011	28 June 2011
35	PTTA13CA	1 February 2011	14 July 2011
36	LH13CA	2 February 2011	22 June 2011
37	PTTE13CC	3 February 2011	5 July 2011
38	KTB13CB	18 March 2011	22 September 2011
39	BBL13CA	21 March 2011	29 September 2011
40	TOP13CB	22 March 2011	6 October 2011
41	IVL13CC	25 March 2011	21 September 2011
42	ESSO13CA	19 April 2011	15 September 2011
43	BANP13CD	20 April 2011	5 October 2011
44	TCAP13CC	20 April 2011	7 October 2011
45	TISC13CA	20 April 2011	20 October 2011
46	BGH13CA	21 April 2011	17 October 2011
47	DTAC13CA	21 April 2011	19 October 2011
48	CPF13CA	21 April 2011	25 October 2011
49	BAY13CB	22 April 2011	18 October 2011
50	STA13CB	22 April 2011	26 October 2011
51	THAI13CA	22 April 2011	1 November 2011
52	PS13CB	25 April 2011	27 October 2011
53	SCB13CA	25 April 2011	31 October 2011
54	PTT13CE	25 April 2011	2 November 2011
55	CPAL13CB	31 May 2011	22 December 2011
56	SCC13CC	31 May 2011	22 December 2011
57	BTS13CB	1 June 2011	23 December 2011

	Name of DW	First Trading Date	Maturity Date
58	TMB13CB	1 June 2011	23 December 2011
59	ADVA13CC	2 June 2011	26 December 2011
60	LH13CB	2 June 2011	26 December 2011
61	TRUE13CB	3 June 2011	27 December 2011
62	IRPC13CB	3 June 2011	27 December 2011
63	BEC13CA	21 June 2011	20 December 2011
64	HMPR13CA	21 June 2011	20 December 2011
65	MINT13CA	21 June 2011	21 December 2011
66	TUF13CA	21 June 2011	21 December 2011
67	PTTC13CC	22 June 2011	14 October 2011
68	PTTA13CB	22 June 2011	14 October 2011
69	KBAN13CD	22 June 2011	22 December 2011
70	PTTE13CD	22 June 2011	22 December 2011
71	IVL13PA	23 June 2011	21 September 2011
72	AOT13CA	4 August 2011	28 December 2011
73	BCP13CA	4 August 2011	28 December 2011
74	BLA13CA	4 August 2011	28 December 2011
75	GLOW13CA	4 August 2011	28 December 2011
76	CPN13CA	5 August 2011	29 December 2011
77	SSI13CA	5 August 2011	29 December 2011
78	EGCO13CA	5 August 2011	29 December 2011
79	TPIP13CA	5 August 2011	29 December 2011
80	ESSO13PA	8 August 2011	30 December 2011
81	TOP13PA	8 August 2011	30 December 2011
82	IVL13CD	1 September 2011	4 May 2012
83	ESSO13CB	1 September 2011	4 May 2012
84	TOP13CC	1 September 2011	4 May 2012
85	PTTA13CC	5 September 2011	10 October 2011
86	PTTC13CD	5 September 2011	10 October 2011

	Name of DW	First Trading Date	Maturity Date
87	BLA13CB	5 September 2011	28 March 2012
88	AOT13CB	5 September 2011	28 March 2012
89	DTAC13CB	5 September 2011	28 March 2012
90	CPF13PA	5 September 2011	29 March 2012
91	BH13CA	5 September 2011	29 March 2012
92	DELT13CA	5 September 2011	29 March 2012
93	KK13CA	5 September 2011	29 March 2012
94	HMPR13CB	5 September 2011	2 April 2012
95	BANP13CE	5 September 2011	2 April 2012
96	BGH13CB	5 September 2011	2 April 2012
97	IVL13PB	5 September 2011	4 May 2012
98	BBL13CB	5 September 2011	4 May 2012
99	BBL13PA	5 September 2011	4 May 2012
100	KTB13CC	5 September 2011	4 May 2012
101	BANP13PA	4 October 2011	30 December 2011
102	PTT13PA	4 October 2011	30 December 2011
103	SCC13PA	4 October 2011	30 December 2011
104	KBAN13PA	4 October 2011	30 December 2011
105	SCB13PA	4 October 2011	30 December 2011
106	ADVA13PA	4 October 2011	30 December 2011
107	DTAC13PA	4 October 2011	30 December 2011
108	BAY13CC	17 October 2011	10 May 2012
109	THAI13CB	17 October 2011	14 May 2012
110	STA13CC	17 October 2011	16 May 2012
111	PS13CC	17 October 2011	18 May 2012
112	PTT13CF	17 October 2011	24 May 2012
113	CPF13CB	17 October 2011	29 May 2012
114	SCB13CB	17 October 2011	5 June 2012
115	PTTG13CA	7 November 2011	7 June 2012

	Name of DW	First Trading Date	Maturity Date
116	PTTG13PA	30 November 2011	7 June 2012
117	BAY13PA	8 December 2011	6 July 2012
118	BLA13PA	8 December 2011	6 July 2012
119	IRPC13PA	8 December 2011	6 July 2012
120	KTB13PA	8 December 2011	6 July 2012
121	PTTE13PA	8 December 2011	6 July 2012
122	KBAN13PB	9 December 2011	11 July 2012
123	PTT13PB	9 December 2011	15 August 2012
124	SCB13PB	9 December 2011	16 August 2012
125	TOP13PB	9 December 2011	16 August 2012
126	KBAN13CE	9 December 2011	11 July 2012
127	SCC13PB	13 December 2011	13 July 2012
128	TPIP13CB	13 December 2011	16 August 2012
129	TRUE13CC	13 December 2011	21 August 2012
130	PTTE13CE	13 December 2011	13 July 2012
131	SCC13CD	13 December 2011	13 July 2012
132	ADVA13PB	14 December 2011	18 July 2012
133	BANP13PB	14 December 2011	18 July 2012
134	DTAC13PB	14 December 2011	18 July 2012
135	ADVA13CD	14 December 2011	18 July 2012
136	IRPC13CC	14 December 2011	18 July 2012
137	KK13CB	28 December 2011	29 October 2012
138	SSI13CB	28 December 2011	29 October 2012

Attachment 2:
Summary of Directors and executives

Summary of Directors and executives (As of 31 December 2011)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Mr. Foong Hock Meng - Chairman	55	MS. Operational Research, University of Birmingham, UK	-	-	Nov 2009 - Present	Chairman KGI Securities (Thailand) Plc
					Nov 2011 - Present	Director One Asset Management Ltd
					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 KGI Capital (Singapore) Pte Ltd (formerly named 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 Training Program - Director Certification Program #18/2002 from Thai Institute of Directors Association (IOD)	60	Ph.D. Economics, The Netherlands School of Economics, Erasmus University, Netherlands	-	-	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 - Sept 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 2011)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Mr. Chin-Lung Tseng - Director	58	Bachelor's degree, International Trade, Tamkang University	-	-	Jul 2009 - Present	Director KGI Securities (Thailand) Plc.
					Jul 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* - Director	59	MBA, University of East Asia, Macau	-	-	Aug 2001 - Present	Director KGI Securities (Thailand) Plc.
					Aug 2001 - Feb 2012	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.

Note : * Mr. Wisit Wongpaisan Position President has retired from the Company effective on 1st February 2012.
However, Mr. Wisit Wongpaisan will continue to be a director of the Company.

Summary of Directors and executives (As of 31 December 2011)

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	48	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 Training Program - Directors Certification Program #62/2005, - Audit Committees Program # 7/2005, and - Finance for Non-Finance Director # 8/2004 from Thai Institute of Directors Association (IOD)	60	MBA, University of Pittsburgh, USA PhD, Electrical Engineering, University of Liverpool, UK	-	-	Apr 2001 - Present	Audit Committee & Independent Director KGI Securities (Thailand) Plc
					Apr 2011 - Present	President TT&T Plc
					May 2007 - Apr 2011	-Director -COO and -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 2011)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Mr. Pradit Sawattananond - Independent Director	63	MBA, Central State University, Oklahoma, USA	-	-	Feb 2000 - Present	Audit Committee & Independent Director KGI Securities (Thailand) Plc.
Training Program - Director Certification Program #3/2000, - Audit Committee Program#3/2004, - Improving the Quality of Financial Reporting Program # 4/2006, - Monitoring the Quality of Financial Reporting no. 5/2007 - Monitoring the Internal Audit Function no. 2/2008 - Monitoring the System of Internal Control and Risk Management no.2/2008 and - Role of Compensation Committee no.6/2008 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					Mar 2004 - Present Jan 2004 - Present May 2005 - Feb 2006 Dec 2003 - Dec 2006 Aug 2001 - Feb 2006	Chairman of the Audit Committee and Independent Director Asia Sermkij Leasing Plc. Audit Committee Member and Independent Director Thai Film Industries Plc. Advisor to the Committee on Economics Department, The House of Representative Director Thailand Securities Depository Co.,Ltd. Specialist of Committee on Finance, Banking and Financial Institution The House of Representatives
Mr. Picharn Kullavanijaya* - Independent Director	51	Master of Science, Mechanical Engineering, Northwestern University, USA MBA, Kellogg Graduate School of Management, Northwestern University, USA	-	-	Jun 2011 - Present Jul 2011 - Present Oct 2010 - Present May 2008 - Jan 2011 Feb 2000 - Apr 2008	Independent Director KGI Securities (Thailand) Plc. Chief Executive Officer Equilibrium Capital Services (broker- dealer affiliate of Equilibrium Capital Group) Partner & Principal Equilibrium Capital Group, USA Founding Partner New Forest Partner, LLC USA Managing Director - Investment Banking Citigroup Global Markets, USA

Note : Mr. Picharn Kullavanijaya has been approved as Independent Director as the replacement of Mr. Eugenio Tan effective on 17 June 2011.

Summary of Directors and executives (As of 31 December 2011)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Ms. Bee Leng Ooi - Managing Director - Authorized Director	52	MBA, Major of Finance and Accounting, University of Chicago, USA	20,000	-	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
Ms. Suchada Sodthibhaphkul - Managing Director - Authorized Director	57	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	42	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
					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 and Head of Accounting and Credit Control Department Yageo Corp, Taiwan
					1999 - Jan 2004	Manager Deloitte Consulting (Arthur Andersen Business Consulting), Taiwan

Summary of Directors and executives (As of 31 December 2011)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Mr. Yen, Chih-Chien - Authorized Director	47	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 2011)

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	46	MA. Psychology of Counseling, Kasertsart University Master of Public and Private Management (M.P.P.M), Institute of Development Administration (NIDA)	-	-	Jan 2010 – present	Managing Director Retail Equity Business KGI Securities (Thailand) Plc
					Jun 2006 – Dec 2009	Executive Vice President Retail Equity Business KGI Securities (Thailand) Plc
					2001 - 2006	Senior Vice president Equity Business Division Asia Plus Securities Plc.
					1996 - 2000	Vice president Business Development Department Asia Plus Securities Plc.
Mr. Suthep Rungsiam -Managing Director Retail Equity Business	44	MBA, Chaminade University of Honolulu, USA	-	-	Nov 2009 - Present	Managing Director, Retail Equity Business KGI Securities (Thailand) Plc.
					2006 - 2008	Deputy Managing Director Globlex Securities Co., Ltd.
					2000 - 2005	Vice President BNP Paribas Peregrine Securities (Thailand) Ltd.
					1998 - 2000	Vice President Indosuez W.I. Carr Securities (Thailand) Ltd.
Ms. Naruemol Artamnuayvipas - Managing Director Equity Derivatives Department	42	MBA (Finance), Kentucky, USA	-	-	May 2011 - Present	Managing Director Equity Derivatives Department KGI Securities (Thailand) Plc.
					Dec 1998 - Apr 2011	Executive Vice President (2008-2011) Senior Vice President (2005-2008) Vice President (2002-2004) KGI Securities (Thailand) Plc.
Ms. Jariya Posayajinda -Managing Director Proprietary Trading Department	44	MBA (Finance) Eastern Michigan University, Michigan USA	-	-	May 2011 - Present	Managing Director Proprietary Trading Department KGI Securities (Thailand) Plc.
					Sep 2005 – Apr 2011	Executive Vice President (2009 - 2011) Senior Vice President (2005 - 2009) Proprietary Trading Department KGI Securities (Thailand) Plc.
					May 2002 - Feb 2005	Deputy Chief Marketing Officer UOB Asset Management (Thai) Co., Ltd

Summary of Directors and executives (As of 31 December 2011)

IName	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Mr. Kittipong Supradith Na Ayudhya* - Deputy Managing Director Retail Equity Business	44	Bachelor of Law, Ramkhamhaeng University	-	-	Oct 2010 - Present	Deputy Managing Director, Retail Equity Business KGI Securities (Thailand) Plc.
					Dec 2006 - Sep 2010	Deputy Managing Director, Globlex Securities Co., Ltd.
					Mar 2003 - Nov 2006	Deputy Managing Director, Far East Securities Co., Ltd.
Ms.Saranya Larksukthom -Senior Executive Vice President Operation Department	49	MBA, Strayer College, USA	-	-	May 2011 - Present	Senior Executive Vice President Operation Department KGI Securities (Thailand) Plc.
					Mar 2001 - Apr 2011	Executive Vice President (2001-2011) Senior Vice President (1999 - 2001) Operation Department KGI Securities (Thailand) Plc.
					1996 - 1998	Assistant Vice President Nava Vickers Ballas Securities (Thailand) Co., Ltd.
Mr. Somchai Siripaiboolpong -Executive Vice President Retail Equity Business	58	BA, Chulalongkorn University, Thailand	-	-	2000 - Present	Executive Vice President Retail Equity Business KGI Securities (Thailand) Plc.
					1994 - 1999	SCCF Finance & Securities
					1991 - 1994	JF Thanakom Securities
Ms.Songsri Chawengsataporn -Executive Vice President Retail Equity Business	52	Bachelor Economics, University of the Thai Chamber of Commerce	-	-	May 2011 - Present	Executive Vice President Retail Equity Business KGI Securities (Thailand) Plc.
					Jul 1996 - Apr 2011	Senior Vice President KGI Securities (Thailand) Plc.
Ms. Dutsanee Pamontip -Executive Vice President Retail Equity Business	52	Bachelor of Economics, Thammasat University	-	-	May 2011 - Present	Executive Vice President Retail Equity Business KGI Securities (Thailand) Plc.
					Jan 2007 - Apr 2011	Senior Vice President KGI Securities (Thailand) Plc.
Mr. Pongsak Komolrit - Executive Vice President Institution Equity Business	44	BA. Finance, California State University, Long Beach	-	-	Sep 2010 - Present	Executive Vice President, Institutional Equity Business KGI Securities (Thailand) Plc.
					Nov 2006 - Oct 2010	Assistant Managing Director Finansia Syrus Securities Plc.
					2003 - 2006	Head of Sales Trading ABN Amro Securities Co., Ltd.

Note : * Mr. Kittipong Supradith Na Ayudhya has resigned from the Company effective on 1st March 2012

Summary of Directors and executives (As of 31 December 2011)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Mr. Apichart Tungkiatsilp -Executive Vice President Fixed Income Department	39	MBA, Cleveland State University, USA	-	-	Sep 2009 - Present	Executive Vice President Fixed Income Department KGI Securities (Thailand) Plc.
					2005 - Aug 2009	Financial Institution Sales Manager Siam Commercial Bank PLC
					2004 - 2005	Fixed-Income Trading Manager Siam Commercial Bank PLC
Mr. Hua-Feng Chang -Executive Vice President Futures & Electronic Business Department	49	MBA in International Management Monterey Institute of International Studies, CA USA	-	-	Apr 2008 – Present	Executive Vice President Futures & Electronic Business Department KGI Securities (Thailand) Plc.
					Feb 2001 - Mar 2008	Senior Vice President (2004 - 2008) Vice President (2001 - 2004) KGI Securities (Thailand) Plc.
Ms. Kobkarn Cholchanupatumpa -Executive Vice President Human Resource Department	59	Master of Public Administration, National Institute of Development Administration (NIDA)	-	-	Apr 2001 - Present	Executive Vice President Human Resource Department KGI Securities (Thailand) Plc.
					Aug 1998 - Mar 2001	Vice President Vickers Ballas Securities (Thailand) Co., Ltd.
Ms. Khunmira Thunnom -Executive Vice President Finance and Accounting Department	46	Master of Financial Accounting, Chulalongkorn University, Thailand.	-	-	Apr 2008 - Present	Executive Vice President Finance & Accounting Department KGI Securities (Thailand) Plc.
					1993 - Mar 2008	Senior Vice President (2001 - 2008) Vice President (1993 - 2001) Finance & Accounting Department KGI Securities (Thailand) Plc.
					1989 - 1992	Assistant Manager Ernst & Young Office Limited
Ms. Nongluk Ningsanond -Executive Vice President PR and Marketing Department	49	MBA of 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	55	-	Apr 2008 - Present	Executive Vice President PR & Marketing Department KGI Securities (Thailand) Plc.
					Mar 2001- Mar 2008	Senior Vice President KGI Securities (Thailand) Plc.
					1997 – 2001	Vice President KGI Securities (Thailand) Plc.
					1992 - 1997	Vice President First Asia Securities Plc.
Mr. Chai Durongkarattanakul -Executive Vice President Information Technology Department	45	Bachelor of Computer Engineering, Chulalongkorn University	-	-	May 2011 - Present	Executive Vice President Information Technology Department KGI Securities (Thailand) Plc.
					Mar 2001 - Apr 2011	Senior Vice President KGI Securities (Thailand) Plc.

**The position of the Company's Directors and Management in its subsidiaries
(As of 31 December 2011)**

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	A,E	-	-
Dr. Pisit Leeahtam	B, D, F	-	-	-
Mr. Chin-Lung Tseng	C	-	-	-
Mr. Wisit Wongpaisan ^{/1}	C, H	-	-	-
Mr. Wei Chang Fang	E, H	-	C	C
Dr. Don Bhasavanich	D, G	-	-	-
Mr. Pradit Sawattananond	D, G	-	-	-
Mr. Picharn Kullavanijaya	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	-	-	-
Ms. Naruemol Artamnuayvipas	I	-	-	-
Mrs. Jariya Posayajinda	I	-	-	-
Mr. Kittipong Supradith Na Ayudhya ^{/2}	J	-	-	-
Ms. Saranya Larksukthom	J	-	-	-
Mr. Somchai Siripaiboolpong	K	-	-	-
Ms. Songsri Chawengsataporn	K	-	-	-
Ms. Dutsanee Pamontip	K	-	-	-
Mr. Pongsak Komolrit	K	-	-	-
Mr. Apichart Tungkiatsilp	K	-	-	-
Mr. Hua-Feng Chang	K	-	-	-
Ms. Kobkarn Cholchanupatumpa	K	-	-	-
Ms. Khunmira Thunnom	K, L	-	-	-
Ms. Nongluk Ningsanond	K	-	-	-
Mr. Chai Durongkarattanakul	K	-	-	-

Note : 1/ Mr. Wisit Wongpaisan Position President has retired from the Company effective on 1st February 2012.
However, Mr. Wisit Wongpaisan will continue to be a director of the Company.

2/ Mr. Kittipong Supradith Na Ayudhya has resigned from the Company effective on 1st March 2012

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

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. Foong Hock Meng	A		
Mr. Wong Sai Hung	A		
Mr. Monrat Phadungsit*	B		
Ms. Nantararat Surakkhaka	A		
Mr. Sakda Manwapat	B		
Ms. Sheng Chia-Chen	A		
Ms. Li Ching Ching	A		
Mr. Shih-Wei, Hung	A		

A: Director

Attachment 3:
Branches Address

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

Attachment 4:
Financial Statements

Report of Independent Auditor

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

I have audited the accompanying consolidated statement of financial position of KGI Securities (Thailand) Public Company Limited and its subsidiaries as at 31 December 2011, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and have also audited the separate financial statements of KGI Securities (Thailand) Public Company Limited for the same period. 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 audit. The consolidated financial statements of KGI Securities (Thailand) Public Company Limited and its subsidiaries and the separate financial statements of KGI Securities (Thailand) Public Company Limited as at 31 December 2010 and for the year then ended, as presented herein for comparative purpose, were audited in accordance with generally accepted auditing standards by another auditor of our firm of who, expressed an unqualified opinion on these statements, under her report dated 23 February 2011.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KGI Securities (Thailand) Public Company Limited and its subsidiaries and of KGI Securities (Thailand) Public Company Limited as at 31 December 2011, and the results of their operations, and cash flows for the year then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention Notes 3 to the financial statements. During the current year, the Company and its subsidiaries adopted a number of revised and new accounting standards as issued by the Federation of Accounting Professions, and applied them in the preparation and presentation of its financial statements.



Ratana Jala

Certified Public Accountant (Thailand) No. 3734

Ernst & Young Office Limited

Bangkok: 23 February 2012

KGI Securities (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2011 and 2010

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
Assets					
Cash and cash equivalents	7	1,121,558,722	276,226,988	1,032,104,889	149,602,929
Deposits at financial institutions	8	202,271,738	106,198,027	124,154,519	2,013
Receivables from Clearing House	9	969,977,856	889,743,697	969,977,856	889,743,697
Securities and derivatives business receivables - net	10	2,387,194,585	3,262,948,404	2,387,194,585	3,262,948,404
Derivatives assets	12	6,612,561	57,277,744	6,612,561	57,277,744
Investment - net	13	2,297,649,300	6,230,597,344	2,220,671,790	5,579,985,298
Investments in subsidiaries	14	-	-	2,625,355,584	2,624,489,605
Land, premises and equipment - net	15	124,206,051	143,790,852	114,450,217	135,632,523
Intangible assets - net	16	45,918,892	25,392,959	22,777,662	20,886,712
Goodwill		26,713,599	26,713,599	-	-
Property foreclosed - net	17	51,843,155	51,843,155	51,843,155	51,843,155
Other assets	18	123,284,072	101,180,688	97,697,828	74,646,122
Total assets		7,357,230,531	11,171,913,457	9,652,840,646	12,847,058,202

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

KGI Securities (Thailand) Public Company Limited and its subsidiaries
Statements of financial position (continued)
As at 31 December 2011 and 2010

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
Liabilities and shareholders' equity					
Borrowings from financial institutions	19	-	200,000,000	-	200,000,000
Securities sold under repurchase agreements	20	726,746,473	2,382,963,871	726,746,473	2,382,963,871
Payables to Clearing House		183,565,265	-	183,565,265	-
Securities and derivatives business payables	21	1,025,084,485	2,356,956,767	1,025,084,485	2,356,956,767
Subordinated loans from subsidiary companies	22, 35	-	-	2,199,000,000	1,600,000,000
Accrued expenses		262,165,528	309,554,775	231,758,444	288,506,054
Income tax payable		88,131,673	220,109,627	85,249,971	215,699,627
Derivatives liabilities	12	28,063,962	432,215,480	28,063,962	432,215,480
Debt issued and borrowings	19	119,952,252	207,701,795	119,952,252	207,701,795
Provisions for long-term employee benefits	23	45,145,262	-	39,184,584	-
Provisions		18,002,250	18,002,250	18,002,250	18,002,250
Other liabilities		23,934,510	39,532,454	25,111,206	40,342,276
Total liabilities		2,520,791,660	6,167,037,019	4,681,718,892	7,742,388,120
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
Other components of shareholders' equity - exchange					
differences arising from translation the financial statements of					
foreign operation		(51,001,390)	(41,097,968)	-	-
Retained earnings					
Appropriated - statutory reserve	26	188,750,000	161,030,000	188,750,000	161,030,000
Unappropriated		1,619,890,326	1,805,159,610	1,706,519,564	1,867,787,892
Equity attributable to holders of the parent		4,833,491,126	5,000,943,832	4,971,121,754	5,104,670,082
Non-controlling interests		2,947,745	3,932,606	-	-
Total shareholders' equity		4,836,438,871	5,004,876,438	4,971,121,754	5,104,670,082
Total liabilities and shareholders' equity		7,357,230,531	11,171,913,457	9,652,840,646	12,847,058,202

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

Directors

KGI Securities (Thailand) Public Company Limited and its subsidiaries
Statements of comprehensive income
For the years ended 31 December 2011 and 2010

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
Income					
Brokerage fee	27	948,621,148	901,205,594	950,743,148	902,170,496
Fee and service income	28	238,170,557	213,662,811	37,616,083	22,967,750
Gain (loss) on securities		(794,940,715)	783,409,314	(849,441,844)	768,897,789
Gain on derivatives		1,592,751,449	164,552,626	1,592,751,449	164,552,626
Interest and dividends		250,825,364	171,347,581	277,649,290	211,488,780
Interest on margin loans		80,076,613	39,646,240	80,076,613	39,646,240
Other income		17,420,572	19,471,113	16,177,560	18,301,085
Total income		2,332,924,988	2,293,295,279	2,105,572,299	2,128,024,766
Expenses					
Financial costs		118,603,762	62,329,305	118,603,762	62,329,305
Fee and service expenses		204,729,738	117,587,566	173,325,135	94,130,842
Operating expenses					3,449,126
Personnel expenses	29, 31	732,623,980	697,538,714	651,446,697	620,617,381
Premises and equipment expenses		166,691,396	155,585,569	144,025,362	138,372,361
Directors' remuneration	30, 35	17,152,350	27,829,507	12,126,430	22,660,000
Other expenses		217,798,784	194,909,013	125,235,761	117,577,188
Total operating expenses		1,134,266,510	1,075,862,803	932,834,250	899,226,930
Bad debt and doubtful accounts		3,745,835	3,449,126	3,745,835	3,449,126
Total expenses		1,461,345,845	1,259,228,800	1,228,508,982	1,059,136,203
Profit before income tax		871,579,143	1,034,066,479	877,063,317	1,068,888,563
Income tax	33	(336,264,698)	(280,652,078)	(322,720,314)	(264,324,579)
Profit for the year		535,314,445	753,414,401	554,343,003	804,563,984
Other comprehensive income:					
Loss on translation the financial statements					
of foreign operation		(9,903,422)	(63,443,072)	-	-
Other comprehensive income (loss) for the year		(9,903,422)	(63,443,072)	-	-
Total comprehensive income for the year		525,411,023	689,971,329	554,343,003	804,563,984
Profit attributable to:					
Equity holders of the parent		534,771,829	752,470,688	554,343,003	804,563,984
Non-controlling interests		542,616	943,713		
		535,314,445	753,414,401		

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

KGI Securities (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the years ended 31 December 2011 and 2010

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
Total comprehensive income attributable to:					
Equity holders of the parent		524,868,407	689,027,616	554,343,003	804,563,984
Non-controlling interests		542,616	943,713		
		525,411,023	689,971,329		

Earnings per share attributable to equity holders of the parent

Basic earning per share	34	<u>0.27</u>	<u>0.38</u>	<u>0.28</u>	<u>0.40</u>
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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 2011 and 2010

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to holders of the parent					Total equity				
	Other components					attributable to				
	of shareholders'					holders of parent				
	equity - exchange					Non-controlling				
	differences arising from					interests				
	translation the financial					Total				
	statements of					holders of parent				
	foreign operation					Total				
	Share capital	Share premium	Surplus from unexercised warrants	Retained earnings		Total equity		Non-controlling		
				Appropriated	Unappropriated	holders of parent		interests		
Balance as at 31 December 2009	1,991,763,130	982,166,480	101,922,580	120,800,000	1,292,019,052	4,511,016,346	5,335,848		4,516,352,194	
Dividend paid (Note 36)	-	-	-	-	(199,100,130)	(199,100,130)	-	-	(199,100,130)	
Unappropriated retained earnings transferred to statutory reserve (Note 26)	-	-	-	40,230,000	(40,230,000)	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	(63,443,072)	752,470,688	689,027,616	943,713		689,971,329	
Decrease in non-controlling interests	-	-	-	-	-	-	(2,346,955)		(2,346,955)	
Balance as at 31 December 2010	1,991,763,130	982,166,480	101,922,580	161,030,000	1,805,159,610	5,000,943,832	3,932,606		5,004,876,438	
Balance as at 31 December 2010	1,991,763,130	982,166,480	101,922,580	161,030,000	1,805,159,610	5,000,943,832	3,932,606		5,004,876,438	
Cumulative effect of change in accounting policy for employee benefits (Note 3)	-	-	-	-	(35,467,127)	(35,467,127)	(86,717)		(35,553,844)	
Dividend paid (Note 36)	-	-	-	-	(656,853,986)	(656,853,986)	-	-	(656,853,986)	
Unappropriated retained earnings transferred to statutory reserve (Note 26)	-	-	-	27,720,000	(27,720,000)	-	-	-	-	-
Total comprehensive income (loss) for the year	-	-	-	(9,903,422)	534,771,829	524,868,407	542,616		525,411,023	
Decrease in non-controlling interests	-	-	-	-	-	-	(1,440,760)		(1,440,760)	
Balance as at 31 December 2011	1,991,763,130	982,166,480	101,922,580	188,750,000	1,619,890,326	4,833,491,126	2,947,745		4,836,438,871	
	-	-	-	-	-	-	-	-	-	-

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 (continued)

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Separate financial statements						
	Other components of shareholders' equity - exchange differences arising from translation the financial statements of foreign operation						Total
	Share capital	Share premium	Surplus from unexercised warrants		Retained earnings		
					Appropriated	Unappropriated	
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
Dividend paid (Note 36)	-	-	-	-	-	(199,100,130)	(199,100,130)
Unappropriated retained earnings transferred to statutory reserve (Note 26)	-	-	-	-	40,230,000	(40,230,000)	-
Total comprehensive income for the year	-	-	-	-	-	804,563,984	804,563,984
Balance as at 31 December 2010	1,991,763,130	982,166,480	101,922,580	-	161,030,000	1,867,787,892	5,104,670,082
Balance as at 31 December 2010	-	-	-	-	-	-	-
Cumulative effect of change in accounting policy for employee benefits (Note 3)	-	-	-	-	161,030,000	1,867,787,892	5,104,670,082
Dividend paid (Note 35)	-	-	-	-	-	(31,037,345)	(31,037,345)
Unappropriated retained earnings transferred to statutory reserve (Note 26)	-	-	-	-	-	(656,853,986)	(656,853,986)
Total comprehensive income for the year	-	-	-	-	27,720,000	(27,720,000)	-
Balance as at 31 December 2010	1,991,763,130	982,166,480	101,922,580	-	188,750,000	554,343,003	554,343,003
	-	-	-	-	1,706,519,564	4,971,121,754	4,971,121,754

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 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash flows from operating activities				
Profit before income tax	871,579,143	1,034,066,479	877,063,317	1,068,888,563
Adjustments to reconcile profit before income tax to net cash provided by (paid for) operating activities:				
Depreciation and amortisation	61,658,587	61,299,551	54,811,301	56,212,421
Bad debt and doubtful accounts	9,406,510	8,910,987	9,406,510	8,910,987
Unrealised (gain) loss on revaluation of securities and deriv	182,377,967	(92,025,384)	182,377,967	(99,344,337)
Premium (discount) on investment in debt securities of a subsidiary company	7,395	(24,393)	-	-
Gain on sales of other investments	(54,501,130)	(22,202,629)	-	-
Gain on sales and written-off of premises and equipment	(1,907,135)	(3,412,992)	(663,556)	(2,237,378)
Gain on sales of property foreclosed	-	(4,094,000)	-	(4,094,000)
Interest income from deposits and investments	(131,895,687)	(93,817,614)	(127,800,512)	(90,942,171)
Dividend income	(90,262,787)	(68,991,116)	(121,188,005)	(112,010,607)
Financial costs	118,603,762	62,329,305	118,603,762	62,329,305
Provisions for long-term employee benefits	9,591,418	-	8,147,239	-
Cash received from interest on deposits and investments	130,547,206	95,890,554	126,381,660	92,746,478
Cash received from sale of property foreclosed	-	16,050,000	-	16,050,000
Cash paid for interest expenses	(121,925,075)	(57,515,851)	(121,925,075)	(57,515,851)
Cash paid for income tax	(468,242,652)	(104,552,331)	(453,169,970)	(85,589,629)
Income from operating activities before changes in operating assets and liabilities	515,037,522	831,910,566	552,044,638	853,403,781
Decrease (increase) in operating assets				
Deposits at financial institutions	(96,073,711)	24,869,509	(124,152,506)	(13)
Receivables from Clearing House	(67,850,069)	(523,549,763)	(67,850,069)	(523,549,763)
Securities and derivatives business receivables - net	866,347,309	(1,732,607,451)	866,347,309	(1,732,607,451)
Derivatives assets	46,301,336	4,866,730	46,301,336	4,866,730
Trading securities	3,334,175,612	(978,960,371)	3,334,175,612	(978,960,371)
Other assets	(14,036,579)	(7,420,632)	(14,914,530)	(6,701,053)
Increase (decrease) in operating liabilities				
Borrowings form financial institutions	(200,000,000)	(140,000,000)	(200,000,000)	(140,000,000)
Securities sold under repurchase agreements	(1,656,217,398)	792,958,825	(1,656,217,398)	792,958,825
Payables to Clearing House	183,565,265	(245,919,197)	183,565,265	(245,919,197)
Securities and derivatives business payables	(1,330,337,593)	1,332,381,455	(1,330,337,593)	1,332,381,455
Accrued expenses	(43,817,477)	145,137,713	(53,175,839)	145,985,368
Derivatives liabilities	(570,946,522)	470,928,987	(570,946,522)	470,928,987
Debt issued and borrowings	(88,000,000)	206,036,319	(88,000,000)	206,036,319
Other liabilities	(15,393,064)	3,663,867	(17,424,503)	4,619,588
Cash flows from operating activities	862,754,631	184,296,557	859,415,200	183,443,205
Net cash flows from operating activities	862,754,631	184,296,557	859,415,200	183,443,205

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 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash flows from investing activities				
Cash paid for purchase of investment in held-to-maturity deb	(8,056,545)	-	-	-
Cash received from investment in held-to-maturity debt securi	8,000,000	-	-	-
Cash received on disposal of other investments	615,883,084	38,067,439	-	-
Cash paid for purchase of investment in a subsidiary compar	(865,979)	(1,266,444)	(865,979)	(1,266,444)
Dividend received from investments	83,544,463	68,931,564	83,544,463	68,931,564
Dividend received from a subsidiary company	-	-	30,925,218	43,019,491
Cash paid for purchase of equipment and computer software	(60,923,993)	(27,247,671)	(33,541,069)	(19,428,580)
Proceed from sales of equipment	2,424,841	4,711,186	878,113	2,839,223
Net cash flows from investing activities	640,005,871	83,196,074	80,940,746	94,095,254
Cash flows from financing activities				
Cash received from subordinated loan from a subsidiary com	-	-	599,000,000	-
Repayment of subordinated loan from a subsidiary company	-	-	-	(100,000,000)
Dividend paid	(656,853,986)	(199,100,130)	(656,853,986)	(199,100,130)
Dividend paid for non-controlling interests	(574,782)	(1,080,509)	-	-
Net cash flows used in financing activities	(657,428,768)	(200,180,639)	(57,853,986)	(299,100,130)
Net increase (decrease) in cash and cash equivalents	845,331,734	67,311,992	882,501,960	(21,561,671)
Cash and cash equivalents as at 1 January	276,226,988	208,914,996	149,602,929	171,164,600
Cash and cash equivalents as at 31 December	1,121,558,722	276,226,988	1,032,104,889	149,602,929
	-	-	-	-

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

KGI Securities (Thailand) Public Company Limited and its subsidiaries
Notes to interim financial statements
For the years ended 31 December 2011 and 2010

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 2011 and 2010, the Company has 13 branches in Bangkok and upcountry.

2. Basis for the preparation of interim financial statements

- 2.1** The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and the presentation of the financial statements 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. Kor. Nor. 53/2553 dated 15 December 2010.

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 preparation of consolidated financial statements

- a) The consolidated financial statements include the financial statements of KGI Securities (Thailand) Public Company Limited (“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		Revenues as a percentage to the consolidated total revenues for the years ended 31December	
			2011	2010	2011	2010	2011	2010
			Percent	Percent	Percent	Percent	Percent	Percent
One Asset Management Limited	Mutual fund management	Thailand	98	98	2.76	1.75	8.93	8.59
KGI Securities (Thailand) International Holdings Limited (HOLDCO)	Holding company	Hong Kong	100	100	0.43	0.76	-	0.97
KGI (Thailand) Holdings Limited (KTHL)	Holding company	British Virgin Islands	100	100	0.94	5.76	2.34	-

- b) Subsidiaries are fully consolidated, 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 consistent significant accounting policies.
- d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences arising from translation the financial statements of foreign operation”.
- e) Material balances and transactions between the Company and its subsidiaries, have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3** The separate financial statements, which present investments in subsidiaries under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards during the year

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

Accounting standards:

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

Financial reporting standards:

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

Financial Reporting Standard Interpretations:

TFRIC 15 Agreements for the Construction of Real Estate

Accounting Standard Interpretations:

SIC 31 Revenue-Barter Transactions Involving Advertising
 Services

These accounting standards do not have any significant impact on the financial statements, except for the following accounting standard.

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. The Company and its subsidiary companies previously accounted for such employee benefits when they were incurred.

The Company and its subsidiary companies have changed this accounting policy in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current year by Baht 36 million (Separate financial statements: Baht 31 million). The change has also the effect of decreasing the profit of the Company and its subsidiaries for the year ended 31 December 2011 by Baht 9.6 million, or 0.005 Baht per share (Separate financial statements: decreasing profit by Baht 8.1 million, or 0.004 Baht per share). The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholder's equity.

4. New accounting standards issued during the years not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

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

Accounting Standard Interpretations:

SIC 10 Government Assistance - No Specific Relation to Operating Activities

SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable
 Assets

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied.

5. Significant accounting policies

5.1 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.

Management fees and registrar fees are calculated as a percentage of net asset value of the funds managed by the subsidiary company or fixed amount as mentioned in prospectus and recognised as income on an accrual basis.

(c) Gains (losses) on securities and derivatives

Gains (losses) on 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.

5.2 Expense recognition

a) Interest on borrowings

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

b) Fee and service expenses

Fee and service expenses are recognised as expenses on an accrual basis.

5.3 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.

5.4 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. At the end of reporting period, the Company excludes these amounts from both assets and liabilities and presents only assets which belong to the Company.

5.5 Securities purchased under resale agreements

The Company enters into purchases of securities under agreements to resale securities at certain dates in the future at a fixed price. Securities purchased under resale agreements presented as assets in the statement of financial position are stated at amounts paid for the purchase of those securities. The difference between the purchase and sale considerations is recognised on an accrual basis over the period of the transaction and is included in interest income.

5.6 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.

5.7 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.

5.8 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.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities recognised as gain (loss) on change in value of investments as part of other comprehensive income, and will be recognised as part of profit or loss 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 net of allowance for impairment (if any).

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 profit or loss. 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 in profit or loss

5.9 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 statement of financial position. At the end of the period 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 profit or loss. Securities lent to customers are recorded as “Securities borrowing receivables” in the statement of financial position. 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.

5.10 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	3 and 5 years
Vehicles	5 years

No depreciation is provided for land and installation in progress.

Depreciation is included in determining income.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.11 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 profit or loss 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 profit or loss on a straight line basis over the lease term.

5.12 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 (if any).

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 profit or loss.

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

5.13 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 profit or loss.

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.

5.14 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.

5.15 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 statement of financial position are stated at amounts received from the sale of those securities and the underlying securities are treated as collaterals.

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

5.16 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.

5.17 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.

5.18 Provisions

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

5.19 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.

5.20 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 end of reporting period, 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.

5.21 Impairment of assets

At the end of each reporting period, the Company and subsidiary companies perform impairment reviews in respect of the land, premises and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. 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 subsidiary companies 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 profit or loss.

5.22 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

The Company, its subsidiaries and the employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit is determined by a professionally qualified independent actuary, based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

For the first adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current year.

5.23 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.

5.24 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 recognised in profit or loss. The fair value of derivatives is based on the daily settlement prices quoted by Thailand Futures Exchange Public Company Limited.

Options

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 recognised in profit or loss. 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 recognised in profit or loss. 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 profit or loss. 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.

6. 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 and subsidiary companies treat other investments as impaired when 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 of the management.

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.

Employee benefit

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate and mortality rate.

Litigation

The Company and a subsidiary company have contingent liabilities as a result of litigation. The management has used judgment to assess of the results of the litigation cases and recorded provision for contingent liabilities as at the financial statement date. In case where they believe that there will be no loss, they will not provide contingent liabilities as of the end of reporting period.

7. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash on hand	777,723	773,582	727,724	723,582
Current deposits and savings deposits	321,734,127	270,882,984	281,370,293	179,688,925
Fixed deposits	6,872	6,778	6,872	6,778
Promissory notes	1,350,000,000	1,100,000,000	1,350,000,000	1,100,000,000
Bills of Exchange	849,040,000	435,380,000	800,000,000	400,000,000
Total cash and cash equivalents	2,521,558,722	1,807,043,344	2,432,104,889	1,680,419,285
Less: Cash deposits held for customers	(1,400,000,000)	(1,530,816,356)	(1,400,000,000)	(1,530,816,356)
Total cash and cash equivalents - net	1,121,558,722	276,226,988	1,032,104,889	149,602,929

8. Deposits at financial institutions

(Unit: Baht)

	Consolidated financial statements			
	2011		2010	
	Over 3 months - 1 year	Over 1 year	Over 3 months - 1 year	Over 1 year
Fixed deposits	99,253	-	3,974	-
Promissory notes	300,000,000	-	-	-
Bills of exchange	378,020,000	-	106,100,000	-
Deposits with restriction	-	-	94,053	-
Total deposits at financial institutions	678,119,253	-	106,198,027	-
Less: Deposits held for customers	(475,847,515)	-	-	-
Total deposits at financial institutions - net	202,271,738	-	106,198,027	-

(Unit: Baht)

	Separate financial statements			
	2011		2010	
	Over 3 months - 1 year	Over 1 year	Over 3 months - 1 year	Over 1 year
Fixed deposits	2,034	-	2,013	-
Promissory notes	300,000,000	-	-	-
Bills of Exchange	300,000,000	-	-	-
Total deposits at financial institutions	600,002,034	-	2,013	-
Less: Deposits held for customers	(475,847,515)	-	-	-
Total deposits at financial institutions - net	124,154,519	-	2,013	-

As at 31 December 2010, 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.

9. Receivables from Clearing House

(Unit: Baht)

	Consolidated and Separate financial statements	
	2011	2010
Receivables from Clearing House	1,192,775,998	941,843,594
Less: Receivables from Clearing House held for customers	(222,798,142)	(52,099,897)
Total receivables from Clearing House	969,977,856	889,743,697

10. Securities and derivatives business receivables

(Unit: Baht)

	Consolidated and Separate financial statements	
	2011	2010
<u>Securities business receivables</u>		
Cash accounts	744,110,720	1,811,711,635
Credit balance accounts	1,032,133,692	1,102,708,983
Receivables under securities borrowing and lending business		
- Guarantee deposit receivables	419,443,633	209,056,288
- Securities borrowing receivables	184,894,100	124,161,872
Other receivables		
- Installment receivables	440,102,081	444,565,994
- Overdue customers' accounts	614,008	909,897
Total securities business receivables	2,821,298,234	3,693,114,669
Add: Accrued interest receivables	11,216,853	11,408,401
Less: Allowance for doubtful accounts	(445,320,502)	(441,574,666)
Securities business receivables and accrued interest receivables - net	2,387,194,585	3,262,948,404
Total securities and derivatives business receivables - net	2,387,194,585	3,262,948,404

10.1 As at 31 December 2011, the Company had other receivables with book values totaling Baht 419 million from which it has ceased recognizing income (2010: Baht 419 million).

10.2 As at 31 December 2011 and 2010, 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)

	2011		
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal Debt	2,382	-	2,382
Sub-standard Debt	30	-	30
Doubtful Debt	421	(421)	-
Total	2,833	(421)	2,412
Additional reserve for possible loan loss	-	(25)	(25)
Grand total	2,833	(446)	2,387

(Unit: Million Baht)

	2010		
	Debt balance	Allowance for doubtful accounts	Debt balance net of allowance for doubtful accounts
Normal Debt	3,249	-	3,249
Sub-standard Debt	30	-	30
Doubtful Debt	426	(426)	-
Total	3,705	(426)	3,279
Additional reserve for possible loan loss	-	(16)	(16)
Grand total	3,705	(442)	3,263

10.3 As at 31 December 2011, securities business receivables include guarantee deposit receivables of approximately Baht 419 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 354 million. The borrowed securities were sold under short sale transactions or relent to others, with the remaining of Baht 10 million was not sold under short sale transactions or relent to other (31 December 2010: guarantee deposit receivables Baht 209 million and fair value of listed securities Baht 180 million).

11. Allowance for doubtful accounts

(Unit: Baht)

	Consolidated and Separate financial statements	
	For the years ended 31 December	
	2011	2010
Balance - beginning of the year	441,574,666	438,157,077
Add: Doubtful accounts	9,406,510	8,942,524
Less: Reversal of doubtful accounts	(5,660,674)	(5,493,398)
Bad debt written-off	-	(31,537)
Balance - end of the year	445,320,502	441,574,666

12. Derivatives assets and derivatives liabilities

(Unit: Baht)

	Consolidated and Separate financial statements			
	2011			
	Assets		Liabilities	
	Fair value	Notional amount	Fair value	Notional amount
Trading derivatives				
Derivatives warrants	-	-	22,291,278	129,196,218
Futures	-	29,937,480	-	886,584,300
Options	2,155,680	73,464,000	-	-
Over-the-Counter derivatives	4,456,881	700,000,000	5,772,684	700,000,000
	6,612,561	803,401,480	28,063,962	1,715,780,518

(Unit: Baht)

	Consolidated and Separate financial statements			
	2010			
	Assets		Liabilities	
	Fair value	Notional amount	Fair value	Notional amount
Trading derivatives				
Derivatives warrants	47,101,520	114,677,999	423,604,793	2,192,990,500
Futures	-	18,694,200	-	862,851,301
Options	129,360	4,512,000	2,115,760	58,538,000
Over-the-Counter derivatives	6,332,726	1,000,000,000	6,494,927	1,000,000,000
Transferable subscription right	3,714,138	6,147,540	-	-
	57,277,744	1,144,031,739	432,215,480	4,114,379,801

13. Investments

(Unit: Baht)

	Consolidated financial statements			
	2011		2010	
	Cost value/ amortised cost	Fair value	Cost value/ amortised cost	Fair value
Trading securities				
Equity securities				
Listed securities	1,265,424,190	1,250,528,104	2,350,609,961	2,371,379,852
Unit trusts	1,001,550	956,281	11,550	6,273
Total	<u>1,266,425,740</u>	<u>1,251,484,385</u>	<u>2,350,621,511</u>	<u>2,371,386,125</u>
Debt securities				
Government bonds	785,913,320	796,414,675	2,639,707,792	2,639,618,302
Corporate debentures	152,109,651	152,022,767	548,305,019	548,230,908
Total	<u>938,022,971</u>	<u>948,437,442</u>	<u>3,188,012,811</u>	<u>3,187,849,210</u>
Total trading securities	2,204,448,711	2,199,921,827	5,538,634,322	5,559,235,335
Add (less): allowance for revaluation	(4,526,884)		20,601,013	
Net trading securities	<u>2,199,921,827</u>		<u>5,559,235,335</u>	
Held-to-maturity debt securities				
Government bonds	8,049,150		8,000,000	
Net held-to-maturity debt securities	<u>8,049,150</u>		<u>8,000,000</u>	
Other investments				
Foreign unit trusts	76,621,110		649,931,000	
Other securities - ordinary shares	27,602,642		27,602,642	
Less: allowance for impairment	(14,545,429)		(14,171,633)	
Net other investments	<u>89,678,323</u>		<u>663,362,009</u>	
Total investments - net	<u><u>2,297,649,300</u></u>		<u><u>6,230,597,344</u></u>	

(Unit: Baht)

	Separate financial statements			
	2011		2010	
	Cost value/ amortised cost	Fair value	Cost value/ amortised cost	Fair value
Trading securities				
Equity securities				
Listed securities	1,265,424,190	1,250,528,104	2,350,609,961	2,371,379,852
Unit trusts	1,001,550	956,281	11,550	6,273
Total	1,266,425,740	1,251,484,385	2,350,621,511	2,371,386,125
Debt securities				
Government bonds	785,913,320	796,414,675	2,639,707,792	2,639,618,302
Corporate debentures	152,109,651	152,022,767	548,305,019	548,230,908
Total	938,022,971	948,437,442	3,188,012,811	3,187,849,210
Total trading securities	2,204,448,711	2,199,921,827	5,538,634,322	5,559,235,335
Add (less): allowance for revaluation	(4,526,884)		20,601,013	
Net trading securities	2,199,921,827		5,559,235,335	
Other investments				
Other securities - ordinary shares	27,602,642		27,602,642	
Less: allowance for impairment	(6,852,679)		(6,852,679)	
Net other investments	20,749,963		20,749,963	
Total investments - net	2,220,671,790		5,579,985,298	

13.1 Investments subject to restrictions

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Securities sold under repurchase agreements - trading securities	734,257,836	2,402,261,269	734,257,836	2,402,261,269
Securities that were lent by the securities borrowing and lending business - trading securities	-	71,237,000	-	71,237,000
Collateralised investments - Held-to- maturity debt securities	8,049,150*	-	-	-
Total investment subject to restrictions	742,306,986	2,473,498,269	734,257,836	2,473,498,269

* As at 31 December 2011, investment in held-to-maturity debt securities of a local subsidiary, amounting to Baht 8 million were pledged as security with the Ministry of Finance, in accordance with the agreement under which the Ministry of Finance and the Ministry of Industry hired the subsidiary as fund manager. Since the fund is in the liquidation process, therefore such investment will be unrestricted when the liquidation is completed.

13.2 Other foreign investments

As at 31 December 2010, an overseas subsidiary has investments in unit trusts of USD 20 million. Such investments are offshore funds, which invest in debt securities and equity securities of foreign companies. During the current year, the overseas subsidiary instructed the fund managers of the offshore funds to redeem the fund units. As at 31 December 2011, the outstanding balance of the other foreign investments was USD 2.2 million. The redemption was completed in February 2012.

13.3 Debt securities classified by maturity date

As at 31 December 2011 and 2010, a subsidiary classifies investments in held-to-maturity debt securities by the remaining periods to maturity as follows:

	(Unit: Baht)			
	Consolidated financial statements			
	2011			
	Maturity			
	Within 1 year	1 - 5 years	Over 5 years	Total
Held-to-maturity debt securities				
Government bonds	-	8,049,150	-	8,049,150
Total investments in held-to-maturity debt securities	-	8,049,150	-	8,049,150

	(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	8,000,000	-	-	8,000,000

14. Investments in subsidiaries

As at 31 December 2011 and 2010, 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	
			2011	2010	2011	2010	2011	2010	2011	2010
					%	%	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	98	242	242	31	43
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	2,625	31	43

14.1 During current year, the Company acquired additional 52,965 ordinary shares of One Asset Management Limited from minority shareholders of that local subsidiary company.

15. 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 2010	1,820,000	14,681,606	284,577,282	114,795,398	19,062,998	5,278,648	440,215,932
Purchase	-	501,500	12,163,034	703,381	-	18,507,899	31,875,814
Disposal/write-off	-	-	(10,846,072)	(2,742,824)	(4,373,926)	-	(17,962,822)
Transfer in/Transfer out	-	-	4,244,682	82,853	-	(4,327,535)	-
31 December 2011	1,820,000	15,183,106	290,138,926	112,838,808	14,689,072	19,459,012	454,128,924
<u>Accumulated depreciation</u>							
31 December 2010	-	13,407,197	196,932,934	68,683,200	17,401,749	-	296,425,080
Depreciation for the year	-	464,470	34,299,484	15,212,235	966,779	-	50,942,968
Disposal/write-off	-	-	(10,722,075)	(2,652,201)	(4,070,899)	-	(17,445,175)
31 December 2011	-	13,871,667	220,510,343	81,243,234	14,297,629	-	329,922,873
<u>Net book value</u>							
31 December 2010	1,820,000	1,274,409	87,644,348	46,112,198	1,661,249	5,278,648	143,790,852
31 December 2011	1,820,000	1,311,439	69,628,583	31,595,574	391,443	19,459,012	124,206,051
Depreciation charge included in statements of comprehensive income for the years ended 31 December							
2010							50,574,463
2011							50,942,968

(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 2010	1,820,000	3,280,000	252,788,444	108,934,430	13,893,160	5,278,648	385,994,682
Purchase	-	-	6,632,932	391,616	-	18,447,899	25,472,447
Disposal/write-off	-	-	(4,624,786)	(2,742,824)	(2,143,600)	-	(9,511,210)
Transfer in /Transfer out	-	-	4,184,682	82,853	-	(4,267,535)	-
31 December 2011	1,820,000	3,280,000	258,981,272	106,666,075	11,749,560	19,459,012	401,955,919
<u>Accumulated depreciation</u>							
31 December 2010	-	2,740,910	171,019,537	63,120,350	13,481,362	-	250,362,159
Depreciation for the year	-	164,000	30,745,975	15,118,497	411,784	-	46,440,256
Disposal/write-off	-	-	(4,500,915)	(2,652,201)	(2,143,597)	-	(9,296,713)
31 December 2011	-	2,904,910	197,264,597	75,586,646	11,749,549	-	287,505,702
<u>Net book value</u>							
31 December 2010	1,820,000	539,090	81,768,907	45,814,080	411,798	5,278,648	135,632,523
31 December 2011	1,820,000	375,090	61,716,675	31,079,429	11	19,459,012	114,450,217
Depreciation charge included in statements of comprehensive income for the years ended 31 December							
2010							47,436,181
2011							46,440,256

(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 2011 and 2010, 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 178 million and Baht 178 million, respectively (The Company only: Baht 141 million and Baht 138 million, respectively).

16. Intangible assets

(Unit: Baht)

Consolidated financial statements									
	Useful lives	Cost			Accumulated amortisation			Allowance for impairment	Intangible assets - net
		Balance as at 1 January	Increase (decrease)	Balance as at 31 December	Balance as at 1 January	Increase (decrease)	Balance as at 31 December		
		2011	(decrease)	2011	2011	(decrease)	2011		
Deferred derivative agent license fee	5 years	5,336,000	-	5,336,000	5,069,200	266,800	5,336,000	-	-
Computer software	5 years	84,358,932	3,639,930	87,998,862	60,588,887	6,486,201	67,075,088	-	20,923,774
Computer software under development	-	1,356,114	23,639,004	24,995,118	-	-	-	-	24,995,118
Total		<u>91,051,046</u>	<u>27,278,934</u>	<u>118,329,980</u>	<u>65,658,087</u>	<u>6,753,001</u>	<u>72,411,088</u>	<u>-</u>	<u>45,918,892</u>

(Unit: Baht)

Consolidated financial statements									
	Useful lives	Cost			Accumulated amortisation			Allowance for impairment	Intangible assets - net
		Balance as at 1 January	Increase (decrease)	Balance as at 31 December	Balance as at 1 January	Increase (decrease)	Balance as at 31 December		
		2010	(decrease)	2010	2010	(decrease)	2010		
Deferred derivative agent license fee	5 years	5,336,000	-	5,336,000	4,002,000	1,067,200	5,069,200	-	266,800
Computer software	5 years	75,987,840	8,371,092	84,358,932	50,930,999	9,657,888	60,588,887	-	23,770,045
Computer software under development	-	734,182	621,932	1,356,114	-	-	-	-	1,356,114
Total		<u>82,058,022</u>	<u>8,993,024</u>	<u>91,051,046</u>	<u>54,932,999</u>	<u>10,725,088</u>	<u>65,658,087</u>	<u>-</u>	<u>25,392,959</u>

(Unit: Baht)

Separate financial statements									
	Useful lives	Cost			Accumulated amortisation			Allowance for impairment	Intangible assets - net
		Balance as at 1 January	Increase (decrease)	Balance as at 31 December	Balance as at 1 January	Increase (decrease)	Balance as at 31 December		
		2011	(decrease)	2011	2011	(decrease)	2011		
Deferred derivative agent license fee	5 years	5,336,000	-	5,336,000	5,069,200	266,800	5,336,000	-	-
Computer software	5 years	63,046,161	532,334	63,578,495	43,782,363	4,141,627	47,923,990	-	15,654,505
Computer software under development	-	1,356,114	5,767,043	7,123,157	-	-	-	-	7,123,157
Total		<u>69,738,275</u>	<u>6,299,377</u>	<u>76,037,652</u>	<u>48,851,563</u>	<u>4,408,427</u>	<u>53,259,990</u>	<u>-</u>	<u>22,777,662</u>

(Unit: Baht)

Separate financial statements									
		Cost			Accumulated amortisation			Allowance for impairment	Intangible assets - net
		Balance as at 1 January 2010	Increase (decrease)	Balance as at 31 December 2010	Balance as at 1 January 2011	Increase (decrease)	Balance as at 31 December 2010		
	Useful lives								
Deferred derivative									
agent license fee	5 years	5,336,000	-	5,336,000	4,002,000	1,067,200	5,069,200	-	266,800
Computer software	5 years	57,095,754	5,950,407	63,046,161	36,073,323	7,709,040	43,782,363	-	19,263,798
Computer software under development	-	734,182	621,932	1,356,114	-	-	-	-	1,356,114
Total		63,165,936	6,572,339	69,738,275	40,075,323	8,776,240	48,851,563	-	20,886,712

As at 31 December 2011 and 2010, certain computer software of the Company and a subsidiary have been fully amortised but are still in use. The gross carrying amount (before deducting accumulated amortisation) of that asset amounted to approximately Baht 35 million and baht 34 million, respectively (The Company only: Baht 23 million and Baht 23 million, respectively).

17. Property foreclosed

(Unit: Baht)

		Consolidated and Separate financial statements	
		2011	2010
Cost		56,495,417	56,495,417
Less: Allowance for impairment		(4,652,262)	(4,652,262)
Property foreclosed - net		51,843,155	51,843,155

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.

18. Other assets

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Asset for protecting the clearing system	16,204,976	14,575,753	16,204,976	14,575,753
Payments of compensation fund for clearing and settlement	26,031,344	19,746,852	26,031,344	19,746,852
Deposits	27,735,978	27,472,395	25,400,346	25,148,764
Fees and services income receivables	22,560,257	22,208,220	2,819,227	1,839,217
Accrued interest receivables	14,233,337	9,046,983	13,361,327	8,104,603
Prepaid expenses	6,645,517	6,683,520	4,921,747	4,133,625
Others	9,872,663	1,446,965	8,958,861	1,097,308
Total	123,284,072	101,180,688	97,697,828	74,646,122

19. Debt issued and borrowings

As at 31 December 2011 and 2010, borrowings and debt issued comprising only domestic borrowings in Baht currency are classified as follows:

(Unit: Baht)

Consolidated and Separate financial statement				
2011				
	Interest rate per annum (percent)	Remaining period to maturity		Total
		At call	Within 1 year	
Financial institutions				
Bills of exchange	3.17	-	119,952,252	119,952,252
Total debt issued and borrowings		-	119,952,252	119,952,252

(Unit: Baht)

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

20. Securities sold under repurchase agreement

As at 31 December 2011 and 2010, securities sold under repurchase agreements consist of the following:

(Unit: Baht)

Consolidated and Separate financial statements		
	2011	2010
Government bonds	726,746,473	2,382,963,871

21. Securities and derivatives business payables

(Unit: Baht)

	Consolidated and Separate financial statements	
	2011	2010
Cash accounts		
- Equity securities	491,516,550	1,702,362,811
- Debt securities and derivatives	2,812,965	274,191,423
Payables under securities borrowing and lending business		
- Securities borrowing payables	346,240,000	175,916,347
- Guarantee deposit payables	184,514,970	204,486,186
Total securities and derivatives business payables	1,025,084,485	2,356,956,767

22. Subordinated loans from subsidiary companies

As at 31 December 2011, the Company has subordinated loans which are unsecured, interest-free, Baht loans from the overseas subsidiary companies as following:

- a) Subordinated loan amounting to Baht 1,600 million from an overseas subsidiary with the maturity date in September 2012. However, during the current year, the Company and the subsidiary agreed to extend the maturity date to 21 March 2013. (2010: the Company had subordinated loan of Baht 1,600 million).
- b) Subordinated loan amounting to Baht 599 million from another overseas subsidiary. This subordinated loan is maturing in August 2014. (2010: nil)

23. Provisions for long-term employee benefits

Change in provisions for retirement benefits is as follows:

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
Cumulative effect of change in accounting policies for employee benefit (Note 3)	35,553,844	31,037,345
Current service cost	8,062,541	6,822,156
Interest cost	1,528,877	1,325,083
Balance as at 31 December 2011	45,145,262	39,184,584

Long-term employee benefit expenses included in the profit or loss for the year ended 31 December 2011 amounted to Baht 9.6 million (Separate financial statement: Baht 8.1 million).

The principal assumptions used in determining provision for retirement benefit on an actuarial basis are shown below.

	Consolidated and Separate financial statements
Future salary increases	3.50% - 5.00%
Turnover rate	13.20% - 19.00%
Discount rate	3.50% - 3.54%

24. 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 2011, the Company had not yet issued the above ESOP warrants.

25. 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.

26. 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 2011, the Company had set aside the statutory reserve of Baht 27.7 million from its net income for the year 2011.

27. Brokerage fee

(Unit: Baht)

	For the years ended 31 December			
	Consolidated financial		Separate financial	
	statements		statements	
	2011	2010	2011	2010
Brokerage fee from securities business	820,815,450	838,475,998	820,815,450	838,475,998
Brokerage fee from derivatives business	119,835,572	55,776,389	119,835,572	55,776,389
Others	7,970,126	6,953,207	10,092,126	7,918,109
Total brokerage fee	<u>948,621,148</u>	<u>901,205,594</u>	<u>950,743,148</u>	<u>902,170,496</u>

28. Fees and services income

(Unit: Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Mutual fund management fee	162,161,699	156,589,263	-	-
Private fund management fee	25,090,213	20,011,090	-	-
Provident fund management fee	2,198,262	2,145,051	-	-
Management fee, registrar and custodian fees	11,900,477	10,068,422	39,930	28,485
Securities borrowing and lending fee	8,279,727	8,010,466	8,279,727	8,010,466
Selling agent fee	11,723,485	4,048,100	11,723,485	4,048,100
Financial advisory fee	6,066,435	4,952,015	6,066,435	4,952,015
Others	10,750,259	7,838,404	11,506,506	5,928,684
Total fees and services income	<u>238,170,557</u>	<u>213,662,811</u>	<u>37,616,083</u>	<u>22,967,750</u>

29. Personnel expenses

(Unit: Thousand Baht)

	For the years ended 31 December			
	Consolidated financial		Separate financial	
	statements		statements	
	2011	2010	2011	2010
Personnel expenses for the year	748,408	709,397	667,231	632,475
Reversal of prior year accrued bonus expenses	(15,784)	(11,858)	(15,784)	(11,858)
	<u>732,624</u>	<u>697,539</u>	<u>651,447</u>	<u>620,617</u>

Personnel expenses of the current year and prior year included the reversal of 2011 and 2010 accrued bonuses amounting of Baht 15.8 million and Baht 11.9 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.

30. Directors' remuneration

Directors' remuneration represents the benefits (exclusive of salaries, bonus, and related benefits payable to executive directors) paid to directors of the Company and its subsidiaries in accordance with section 90 of the Public Company Limited Companies Act.

Directors' remuneration of the current year and the prior year included adjustments made by reversing remuneration of directors for the years 2010 and 2009. At the end of the years, the Company and its subsidiaries estimated and recorded directors' remuneration based on the amount approved for the prior year and subsequently adjusted the amounts when the amount approved by the Annual General Meeting of shareholders was known.

Director's remuneration for the period were as follows:

(Unit: Thousand Baht)				
For the years ended 31 December				
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Directors and management's remuneration				
for the year	20,972	28,330	15,946	23,160
Additional (reversal) of prior year accrued				
directors' remuneration	(3,820)	(500)	(3,820)	(500)
	<u>17,152</u>	<u>27,830</u>	<u>12,126</u>	<u>22,660</u>

31. Management's remuneration

Benefits paid to management of the Company and its subsidiaries both monetary and non-monetary, which presented as part of "Personnel expenses", were as follows:

(Unit: Thousand Baht)

	For the years ended 31 December			
	Consolidated financial		Separate financial	
	statements		statements	
	2011	2010	2011	2010
Management's remuneration				
Short-term employee benefits	169,197	157,640	150,023	140,361
Post-employment benefits	7,444	2,786	6,034	2,175
	<u>176,641</u>	<u>160,426</u>	<u>156,057</u>	<u>142,536</u>

32. 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 2011 and 2010, Baht 15.9 million and Baht 13.2 million, respectively were contributed to the fund by the Company and its subsidiary. (The Company only: Baht 13.6 million and Baht 10.6 million, respectively).

33. Income tax

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

34. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the parent (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year. Earnings per share is calculated as follows:

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Profit for the year (Baht)	534,771,829	752,470,688	554,343,003	804,563,984
Weighted average number of				
ordinary shares (shares)	1,991,763,130	1,991,763,130	1,991,763,130	1,991,763,130
Earnings per share (Baht/share)	0.27	0.38	0.28	0.40

35. Related party transactions

During the years ended 31 December 2011 and 2010, 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 statements		Separate financial statements		Pricing Policies
	2011	2010	2011	2010	
<u>Transactions with subsidiary Company</u>					
(Eliminated from the consolidated financial statements)					
<u>Commission fee income</u>					
One Asset Management Limited	-	-	4,547	3,253	Commission fee at percentage of net asset value of fund servicing or agreement rate
<u>Dividend income</u>					
One Asset Management Limited	-	-	30,925	43,019	Dividend as declared by a subsidiary
<u>Transactions with related parties</u>					
<u>Brokerage fee income</u>					
KGI Asia Limited	73	199	73	199	At normal rate charged to other clients, in accordance with SET's and SEC's notification
KGI Securities Company Limited	906	744	906	744	
KGI Securities (Hong Kong) Limited	57	1,206	57	1,206	
KGI Finance Limited	1,821	2,318	1,821	2,318	
<u>Introducing fee income</u>					
KGI Securities Company Limited	-	1,951	-	1,951	Fee as stipulated in contracts
<u>Custodian fee income</u>					
Richpoint Company Limited	40	28	40	28	Baht 15 of every Baht 1 million on daily securities outstanding value

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing Policies
	2011	2010	2011	2010	
<u>Securities borrowing fee income</u>					
KGI Finance Limited	519	526	519	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>					
KGI Hong Kong Limited	-	11	-	11	At the rate determined with reference to cost plus 4 percent margin
<u>IT consulting fee</u>					
KGI Securities Company Limited	66	1,992	66	1,992	At the rate determined with reference to cost plus 4 percent margin
<u>Transaction of subsidiary companies with related parties</u>					
<u>Management fee</u>					
KGI Hong Kong Limited	550	568	-	-	Negotiated rate base on prevailing market rates
<u>Transactions with management and directors</u>					
<u>Brokerage fee income</u>					
KGI Securities (Thailand) Public Company Limited	43	192	43	192	At normal rate charged to other clients, in accordance with SET's and SEC's notification
<u>Directors remuneration</u>					
KGI Securities (Thailand) Public Company Limited	12,126	22,660	12,126	22,660	
One Asset Management Limited	125	100	-	-	
KGI Securities (Thailand) International Holdings Limited	2,450	2,535	-	-	
KGI (Thailand) Holdings Limited	2,450	2,535	-	-	
<u>Transactions with related person</u>					
<u>Advisory fee</u>					
A related person	1,800	1,800	1,800	1,800	Negotiated rate base on prevailing market rates

As at 31 December 2011 and 2010, the outstanding balances of the above transactions, as presented in the statements of financial position are as follows:

	Consolidated financial statements		Separate financial statements		(Unit: Thousand Baht)
	2011	2010	2011	2010	Pricing Policies
<u>Accrued service fees</u>					No interest charged
<u>Subsidiary company</u>					
(Eliminated from the consolidated financial statements)					
One Asset Management Limited	-	-	889	727	
<u>Related company</u>					
Richpoint Company Limited	8	12	8	12	
<u>Securities and derivatives business receivables</u>					No interest charged
<u>Related companies</u>					
KGI Asia Limited	250	-	250	-	
KGI Finance Limited	-	58	-	58	
<u>Advances to</u>					No interest charged
<u>Related company</u>					
KGI Securities Company Limited	192	-	192	-	
<u>Accrued securities borrowing fee</u>					No interest charged
<u>Related company</u>					
KGI Finance Limited	-	58	-	58	
<u>Accounts payable - Global Standard Business Program</u>					No interest charged
<u>Related company</u>					
KGI Securities Company Limited	-	110	-	110	
<u>Accounts payable - IT consulting fee</u>					No interest charged
<u>Related company</u>					
KGI Securities Company Limited	-	945	-	945	
<u>Advances from</u>					No interest charged
<u>Subsidiary company</u>					
(Eliminated from the consolidated financial statements)					
KGI Securities (Thailand)	-	-	1,182	1,125	
International Holdings Limited					
<u>Other payables and advances from related company of subsidiary companies</u>					No interest charged
<u>Related company</u>					
KGI Hong Kong Limited	-	310	-	-	
<u>Subordinated loans from a subsidiary company</u>					No interest charged
<u>Subsidiary company</u>					
(Eliminated from the consolidated financial statements)					
KGI Securities (Thailand)	-	-	1,600,000	1,600,000	
International Holdings Limited					
KGI (Thailand) Holdings Limited	-	-	599,000	-	

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

36. Dividends

The Company

During the years 2011 and 2010 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 2010 to 31 December 2010	Annual General Meeting of the Company's shareholders on 8 April 2011	656,853,986	0.33
Total for the year 2011		656,853,986	0.33
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 the year 2010		199,100,130	0.10

Local subsidiary company

During the years 2011 and 2010, the Annual General Meeting of a subsidiary company's shareholders and the Board of Directors' Meeting of a 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 2010 to 31 December 2010	Annual General Meeting of the subsidiary company's shareholders on 9 March 2011	15,750,000	1.50
Interim dividends for earnings from 1 January 2011 to 30 June 2011	Board of Directors' meeting on 17 August 2011	15,750,000	1.50
Total for the year 2011		31,500,000	3.00
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 on 4 August 2010	21,000,000	2.00
Total for the year 2010		44,100,000	4.20

37. Commitments and contingent liabilities

37.1 Significant contingent liabilities as at 31 December 2011 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 was not required to enter into a lease agreement and was 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 lessor submitted a motion petitioning the Court to extend the period for submission to the Supreme Court. However, the Lessor did not appeal with the Supreme Court within the timeframe provided. As a result, lodge an Appeal Court's decision in favor of the Company confirmed by the written judgment dated 25 May 2011 is absolute and final. The management therefore believes that the Company will not incur any significant losses as a result of this 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 a building reinstatement charge 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 a conclusion and may need to be settled through the courts. However, 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 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. On 12 September 2011, the Court of First Instance dismissed the plaintiff's lawsuit. The plaintiff has shown no intention to appeal the court's judgment as it related to the Company and its authorized directors. Therefore, the Company believes that significant losses will not be incurred as a result of the lawsuit.

- 4) 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. The cases are summarized below.
- a) During the years 2010 – 2011, the Debt Collector filed 21 civil lawsuits against the Company, with the total claims under these cases amounting to Baht 13.2 million. Four cases have already been dismissed by the courts while in 16 cases the Company was ordered to pay fees to the Debt Collector. In January 2012, the Court ruled in favor of the Debt Collector in one more case. However, the amounts involved are immaterial and the Company has already recorded liabilities in respect of the cases in its financial statements.
 - b) In January 2012, the Debt Collector filed an additional Baht 1.0 million lawsuit with the Court of First Instance, which is currently pending the Court's consideration.

Moreover, in 2010 the Company discovered that the Debt Collector had breached the agreement by reducing the debt of some debtors and failing to deliver sums received from such debtors to the Company, which constituted an act beyond the authority assigned by the Company. In this regard, the Company took legal action against the Debt Collector, as described below

- i) A criminal lawsuit was filed 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. In both of these criminal lawsuits the preliminary examinations have been completed and the Court of First Instance has issued rulings. These rulings dismissed the Debt Collector's lawsuit, which the Debt Collector is appealing, while the case brought by the Company against the Debt Collector was ruled to have legal grounds and was admissible. Later, on 4 August 2011, the Court of First Instance held a mediation process through which the Company and the Debt Collector were able to agree a settlement, whereby the Debt Collector admitted the charges made by the Company and agreed to pay Baht 2.0 million to the Company. However, such amount has to be set-off with the payments to be made by the Company in accordance with the court judgments in 16 debt collection service fee cases. The remaining Baht 363,000 was to be paid by the Debt Collector within November 2011. Both parties agreed that the resolutions of the above 20 debt collection service fee cases are thus absolute and final, and that the Company and the Debt Collector will withdraw all appeals and/or cease all related execution proceedings. However, such payment was not made as scheduled. As a result, on 16 December 2011, the Court ordered that the head of the Debt Collector serve 6 months' imprisonment, with a reduction to 3 months because of the confession. This Court has given the Debt Collector until 29 February 2012 to appeal.

- ii) A civil lawsuit was filed against the Debt Collector with total claims amounting to Baht 33.09 million. A Court of First Instance ruling in March 2011 ordered the Debt Collector to pay Baht 17.96 million to the Company. However, the Debt Collector appealed the decision. The Debt Collector has also filed lawsuits against the Company and its authorised person, alleging they had made false statements to the Court in the case, In June 2011, a civil lawsuit was filed claiming damages of Baht 30.01 million, and this is currently under consideration by the Court. In July 2011, the Debt Collector filed a criminal lawsuit. Preliminary examination of this case has been completed and the lawsuit was dismissed in a ruling made by the Court of First Instance on 19 September 2011, but the Debt Collector has submitted an appeal to the Appeal Court on 11 January 2012. This case is currently under consideration by the Appeal Court. The Company's legal counsels are of the opinion that the Company and its authorized person did not commit wrongdoing in either case. Therefore, the Company believes that significant losses will not be incurred as a result of the lawsuits.
- 5) In December 2010, a stock trading account client brought a criminal case against the Company, its authorised directors and a former marketing officer, accusing them of joint defrauding the client. The police subsequently stated their opinion that prosecution against the Company and its authorised directors should not proceed, but further examination of witnesses was ordered by the public prosecutor. Moreover, the client sent the Company a legal notice claiming damages amounting to Baht 7.6 million. The Company's legal counsel is of the opinion that the Company and its authorised directors did not commit any criminal acts and is currently preparing a defense of the case. However, in respect of the civil claim, it is still unclear whether the Company will be jointly liable with its former marketing officer. The Company therefore recorded the above liability in the financial statements for the year 2010.

A subsidiary company

- 1) 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.

37.2 Significant commitments as at 31 December 2011 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
2012	75.70	16.19	91.89
2013 - 2016	134.18	11.10	145.28

- 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 178,502.
- 4) The Company has an obligation in respect of forward contracts to sell foreign currency totaling approximately USD 1.7 million at the rate between Baht 31.51 - 31.68 per USD, as a service provided to foreign customers. The contracts have settlement date within 3 months.
- 5) 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.
- 6) 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.
- 7) 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.

- 8) 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 2012, the Company is required to pay contributions to the Clearing Fund at a rate of 0.10 percent of the average daily Margin Requirement.
- 9) 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.
- 10) 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.
- 11) 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.
- 12) 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.
- 13) 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, for buying or selling derivative at the rate as agreed in the contract. The minimum fee is set to be Baht 40,000 per month.
- 14) 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.
- 15) The subsidiary company had capital commitments of approximately Baht 3 million, relating to the acquisition new computer software.

16) The subsidiary company has an obligation in respect of an agreement related to maintenance of computer software under which the subsidiary is to pay an annual fee of approximately Baht 2.9 million. No due date is stipulated in the agreement.

17) 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 2011, the Company has commitments in respect of SET50 Index Futures contracts traded through the Thailand Futures Exchange for 635 contracts detailed below.

	Short position	
	No. of Contracts	Cost*
		(Thousand Baht)
Future contracts of March 2012	331	236
Future contracts of June 2012	294	201
Future contracts of September 2012	10	7
Total	635	444

* 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 2011, The SET50 index stood at 718.40 and the contract multiplier is Baht 1,000 per index point.

Single Stock Futures

As at 31 December 2011, the Company has commitments in respect of Single Stock Futures contracts traded through the Thailand Futures Exchange for 1,216 contracts detailed below.

	Long position		Short position	
	No. of Contracts	Cost*	No. of Contracts	Cost*
		(Million Baht)		(Million Baht)
Future contracts of March 2012	280	24	933	263
Future contracts of June 2012	-	-	3	1
Total	280	24	936	264

* 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 2011, the Company has commitments in respect of Gold Futures contracts traded through the Thailand Futures Exchange for 184 contracts detailed below.

	Long position		Short position	
	No. of	Cost*	No. of	Cost*
	Contracts		Contracts	
		(Million Baht)		(Million Baht)
Future contracts of February 2012	-	-	98	91
Future contracts of April 2012	-	-	81	99
Future contracts of June 2012	5	6	-	-
Total	5	6	179	190

* 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 2011, the London Gold A.M. Fixing price stood at 1,574.50 USD/troy ounce. Each contract size equals to 10 Thai Gold Baht or 50 Thai Gold Baht.

SET50 Index Options

As at 31 December 2011, the Company has commitments in respect of SET50 Index Options contracts traded through the Thailand Futures Exchange for 517 contracts detailed below.

	Long position	
	No. of contracts	Cost*
		(Thousand Baht)
Call options of March 2012	241	1,004
Put options of June 2012	276	1,409
Total	517	2,413

* 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**

Short position

As at 31 December 2011, the Company has commitments in respect of 39 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.

(Unit: Thousand Baht)

	Remaining period before maturity date				Total
	1 - 3 months	4 - 6 months	7 - 9 months	10 - 12 months	
Derivative warrants					
Call warrants	3,928	14,257	234	2	18,421
Put warrants	97	1,645	2,128	-	3,870

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 2011, the Company has commitments in respect of Over-the-Counter derivative contracts as follows:

Short position

- Three contracts of Interest Rate Swap where the Company pays fixed rate and receives floating rate with the theoretical values as of 31 December 2011 totaling Baht 5.8 million.

Long position

- A contract of Interest Rate Swap where the Company pays fixed rate and receives floating rate with the theoretical values as of 31 December 2011 totalling Baht 0.6 million.
- A contract of Interest Rate Swap where the Company pays floating rate and receives fixed rate with the theoretical values as of 31 December 2011 totalling Baht 3.9 million.

As at 31 December 2011, the theoretical values of over-the Counter derivatives by remaining period before maturity date are as follows:

(Unit: Thousand Baht)

	Remaining period before maturity date					
	1 - 3	4 - 6	7 - 9	10 - 12	Over	
	months	months	months	months	1 year	Total
<u>Short position</u>						
Interest Rate Swap						
(The Company pays fixed rate						
and receives floating rate)						
	-	-	767	-	5,006	5,773
<u>Long position</u>						
Interest Rate Swap						
(The Company pays fixed rate						
and receives floating rate)						
	554	-	-	-	-	554
Interest Rate Swap						
(The company pays floating						
rate and receives fixed rate)						
	-	-	-	-	3,903	3,903

38. Financial information by segment

The majority of the operations of the Company and its subsidiaries 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 years ended 31 December									
	Securities business		Holding business (Hong Kong and British Virgin Islands)		Mutual fund management (Thailand)		Elimination entries		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Total incomes	2,106	2,128	54	14	208	197	(35)	(46)	2,333	2,293
Total expenses	(1,229)	(1,059)	(72)	(60)	(165)	(143)	5	3	(1,461)	(1,259)
Corporate income tax	(323)	(264)	-	-	(13)	(16)	-	-	(336)	(280)
Net income attributable to non-controlling interests	-	-	-	-	-	-	(1)	(1)	(1)	(1)
Profit (loss) for the year	554	805	(18)	(46)	30	38	(31)	(44)	535	753

(Unit: Million Baht)

	As at 31 December									
	Securities business		Holding business		Mutual fund		Elimination entries		Total	
	(Thailand)		(Hong Kong and the		management					
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Cash and cash equivalents and long-term deposits at financial institutions	1,156	149	32	85	136	148	-	-	1,324	382
Receivables from Clearing House	970	890	-	-	-	-	-	-	970	890
Securities and derivatives business receivable - net	2,387	3,263	-	-	-	-	-	-	2,387	3,263
Derivatives assets	7	57	-	-	-	-	-	-	7	57
Investments and - net	2,221	5,580	69	642	8	8	-	-	2,298	6,230
Investments in subsidiaries	2,625	2,624	-	-	-	-	(2,625)	(2,624)	-	-
Loans and advances to related companies	-	-	2,206	1,621	-	-	(2,206)	(1,621)	-	-
Land, premises and equipment - net	114	136	-	-	10	8	-	-	124	144
Other assets	172	148	-	-	49	32	26	26	247	206
Total assets	9,652	12,847	2,307	2,348	203	196	(4,805)	(4,219)	7,357	11,172

39. 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 principally comprise cash and cash equivalents, deposits at financial institutions, securities purchased under resale agreements and sold under repurchase agreements, investments, receivables from and payables to Clearing House, securities and derivatives business receivables and payables, borrowings from financial institutions, debt issued and borrowings and subordinated loans from subsidiary companies.

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 Notes 5 to financial statements.

39.1 Market risk

Market risk refers to the risk that fluctuations in market trading volumes and interest rates will directly impact on the Company's revenue. Factors causing volatility in market trading volumes and interest rates include political developments, the economic outlook, and domestic and investor sentiment, both domestically and internationally.

A variety of tools are used to implement comprehensive measurement and analysis of market risk. For example, Value-at-Risk is used to measure the potential loss on investment given a certain time horizon and level of probability, and stress testing is implemented to evaluate the robustness of a company in any given stress scenarios. These analytical tools provide a picture of the Company's potential future losses. Moreover, the Company assesses the losses potential resulting from market losses and manages them sets stop loss limits and position limits that are appropriate to current market conditions, which change over time.

39.2 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 2011 and 2010, 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 2011										
	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
								Percentage	Percentage	Percentage
<u>Financial Assets</u>										
Cash and cash equivalents	289	49	-	-	750	33	1,121	2.04	3.25	2.93
Deposits at financial institutions	-	202	-	-	-	-	202	-	3.54	3.54
Receivables from Clearing House	165	-	-	-	-	805	970	3.12	-	3.12
Securities and derivatives business										
receivables - net	419	1,032	-	-	-	936	2,387	2.00	6.75	5.38
Derivatives assets	-	-	-	-	-	7	7	-	-	-
Investments - net	-	742	173	42	-	1,341	2,298	-	3.15	3.31
<u>Financial liabilities</u>										
Securities sold under repurchase										
agreements	-	727	-	-	-	-	727	-	3.18	3.18
Payables to Clearing House	-	-	-	-	-	184	184	-	-	-
Securities and derivatives										
business payables	-	-	-	-	-	1,025	1,025	-	-	-
Derivatives liabilities	-	-	-	-	-	28	28	-	-	-
Debt issued and borrowings	-	120	-	-	-	-	120	-	3.17	3.17

(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 rate	interest rate	interest rate
		Within 1 year	1 - 5 years	Over 5 years	Unspecified			Percentage	Percentage	Percentage
<u>Financial Assets</u>										
Cash and cash equivalents	198	35	-	-	-	43	276	0.66	1.73	0.83
Deposits at financial institutions	-	106	-	-	-	-	106	-	1.94	1.94
Receivables 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
Derivatives assets	-	-	-	-	-	57	57	-	-	-
Investments - net	-	1,326	1,862	8	-	3,035	6,231	-	2.47	2.65
<u>Financial liabilities</u>										
Borrowing from financial										
institutions	-	200	-	-	-	-	200	-	2.05	2.05
Securities sold under repurchase										
agreements	-	2,383	-	-	-	-	2,383	-	1.85	1.85
Securities and derivatives										
business payables	-	-	-	-	-	2,357	2,357	-	-	-
Derivatives liabilities	-	-	-	-	-	432	432	-	-	-
Debt issued and borrowings	-	208	-	-	-	-	208	-	2.07	2.07

(Unit: Million Baht)

Separate financial statements										
Outstanding balance of financial instruments as at 31 December 2011										
	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
								Percentage	Percentage	Percentage
<u>Financial Assets</u>										
Cash and cash equivalents	249	-	-	-	750	33	1,032	2.35	3.23	3.01
Deposits at financial institutions	-	124	-	-	-	-	124	-	3.30	3.30
Receivables from Clearing House	165	-	-	-	-	805	970	3.12	-	3.12
Securities and derivatives business										
receivables - net	419	1,032	-	-	-	936	2,387	2.00	6.75	5.38
Derivatives assets	-	-	-	-	-	7	7	-	-	-
Investments - net	-	742	164	42	-	1,273	2,221	-	3.15	3.31
Investments in subsidiaries	-	-	-	-	-	2,625	2,625	-	-	-
<u>Financial liabilities</u>										
Securities sold under repurchase										
agreements	-	727	-	-	-	-	727	-	3.18	3.18
Payables to Clearing House	-	-	-	-	-	184	184	-	-	-
Securities and derivatives										
business payables	-	-	-	-	-	1,025	1,025	-	-	-
Subordinated loans from										
subsidiary companies	-	-	-	-	-	2,199	2,199	-	-	-
Derivatives liabilities	-	-	-	-	-	28	28	-	-	-
Debt issued and borrowings	-	120	-	-	-	-	120	-	3.17	3.17

(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 repricing date or maturity date						interest	interest	interest
		Within 1 year	1 - 5 years	Over 5 years	Unspecified			rate	rate	rate
Percentage										
<u>Financial Assets</u>										
Cash and cash equivalents	108	-	-	-	-	42	150	1.19	-	1.19
Receivables 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
Derivatives assets	-	-	-	-	-	57	57	-	-	-
Investments - net	-	1,318	1,862	8	-	2,392	5,580	-	2.46	2.65
Investments in subsidiaries	-	-	-	-	-	2,624	2,624	-	-	-
<u>Financial liabilities</u>										
Borrowings from financial										
institutions	-	200	-	-	-	-	200	-	2.05	2.05
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	-	-	-
Derivatives liabilities	-	-	-	-	-	432	432	-	-	-
Debt issued and borrowings	-	208	-	-	-	-	208	-	2.07	2.07

39.3 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 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 statements of financial position.

39.4 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.

When the Company is to launch a new product, it assesses the impact to its liquid capital by estimating its net capital ratio after the product is launched using a stress test technique, and takes this information into consideration in determining the appropriate size of the product issue.

The Company has a policy to maintain a Net Capital Rule and a Net Capital Ratio (NCR) that are higher than the requirements under the SEC regulations, which specified that the Net Capital Rule must be at least Baht 25 million and the Net Capital Ratio must be at least 7% of liabilities and guarantees. As of 31 December 2011, the Company's Net Capital Rule is Baht 4,059 million and its Net Capital Ratio (NCR) is 328%

The maturity dates of financial instruments held as of 31 December 2011 and 2010, counting from the statements of financial position date are as follows:

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2011						
	At call	Within 1 year	1-5 years	Over 5 years	No maturity	Total
<u>Financial assets</u>						
Cash and cash equivalents	753	46	-	-	322	1,121
Deposits at financial institutions	-	202	-	-	-	202
Receivables from Clearing House	-	970	-	-	-	970
Securities and derivatives business receivables - net	-	1,326	29	-	1,032	2,387
Derivatives assets	-	3	4	-	-	7
Investments - net	-	742	173	42	1,341	2,298
<u>Financial liabilities</u>						
Securities sold under repurchase agreements	-	727	-	-	-	727
Payables to Clearing House	-	184	-	-	-	184
Securities and derivatives business payables	-	1,025	-	-	-	1,025
Derivatives liabilities	-	23	5	-	-	28
Debt issued and borrowings	-	120	-	-	-	120

(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
Deposits at financial institutions	-	106	-	-	-	106
Receivables from Clearing House	-	890	-	-	-	890
Securities and derivatives business receivables - net	-	2,130	30	-	1,103	3,263
Derivatives assets	-	51	6	-	-	57
Investments - net	-	1,326	1,862	8	3,035	6,231
<u>Financial liabilities</u>						
Borrowings from financial institutions	200	-	-	-	-	200
Securities sold under repurchased agreements	-	2,383	-	-	-	2,383
Securities and derivatives business payables	-	2,357	-	-	-	2,357
Derivatives liabilities	-	427	5	-	-	432
Debt issued and borrowings	-	208	-	-	-	208

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2011						
	At call	Within 1 year	1-5 years	Over 5 years	No maturity	Total
Financial assets						
Cash and cash equivalents	750	-	-	-	282	1,032
Deposits at financial institutions	-	124	-	-	-	124
Receivables from Clearing House	-	970	-	-	-	970
Securities and derivatives business receivables - net	-	1,326	29	-	1,032	2,387
Derivatives assets	-	3	4	-	-	7
Investments - net	-	742	164	42	1,273	2,221
Investments in subsidiaries	-	-	-	-	2,625	2,625
Financial liabilities						
Securities sold under repurchase agreements	-	727	-	-	-	727
Payables to Clearing House	-	184	-	-	-	184
Securities and derivatives business payables	-	1,025	-	-	-	1,025
Subordinated loans from a subsidiary company	-	-	2,199	-	-	2,199
Derivatives liabilities	-	23	5	-	-	28
Debt issued and borrowings	-	120	-	-	-	120

(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
Receivables from Clearing House	-	890	-	-	-	890
Securities and derivatives business receivables - net	-	2,130	30	-	1,103	3,263
Derivatives assets	-	51	6	-	-	57
Investments - net	-	1,318	1,862	8	2,392	5,580
Investments in subsidiaries	-	-	-	-	2,624	2,624
Financial liabilities						
Borrowings from financial institutions	200	-	-	-	-	200
Securities sold under repurchase agreements	-	2,383	-	-	-	2,383
Securities and derivatives business payables	-	2,357	-	-	-	2,357
Subordinated loans from a subsidiary company	-	-	1,600	-	-	1,600
Derivatives liabilities	-	427	5	-	-	432
Debt issued and borrowings	-	208	-	-	-	208

39.5 Liquidity risk - derivatives

As of 31 December 2011, 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</u>				
<u>Futures Exchange</u>				
(Maximum exposure with commitment on maturity date)				
SET50 Index Futures				
Short position	7,392	154	-	7,547
Single stock Future				
Long position	103	-	-	103
Short position	10	-	-	10
SET50 Index Options				
Long position	2,156	-	-	2,156
<u>Derivatives warrants on the Stock</u>				
<u>Exchange of Thailand</u>				
(Maximum exposure with commitment on maturity date)				
Derivative warrants				
Short position	6,113	53	-	6,166
<u>Derivatives - OTC</u>				
(Maximum exposure with commitment on maturity date)				
Interest Rate Swap				
Long position	-	-	39,625	39,625
Short position	-	5,179	37,446	42,625

39.6 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 2011, 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 those subsidiary companies totaling Baht 2,199 million.

As at 31 December 2011, the Company and its subsidiaries has not entered into any forward exchange contracts to manage its foreign exchange risk.

39.7 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, deposits at financial institutions, receivables from Clearing House and securities purchased under resale agreement 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, debt issued and borrowings, 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 2011, the Company and its subsidiary companies have no financial instruments of which the book values are materially different from the fair value.

40. Reclassification

Certain items in the financial statements as at 31 December 2010 and for the year ended 31 December 2010 have been reclassified to conform to the current period's classification, in accordance with 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. Kor. Nor. 53/2553 dated 15 December 2010 which is effective for fiscal years beginning on or after 1 January 2011, but no effect to previously reported profit for the year or shareholders' equity. The reclassifications are as follows:

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Statement of financial position as of 31 December 2010				
Investments - net	6,230,597,344	6,281,413,002	5,579,985,298	5,630,800,956
Derivative assets	57,277,744	6,462,086	57,277,744	6,462,086
Borrowings from financial institutions	200,000,000	407,701,795	200,000,000	407,701,795
Debt issued and borrowings	207,701,795	-	207,701,795	-
Statement of comprehensive income for the year ended 31 December 2010				
Brokerage fee from securities business	-	838,475,998	-	838,475,998
Brokerage fee from derivatives business	-	55,776,389	-	55,776,389
Brokerage fee	901,205,594	-	902,170,496	-
Fee and service income	213,662,811	220,616,018	22,967,750	30,885,859
Gain on trading in securities	-	848,830,678	-	834,319,153
Gain on securities	783,409,314	-	768,897,789	-
Gain on trading in derivatives	-	99,131,262	-	99,131,262
Gain on derivatives	164,552,626	-	164,552,626	-
Personnel expenses	697,538,714	537,112,372	620,617,381	478,081,031
Directors' remuneration	27,829,507	-	22,660,000	-
Directors and management's remuneration	-	188,255,849	-	165,196,350
Taxes and duties	-	5,475,653	-	5,372,703
Other expenses	194,909,013	189,433,360	117,577,188	112,204,485

41. Events after the reporting period

41.1 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 2012 approved the extension of the maturity date of the subordinated loans amounting to Baht 1,600 million from 21 March 2013 to 21 September 2013.

41.2 Approval of dividend payment of the Company

The Board of Directors' meeting of the Company No. 1/2012 held on 23 February 2012 passed a resolution to propose to the Annual General Meeting of the Company's shareholders for an approval of dividend payment of Baht 0.25 per share, or a total of Baht 498 million from the earnings of the 1 January 2011 to 31 December 2011 period. The dividend will be paid in April 2012.

41.3 Approval of dividend payment of the subsidiary

The Board of Directors' meeting of the subsidiary company No. 1/2012 held on 16 February 2012 passed a resolution to propose to the Annual General Meeting of the subsidiary company's shareholders for an approval of dividend payment of Baht 2.90 per share, or a total of Baht 30.45 million from the earnings of the 1 January 2011 to 31 December 2011 period. As an interim dividend payment of Baht 1.50 per share was made during 2011, the final dividend payment would be Baht 1.40 per share, or a total of Baht 14.7 million. The dividend will be paid in March 2012.

42. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2012.



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