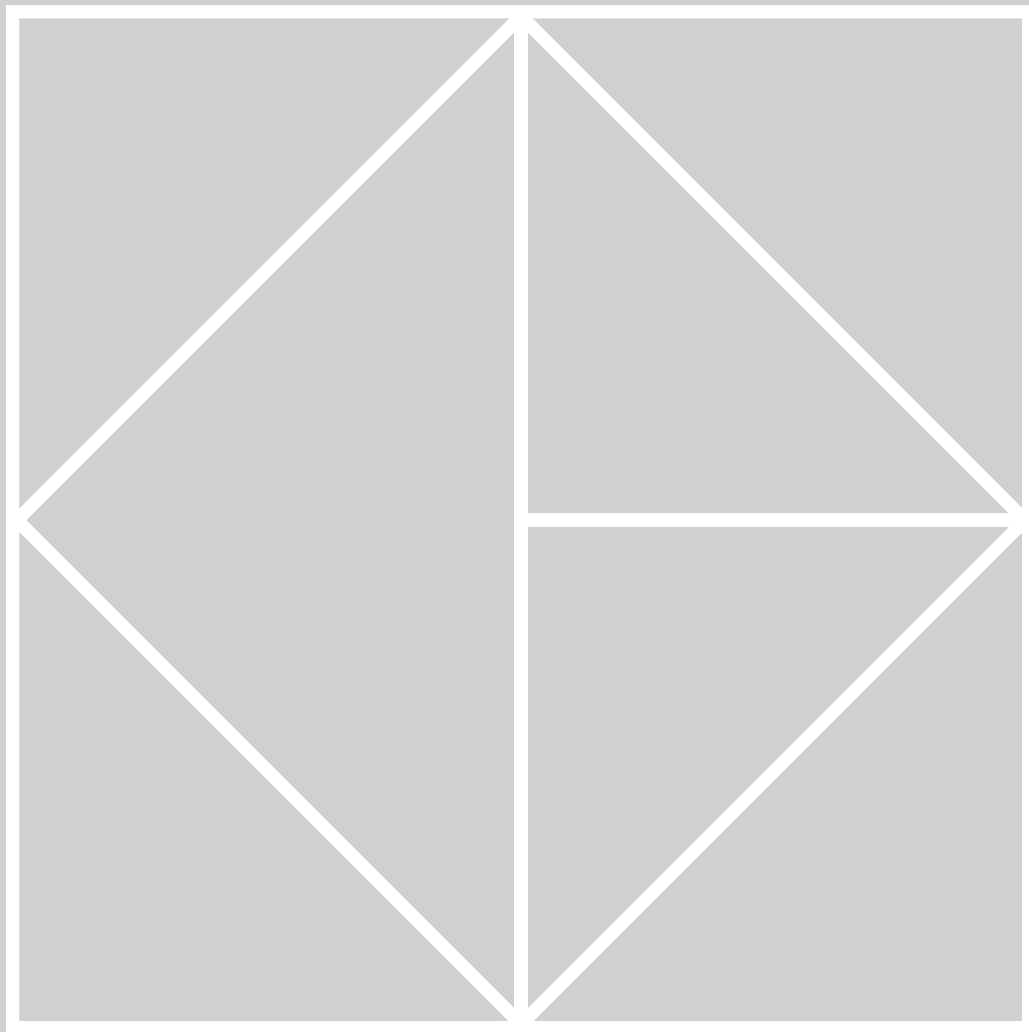


2013
Annual Report



Partnership for Success

Contents

Investors can see more information from Annual Registration Statement (Form 56-1) of the Company
At www.sec.or.th or www.kgieworld.co.th

Letter to Shareholders

Dear Shareholders,

I am pleased to present KGI Securities (Thailand)'s financial results and annual report for 2013.

2013 was another challenging year for our industry, but I am happy to say that your company managed to overcome many difficulties and produce an impressive financial return for the year. For 2013 KGI reported audited net profits of Baht 783 million, this represents a 77% increase compared to the net profit of Baht 443 million that KGI made in 2012. This substantial increase is a credit to your Company and its many hardworking employees.



Mr. Foong Hock Meng
Chairman of the Board



Mr. Wei Chang Fang
Chief Operating Officer

The net profit of Baht 783 million for 2013 is equivalent to Earnings Per Share of Baht 0.39 and the Board of Directors has approved a dividend of Baht 0.36 per share. The dividend will be proposed to the annual shareholders' AGM on 8th April 2014 for approval and is expected to be paid on or around 6th May 2014.

Global economy and markets

2013 was a year of continuing modest recovery for the global economy. Global GDP, as estimated by the IMF increased by 2.9% in 2013 following a 3.2% increase in 2012, and is expected to grow by 3.6% in 2014. In 2013 the US continued its gradual recovery, Europe struggled with austerity but managed to achieve positive growth, whilst China continued to grow at the fastest rate of any large economy albeit at a slower pace than in previous years.

The US Federal Reserve Bank, after cutting short-term interest rates to almost zero, further reduced longer-term rates through "quantitative easing". By purchasing longer-term government bonds and mortgage backed securities the Fed reduced borrowing costs and encouraged consumer spending. Assisted by these purchases both bond and equity prices rose. Towards the end of the year, the Fed began to reduce or "taper" its purchases of US Government bonds.

In Asia the economic trends were also positive. In China the rate of growth slowed, although it still remained high compared to other countries. China appears to have achieved the much talked about "soft

landing” where its growth rate has been slowed to a more sustainable long-term level without entering a recession. In Japan, Prime Minister Shinzo Abe seems to have been successful in implementing his combined policies of fiscal stimulus and quantitative easing, sometimes known as “Abenomics”, which helped the Japanese stock market rise by 57% in 2013.

Thailand

In Thailand, 2013 was a year characterized by increasing political tensions. The economy grew by an estimated 3.0% and is expected to grow at a slightly faster rate in 2014 although the actual growth rate may well be affected again by political factors. With sentiment positive at the beginning of the year, the SET index rose strongly and hit a high of 1,643 in May but gradually declined during the second half of 2013 to end the year just under 1,300. Stock market volume increased significantly and although volume also declined during the second half of 2013, average market volume for 2013 was far above that for 2012.

KGI Securities (Thailand)’s Business Units

KGI’s Stock Broking business performed well in 2013 despite competition within the industry remaining intense.

For the year 2013 as a whole KGI ranked 11th out of 33 Thai brokers with a market share of 4.04%, compared with 12th place and 3.47% market share in 2012. Hard work by our brokerage teams and management meant that we were able to gradually improve our performance during the year and KGI has further improved its ranking to 7th place with 4.59% market share in January 2014. However, the constant competition within the industry means that average commission rates declined in 2013 and continue to remain under pressure.

Our Equity Derivatives unit is an innovative market leader in Thailand and continued to launch new products and offer new investment opportunities for our clients last year. We again launched a range of derivative warrants and supported the growing Exchange Traded Fund or ETF market as market makers and participating dealers. Our Proprietary Trading business unit had another successful year and maintained its profitable performance with a diversified, low-risk strategy executed by its highly experienced team.

For the Fixed Income business unit, interest rate cuts by the Bank of Thailand created opportunities for us to generate profits for our clients and make trading gains for our well positioned portfolio. Our Asset Management business, 1AM, performed well under new management, launching a range of funds and raising new Assets Under Management. 1AM also focused on increasing its average management fee by acquiring higher fee mandates. Our Investment Banking unit also had a very positive year highlighted by several successful Initial Public Offerings or IPOs.

Outlook for 2014

The worldwide outlook is now broadly positive with global GDP growth forecast to increase modestly this year to 3.6%. Asia’s two major economies, China and Japan, appear to have successfully adjusted to more stable and positive growth. Closer to home, Thailand’s neighbor to the West, Myanmar, is beginning to open up to foreign investment after decades of low or no economic growth, and the investment potential for Thai companies in many industries is huge. In Thailand, GDP growth is forecast to rise to 3.0% this year which is a slight increase from the estimated growth of 2.8% in 2013. Political tensions have not so far had a significant negative impact on the economically important tourism sector, consumer confidence or on the exchange rate of the Thai Bt, but we are mindful that this may change.

There is a risk that Thailand’s continuing political problems, which have affected financial markets at various times in recent years, may do so again. Whilst the global and domestic macro-economic outlooks remain broadly positive, increasing political tensions have the potential to create negative surprises for both the economy and the stock market. Because of this we have reviewed and updated our Business Continuity Plans and we have increased the vigilance of our risk management department. Thus, despite

the potential difficulties which Thailand faces, I am confident that our experienced and able management team will be able to successfully navigate any rough seas ahead.

Dividend

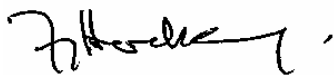
KGI has a strong record of dividend payments and we intend to continue this. In order to reward shareholders for their continued support of the company, the board of directors has resolved to propose the payment of a dividend of Baht 0.36 per share. The dividend will be proposed to shareholders for approval at the Annual General Meeting on 8th April 2014 and if approved is expected to be paid to shareholders on or about 6th May 2014.

Corporate Social Responsibilities


KGI believes in the importance of giving back to society and we recognize the value of education and educational opportunities for the development of Thailand's young people and of Thai society in general. In 2013 KGI continued its support of a project to provide educational opportunities to poor but deserving Thai university students. During 2013 the program, for which your Company has budgeted up to Bt1.5m per year, funded the further education of a total of 61 undergraduate students at 9 different universities throughout Thailand, in Bangkok, Chiang Mai, Khon Kaen, Narathiwat and Songkhla. In 2014 we will continue to support our existing students and provide funding for new students to replace those who graduate.

Employees

Finally, I would like to take this opportunity to thank all of 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 of the Company.



Mr. Foong Hock Meng
Chairman of the Board



Mr. Wei Chang Fang
Chief Operating Officer

Report of the Audit Committee

Dear Shareholders,

The Audit Committee of KGI Securities (Thailand) Public Company Limited consists of three independent directors. In 2013, the Audit Committee had five 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 / 5
Dr. Don Bhasavanich	Audit Committee Member	5 / 5
Mr. Pradit Sawattananond	Audit Committee Member	5 / 5

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 2013 of the Company and its subsidiaries with the Executive of Finance and Accounting Department, Audit Department, and the external auditors, without the top management of the Company in attendance. 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 31st December 2013 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 2013. 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 in activity control, information and communication measures, and monitoring system. The assessment result for the year 2013, the Audit Committee regarded that the Company has an adequate internal control system appropriate for its businesses.

3.Reviewing 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 2013. 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 2013, 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 SEC and SET regulations.

5. Monitoring of risk management

In 2013, 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 2013, considerations were made and it is up-to-date and appropriate to the Company's environment.

7. Appointment of the external auditor for 2014

The Audit Committee considered the performance of the external EY Office Limited (Formerly known as Ernst & Young Office Limited) in the past year and agreed to consider a change for external auditor given that EY Office Limited (Formerly known as Ernst & Young Office Limited). had provided service for a long time. The selection considers audit quality, independence, reasonableness of audit fee and experience in the auditing of financial businesses. The changing of external auditor is proposed from EY Office Limited (Formerly known as Ernst & Young Office Limited). to Deloitte Touche Tohmatsu Jaiyos Company Limited. The services are auditing work, suggestions and consultation on accounting, tax and internal control.

The Audit Committee considered and proposed the appointment of external auditor for the Board of Directors and shareholders' approval the following auditor of Deloitte Touche Tohmatsu Jaiyos Company Limited to be the Company's auditor for the 2014 accounting period with the audit fee being an amount of Baht 1,740,000 for the 2014 accounting period. The Audit Committee is of the opinion that the audit fee for 2014 that Deloitte has proposed is appropriate for the type and size of business of the Company.

Auditor's Name	Certified Public Account Number	Number of years the auditor has signed the Company's financial statements
Mr. Chavala Tienpasertkij	4301	Has never signed the Company's financial statements
Dr. Suphamit Techamontrikul	3356	Has never signed the Company's financial statements
Mr. Niti Jungnitnirundr	3809	Has never signed the Company's financial statements

8. Self Assessment

The Audit Committee members performed a self assessment comparing with compliance guideline. The evaluation of the year 2013 revealed that the Audit Committee's performance completely fulfilled its Charter and complied with good principles, enhancing good corporate governance effectively.

Respectfully,



(Dr. Pisit Leeahtam)

Chairman of Audit Committee

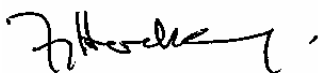
Report of the Board of Directors' Responsibilities for Financial Reports

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 2012. 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.

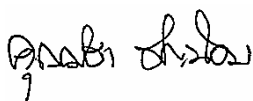
It is the Board of Directors' opinion that the financial statements of KGI Securities (Thailand) Public Company Limited and its subsidiaries for the year ended 31st December 2013 are prepared in line with generally accepted accounting principles and relevant rules and regulations.



Mr. Foong Hock Meng
Chairman of the Board



Mr. Wei Chang Fang
Chief Operating Officer



Ms. Khunmira Thunnom
Executive Vice President
Finance & Accounting Department

PART 1 THE COMPANY'S BUSINESS

1. Policy and Overview of the Company's business

KGI Securities (Thailand) Public Company Limited ("the Company") was incorporated as a public limited company under the Public Limited Companies Act. Whereby it has been operating securities businesses and has been licensed and approved by the Office of the Securities and Exchange Commission ("SEC") to operate the following businesses.

- (a) Securities brokerage
- (b) Securities dealing
- (c) Investment advisory
- (d) Securities underwriting
- (e) Securities borrowing and lending
- (f) Securities registrar
- (g) Derivatives brokerage
- (h) Financial advisory
- (i) Over-the-Counter (OTC) derivative business and
- (j) Sales agent in investment units of mutual funds in the areas as specified by the SEC.

The Company's registered office is located on the 8th -11th floors of Asia Centre Building, No. 173 South Sathorn Road, Thungmahamek Sub-district, Sathorn District, Bangkok. As at 31 December 2013, the Company has altogether 15 branches, in Bangkok and other provinces.

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
- The first securities company providing Private Repo

In addition, the Company has investments in 3 subsidiaries, One Asset Management ("ONEAM"), which is one of the leaders in Thailand's asset management market. And two offshore subsidiaries, which are KGI Securities (Thailand) International Holdings Limited ("HOLDCO") and KGI (Thailand) Holdings Limited ("KTHL"). The purpose of these subsidiaries is to explore opportunities to invest overseas in the future.

1.1 Policy of the Company's business

Vision

All the actions of the Company are rooted in the principles of integrity and honesty, which are the guiding principles of our professional workforce. Providing the very best in financial management and advice is the Company's vocation and duty. At the same time, as a responsible corporate citizen, the Company has made it a policy to share the fruits of its success with all of its employees, shareholders and clients, while also making substantial contributions to society.

Objective

The objective of the Company is to engage in securities and other financial businesses, and to offer the highest level of service to its clients and to effectively advise and assist in managing clients' assets whilst always acting in an ethical and positive way.

Goal

The company's goal is to offer a full range of financial services and to be a leader in innovation and in new product development. The Company also aims to diversify its income in order to provide earnings stability and to operate successfully in all conditions.

Strategy

- ☞ To expand and diversify its client base, both local and foreign.
- ☞ To develop new and innovative products and financial services covering the full range of client needs.
- ☞ To train and educate the Company's employees and clients about all new products.
- ☞ To deliver excellent service and to build strong relationships between employees and clients.
- ☞ To constantly adapt to changing markets and conditions.

Awards and Achievement

> TFEX BEST AWARD	
2556 / 2013	Most Active House Prop-Trading of the Year (1 st place) Best Market Maker for Equity Product Agent of the Year (3 rd place)
2553 / 2010	Most Active House
2549 / 2006	Best House of the Year Most Active House
> TFEX PROP-TRADING CHAMPION	
2555 / 2012	Most Growth Champion Award
2554 / 2011	Most Growth Trader Award TFEX Best Trader
> FUTURES NETWORKING FORUM	
2549 / 2006	Top Star Most Active
> THAI BMA AWARDS	
2556 / 2013	Best Bond Securities Firm
2555 / 2012	Best Bond Securities Firm
2553 / 2010	Best Bond Securities Firm
2552 / 2009	Best Bond Securities Firm
2550 / 2007	Best Bond Securities Firm
> THE ASSET BENCHMARK SURVEY	
2549 / 2006	Best Corporate Bond House (Thailand Baht)
> SET CONGRATULATIONS	
2552 / 2009	The Company became the first securities company in Thailand to launch Derivative Warrants (DW).
> SET AWARDS	
2548 / 2005	MAI Newly Listed STAR (Financial Advisor)

1.2 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.

2013 was a positive one for the the Company. Despite significant market volatility, political uncertainty and growing external economic concerns, the Company reported net profits of Baht 783.20 million. Compared with 2012 this figure represents an increase in net profit of 76.85%. This rise in profitability is even more impressive since this profit are remarkable from the growth of all business units.

In 2013, the Company ranked No.11 in terms of brokerage market share with an overall share of 4.04% up from 3.47% (ranked No. 12) from last year. About future business, the company has an outstanding performance, ranked No. 1 as the highest derivatives trading volume with market share of 11.74 % of TFEX market and received four awards from TFEX Best Awards 2013.

Our Equity Derivatives business unit launched 123 derivative warrants to increase investment opportunities for all of our clients last year. The Proprietary Trading business unit maintained its profitable performance with diversified, lower-risk strategies executed by its highly experienced team under constant risk monitoring.

In the Fixed Income business unit, the Company got the Best Bond Securities Firm 2013 from Thai Bond Market Association (TBMA). For Investment Banking business, the Company was appointed to perform as lead underwriter of 3 IPOs and perform as co- lead underwriter of 1 IPO and joined co-underwriting syndication for 9 IPOs last year.

1.3 The Company’s Shareholding Structure

As of 31st December 2013, the Company has 3 subsidiaries as follows:

A. One Asset Management Limited (“ONEAM”)

To meet the diverse financial requirements of our customers, the Company provides professional service through a 99%-held subsidiary, One Asset Management Limited (“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.

ONEAM was established on 19th March, 1992 with registered capital of Baht 100 million (fully paid-up). As of 31st December 2013, ONEAM has its registered capital of Baht 105 million (fully paid-up) with KGI Securities (Thailand) holding 99%, ONEAM’s directors and employees holding 1% 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 | 6. Foreign Investment Fund |
| 2. Fixed Income Fund | 7. Country Fund |
| 3. Mixed Fund | 8. Property Fund |
| 4. Retirement Mutual Fund | |
| 5. Long Term Equity Fund | |

In 2013, ONEAM’s net profit were of Baht 71.88 million (EPS of Baht 6.85). As of 31st December 2013, ONEAM’s total assets were Baht 277.64 million, total liabilities were 45.16 million, shareholders’ equity were Baht 232.48 million. ONEAM has built up a strong reputation with both individual and institutional

investor, as of 31st December 2013, ONEAM has total assets under management of Baht 74 billion. In 2013 ONEAM won “SET AWARD 2013” for outstanding Asset Management Company.

In 2013, ONEAM issued new 10 funds as follows:

	FUND	Starting date	AUM-Baht Million
1	ONE-FLEXACTIVE3	1 Feb 2013	228.73
2	TH100	18 Feb 2013	372.92
3	ONEPROP-D	11 March 2013	1,228.83
4	ONE-FLEXACTIVE4	28 March 2013	285.80
5	ONE-PREMIER	27 June 2013	127.03
6	1ENHANCED3M1	27 June 2013	375.81
7	1ENHANCED3M2	18 July 2013	404.47
8	ONE-HYPER	28 Aug 2013	90.72
9	ONE-JAPAN	13 Sept 2013	107.43
10	UNIPF	29 Oct 2013	515.00
	Total		3,736.74

B. 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 (“HOLDCO”)” on 7th December, 2001. The purpose of the subsidiary is to explore the opportunity to invest overseas in future.

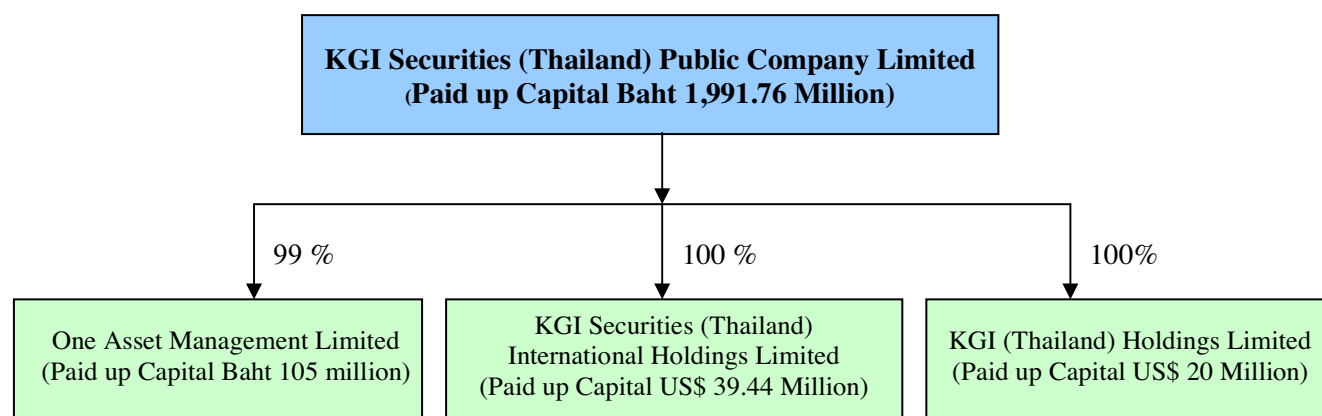
C. KGI (Thailand) Holdings Limited (“KTHL”)

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.

The Company’s Shareholding Structure

Subsidiaries As of 31 st December 2013	Country of Incorporation	Business Type	% holding	Revenues as a percentage to the consolidated totals (%)
One Asset Management Limited	Thailand	Fund Management	99	12.21%
KGI Securities (Thailand) International Holdings Limited	Hong Kong	Investment	100	-
KGI (Thailand) Holdings Limited	British Virgin Islands	Investment	100	-

Shareholding Structure of the group



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 to ensure the implementation of the various group companies effectively.

In 2013 the Company's total income of Bht 2,758.66 million, were income from investment in One asset Management Limited 12.21%, and no income from investment in KGI Securities (Thailand) International Holdings Limited and KGI (Thailand) Holdings Limited since no operating in this 2 offshore companies.

1.4 Relationship with a business group of 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 31st October 2013 (The last registration close book date).

KGI Securities Company Limited, Taiwan ("KGI TW") is a market leading securities company in Taiwan, providing services in a range of areas including brokerage, proprietary trading, underwriting, fixed income, and a variety of derivatives. KGI TW has expanded into the Asia-Pacific, Hong Kong and Thailand markets.

KGI TW has provided valuable assistance by transferring knowledge and technology to the Company. The KGI Group sent an expert staff to train our staff to be ready for new products in Thailand. As of 31st December 2013, the Company has no loans from group companies. If the Company requires new funds, the Company's policy is to procure the most appropriate source of funds taking into account the cost of funds, and not to depend upon a single source of funds.

In order to protect the shareholders' rights and for the best interest of shareholders, the KGI TW as a major shareholder, appointed 4 representative directors which are one-third of all directors and proper with the portion of share holding. The company also appointed 4 independent directors which are one-third of all directors, following the SEC's regulations to ensure the operations of the company meet the standards and move in the right direction.

2. Business Lines

Income 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. The Company's financial statements show its income from brokerage fees, fees and service income, gain (loss) on securities, gain (loss) on derivatives, interest and dividends, interest on margin loans and other income.

In 2013, the Company reported total income of Baht 2,758.66 million. The elements of the Company's securities income structure were a) 44.99% from brokerage fees, b) 25.80% from gain on securities and derivatives, c) 16.02% from fee and service income, d) 9.81% from interest and dividends, e) 3.28% from interest on margin loans and others income 0.10%

Comparative Income Structure for the past 3 years

Income Structure	Operated By	% Share Holding by Company	2013 (Bt Mill)	%	2012 (Bt Mill)	%	2011 (Bt Mill)	%
1. Brokerage fee	the Company	-	1,241.24	44.99%	819.62	42.94%	948.62	40.66%
2. Fees and services income ^{/1}	the Company	-	113.20	4.10%	31.83	1.67%	37.62	1.61%
Fees and services income ^{/1}	ONEAM ^{/2}	99%	328.84	11.92%	251.45	13.18%	200.55	8.60%
3. Gain on securities and derivatives	the Company	-	711.77	25.80%	451.57	23.66%	743.31	31.86%
Gain on securities	KTHL ^{/3}	100%	-	-	15.26	0.80%	54.50	2.34%
4. Interest and dividends	the Company	-	265.75	9.64%	254.55	13.34%	246.72	10.58%
Interest and dividends	ONEAM ^{/2}	99%	4.77	0.17%	4.64	0.24%	4.10	0.18%
Interest and dividends	HOLDCO ^{/4}	100%	0.00	0.00%	0.00	0.00%	0.01	0.00%
5. Interest on margin loans	the Company	-	90.38	3.28%	71.19	3.73%	80.08	3.43%
6. Other income	the Company	-	2.94	0.11%	7.88	0.41%	16.18	0.69%
Other income	ONEAM ^{/2}	99%	(0.23)	(0.01%)	0.56	0.03%	1.24	0.05%
TOTAL INCOME			2,758.66	100.00%	1,908.56	100.00%	2,332.93	100.00%

Note /1 See note of financial statements No. 28: Fees and Services Income.

/2 ONEAM: One Asset Management Limited, 99% owned by the Company.

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

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

2.1 Types of Business

2.1.1 Securities Broker

The Company, 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 with cash accounts and credit balance accounts with experienced marketing officers responsible for securities trading service and advisory service. The company also provides quality marketing officers who give best service to clients.

The Company's research department produces highly respected institutional level research and analysis of Thailand's financial markets and economy. As one of Thailand's top securities houses, the research team gains considerable insight from market flow and local color to help analyze trends and market movements, providing a considerable competitive advantage to the research team for investors to make timely and accurate investment decisions.

The Company has devoted a full team of analysts, each with a narrow sectorial focus. We have been working to expand the coverage list, and it now comprises over 80% of SET's market capitalization. We follow up with frequent visits to our coverage universe (at least once a month) to closely monitor any potential changes to our view. Further enhancement comes from KGI's regional presence, especially our extensive greater China research support, which greatly expands the team's information base beyond Thailand's borders to catch trends early and provide investors with information that could have a major impact in the longer term.

In 2013, the Company ranked No. 11 in terms of brokerage market share with an overall share of 4.04%, compared to 3.47% ranked no.12 in 2012. The main reason were an increase in number of marketing officer, and the Company launched the Young Professional Investment Consultant project class 2-3 to recruit new graduates and training them via lectures, workshops, field trips and on-the-job training to be new professional investment consultants. In addition, the company has opened two new branches at Silom Complex and Nakhon Pathom 2 which resulted in the higher of market share.

The Company's market share information

Year	2013	2012	2011
Daily Trading Volume- SET (Baht Million)	50,329	32,304	29,473
Growth in Daily Trading Volume- SET (%)	55.80%	9.61%	1.40%
Daily Trading Volume- The Company (Baht Million)	4,838	2,644	2,944
Growth Daily Trading Volume- The Company (%)	82.98%	(10.19%)	3.05%
SET Index (Year ended)	1,298.71	1,391.93	1,025.32
The Company market share (%)	4.04%	3.47%	4.53%
Ranking	11	12	9
Number of total Broker	33	32	33

Internet Trading (E-Business)

The Company 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. 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. In 2013, the company launched the Easy Trade program, a program of the company's securities trading via internet. Easy Trade is a program to defragment information for convenience and flexibility. Besides the provided screens, the clients can customize and create screens themselves. The Easy Trade program enables tracking of information through a variety of formats.

Should you have any inquiries or need further information, please visit our website: www.kgiworld.co.th or contact E-Business Department at Hotline: 02 658 8777 or email : ebs@kgi.co.th

2.1.2 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 28th April 2006.

In 2013, the company ranked No. 1 in derivatives trading volume with market share of 11.74 % of TFEX market. The Company earned four awards from Thailand Futures Exchange Plc ("TFEX") which are Most Active House, Prop-Trading of the Year (1st place), Market Maker Best Performance for Equity Product and and 4) Agent of the Year (3rd place).

The Company's market share information

Year	2013	2012	2011
TFEX Volume (Contract)	16,664,126	10,457,928	10,027,116
Daily Average Volume - TFEX (Contract)	68,017	42,685	41,095
The Company market share (%)	11.74%	5.97%	5.42%
Ranking	1	5	5
Number of Total Broker	42	41	41

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
- Currency Futures
- Sector Futures

Besides Futures retail brokerage business, the company also trades futures in Proprietary Trading and furthermore acted as a Market Maker of SET50 Index Options, Gold Futures, Silver Futures, and Brent Crude Oil Futures in Thailand Futures Exchange (TFEX) and Stock Exchange of Thailand.

2.1.3 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 2013.

The Company 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 to 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.

2.1.4 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.

2.1.5 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 2013, the SET Index was quite volatile. The index reached a new high of 1,643.43 pts in May, increasing 18.07% from the end of the prior year on upgraded earnings growth for listed companies and the extension of US QE Policy. However, during the second half of the year, the index dropped significantly to close at 1,298.71 pts at the end of 2013, down 20.98% from its peak in May, and 6.70% from the end of the previous year. However, the total value trading in 2013 was Baht 11.78 trillion, increasing 54.68% from 2012.

The positive stock market sentiment during the first half of 2013 attracted more companies to prepare to list on the stock market. Consequently, in 2013, there were 28 new companies listed on the stock exchange; 13 were listed in the SET and 15 listed in the mai, with issue size of Baht 39,062.12 million and Market Capital at IPO Price of Baht 193,967.93 million.

Total Number of all Listed Companies in 2013

Year	Total Number of Listed Companies			Issued Size (Million Baht)	Market Capital at IPO Price (Million Baht)
	SET	mai	Total		
2013	13	15	28	39,062.12	193,967.93

Information of securities that the Company performed as lead underwriter in 2013

Stock code	KGI's Role	First trading date	IPO size (Baht million)
PPP	Financial Advisor and Lead underwriter	14 th Feb 2013	413
PTG	Co-Lead underwriter	30 th May 2013	1,638
SEAOIL	Lead underwriter	5 th Sep 2013	242
BJCHI	Financial Advisor and Lead underwriter	28 th Nov 2013	2,400

In 2013, the Company was appointed to perform as lead underwriter of 3 IPOs, perform as co-lead underwriter of 1 IPO and joined co-underwriting syndication of 9 IPOs. These received a great response from investors. The Company also successfully performed financial advisor roles for fund raising through both debt and equity, equity-link for both listed and non-listed companies.

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.

2.1.6 Securities Registrar

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

2.1.7 Fixed Income Business

The Company is a member of Bond Electronic Exchange (BEX) and Thai Bond Market Association (ThaiBMA), and 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 staff that are proficient in providing services and advice that allow clients to make investment decisions in their best interest. The Company was also the only securities company to be appointed to be a government bond primary dealer (MOF Outright PD).

Rank by Outright Trading Value (Corporate Bond)			
Rank	Dealer	Outright Trading Value (Baht Million)	Market Share (%)
1	KBANK	121,170.37	26.87%
2	TISCO	103,198.81	22.89%
3	KGI	54,447.64	12.08%
4	KTB	44,272.20	9.82%
5	TBANK	39,885.61	8.85%
6	SCB	19,096.01	4.24%
7	BAY	18,676.44	4.14%
8	CIMBT	10,886.40	2.41%
9	ASP	7,498.45	1.66%
10	KTZMICO	5,940.24	1.32%
	Other	25,813.75	5.73%
Total		450,885.92	100.00%

In 2013, the Company earned “Best Bond Securities Firm Award” from Thai Bond Market Association (TBMA). The Company was ranked No. 1 in bond outright among securities dealers. It was ranked No. 3 in corporate bond trading value among all dealers.

2.1.8 Private Repo Business

The Company, pioneered Private Repo to corporate and high net-worth clients, providing a new alternative investment. The Company was the first and the only one to provide Repo agreement in Thai version, approved by SEC, to offer clients with more convenience. In 2013, the Company was ranked No. 1 in terms of Repo volume among securities firms. Currently, Private Repo market continuously showed grow at significant pace and would further play an important role in developing bonds market.

2.1.9 KGI Wealth Management and Sales Agent in investment units of mutual funds Business

The company has experienced professionals to provide appropriate financial advice under KGI Wealth Management to High Net Worth clients in order to meet investment objectives and risk appetite for the clients’ best interests.

The Company received a Sales Agent in investment units of mutual funds approval from SEC on 16th January 2002. As of 31st December 2013, the Company was appointed as a Sales Agent in investment units of mutual funds for 19 asset management firms. The client coverage includes both institutional and individual investors.

2.1.10 Securities Borrowing and Lending (“SBL”)

The Company is the first security firm to act as a principal and agent assisting 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 order to attract both retail and institutional clients, the Company held SBL promotional campaigns such as no minimum day for borrowing securities. The Company, as the first SBL provider in Thailand, plans to expand its SBL business as follows:

- 1) Increase stock inventory for borrowers.
- 2) Expand client base, both foreign and local clients, who are increasingly interested in borrowing and lending Thai securities.

2.1.11 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 Taiwan, has also provided valuable assistance by transferring knowledge and technology to the Company. The KGI Group sent derivatives experts to train our staff to be ready for this new market in Thailand. At the same time, the Company sent staff to its related companies in Taiwan and Hong Kong to closely study their sophisticated derivatives markets.

The Company adopted the same program and software as those used in Taiwan and Hong Kong. This software is widely recognized in developed derivatives markets in many countries and should be effective in the Thai market as well. Such a system will greatly enhance the risk management capability of the Company in hedging our derivatives positions. KGI Group and the Company always develop such systems 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 clients’ requests.

In 2013, OTC Equity Derivatives gained in popularity due to the volatile stock market. OTC Equity Derivatives are popular among local and foreign institutional clients, including Private Funds, to manage their risks and gain return. The Company provides various types of OTC Equity Derivatives, including

basic and exotic options, and will offer a wider variety of options to match clients' risks and return profiles in the future.

In 2014, the Company expects market volatility from inside and outside the country, especially local political factors. The Company expects OTC Equity Derivatives to remain a popular choice. 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, US, and Europe. The Company regularly organizes 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 their 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 company launched Structured Notes since 2012. In December 2013, the Company continued summated filings of Structured Notes to SEC. Structured Notes (SN): To serve the needs of the clients who prefer investment in fixed income securities with embedded options. The return performance of SN will be related to the underlying debt obligation and the equity options embedded within it.

At present, the Company provides various types of SN with a maximum term of 270 days, whose returns are linked to the price of a single or a basket of SET listed stocks, SET index, SET 50 index, SET 100 index, and listed Exchange Traded Fund.

2.1.12 Exchange Traded Fund ("ETF")

The Company joined a group led by One Asset Management Limited (the Company's subsidiary) 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.

In 2009, the Company joined a group led by One Asset Management Limited (the Company's subsidiary) 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".

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" which may invest in W.I.S.E. – CSI300 China Tracker fund, seeking to replicate the return of CSI300 Index.

ETF that the Company acts as Market Maker ("MM") and/or providing liquidity in the secondary market and as Participating Dealer ("PD")

ETF	Code	Underlyig Index	Registered Date	KGI's role	AUM (Baht Million) As of 27 Dec 13
ThaiDEX SET50 ETF	TDEX	SET50 index	6 Sept 2007	MM, PD	2,298.88
W.I.S.E. KTAM CSI 300 China Tracker	CHINA	W.I.S.E. -CSI 300 China Tracker	22 Nov 2010	PD	263.18
KTAM Gold ETF Tracker	GLD	SPDR Gold Trust (2840:HK)	8 Aug 2011	PD	457.49
ThaiDEX SET High Dividend ETF	1DIV	SET High Dividend 30 Index	16 Aug 2011	MM, PD	102.61
ThaiDEX Gold ETF	GOLD99	Gold price of London Gold Fixing A.M.	11Oct 2011	PD	112.48
Bualuang Chay Gold ETF	BCHAY	Gold price of High purity of 96.5 percent	1Nov 2011	PD	373.32
KTAM Hong Kong ETF	HK	Hang Seng Index	13 Jun 2012	MM, PD	42.08
ThaiDEX SET100 ETF	TH100	SET100 index	19 Feb 2013	MM, PD	157.31

In 2011, with SET Index closing at a 15-year high, the Company coordinated with One Asset Management Limited (the Company's subsidiary) to launch ThaiDEX SET High Dividend ETF or "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 three gold ETFs – "GLD", "GOLD99" and "BCHAY".

In 2012, the company coordinated with Krungthai Asset Management Public Company Limited to launch Hong Kong ETF Tracker or "HK". The Company acted both as Market Maker (MM) and Participating Dealer (PD).

In 2013, the company coordinated with One Asset Management Limited (the Company's subsidiary) to launch ThaiDEX SET100 ETF or "TH100" to meet customer needs. The Company acted as Market Maker (MM) for ThaiDex SET100 ETF.

2.1.13 Derivative Warrants ("DW")

Derivative Warrants ("DW"), are financial instruments that the issuers give rights to the buyers to buy the underlying securities in the future at a pre-determined price, quantity and period as specified by the issuers. A DW issuer is a third party, which is not related to the listed company issuing the underlying securities.

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

The Company is one of the leaders in launching derivatives products in Thailand. In 2013, the company launched 123 DWs. These were highly successful and received a great response from investors, with total registered amount of all 123 DWs at around Baht 7,113 million. From 2009 to ended of 2013, the company launched a total of 366 DWs as detailed below;

Year	2009	2010	2011	2012	2013	total
Total DWs issued by the Company	3	21	114	105	123	366
-CALL Warrant	3	21	87	73	98	282
-PUT Warrant	-	-	27	32	25	84

As of 31st December 2013, of these 366 DWs, 291 expired by the end of 2013 and 75 remained outstanding, which were related to 63 underlying stocks listed on the SET. (See other information as an issuer of derivative warrants in topic 6.2.)

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 for which it has issued DW.

In 2014, 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 physically settled.

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

2.2 MARKET OVERVIEW AND COMPETITION

(A) Significant Marketing Activities

The Company's marketing policy in 2013

The Company's marketing policy is to maintain existing clients and expand new clients by organizing promotional activities and focusing on giving better service to clients. In 2013, the Company held the following marketing activities:

1. The Company opened booths at seminars at SET, universities, etc., to introduce its product and services.
2. The Company co-operated with MAI to produce research papers for medium and small listed companies in MAI and continues to conduct marketing activities for investors.
3. The Company held seminars to educate clients and investors on topics such as Internet Trading, Securities Fundamental-Technical Analysis and TFEX. The seminars not only educated the clients and investors, they also expanded the Company's customer base.
4. The Company arranged the Young Professional Investment Consultant project class 2-3 to recruit new graduates and training them via lectures, workshops, field trips and on-the-job training to be new professional investment consultants.
5. The Company developed an internet trading platform and launched a new campaign "EZ trade EZ Rewards" from 1st November 2013 – 31st December 2013.

Character of Clients, Target Client, Trading Order Channels, Portion of Local and Foreign Clients

The Company targets clients who have capital and want to invest in financial products in equities, fixed income and derivatives. This can be a natural person or juristic person. (Since most of the company's revenue comes from the Brokerage fees from Securities business. Content on character of clients will focus on the brokerage business.)

Information of the Company's clients in past 3 years.

Unit : Baht Millions						
Average Daily Trading Volume	2013	%	2012	%	2011	%
Daily Trading Volume- SET*	50,329		32,304		29,473	
Daily Trading Volume- The Company *	4,838		2,644		2,944	
(including the Company's portfolio)						
The Company's market share %	4.04%		3.47%		4.53%	
(excluding the Company's portfolio)						
Ranking	11		12		9	
Breakdown by types of clients						
1) Local corporate clients	330	7	149	6	186	6
2) Local retail clients	2,969	61	1,584	60	1,911	65
3) Foreign clients	257	5	220	8	223	8
Total clients volume	3,556	73	1,953	74	2,320	79
4) The Company's portfolio	1,282	27	691	26	624	21
Total	4,838	100	2,644	100	2,944	100
Breakdown by types of accounts						
1) Cash account clients	2,887	81	1,323	68	1,614	70
2) Credit balance account clients	669	19	630	32	706	30
Total	3,556	100	1,953	100	2,320	100
Breakdown by types of trading order channels						
1) Trading via marketing officers clients	1,490	42	919	47	1,180	51
2) Trading via internet trading clients	2,066	58	1,034	53	1,140	49
Total	3,556	100	1,953	100	2,320	100

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

In 2013, the Company's clients consisted 68% local clients, 5% foreign clients and 27% the Company's portfolio. Most of the foreign clients are from the United States and Taiwan, the Company did not depended on any client for more than 30% of total income.

For trading channels, beside the Company's head office, the Company also has 15 branches throughout the country to provide service to clients. The clients can use trading order channels via marketing officers or trading via internet. In 2013, the portion of trading via marketing officers : trading via internet was 42% : 58%.

(B) Market Overview and Competition in 2013

The year 2013 was quite unique for the Thai stock market, as the investment picture in the first half and second half of the year differed significantly. The market backdrop was very positive, both globally and domestically, in the first half pushing the SET Index to a 16-year high. However, the market posted a dramatic correction in the second half of the year due to investor concerns about US monetary policy, Thai economic slowdown and local political instability. Macro difficulties in the second half were so significant that they wiped out the earlier gains, leading to SET closing the year 6.7% lower than 2012.

In the first half, notably before the end of May, the Thai market was bullish, tracking continued re-rating in Asian stocks due to global excess liquidity and regional inflows. The major driver was US bond purchase called QE. The FOMC in late 2012 announced the bond purchase program to shore up the US economy, promoting easy money to EM stocks. However, the SET began to face higher volatility in May when FOMC chairman Ben Bernanke, signaled that QE could be scaled back later in 2013.

The dynamics of expectation on QE tapering and a few negative domestic factors largely weighed on the SET in the second half of 2013. Thai economic slowdown was noticed as rising household debt restrained consumption spending, while the expiration of economic stimulus packages from the government meant that the spending momentum slowed. During the final month of 2013, the local political situation heated up and adversely affected the market. A large number of protesters gathered to object to the government's proposal to revamp sensitive bills. As a result, PM Yingluck Shinawatra decided to dissolve parliament on 9th December 2013. However, the protests continued with the aim of ousting the caretaker government and holding political reform before calling for a new election.

Stock Exchange of Thailand

	2013	2012	2011
Total trading value (Baht million)*	12,330,669	7,914,567	7,191,481
Average daily trading value (Baht million)*	50,329	32,304	29,473
Total market capitalization (Baht million)	11,496,765	11,831,448	8,407,696
SET Index (year-end)	1,298.71	1,391.93	1,025.32
Dividend Yield (%)	3.2	3.0	3.7
P/E ratio (times)	14.6	18.3	12.1
P/BV ratio (times)	2.0	2.4	1.9
No. of listed companies	490	477	471

*including MAI

For the whole 2013, the SET Index was very volatile and closed lower. The main index closed at 1,298.71 pts, falling 6.70% for the year. The performance of the Thai stock market was significantly weaker than that in 2012, when the SET Index rose 35.76% from the end of 2011.

Signs of Thai economic slowdown were more obvious since 2Q13, when quarterly GDP grew 3.8% YoY, which was significantly below the market expectation. The slowing momentum was confirmed by 3Q13 GDP which decelerated further to 2.7% YoY. Most economists on the street have been lowering their

forecasts on Thai GDP for both 2013 and 2014. The 2013 GDP is currently expected to grow below 3% while 2014 growth should be between 3.0-3.5%.

In 2013, the daily average market turnover (both SET and MAI) stood at Baht 50.3 billion, increasing by 55.8% from Baht 32.3 billion in 2012. Foreign investors reported massive net selling position of Baht 190.3 billion in 2013, compared to net buying of Baht 76.4 billion during 2012. The market capitalization rose to Baht 11.50 trillion at the end of 2013, down 2.8%, from Baht 11.83 trillion at the end of 2012.

There were 28 new companies listed in Thailand's stock markets (both SET and MAI) in 2013, compared to 18 new listings in 2012. Strong market sentiment in the first half resulted in a large number of IPOs. In the second half, though stock market conditions deteriorated, most companies were already prepared for the IPO so they did not cancel the listings. This explains why the IPO lineup remained strong in the second half of 2013 despite the worsening SET Index.

IPO Stocks in 2013

Stock	First trading date	IPO size (Baht million)
1. EA	30 Jan 13	3,080
2. AKP	7 Feb 13	168
3. PPP	14 Feb 13	413
4. EUREKA	1 Mar 13	113
5. ECF	26 Mar 13	144
6. SANKO	9 May 13	57
7. CHO	13 May 13	360
8. CHG	16 May 13	1,386
9. PTG	30 May 13	1,638
10. MONO	6 Jun 13	2,793
11. NOK	20 Jun 13	3,250
12. MC	4 Jul 13	3,000
13. CKP	18 Jul 13	2,340
14. PACE	7 Aug 13	2,100
15. AUCT	9 Aug 13	220
16. M	15 Aug 13	9,107
17. CSS	3 Sep 13	600
18. SEAOIL	5 Sep 13	242
19. BKD	25 Sep 13	270
20. WINNER	3 Oct 13	176
21. THREL	9 Oct 13	95
22. FVC	29 Oct 13	71.04
23. MEGA	19 Nov 13	2,271
24. NYT	25 Nov 13	2,445
25. BJCHI	28 Nov 13	2,400
26. GCAP	17 Dec 13	135
27. SPVI	19 Dec 13	99
28. OCEAN	23 Dec 13	90

Source: SET and MAI

Competition among Thai Broker

Competition among Thai brokerage businesses remained intense in 2013, similar to the previous year. Although the stock market was on the rise and market turnover was high, the industry is undergoing liberalization of commission rates and pricing competition has been fierce. The major players in foreign institutional business and retail business shared the top positions in 2013. During the year, there have been a large number of IPO shares coming to market, and that was a support to the brokerage volume of

the companies having IPOs offered to clients. In 2013, the sum of the market share of the top 12 brokers stood at 63.63%.

Top 12 securities broker (Year 2013)

Rank	Company Name	Name	Market Shares (%)
1	MAYBANK KIM ENG SECURITIES (THAILAND) PUBLIC COMPANY LIMITED	MBKET	11.39
2	KASIKORN SECURITIES PUBLIC COMPANY LIMITED	KSMACQ	6.11
3	FINANSIA SYRUS SECURITIES PUBLIC COMPANY LIMITED	FSS	5.72
4	CREDIT SUISSE SECURITIES (THAILAND) LIMITED	CS	5.44
5	COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED	CGS	4.71
6	THANACHART SECURITIES PUBLIC COMPANY LIMITED	TNS	4.66
7	PHATRA SECURITIES PUBLIC COMPANY LIMITED	PHATRA	4.58
8	CIMB SECURITIES COMPANY LIMITED	CIMBS	4.45
9	BUALUANG SECURITIES PUBLIC COMPANY LIMITED	BLS	4.42
10	ASIAPLUS SECURITIES PUBLIC COMPANY LIMITED	ASP	4.18
11	KGI SECURITIES (THAILAND) PUBLIC COMPANY LIMITED	KGI	4.04
12	KT ZMICO SECURITIES PUBLIC COMPANY LIMITED	KTZ	3.93
	OTHERS		36.37
	Total		100.00

Industry Trend in 2014

The trend of Thailand's brokerage industry in 2014 should be similar to 2013. First, competition is intense as brokerage commission fees continue to be cut. Second, as macro conditions on the market were less positive to those in 2013, trading volume may slow and lead to even more intense competition. Third, the trend to divert from traditional brokerage business to non-brokerage business like derivatives and other fee-based services should remain obvious this year.

2.3 Product or Services Procurement

A. Production or services factor

Employee

Employees are important factors for the Company. As of 31st December 2013, the Company had a total of 577 employees and One Asset Management Limited (a subsidiary of the Company) had a total of 110 employees. See details of employee in topic 8.5.

The Company's Offices

As of 31st December 2013, the Company has 15 branches located throughout the country:

Bangkok	Provincial	
1) Pin Klao	1) Chiang Rai	6) Suphan Buri
2) Changwattana	2) Nakhon Sawan	7) Nakhon Pathom 1
3) Thapra	3) Nakhon Ratchasima	8) Nakhon Pathom 2
4) Silom Center	4) Udon Thani	9) Phetchaburi
5) Silom Complex	5) Samut Sakhon	10) Hat Yai

Fund 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 SEC.

If the Company requires new funds, its policy is to try to procure the cheapest source of funds available, and to match the duration of any loan to its needs. As far as possible, the Company will not depend upon one source of funds. The Company analyzes its cash flow needs on a daily basis and tries to match its funding and investment in money market instruments to its needs as forecast.

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.

Investment Policy

The Risk Management Committee manages the risk of the Company's proprietary trading. Board of Directors of the Company, date 10th November 2010, approved the Investment Policy of its Proprietary Trading. The Board authorized the Company's Risk Management Committee to implement and amend the policy as necessary and ask the Risk Management Department to review the Company's investments to comply with related regulations. The principle of the investment policy are as follows:

1. The Company has both Proprietary Trading Department (PT) and Fixed Income Department (FI) responsible for stock and bond selection and investment allocation of its proprietary trading. The Board of Directors approved a set of investment universe for each business.
2. PT and FI must notify the Company's Risk Management Committee before undertaking new activities which may give rise to market risks not previously identified or defined. The Company's Risk Management Committee will have to approve the new activities before business units can conduct any transactions.
3. The Company's Risk Management Committee would consider the investment size at least on an annual basis. However, the business units are able to ask for special approval of additional credit line when there is a change in investment strategies. The Board delegates the task of approving the temporary credit line to Chief Operating Officer, Head of Financial and Accounting Department and Head of Risk Management department.
4. Risk Management Department will evaluate stress testing and the net capital for extreme market movement. If the worst case scenario is beyond the acceptable range or net capital drops significantly, the Risk Management Department will report this to the Company's Risk Management Committee to consider corresponding actions.
5. The Company's Risk Management Committee will approve risk limit for PT and FI, at least on an annual basis. The Risk Management Department will monitor risk activities and will take action following the Stop Loss Policy when the risk measures reach the limit.
6. Risk Management Department will report Market Risk Summary Report and Risk Analysis to the Chief Operating Officer daily, monthly and quarterly, to ensure that the Company's investment is effective.

Credit Balance Policy

The Customer who wishes to open a Margin Loan; Credit Balance Account ("Margin Account") shall disclose to the Marketing Officer the adequate personal information which represents the proper debt payment ability. After the Company has approved the opening of any Margin Account, such Customer shall sign the related Loan Agreement for Securities Trading to acknowledge the term and condition and risk in relation to the Margin Account.

Margin Account is an account recorded the loan to the Customer for securities trading. The Customer shall pledge the assets as prescribed by the Office of SEC not less than 50% of loan amount or any rate which prescribed by the Stock Exchange of Thailand (SET) as collateral for debt payment. In addition, the Company has announced the additional material condition concerning the loan for securities trading as follow;

1. The Company will not lend the loan for securities trading to any person which the Company know or should know that such person is a nominee.
 2. Before serving any services to the Customer, the Company shall collect and evaluate Customer's information for the following purpose;
 - 2.1 Know Your Customer & Customer Due Diligence: KYC / CDD
 - 2.2 Evaluate the suitable and acceptable risk level for its loan for securities trading through Suitability Test
- With compliance to the regulation issued by the Office of SEC, in case where i) the Customer does not cooperate or refuse to provide any information, or ii) the existing information is inadequate or not up to date materially and iii) the Company may not use such information as a part of lending consideration due to any suspicious causes. The Company reserves its right to suspend or deny all services provided or will provide to the Customer.
3. The Company has set out the Marginable Securities list. In this regard, the Company has considered the qualification of any securities such as liquidation, good fundamental, price volatility and relevant risk etc. In addition, the Company will monthly review the Marginable Securities list or when any significant market change in the marginable lists are occurred and giving prior notification to the Customer as the Company deem appropriate on company's website.
 4. The Company has imposed the Initial Margin Rate for all marginable securities and required the Customer to deposit cash or assets as their collaterals before trading is made. In addition, the Company has set the Call Margin Rate and Force Sale Rate which not lower than the rate prescribe by the SET and comply with the Company's internal working process. The Company will require the Customers to add up more collateral or force sale their securities when the collateral is less than the required rate.
 5. The Company has imposed the interest which shall be i) charged from the loan for securities trading or ii) paid from the cash which the Customer has deposited as collateral in Margin Account, has comply with the regulation prescribed by the Office of SEC and/or the Company.
 6. All Customers' cash including benefit/return deposited with the Company shall not be subjected to the protection of the Financial Institutions Development Fund.

B. Environmental impact of production processes or eliminating raw material and waste

The company encourages employees to save energy and protect the environment by 1) turning off lights during lunch breaks, 2) shutting down computers and unplugging unused electrical equipment after work, 3) saving water, 4) saving paper by using recycled paper and 5) reducing the amount of toilet paper. The company has never been sued over any environmental issues.

3. Risk Factors

3.1 Company's Business Risks

3.1.1 Risk Associated with Rule and Regulation and Related Laws

The Company operates in securities broker business. In 2013, the Company report brokerage fees of Baht 1,241.24 million or 45% of total income. Potential growth depends on each government policy and economic and monetary strategy. Changes in policies, including new laws and regulations, would affect the Company's growth. For example, changes in the interest rates that affect investment and income of the Company.

The Company manages those risks by analyzing economic and monetary policies and their effect to the Company. It manages those changes by participating in government meetings and seminars to gather information and closely monitor those changes.

The Company operates in a highly regulated business environment. Changes to existing regulations, or the introduction of new regulations, under SEC and SET may negatively affect the Company. Among other things, such changes may affect; the type of businesses or products the Company can offer, the level of fees or commissions the Company may charge, the amount of capital the Company must maintain or the qualifications or licenses the Company's employees must hold.

The Company's Legal and Compliance Department monitors and controls each department operation to ensure they follow the procedures and also advises the Company on the issuing of new products and legal transactions and also works with government agencies if necessary.

3.1.2 Risk from Dependence on Major Client

In 2013, the Company did not depend on income from any one client for more than 30% of total income. The Company is concerned about the risk of dependence on major clients, so it continuously plans to expand its client base both in retail and institutional clients and both in local and foreign. One way this is seen is the development of internet trading system (EZ Trade) to expand internet trading clients.

3.1.3 Risk Associated with Human Resource

Human resource is one of the key factors for securities businesses. Losing a key member of the staff may affect the continuity business of the Company.

In order to protect against such risk, the Company provides continuous training to enhance human resource development in terms of potential and expertise to better serve clients. Nevertheless, to create career paths for the Company's staff, the Company has a clear policy with properly compensated in accordance with current market conditions and competition. Lastly, the Company's management team is focused on building good relationships within the organization leading to good cooperation and better and safe working environment.

3.1.4 Risk of Renewal Premise Leasing Contract

Currently, the Company has leased the premise for the business operation either in head office or 14 branches for certain period in many leasing contracts (except Supanburi Branch which the land and building belong to the Company). Therefore, the risk of contract renewal may be existed as well as the rental fee adjustment which may be increased by the lessor. However, most of leasing contracts grant the Company the right to renew the leasing contract as long as the company comply with terms and conditions in the contract. Nowadays, the company has performed its duties under the leasing contracts as a good lessee and often get renewal from the lessor. Considering the rental fee adjustment which may affect the cost of business operation, but it is accepted by the company due to the consistency with market rate. Therefore, the Company believes that provisions contained in the current premise leasing contracts will not give rise to a significant risk to the Company.

3.1.5 Risk Associated with Free Trade Area and Asean Economic Community ("AEC")

Asean Economic Community (AEC) will be fully implemented in 2015. The AEC is a regional economic integration of ASEAN 10 countries which transform ASEAN into a region with free movement of goods, services, investment, skilled labour, and freer flow of capital. For securities trading business, SET has developed the Asian Link system to trade securities across countries easier. However, KGI still does not allow clients to trade internationally.

3.1.6 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 or the value of the Company's financial assets and liabilities at present and in the future. 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 and manages the losses potential resulting from market losses by setting stop loss limits and position limits that are appropriate to current market conditions, which change over time.

3.1.7 Risk from Competition in Securities Broker Business

The securities broker business is highly competitive, especially as SET changed its policy on brokerage commissions to a cascade calculation. The commission will vary based on trading volume. Also, the brokerage commission fee is fully negotiable between brokers and members since 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 strategic planning and situation accommodation starting with a policy to continually enhance the efficiency of its staff in giving advice and service to clients, including technology development to support new products. The Company also has always developed its research and expanded with new businesses to give more convenience to clients and offer investment alternatives.

3.1.8 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 controls such risk by establishing credit limits for clients and counter parties and analyzing their financial position as an ongoing basis. The Company is not expected to have much concentration risk of credit exposure because it has a variety of client base and large number of clients.

The maximum exposure to credit risk is limited to the carrying amount of securities and derivatives business receivables, loans, and other receivables as stated in the statements of financial position. As of 31st December 2013, the Company has its securities and derivatives business receivables-net of Baht 4,105.05 million.

3.1.9 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 it expects.

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. The Risk Management Committee will review on a regular basis to be consistent with market condition from time to time.

3.1.10 Risk from Investment in Subsidiaries

This type of risk may arise if the subsidiaries incur losses which have an effect on the Company's performance. The Company's investments in subsidiaries are accounted for under the equity method. The Company appointed persons to be directors for setting management policies of its subsidiaries.

3.1.11 Risk from Investment Banking Business

In operating an investment banking business, in the underwriting business, there is risk of losses from unsubscribed securities that must be transferred to the Company's portfolio. Inappropriate size or pricing of issues, unexpected fluctuations in the stock market, interest rates or foreign exchange rates can cause the investors not to subscribe to 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 be responsible for approving underwriting deals and other investment banking businesses.

3.1.12 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 “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 management policies such as control of position risk (Var, Delta, and DV01) setting acceptable stop loss level and other risk policies depending on attributes of securities and services offered to clients; and
- 3) Internal operational procedures (Work Flow) 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.

The Company was the first securities company launching Derivatives Warrants. The Company has a strict policy to control and monitor associated risk closely. Currently, the Company has total Credit Limit for issuing Derivative Warrants Baht 1,500 million.

3.1.13 Risk Associated with Information Technology

Information technological risk associated with technological limitations including ability to support large transactions and product variability plus operational system, backup and information security.

Much of the Company’s business is conducted using various computer or communications networks. In the event these systems or networks are disrupted or unavailable the Company’s operations would be affected. Examples of such disruptions include external network or system outages affecting market trading activities, and internal system outages affecting communication or data management.

The Company foresees the important of information technology in operating business, so it is always developing systems to support new product and various types of transactions. Also, the Company has set up an emergency plan and disaster recovery plan for each of its main systems and maintenance.

3.1.14 Risk Associated with Fraud

Fraud is a risk that can occur from employee, clients and contactors. The Company maintains close multiple operational and financial monitoring and controls to ensure that transactions, both on behalf of clients and for the Company, are performed correctly. However, the Company may be at risk of fraud. This includes failure of the Company’s monitoring systems to detect fraud.

3.1.15 Risk Associated with Business Disruption

The Company has performed extensive business continuity planning and preparation. However, major business disruption events beyond the control of the Company may affect its level of business operations. Examples of such events include natural disasters such as the major flooding in 2010, or political unrest in 2011.

3.2 Financial Risk

3.2.1 Liquidity Risk

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

The Company has procedure and process to monitor, follow and control liquidity risk. For example, when the Company is launching a new product, it assesses the impact on 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.

3.2.2 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 2013, the Company has investments in subsidiaries 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 subsidiaries totaling Baht 2,099 million.

The Company has exposure to foreign exchange risk in respect of its investments in foreign currencies. The Company has entered into any forward exchange contracts with maturities of up to 1 year to manage this risk.

3.2.3 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 relates primarily to their deposits at financial institutions, securities purchased under resale agreements, securities and derivative business receivable - credit balance accounts, long-term investments in debt securities and debt issued and borrowings. However, as most of the financial assets and liabilities carry floating interest rate which fluctuates in line with the market interest rates or carry fixed interest rate which approximates to the current market interest rate, the Company and its subsidiary companies do not use derivatives to manage their interest rate risk.

3.3 Risk Affecting the Rights of Shareholders

3.3.1 Risk From Having 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 paid up shares as of 31st October 2013 (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.

Currently, there are 4 independent directors from a total of 12 directors or equal to 33%. They are responsible for good corporate governance to ensure that the quality of management is effective, transparent and accessible for the minority shareholders.

3.3.2 Risk from Establishing a Thai Trust Fund and Having a Non-Voting Depository Receipts (NVDRs)

Since investors in the Thai Trust Fund and NVDRs 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 27th December 2013, there were no shares held by the Thai Trust Fund and investors had bought 207,758,395 NVDRs shares (equivalent to 10.43% of paid-up capital).

3.3.3 Risk Associated with Low Free Float Stock Which Effect Low Trading Liquidities

As of 31st December 2013, 65.02% of KGI stock was held by retail investors, which makes trading liquidity high and means less risk that investors would be unable to trade at desired price.

3.4 Risk as Issuer of Derivative Warrants (DW)

The Company is the first securities company in Thailand launching Derivative Warrants (DW) and is continuing in the front row to launch DW into the market. The risks related to DW are as follows.

- 1) DW constitutes general unsecured contractual obligations of the Company and DW holders and will rank equally with the Company's other general unsecured contractual obligations.
- 2) The price of DW issued by the Company may increase or decrease rapidly. DW holders may lose all of their investment in DW. Before investing, selling, or exercising DW, DW holders should carefully consider, among other things, all information carefully, such as
 - 2.1) Trading price of the DW : depends on the factors affecting DW price including demand and supply of DW
 - 2.2) Trading price of the underlying asset : depends on the market condition including 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 asset : depends on the market condition including 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 DW and last trading date of DW
 - Generally, as the time to maturity of DW decreases, the price of a call and put DW may decrease
 - 2.5) Changing of 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) Changing of dividend of the underlying company (Only in case of 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) Trading of DW may be affected by 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 asset of DW. As a

result of an order to prohibit the purchase or sale of underlying asset, DW also be prohibited in the same period.

- 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 that affect the price of the underlying asset, the Company may adjust the exercise price and the exercise ratio of 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 may not receive a same right as the holders of underlying asset, 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. 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 (if any) later than normal, for example, if any of the Events of Default occur before or on the last trading date, but resolve within thirty (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 eight (8) business days following the day that the Company determines the Settlement Price.

- 7) DW holders may carry credit risks for either collateralized DW or non-collateralized DW. Therefore, DW holders shall study the financial status, overall operation, and credit rating of the Company.
- 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 and carefully read the Terms and Conditions of DW. DW investors should be confident they understand all related risks before investing in DW.

4. Assets used for business

4.1 Fixed assets of the Company and its subsidiaries

A. Assets used in the Company's business are as follows:

Description (As of December 31 st 2013)	Net book value (Baht)	Ownership	Collateral/obligation
Land (Supanburi branch)	1,820,000	Company's asset	None
Building (Supanburi branch)	47,090	Company's asset	None
Office furniture	14,982,151	Company's asset	None
Office equipment	59,131,885	Company's asset	None
Vehicles	3	Company's asset	None
Work in progress	8,742,534	Company's asset	None
Total	84,723,663		

B. Assets used in subsidiaries' business are as follows:

Description (As of December 31 st 2013)	Net book value (Baht)	Ownership	Collateral/obligation
Building Renovation	4,417,011	Subsidiary's asset	None
Office furniture	2,915,928	Subsidiary's asset	None
Office equipment	5,166,741	Subsidiary's asset	None
Work in progress	6,039,926	Subsidiary's asset	None
Total	18,539,606		

4.2 Rental property

The Company rents the following space to operate business at its head office and branches.

Rental Property	Lessor	Remaining period of lease as at 31 st December 2013
1. Head office	City Realty Co.,Ltd	1 year 1 month
2. Nakhon Ratchasima branch	K.R.Shopping Center Co.,Ltd.	11 months
3. Samut Sakhon branch	A.T. Asset Co., Ltd.	2 years 6 months
4. Nakhon Sawan branch	Individual	8 months
5. Pin Klao branch	CPN Retail Growth Leasehold Property Fund	2 years 9 months 15 days
6. Nakhon Pathom branch	Individual	6 months
7. Chiang Rai branch	Individual	6 months
8. Phetchaburi branch	Individual	1 year
9. Hat Yai branch	Lee Garden Hotel Co., Ltd.	3 years
10. Udon Thani branch	Individual	2 months 14 days
11. Changwattana branch	Na-Nakorn Estate Co.,Ltd.	1 year
12. Taphra branch	The Mall Shopping Complex Company Limited	1 year
13. Silom Center branch	Porn Real Estate Co.,Ltd	1 years 10 months 14 days
14.Silom Complex branch	Silom Building & Servise Co., Ltd	2 years 4 months 14 days

4.3 Intangible Assets

As of 31st December 2013, the Company's intangible assets were Baht 59.59 million, consisting of computer software which has useful lives for 5 and 7 years Baht 53.59 million and Computer software under development Baht 6.00 million. This intangible asset was the development in Information & Technology system to support the Company's future expansion. Intangible assets are carried at cost less any accumulated amortisation and allowance for impairment (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 from operation (No amortisation is provided on computer software under development). Intangible assets have the estimated useful lives as follows:

	Useful lives
Deferred derivatives agent license fee	5 years
Computer softwares	5 and 7 years

4.4 Investment Policy in Subsidiary Companies

The Company is focused on investing in businesses that support the Company's business. Currently, the Company invests in an asset management company to meet the diverse financial requirements of our customers and invests in offshore companies to explore opportunities to invest overseas in the future. As of 31st December 2013, the Company's investment in subsidiary companies was Baht 2,549.73 million. The details of subsidiary companies are as follows:

Company's subsidiaries	Business	Paid-up capital	Shareholding percentage	Cost (Million Baht)
One Asset Management Limited	Mutual fund management	Baht 105 million	99	244
KGI Securities (Thailand) International Holdings Limited (incorporated in Hong Kong)	Holding	USD 39 million	100	1,549
KGI (Thailand) Holdings Limited (incorporated in British Virgin Islands)	Holding	USD 20 million	100	834
Total investments in subsidiaries				2,627
Less Allowance for impairment loss				(77)
Investments in subsidiaries - net				2,550

5. Legal Cases

As of 31st December 2013, the Company and its subsidiaries had no litigation which might have a potential negative impact in excess of 5% of the shareholders' equity per its consolidated financial statements as of the latest accounting period, no litigation that may significantly affect the Company or its subsidiaries' businesses but can not assess the impact numbers, no litigation that would be incurred from the Company's normal business.

6. General information and Other relevant information

6.1 General information

(1) Information of KGI Securities (Thailand) Public Company Limited

Business Type	Securities businesses
Head office address	No.173 Asia Centre Building, 8 th - 11 th Floor, South Sathorn Road, Thungmahamek Sub-District, Sathorn District, Bangkok 10120 Thailand
Company's PCL registration number	No. 0107536000293
Telephone number	66 (0) 2658 8888
Fax number	66 (0) 2658 8000
Website	www.kgieeworld.co.th and www.thaiwarrant.com
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

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

One Asset Management Limited ("ONEAM")

% of holding by the Company	99%
Business Type	Fund Management
Address	No.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

(3) Information of references

<u>Registrar</u>	Thailand Securities Depository Co., Ltd.
<u>Address</u>	No.62 The Stock Exchange of Thailand Building , 4 th , 6 th -7 th Floor, Rachadapisek Road, Klong Toey Sub-District, Klong Toey District, Bangkok 10110, Thailand
<u>Telephone number</u>	66 (0) 2229-2800
<u>Call Center</u>	66 (0) 2229-2888
<u>Fax number</u>	66 (0) 2359-1259
<u>Website</u>	www.tsd.co.th
<u>E-mail</u>	contact.tsd@set.or.th

Auditor The the following auditors of EY Office Limited (Formerly known as Ernst & Young Office Limited) to be the Company's auditor for the 2013 accounting period.

<u>Auditor's name</u>	<u>CPA Number</u>
1. Ms. Ratana Jala	CPA No. 3734 and/or
2. Mrs. Nonglak Pumnoi,	CPA No. 4172 and/or
3. Ms. Somjai Khunapasut	CPA No. 4499 and/or
4. Ms. Rachada Yongsawadvanich	CPA No. 4951
Ernst and Young Office Limited	
<u>Address</u>	No.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
<u>Telephone number</u>	66 (0) 2264-0777
<u>Fax number</u>	66 (0) 2264-0789-90
<u>Website</u>	www.ey.com

6.2 Other relevant information.

Other information as an issuer of Derivative Warrants

1) Company Rating

TRIS Rating Co., Ltd. has affirmed the Company rating at "BBB+" with "stable" outlook on 8th July 2013. The rating reflects the Company's capable management team with a proven track record, strong position in derivatives trading, sufficient liquidity and a stable source of revenue from fund management, One Asset Management Co., Ltd. (the Company's subsidiary). Find company rating announcement on www.kgiworld.co.th

Rating Symbols and Definitions

TRIS Rating uses eight letter rating symbols for announcing credit ratings. The rating range from AAA, AA, BBB, BB, B, C and D. The AAA is highest rating and D is the lowest rating.

BBB : The rating indicates a company or a debt instrument with moderate credit risk. The Company has adequate capacity to pay interest and repay principal on time, but is more vulnerable to adverse changes in business, economic or other external conditions and is more likely to have a weakened capacity to pay interest and repay principal than debt in higher-rated categories.

The ratings from AA to C may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within a rating category.

2) Risk management of derivative warrants issued.

2.1 Objective of DW Issuing

To provide new investment products to investors and to diversify the Company's income.

2.2 Hedging Strategy and Risk management

2.2.1 Hedging Strategy

To manage risk from DW issuing, the Company has hedging strategies such as:

a) Hedging Strategy of Underlying Stock Price

For Call Warrant, The Company has higher risk if the underlying stock price increases. The Company may lose from issuing Call Warrant. The Company will hedge by buying the underlying stock in proportion calculated from Net Delta Value. Therefore, the loss from DW issuing will be deducted by profit from the increase in the underlying stock.

For Put Warrant, the Company has higher risk if the underlying stock price decreases. The Company may lose from issuing Call Warrant. The Company will hedge by short selling the underlying stock in proportion calculated from Net Delta Value. Therefore, the loss from DW issuing will be deducted by profit from the short selling on the underlying stock.

b) Hedging Strategy for Volatility of Underlying Stock

For Call and Put Warrant, the Company has higher risk if volatility of the underlying stock increases. The Company may lose from issuing Call or Put Warrant. The Company will hedge through other products such as OTC Derivative, Structured Note, Derivative on related underlying stock or Options on TFEX. Those products may link to other underlying stocks or index that have the same direction with the underlying stock of the DW.

2.2.2 The Company's Risk Management System

In regards to the Company as the DW issuer, the Company has adopted a risk management framework on an integrated basis to manage risks across the enterprise effectively. The Company appointed the Risk Management Committee which is comprised of representatives of all business units as well as senior operational administrative executives, taking care of the overall risk of the Company. This includes the installation of a system to control and manage the credit and market risk. It also has established a standard operating procedure that was developed to reduce the risk of daily operations.

2.3 The role of top management in the risk management system

Besides the Risk Management Committee, the Company's Risk Management Department coordinates and facilitates management in implementing the risk management according to the assigned policy, including regularly monitoring and reporting on the risk status to the Company's top management, and continually instills a risk management culture to executives and employees.

2.4 Supervision to comply with regulations to maintain position and liquidity of DW issuing

Net Capital Rule and Net Capital Ratio (NCR)

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.

2.5 DW issued by the Company for the last 2 years (see Attachment 4) and underlying company information (see more information from Annual Registration Statement (Form 56-1) of the Company at www.sec.or.th or www.kgiworld.co.th)

2.6 Conflict of interest of DW issuing

In the case that the Company or its affiliates have conducted business and/or performed other duties as per its approval, including but not limited to investment advisory, financial advisory and/or proprietary trading in which conflict of interest concerning the issuance of DW might have been caused, for the purpose of fair treatment and the prevention of any investment's advantage/disadvantage gain or lose by the Company and clients, the Company has determined a procedure on prevention of conflict of interest emphasizing insider trading. Under such procedure, any department who performs its duties as investment advisory, financial advisory and proprietary trading will presumably possess equivalent status as that of the normal client. The department will have no right to receive information or research paper which differs from other clients of the Company.

2.7 Guarantor of DW and associated contracts of DW Issuer (if any)

- None –

2.8 Details of the sale of derivative warrants which is fully insured or partially insured. (If any)

- None –

PART 2 MANAGEMENT AND CORPORATE GOVERNMENT

7. Company information and Shareholders

7.1 Registered Capital and Paid up Capital

As of 31st December 2013, the Company had total registered capital and paid-up capital of Baht 1,991,763,130 (1,991,763,130 shares with par value of Baht 1.00 per share). The Company listed on the Stock Exchange of Thailand as “KGI”.

7.2 The Company’s shareholders

Major 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 31st October 2013 (the last registration close book date). The top ten shareholders are as follows:

	List of Shareholders As of 31 October 2013	No. of share	%
1	RICHPOINT COMPANY LIMITED	696,614,400	34.97%
2	Thai NVDR Company Limited	207,774,395	10.43%
3	NORTRUST NOMINEES LIMITED-NT0 SEC LENDING THAILAND	52,375,700	2.63%
4	Mr. Songsak Jitjejun	35,892,000	1.80%
5	CHASE NOMINEES LIMITED 15	19,014,800	0.95%
6	EAST FOURTEEN LIMITED-DIMENSIONAL EMER MKTS VALUE FD	17,704,700	0.89%
7	Mr.Dusit Supaniratsai	15,046,500	0.76%
8	Mr. Kanok Tungjairakkandee	10,331,000	0.52%
9	EAST FOURTEEN LIMITED-EMERGING MARKETS SMALL CAP SERIES	9,781,400	0.49%
10	Mr. Khorkiat Pitchayaarthorn	8,037,500	0.40%
11	Others	919,190,735	46.15%
	Total	1,991,763,130	100.00%

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

KGI Securities Company Limited, Taiwan, is a market leading securities company, providing services in a range of areas including brokerage, proprietary trading, underwriting, fixed income, and a variety of derivatives.

7.3 Other Issue of Securities

No convertible securities or debentures are issued by the company.

7.4 Dividend Policy

The Company’s dividend policy pay to shareholders

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. 1/2014 held on 27th February 2014 approved the payment of a dividend from the 2013 operating results of Baht 0.36 (36 satang) per share (representing a

payout ratio of 99% of net profit). The proposed dividend will be paid on or about 6th May 2014 after obtaining approval from the Annual General Shareholders Meeting No. 1/2014.

The Subsidiary's dividend policy pay to the Company

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.

5-Year Dividend Payment History

Year	2012	2011	2010	2009	2008
Earning per Share – Separate Financial Statements (Baht/share)	0.23	0.31	0.40	0.12	0.105
Dividend per share (Baht/share)	0.23	0.25	0.33	0.10	0.075
Dividend payout ratio (%)	99%	81%	82%	81%	71%

8. Management Structure

Directors and executives are performing their duties in the best interest of the company and shareholders. The Company has a clearly defined management structure and auditing system. The Board includes 4 Independent Directors, which is one-third of the Company's total number of directors. The Audit Committee is comprised of 3 Independent Directors whose duties and responsibilities comply with the regulations of SET, possess the required knowledge for the position, have experience to review the Company's financial statements, and are able to perform other duties.

8.1 Board of Directors

As of 31st December 2013, the Company's Board of Directors consisted of the following 12 members; in 2013, the Company had 6 Board of Directors' meetings; details of attendance of each director are as follows:

No.	Board Director	Board Position	Total meeting	Attendance Record	Reason
1.	Mr. Foong Hock Meng	Chairman	6	6	-
2.	Dr. Pisit Leeahtam	Vice Chairman (Independent Director)	6	6	-
3.	Dr. Don Bhasavanich	Director (Independent Director)	6	6	-
4.	Mr. Pradit Sawattananond	Director (Independent Director)	6	6	-
5.	Mr. Picharn Kullavanijaya	Director (Independent Director)	6	6 (5 attending in person and 1 attending by phone)	-
6.	Mr. Wei Chang Fang *	Director	6	5	Urgent meeting abroad
7.	Ms. Bee Leng Ooi *	Director	6	6	-
8.	Ms. Suchada Sodthibhaphkul *	Director	6	6	-
9.	Mr. Wisit Wongpaisan	Director	6	5	Father passed away
10.	Mr. Chin-Lung Tseng	Director	6	6	-
11.	Ms. Pi-Lin Huang *	Director	6	6	-
12.	Mr. Yen, Chih-Chien *	Director	6	2	Unable to travel due to accident

Note * Any two Authorized Directors shall be required to bind the Company

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

8.2 Management

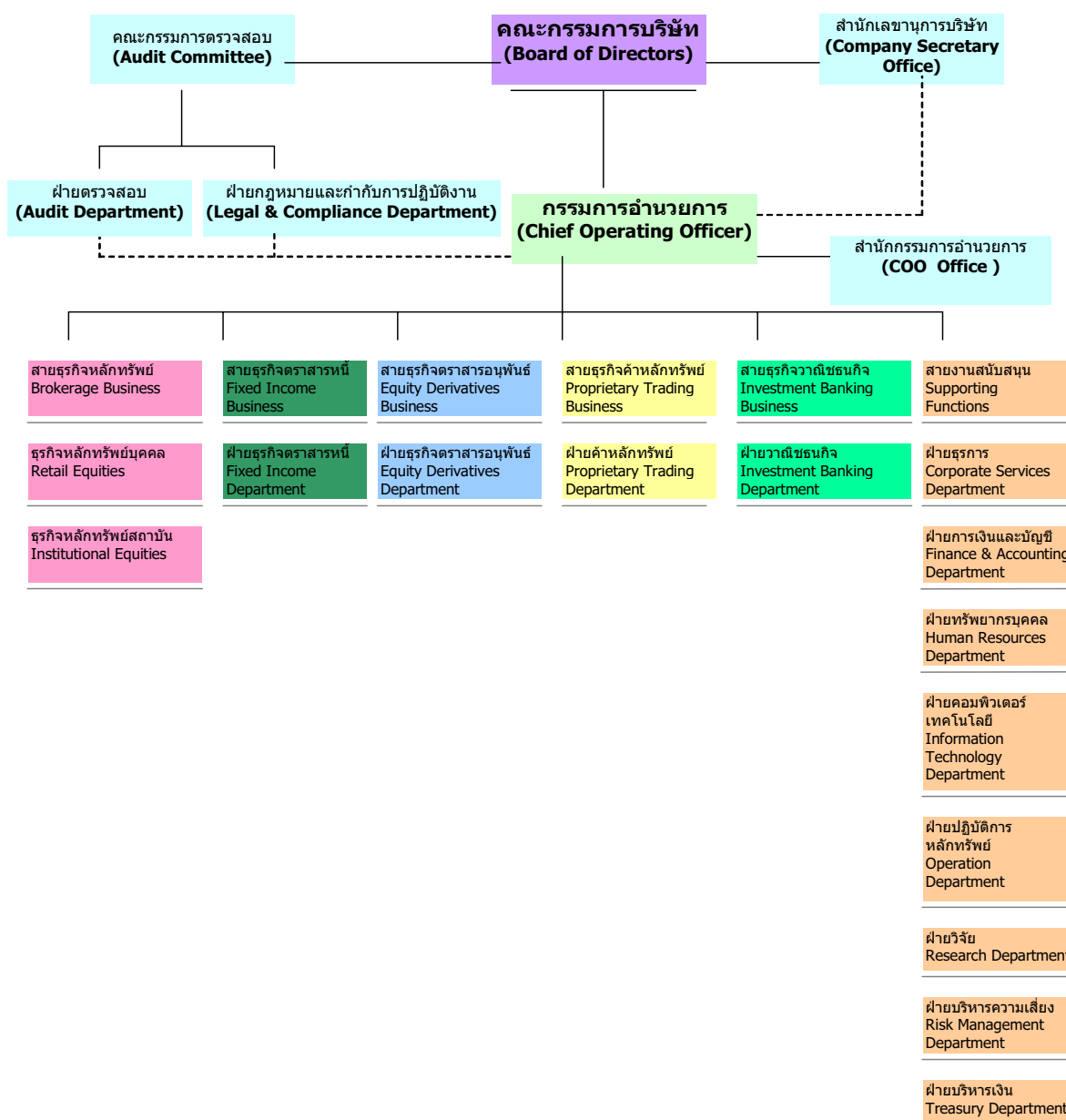
As of 31st December 2013, Company's Management (Definition of management in accordance with notification of SEC) consisted of the following 21 members:

No.	Name	Title
1.	Mr. Wei Chang Fang	Chief Operating Officer
2.	Ms. Bee Leng Ooi	Managing Director
3.	Ms. Suchada Sodthibhaphkul	Managing Director
4.	Mr. Somchai Kanjanapetcharat	Senior Managing Director, Retail Equity Business
5.	Mr. Suthep Rungsiam	Managing Director, Brokerage Business
6.	Ms. Jariya Posayajinda	Managing Director, Proprietary Trading Department
7.	Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department
8.	Mr. Somchai Siripaiboolpong	Executive Vice President, Retail Equity Business
9.	Ms. Songsri Chawengsataporn	Executive Vice President, Retail Equity Business
10.	Ms. Dutsanee Pamontip	Executive Vice President, Retail Equity Business
11.	Ms. Warunlak Aiemmeechai	Executive Vice President, Retail Equity Business
12.	Mr. Hua-Feng Chang	Executive Vice President, Retail Equity Business
13.	Mr. Pongsak Komolrit *	Executive Vice President, Institutional Equity Business
14.	Mr. Apichart Tungkiatsilp	Executive Vice President, Fixed Income Department

Note * Mr. Pongsak Komolrit resigned from the Company effective 1st March 2014.

No.	Name	Title
15.	Ms. Kobkarn Cholchanupatumpa	Executive Vice President, Human Resource Department
16.	Ms. Khunmira Thunnom	Executive Vice President, Finance & Accounting Department
17.	Ms. Patchpon Sankaburanuruk	Executive Vice President, Investment Banking Department
18.	Ms. Acharee Turongsomboon	Executive Vice President, Treasury Department
19.	Mr. Itphong Saengtubtim	Executive Vice President, Research Department
20.	Mrs. Nantararat Surakkhaka	Executive Vice President, COO Office Support Department.
21.	Ms. Nongluk Ningsanond	Executive Vice President, Company Secretary Office.

Organization Chart



8.3 Company Secretary

The Board of Directors' Meeting No.5/2002 dated 6th November 2002 approved to appoint Ms. Nongluk Ningsanond, who has Certified Investment and Securities Analyst (CISA III) from Securities Analysis Association and has attended the Company Secretary Program class 5/2004 and the Effective Minutes Taking Program class 10/2008 conducted by Thai Institute of Directors Association. (IOD), as acting Company Secretary. Ms. Nongluk Ningsanond has more than 15 years of experience in the company secretary work and has an understanding of the Company's business. She is appropriate to perform such functions. (see attachment 1 for Details and Responsibilities of Company Secretary)

8.4 Compensation of Directors and Managements

The Company's compensation policy for directors and managements is comparable to the industry standard, and takes into account various factors including the experience, roles and responsibilities, and contributions of each person. The compensation of directors requires approval from the shareholders' meeting. The board has delegated the compensation of top management to the Compensation Committee for approval.

8.4.1. Monetary Compensation

A) Monetary Compensation for Directors

Directors' compensation consists of 1) Board attendance allowance 2) Monthly allowance 3) Directors' bonus and 4) Audit Committee bonus. In 2013, the Company paid remuneration for 9 non-executive directors of Baht 17.66 million, details are as follow;

Unit: Baht

Director	Position	The Compensation for 2013			Total
		Board	Audit Committee	Travelling and Accommodation	
Mr. Foong Hock Meng	Chairman	3,200,000	-	-	3,200,000
Dr. Pisit Leeahtam	Vice Chairman (Independent Director)	3,580,000	200,000	-	3,780,000
Dr. Don Bhasavanich	Director (Independent Director)	1,160,000	150,000	-	1,310,000
Mr. Pradit Sawattananond	Director (Independent Director)	1,160,000	150,000	-	1,310,000
Mr. Picharn Kullavanijaya	Director (Independent Director)	1,140,000	-	799,071	1,939,071
Mr. Wei Chang Fang	Director	-	-	-	-
Ms. Bee Leng Ooi	Director	-	-	-	-
Ms. Suchada Sodthibhaphkul	Director	-	-	-	-
Mr. Wisit Wongpaisan	Director	3,180,000	-	-	3,180,000
Mr. Chin-Lung Tseng	Director	800,000	-	-	800,000
Ms. Pi-Lin Huang	Director	800,000	-	-	800,000
Mr. Yen, Chih-Chien	Director	1,340,000	-	-	1,340,000
Total		16,360,000	500,000	799,071	17,659,071

B) Monetary Compensation of Management

In 2013, the Company paid compensation including salary and bonus to 22 management (includes 1 management who resigned during the year), amounting to Baht 135.22 million.

8.4.2 Other Compensation

A) Other Compensation of Directors

In 2013, the company paid golf membership, car rental, gasoline, driver, mobile phone, life/accident insurance fee expenses for directors, amounting to Baht 3.06 million.

B) Other Compensation for Management

- Provident Fund of Management

The Company has jointly established a provident fund. The Company contributed to the fund monthly at the same rate of 5 percent of basic salary. The funds will be paid to employees upon termination in accordance with the rules of the fund. In 2013, the Company contributed to the fund of 22 management (includes 1 management who resigned during the year), amounting to Baht 3.33 million.

- Welfare of Management

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. In 2013, the Company paid health welfare to 22 management (includes 1 management who resigned during the year), amounting to Baht 0.87 million.

- Others

In 2013, the company paid golf membership, car rental, gasoline, driver, mobile phone, life/accident insurance fee expenses for 22 management (includes 1 management who resigned during the year), amounting to Baht 13.82 million.

8.5 Employees

As of 31st December 2013, the Company had a total of 577 employees. Total compensation paid to all employees was Baht 783.92 million, which consisted of salary, overtime payment, cost of living allowance, bonus and provident fund. Furthermore, the Company's subsidiaries also paid same compensation of Baht 111.16 million to its employees.

Total employees and compensation

Year 2013 (person)	Company	ONEAM ^{/2}	HOLDCO ^{/3}	KTHL ^{/4}
Management ^{/1}	21	9	-	-
Total Business Unit employee	389	43	-	-
Risk Management Department employee	7	2	-	-
Audit Department Employee	5	5	-	-
Legal & Compliance Department Employee	8		-	-
Other supporting employee	147	51	-	-
Total (person)	577	110	-	-
Number of employee in Head Office (From total employee)	446 (From total 577 persons)	110 (From total 110 persons)	-	-
Total compensation of employee (Baht million)	783.92	111.16	-	-

Note

/1 The company defines management in accordance with notification of SEC, which rank Executive Vice President and higher

/2 ONEAM: One Asset Management Limited, 99% 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

Policy on Development of Employees

The Company is aware that employees are the most valuable asset. Therefore, the Company has a policy to enhance the development of its employee as follows:

1. The Company enhances and develops every employee to have good quality, knowledge, and capacity and supports them using their full potential to grow together with the Company.
2. The Company gives employees opportunities to study and develop themselves both locally and abroad.

3. The Company emphasizes developing employees to be efficient and knowledgeable to be more productive and ready for any changes in the future.
4. The Company ensures the budget is appropriate and adequate to develop staff at every level.

In 2013, KGI has organized 28 in-house training courses and supported employees attending more than 100 outside training programs. There were more than 1,700 participants. On average, each employee attended about 27 hours of training sessions per year.

The company encourages employees to compete in sports such as football and badminton with other securities companies. This not only supports healthy employee behavior but also builds good relationships between employees within the Company and other securities companies.

9. Good Corporate Governance

9.1 Corporate Governance Policies

The Company shall abide with Good Corporate Governance so that quality of management is effective, transparent and accessible. The Good CG will enhance confidence and trust from shareholders, investors, stakeholders, and related parties. The Good CG is a tool to increase value and enhance stable growth to the Company.

The Board of Directors Meeting had approved the Good Corporate Governance Policy in writing and has a policy to review the policy and implementation of the policy once a year.

The Company's Good Corporate Governance Policy is presented in 5 categories, as follows:

1) Right of Shareholders

- The Company shall respect all basic rights of shareholders, for example, share in the profit of the company, buy/sell shares, obtain relevant and adequate information for the meeting, participate and vote in the meeting.
- The Company shall provide all important information related to the shareholders' meeting. The Company will disseminate all information regarding shareholders meetings on the company's web site before sending out the notice of the meetings at the appropriate time.
- The Company shall avoid any actions that could decrease the shareholders' right to attend the shareholders' meeting, for example, the meeting is carried out without switching agenda, adding any agenda, or unexpected significant information thus allowing Shareholders who come after the meeting begins to attend the meeting.

2) Equitable Treatment of Shareholders

- The Company shall arrange the shareholders' meeting to support the equitable treatment of shareholders. The Company allows shareholders, who cannot attend the meeting, to use proxy forms to send their representative to attend and cast their votes.
- The Company has set up the policy to prevent the misuse of inside information by prohibiting directors, executives, and staffs to use inside information for their own interest.

3) Roles of Stakeholders

- The Company gives importance to rights and interests of stakeholders, including shareholders, employees, clients, suppliers, creditors, and the society and community. The Company shall ensure that stakeholders' rights will be safeguarded and will comply with related laws and regulations.
- The Company gives opportunities to stakeholders to involve in improving the company performance to ensure the firm's sustainability.

4) Disclosure and transparency

- The Company shall disclose all the Company's important information correctly, completely, timely, and transparently through easy-to-access channels.

- The Company shall disclose name, background and remuneration of directors. The Company also disclose scope of duties and responsibilities of committees and sub-committees.
- The Board shall ensure that all information presented in the financial reports is correct, in accordance with generally accepted accounting principles and standards, and has been audited by an independent external auditor.
- The Company has set up an Investor Relations Division to be the representative of the Company which can be contacted by institutional investors, retail investors, analysts and governance agencies with fair and equitable treatment.

5) Responsibilities of the Board

- The board should clearly separate its roles and responsibilities from those of management and monitor the company's operations to ensure all activities are conducted in accordance with relevant laws and ethical standards.
- The structure of the board should consist of directors with varied qualifications, skills, experience, and expertise that are useful to the company.
- The board of directors should review and approve policies such as the vision and mission of the company, the written good corporate governance policy, code of conducts, internal audit control system and risk management system that all employees can use as practical guidelines for operations.
- The Company has appointed several committees to help the board study various issues as necessary. These committees will enhance the effectiveness of the board's performance.

9.2 The sub-committees

The Company structure consisting of the 13 sub-committees, which are

- | | |
|------------------------------|---|
| 1) Board of Director | 8) Human Resource Committee |
| 2) Audit Committee | 9) Disciplinary Committee |
| 3) Compensation Committee | 10) Welfare Committee |
| 4) Nomination Committee | 11) Health and Environment Committee |
| 5) Risk Management Committee | 12) ESOP Committee |
| 6) Debt Recovery Committee | 13) Corporate Governance (CG) Committee |
| 7) Purchasing Committee | |

The Board of Directors

As of 31st December 2013, the Board of Directors was composed of 12 Directors as follows:

No.	Board Director	Board Position
1.	Mr. Foong Hock Meng	Chairman
2.	Dr. Pisit Leeahtam	Vice Chairman (Independent Director)
3.	Dr. Don Bhasavanich	Director (Independent Director)
4.	Mr. Pradit Sawattananond	Director (Independent Director)
5.	Mr. Picharn Kullavanijaya	Director (Independent Director)
6.	Mr. Wei Chang Fang	Director
7.	Ms. Bee Leng Ooi	Director
8.	Ms. Suchada Sodthibhaphkul	Director
9.	Mr. Wisit Wongpaisan	Director
10.	Mr. Chin-Lung Tseng	Director
11.	Ms. Pi-Lin Huang	Director
12.	Mr. Yen, Chih-Chien	Director

Responsibility of the Board of Directors

According to the Company's Articles of Association, the Directors shall perform their duties in conformity with laws, and carry on the businesses of the Company in accordance with the laws, the Company's objectives and the Articles of Association. Except in the following cases, the approval from shareholders' meeting is required.

1. A shareholders' resolution is required by law.
2. Connected transaction with a size of more than Baht 20 million or 3% of the net tangible assets (whichever is higher).
3. The acquisition or disposal of assets which the size of transaction exceeds 50% of the relevant criteria.

The Audit Committee

As of 31st December 2013, the Audit Committee was composed of 3 Independent Directors. All of the Independent Directors have attended director training programs of the Thai Institute of Directors Association ("IOD"). All 3 have adequate expertise and experience to review the creditability of financial reports. Ms. Sirima Prapapanich acts as the Secretary of the Audit Committee.

In 2013, the Audit Committee had 5 meetings and details of attendance of each director are as follows

No.	Name	Directorship Training Program	Attendance Record / Total Meeting
1.	Dr. Pisit Leeahtam Chairman of Audit Committee / Independent Director	-DCP 18/2002 from Thai Institute of Directors Association : IOD	5 / 5
2.	Dr. Don Bhasavanich Audit Committee / Independent Director	-DCP 62/2005, ACP 7/2005, FND 8/2004 from Thai Institute of Directors Association : IOD	5 / 5
3.	Mr. Pradit Sawattananond Audit Committee / Independent Director	-DCP 3/2000, ACP 3/2004, QFR 4/2006, MFR 5/2007, MIA 2/2008, MIR 2/2008, RCC 6/2008 from Thai Institute of Directors Association : IOD -CFO 1/2004 from The Institute of Certified Accountants and Auditors of Thailand	5 / 5

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.

Compensation Committee

As of 31st December 2013, the Company's Compensation Committee consisted of 3 members and there were 1 meeting in 2013, details of attendance of each director are as follows:

No.	Name	Position	Attendance Record / Total Meeting
1.	Mr. Chin-Lung Tseng	Compensation Committee Chairman	2/2
2.	Mr. Pradit Sawattananond	Compensation Committee Member / Independent Director	2/2
3.	Ms. Yuan-Chen Chiu	Compensation Committee Member	2/2 (Call conference)

Scope of duties and responsibilities of the Compensation Committee

1. To consider and approve the compensation of the Company's top 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.

Nomination Committee

As of 31st December 2013, the Company's Nomination Committee consisted of 4 members and there was 1 meeting in 2013, details of attendance of each director are as follows:

No.	Name	Position	Attendance Record / Total Meeting
1.	Dr. Pisit Leeahtam	Nomination Committee Chairman / Independent Director	1/1
2.	Mr. Pradit Sawattananond	Nomination Committee / Independent Director	1/1
3.	Ms. Bee Leng Ooi	Nomination Committee	1/1
4.	Mr. Wisit Wongpaisan	Nomination Committee	1/1

Scope of duties and responsibilities of the Nomination Committee

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

Risk Management Committee

The Risk Management Committee consists of executives from both business units and support units. As of 31st December 2013, there are 18 members as follows:

No.	Name	Position
1.	Mr. Wei Chang Fang	Chief Operating Officer
2.	Mr. Wisit Wongpaisan	Director
3.	Ms. Bee Leng Ooi	Managing Director
4.	Ms. Suchada Sodthibhaphkul	Managing Director
5.	Mr. Somchai Kanjanapetcharat	Senior Managing Director, Retail Equity Business
6.	Ms. Jariya Posayajinda	Managing Director, Proprietary Trading Department
7.	Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department
8.	Mr. Pongsak Komolrit*	Executive Vice President, Institutional Equity Business
9.	Mr. Apichart Tungkiatsilp	Executive Vice President, Fixed Income Department
10.	Ms. Patchpon Sankaburanuruk	Executive Vice President, Investment Banking Department
11.	Ms. Khunmira Thunnom	Executive Vice President, Finance & Accounting Department
12.	Ms. Nongluk Ningsanond	Executive Vice President, Company Secretary Office
13.	Ms. Acharee Turongsomboon	Executive Vice President, Treasury Department
14.	Mr. Jenvit Chinkulkitniwat	Senior Vice President, Equity Derivatives Department
15.	Ms. Kanda Prayoonruksa	Senior Vice President, Risk Management Department
16.	Mr. Mark Antony Hodge	Senior Vice President, COO Office
17.	Mr. Thanachai Meechoke	Vice President, Legal & Compliance Department
18.	Mr. Chi-Chih Huang	Assistant Vice President, Information Technology Department

Note * Mr. Pongsak Komolrit resigned from the Company effective 1st March 2014.

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 4 sub-committees under the Risk Management Committee as follows:

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

No.	Name	Position
1.	Mr. Wei Chang Fang	Chief Operating Officer
2.	Ms. Suchada Sodthibhaphkul	Managing Director
3.	Mr. Somchai Kanjanapetcharat	Senior Managing Director, Retail Equity Business
4.	Mr. Suthep Rungsiam	Managing Director, Brokerage Business
5.	Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department
6.	Ms. Khunmira Thunnom	Executive Vice President, Finance & Accounting Dept.
7.	Ms. Kanda Prayoonruksa	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) Risk Sub-Committee for Trading Business: consisted of the following 5 members:

No.	Name	Position
1.	Mr. Wei Chang Fang	Chief Operating Officer
2.	Mr. Wisit Wongpaisan	Director
3.	Ms. Bee Leng Ooi	Managing Director
4.	Ms. Khunmira Thunnom	Executive Vice President, Finance & Accounting Department
5.	Ms. Kanda Prayoonruksa	Senior Vice President, Risk Management Department

Scope of duties and responsibilities of Risk Sub-Committee for Trading Business

1. Approve the amendment of policy for Proprietary Trading and holding of financial securities with the inherent credit risk in brokerage and OTC market with counterparties. Also, approve the policy and procedure for related specific business e.g. REPO, SBL is included.
2. Consider and reallocate the temporary limit and market risk budgeting for Proprietary Trading Department / Fixed Income Department and Equity Derivatives Department under the total corporate limit and market risk budgeting approved by Risk Management Committee.
3. Approve to adjust the trading limit for ETF business, in case that the limit objective is requested for the operational technical issue such as for create and redemption purpose.

C) Investment Banking Sub-committee: consisted of the following 5 members:

No.	Name	Position
1.	Mr. Wei Chang Fang	Chief Operating Officer
2.	Mr. Wisit Wongpaisan	Director
3.	Ms. Bee Leng Ooi	Managing Director
4.	Ms. Khunmira Thunnom	Executive Vice President, Finance & Accounting Department
5.	Ms. Kanda Prayoonruksa	Senior Vice President, Risk Management Department

Scope of duties and responsibilities of Investment Banking Sub-committee

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

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

No.	Name	Position
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.	Ms. Kanda Prayoonruksa	Senior Vice President, Risk Management Department
5.	Ms. Sirima Prapapanich	Senior Vice President, Audit Department
6.	Mr. Chi-Chih Huang	Assistance Vice President, Information Technology 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.

Debt Recovery Committee

As of 31st December 2013, the Company's Debt Recovery Committee consisted of 5 members as follows:

No.	Name	Position
1.	Mr. Wei Chang Fang	Chief Operating Officer
2.	Ms. Suchada Sodthibhaphkul	Managing Director
3.	Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department
4.	Ms. Khunmira Thunnom	Executive Vice President, Finance & Accounting Department
5.	Mr. Thanachai Meechoke	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.

Purchasing Committee

As of 31st December 2013, the Company's Purchasing Committee consisted of 4 members as follows:

No.	Name	Position
1.	Ms. Kobkarn Cholchanupatumpa	Executive Vice President, Human Resources Department
2.	Ms. Nongluk Ningsanond	Executive Vice President, Company Secretary Office
3.	Ms. Nantararat Surakkhaka	Senior Vice President, COO Office Support Department
4.	Mr. Thanachai Meechoke	Vice President, Legal & Compliance Department

Scope of duties and responsibilities of Purchasing Committee

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

Human Resource Committee

As of 31st December 2013, the Company's Human Resource Committee consisted of 4 members as follows:

No.	Name	Position
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

Disciplinary Committee

As of 31st December 2013, the Company's Disciplinary Committee consisted of 5 members as follows:

No.	Name	Position
1.	Ms. Kobkarn Cholchanupatumpa	Executive Vice President, Human Resources Department
2.	Ms. Sirima Prapapanich	Senior Vice President, Audit Department
3.	Mr. Thanachai Meechoke	Vice President, Legal & Compliance Department
4.	Ms. Nantararat Surakkhaka	Senior Vice President, COO Office Support Department
5.	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's regulations, and the Company's policies.

Welfare Committee

As of 31st December 2013, the Company's Welfare Committee consisted of 7 members as follows:

No.	Name	Position
1.	Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department
2.	Mr. Somchai Siripaiboolpong	Executive Vice President, Retail Equity Business
3.	Ms. Songsri Chawengsataporn	Executive Vice President, Retail Equity Business
4.	Mr. Kamthorn Chinsakuljaroen	Senior Vice President, COO Office
5.	Ms. Pimchai Fuengaromya	Vice President, Human Resources Department
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."

Health and Environment Committee

As of 31st December 2013, the Company's Health and Environment Committee consisted of 7 members as follows:

	Name	Position
1.	Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department
2.	Mrs. Suchada Wongrak	Senior Vice President, Corporate Services Department
3.	Ms. Wipha Katikubanan	Vice President, Finance & Accounting Department
4.	Mr. Surachet Amnuaywittayakul	Vice President, Legal & Compliance Department
5.	Ms. Sirirat Chimkaew	Manager, Corporate Services Department
6.	Ms. Petcharat Ongartpajon	Deputy Manager, Research Department
7.	Ms. Pimploy Kankaew	Deputy Manager, Finance & Accounting Department

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

ESOP Committee

As of 31st December 2013, the Company's ESOP Committee consisted of 5 members as follows:

No.	Name	Position
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.

Corporate Governance Committee

As of 31st December 2013, the Company's Corporate Governance Committee consisted of 4 members as follows:

No.	Name	Position
1.	Ms. Nongluk Ningsanond	Executive Vice President, Company Secretary Office
2.	Ms. Kobkarn Cholchanupatumpa	Executive Vice President, Human Resources Department
3.	Ms. Sirima Prapapanich	Senior Vice President, Audit Department
4.	Mr. Thanachai Meechoke	Vice President, Legal & Compliance 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.

9.3 Nomination of Directors and Top management.Qualifications 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 3% 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 2 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 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 2013, The Company's independent directors have fully characteristics of SEC's regulation. There is no business relationship or any services with the Company.

Criteria and Process for Nomination Director

In considering the nomination of directors, the Board of Directors will consider the opinion of the Nomination Committee which is considered the most appropriate to the operations of the company. The Nominating Committee will consider and recommend persons who have the qualifications listed below before submitting to the Board for approval. The Board of Directors will then propose at the shareholders' meeting for approval. Furthermore, the Company is a securities business under SEC's control; therefore, the directors of the company must receive approval from the SEC.

1. Meeting the qualifications stated in the Public Company Act, Securities and Exchange Act and the Good Corporate Governance of the Company.
2. Knowledgeable, capable, dedicated with suitable age and ability to perform director's duties with care and loyalty.
3. Has the skills of industry knowledge, accounting & finance, business judgment, management, business strategy, corporate governance and legal or others.

Appointment of Directors which Require Shareholder Approval

If the selection of director needs approval from shareholders, the director appointment has to receive the majority of votes from shareholders with the right to vote. Election of Directors shall be made at 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.

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 two 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.

Number of Representative Directors from 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. It has 4 representative directors from Major Shareholder which are 1/3 of all directors, and proper with the portion of share holding, the list of representative directors from Major Shareholder are as follow:

Director	Position
Mr. Foong Hock Meng	Chairman
Mr. Chin-Lung Tseng	Director
Ms. Pi-Lin Huang	Director
Mr. Yen, Chih-Chien	Director

Process of Nominating Top Management

For the nomination of top management position “Chief Operating Officer”, the Nominating Committee will consider persons with appropriate qualifications, competence and experience that are beneficial to the company and understand the Company’s business. The Nominating Committee will then propose to the Board for approval. Furthermore, the Company is a securities business under SEC’s control; therefore, top management of the company must receive approval from the SEC.

Right of Shareholder to Propose the Candidate for Election as a Director

The Company allows shareholders to propose candidates for election as Director who have the qualifications set by the Public Company Act, Securities and Exchange Act. Shareholders can send their proposal to the Company Secretary at the address below. The Company Secretary will propose to the Board of Director for further consideration.

Submit documents

The Company Secretary Office

KGI Securities (Thailand) Public Company Limited

No.173 Asia Centre Building, 11th Floor, South Sathorn Road,

Thungmahamek Sub-District, Sathorn District, Bangkok 10120 Thailand

9.4 Supervision of Business Operation in Subsidiaries Company

The Company has its mechanisms to control the operations of its subsidiaries, to protect the Company’s investment as follows:

1. Appoint a Company’s representative to act as director in subsidiary companies, the appointment shall be approved by the Board
2. The representative appointed as director in subsidiary companies has duties as follows:
 - 2.1 Get the Company’s Board approval prior to a vote on significant matters of the subsidiary.
 - 2.2 Act for the best benefit of that subsidiary company.
 - 2.3 Participate in the significant policy of the subsidiary.
 - 2.4 Oversee the subsidiary company to ensure it discloses accurate and complete information, such as financial statements, operating results, connected transactions and acquisition & disposition of assets.
 - 2.5 Oversee the subsidiary company to ensure it has appropriate internal control systems.

9.5 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 1 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.

9.6 Audit fee

A) Audit fee

For 2013, the Company and its subsidiaries paid audit fee to auditor (EY Office Limited (Formerly known as 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.	EY Office Limited (Formerly known as Ernst & Young Office Limited)	1,635,000	-
One Asset Management Limited (The Company's subsidiary which is 99% held by the Company)	EY Office Limited (Formerly known as Ernst & Young Office Limited)	414,000	-
KGI Securities (Thailand) International Holdings Limited (The Company's subsidiary which is 100% held by the Company)	Ernst & Young Hong Kong	-	40,000
KGI (Thailand) Holdings Limited (The Company's subsidiary which is 100% held by the Company)	Ernst & Young Hong Kong	-	60,000
Total Audit Fee		2,049,000	100,000

Note : The above fee 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 fee

For 2013, the Company's subsidiary paid non-audit fee to auditor (EY Office Limited (Formerly known as Ernst & Young Office Limited)) and any persons or companies related to auditor or auditors' firm as follows:

The Company's subsidiary	Non-audit service	The auditor's firm, persons and companies related to the auditor	Non-audit fee Yearly fee (HK Dollar)
KGI Securities (Thailand) International Holdings Limited (The Company's subsidiary which is 100% held by the Company)	Tax Service	Ernst & Young Tax Services Limited	8,900
Total Non-Audit Fee			8,900

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

9.7 Implementation of Code of Best Practices of SET

The Company believes that good corporate governance is a significant tool to ensure efficient and transparent management to foster shareholders' and investors' trust. The Company intends to conduct 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 levels for efficient management and sustainable business growth.

In 2013 the Company was assessed on Good Corporate Governance by the Thai Institute of Directors Association (IOD) at the range of "Very Good". Good Corporate Governance is presented in 5 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

The Company discloses the Corporate Governance Policies and the Company's Implementation of Corporate Governance in 2013 on KGI's website at www.kgiworld.co.th. Shareholders who want to receive a hard copy can contact the Company's Secretary Office, tel 02-658-8881.

However, the Company would like to clarify some items that the Company can not follow code to the best practices of SET as follows:

Topic	Reason
1. Allowing minority shareholders to propose AGM agenda in advance, submitting questions about the AGM agenda before the meeting date, proposing the candidate for election as a Director, and disclosing on the Company's website.	Shareholders can propose AGM agenda in advance, and can submit questions about the AGM agenda before the meeting date and propose the candidate for election as a Director, by sending the proposal to the Company Secretary. The Company Secretary will then propose to the Board. For the proposal of a candidate for election as Director, the Company will follow the Company's Article No. 14: Election of Directors shall be made by the shareholders' meeting with the following procedure and rules. Shareholders have the right to propose, so the Company did not disclose on the Company's website.
2. The Chairman of the Board is independent director. 3. More than half the Board of Directors should consist of independent directors if the Chairman is not an independent director.	The Chairman of the Company was the representative of the major shareholders. However, the Chairman of the Board of Directors and the Chief Operating Officer are different persons and the Company has clearly divided duties and responsibilities between the Board of Directors and the management in order to balance between management and good corporate governance.
4. The Board of Directors should set limitations an individual may serve as an independent director to a maximum of 9 consecutive years. 5. The Board of Directors should set limitations on consecutive terms of directors and sub-committee members.	The Company did not set limitations on terms for directors since the Company believes that the Company's directors have knowledge and capability. The long-term experience of the director gives them a good understanding of the Company's business.
6. Nomination Committee and Compensation Committee should meet at least 2 times a year.	Nominating Committee will meet to consider nomination of director and executives and Compensation Committee will meet to consider the compensation of the director and management, so meetings will be held as needed. This can not be assigned to at least two times per year.
7. All Nomination Committee members should be independent directors.	The Company's Nomination Committee consists of 2 independent directors, 1 non-executive director and 1 executive director, since the executive director will know the Company's information, so the Nomination committee can make decisions on accurate and complete information.

Topic	Reason
8. Board should consider a policy for non-executive directors to hold a meeting among themselves independently without the management team joining.	The Company's audit committee has its meeting every quarter. This committee consists of 3 non-executive directors, so it is not necessary to arrange another meeting for non-executive directors.

10. Corporate Social Responsibilities: CSR

10.1 Social Responsibility Policy

The Company operates its business with responsibility for all groups of stakeholders. The Company strives towards this by strictly complying with all applicable laws and regulations and promoting CSR projects on education and learning, which will be a major force for the sustainable development of the country and society in the future. The principles and guidelines consisting of 8 aspects as follows:

1. Fair business operation

The Company is committed to doing business in compliance with the law, giving respect to social rules as well as not committing acts that infringe or degrade the rights of the interested individuals.

2. Anti-corruption

The Company has policies to fight against corruption of all forms directly and indirectly. The Company implements work reviews, financial reports, internal controls, internal audits to ensure proper control systems, which is enough for the risk of any possible corruption.

3. Giving respect to human rights

The Company realizes the importance of humanitarian rights and provides all employees the rights, freedoms and equality in working as well as advancement without discrimination against employee because of position, race, religion, sex, class or political opinions.

4. Fair labor treatment

The Company sets wages at a proper level for the Thai industry. It also provides welfare to its employees in different forms and creates a safe working environment.

5. Responsibilities to the customer

The Company focuses on good services to ensure the highest satisfaction of the customer, adhering to the fairness of price and quality of service and honesty in negotiation and conclusion of the contract, sincere management of customer complaints as well as any attempt to solve any possible deficiencies in activity or services in order to maintain a permanent relationship with the customer.

6. Environmental protection

The Company regularly encourages employees to be environmentally aware.

7. Joint development of the community or society

The Company supports social and community activities and encourages and supports employees to be trainers on investment to investors and students.

8. Innovation

The Company is recognized as one of the leaders in innovation in the development of new products. The Company shall not infringe against the intellectual property or copyrights of others. The Company will regularly organize training/seminars to ensure that our clients thoroughly understand new products before investing with the Company.

10.2 Report Preparing and CSR Operations

Report Preparing

This 2013 CSR Report of the Company (the fiscal year of 1st January 2013 – 31st December 2013), is the first report published to communicate with the public and stakeholder groups the understanding of the Company's CSR directions and operations.

Corporate Social Responsibility Operations

Product design

The Company's products are based on the principle of conducting business fairly and responsibly with the consumers. The Company proposes products relevant to clients' needs and that do not impose unfair trade terms with customers or competitors. The Company will disclose complete, accurate, and fair information about the products without any distortion to clients.

When the Company launches a new product, it will educate clients and investors in order to enhance their knowledge and build confidence in the Company's product.

Sources of Funding

If the Company requires new funds, the policy is to try to procure the cheapest source of funds available and not depend upon just a single source of funds. 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 31st December 2013, the Company has Net Capital Rule of Baht 4,162 million and Net Capital Ratio (NCR) of 211.01% of liabilities and guarantees.

Operational laws and regulations

The Company shall strictly abide by all laws and regulations concerning the securities business. The Audit Department and Legal and Compliance Department are responsible for ensuring the Company has effective internal control systems and that the systems are used properly and comply with SEC/SET regulations.

Risk Management

At the heart of the business operation is the question of how to maximize profits while keeping risk at a reasonable level. Under this concept, the Company, who has developed various new financial products such as equity options, structured products, other derivatives, Repurchase Agreement, etc., knows that the risk factors must be handled effectively. Therefore, the Company has established an independent Risk Management Committee as well as other components to see that risk is always balanced with return.

The Company's Risk Management committee is comprised of representatives of all business units as well as senior operational administrative executives. Essentially, the Committee is a forum where professional managers can join forces in coordinating risk-management initiatives. Initiatives include the installation of a mechanism for monitoring and managing market, credit risk and other financial risk. The Risk Management Department is responsible for monitoring all trading positions by systematically calculating Value at Risk (VaR) and also monitoring all the clients' positions by computerized systems. The Company has been able to analytically identify risk and thereby fully realize the full potential of the capital in question. Other innovations by the Company include a variety of standard operational procedures that have been developed to reduce risk in routine operations.

Fair treatment to employees

The Company takes 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 ensures fair employment and offers fair career advancement opportunities.

Fair competition policy

The Company practices under the international competition rules, commercial practices, and does not seek competitors' information using fraudulent methods. The Company does not seek any competitors' confidential information in a dishonest or improper manner and does not destroy the reputation of competitors by accusing them without honest and factual data.

Caring for the environment

The Company intends to do business environmentally responsibly. The Company supports all employees being environmentally aware and responsible by efficiently using resources to the best benefits. This includes saving electricity, saving use of water and saving use of office equipment.

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.

Respect for the rights of stakeholders

The Company's operations place importance on the rights of all groups of stakeholders both internal and external as follows:

Stakeholders	Treatment toward Stakeholders
Shareholders	<ul style="list-style-type: none"> Operates with integrity, honesty and justice by considering the Company growth and satisfactory returns to shareholders. Discloses true, sufficient, consistent and timely the Company operating result.
Employee	<ul style="list-style-type: none"> 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 offers continuous and thorough development and distribution of knowledge and abilities of employees at all levels. The Company will set up a fair compensation system for all employees.
Government	<ul style="list-style-type: none"> The Company strictly conducts business under the laws and regulations. The Company provides complete and correct information as requested by the government agencies to show transparency and build mutual confidence and trust.
Customers	<ul style="list-style-type: none"> The Company proposes products relevant to clients' needs and provide quality services. The Company provides equal services to every client. The Company discloses 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 does not disclose clients' information to other clients or related persons except for disclosures that are following regulations or injunctions. 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.

Stakeholders	Treatment toward Stakeholders
Suppliers	<ul style="list-style-type: none"> • The Company has a policy for employees not to ask or receive bribes or dishonest benefits from suppliers. • 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.
Creditors	<ul style="list-style-type: none"> • The Company treats creditors with fairness, responsibility and transparency by strictly complying with the terms of contracts with the creditor. • The Company does not use dishonest means or conceal information and facts, which may be adverse to the creditors.
Debtors	<ul style="list-style-type: none"> • The Company follows the contracts, agreements or terms made with debtors with no discrimination in debt handling. • The Company negotiates with debtors in advance to collaborate in finding solutions to problems.
Society and Community	<ul style="list-style-type: none"> • The Company intends to do business environmentally responsibly. • The Company places importance on coexisting with the communities and society within the office area by creating understanding to continuously build confidence in communities and society.

10.3 Impact of Business Operations on Corporate Social Responsibility

The Company and its subsidiaries have not been found in violation or under review regarding the 8 principles of Corporate Social Responsibility.

10.4 Corporate Social Responsibility after process

The Company often supports social activities and encourages awareness of social responsibility to employees at every level. In 2010, the Company started the "KGI Scholarship Project", which finances education for undergraduate students in Thailand for 2nd – 4th year, Baht 1.5 million per year, in order to be part of the CSR project in giving educational opportunities to students.

As of 31st December 2013, there are 61 students from 9 universities who receive KGI scholarships. For 2013, total value of the scholarship is Baht 1,491,850.

10.5 Anti-Corruption Guidelines

The Company has a written anti-corruption policy as apart of the Compliance Manual for Employee ,which is approved by Board of Directors and also publicized through the Company's website via www.kgiworld.co.th.

The Company signed its intention to join the Private Sector Collective Action Coalition against Corruption : CAC, which Thai Institute of Directors (IOD) was the project secretary. The purpose of this project is to create a joint agreement to combat corruption in all its forms. This is the beginning of a collaboration of nationally important issues.

In addition, the Company has taken actions to prevent fraud and corruption as follows:

1. The Company has communicated the policy to all levels of management and employees to ensure they strictly comply with the policy.
2. The Company also provides a channel to inform of violations or corruption and has protective measures for the person who reports the violation or corruption to the Company, by report to Legal & Compliance Department, at Telephone number: 02-658-8740-7 or Fax number: 02-658-8004 or Email: legal&compliance@kgi.co.th
3. The Company have arranged the report and investigation to present before the company's committee for consideration and advice. In this regard, the company's business risk assessment from the corruption would be taken into account in reporting and investigating.
4. The Company will propose to Board of director to review the anti-corruption policy every year.

11. The Internal Control and Risk Management

11.1 Evaluation of Internal Control

At the Board of Directors Meeting No.6/2013 held on 12th December 2013, there were 3 Audit Committee members attending. The Audit Committee and the Board of Directors completed the self assessment questionnaire on the adequacy of the internal control system in regards to 5 categories as follows; 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 has an appropriate internal control system with its business and adequate staff to implement the system effectively. The Company has a system of internal controls to monitor the operations of the Company and its subsidiaries, and to protect the assets of the Company and its subsidiaries against actions by the directors or management applied in wrongful or without power. This includes the monitoring of connected transactions.

The Company's Audit Committee is responsible for reviewing the Company's financial statements. By coordinating with external auditors and the relevant managements, 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 related party transactions and risk management to ensure that the Company has an appropriate internal control system.(see the Audit Committee report)

The auditor of the Company, EY Office Limited (Formerly known as Ernst & Young Office Limited), has audited quarterly and annual financial statements of the Company for 2013 and reviewed the general control related computer systems. Regarding the result, the auditor gave the opinion that the Company had moderate risk and the Company will make adjustments based on the auditor's recommendations.

11.2 Head of Audit Department and Head of Compliance Department.

Head of Audit Department

The Board of Directors' Meeting No. 5/2013 dated 7th November 2013 acknowledged the appointed Ms. Sirima Prapapanich, to act as Head of Audit Department since 9th September 2013. The Audit Committee agreed that Ms. Sirima Prapapanich has 22 years of experience in the auditing of securities and banking businesses and has an understanding of the Company's business. She is appropriate to perform such functions.

Transfer or dismissal of the Head of Audit Department needs approval from the Audit Committee. The qualification of the Head of Audit Department as per Attachment 3.

Head of Legal & Compliance Department.

The Board of Directors' Meeting No. 6/2012 dated 13th December 2012 appointed Mr. Thanachai Meechoke, to act as Head of Legal and Compliance Department, to monitor and control all Business unit to comply with rules and regulations since 19th November 2012. Mr. Thanachai Meechoke has 10 years of experience in the compliance field and has an understanding of the Company's business. He is

appropriate to perform such functions. The qualification of the Head of Legal and Compliance Department as per Attachment 3.

12. Related Party Transaction

12.1 Related Party Transactions in 2013

During the years ended 31 December 2013, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarized 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. Details of Related Party Transaction on 2013 as per note of Financial Statements, Section 34: Related Party Transactions.

12.2 Necessity of and reason for transactions

In 2013, 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.

12.3 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.

PART 3 **FINANCIAL POSITION AND OPERATING RESULT**

13. Financial position and operating results

(A) Summary of the Report of the Independent Auditor for 2011-2013.

In 2011-2012, appointed Miss Ratana jala, Certified Public Account no. 3734 of EY Office Limited (Formerly known as Ernst & Young Office Limited), as auditor. And in 2013, appointed Ms. Rachada Yongsawadvanich Certified Public Account no. 4951 of EY Office Limited (Formerly known as Ernst & Young Office Limited), as auditor. In auditor's opinion, the financial position of the Company and its subsidiaries and of the Company as at 31st December 2013, 2012 and 2011, their financial performance and cash flows for the year 2013, 2012 and 2011, present fairly, in all material respects, in accordance with Thai Financial Reporting Standards.

(B) Summary of financial statements for the Company and its subsidiary companies for the years ended 31st December 2011 - 2013.

KGI SECURITIES (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES **STATEMENTS OF FINANCIAL POSITION** **AS AT 31 DECEMBER 2013 2012 and 2011**

(Unit: Baht)

	Consolidated financial statements					
	2013		2012		2011	
Assets						
Cash and cash equivalents	985,216,088	12%	199,316,120	2%	1,121,558,722	15%
Deposits at financial institutions	89,536,253	1%	118,208,723	1%	202,271,738	3%
Securities purchased under resale agreements	365,000,000	4%	-	-	-	-
Receivables from Clearing House	371,152,530	4%	2,242,394,566	18%	969,977,856	13%
Securities and derivatives business receivables - net	4,105,047,443	50%	2,650,002,146	21%	2,387,194,585	32%
Derivatives assets	34,810,330	1%	17,138,595	-	6,612,561	-
Investments - net	1,893,896,610	23%	6,725,540,592	54%	2,297,649,300	31%
Premises and equipment - net	103,263,269	1%	107,635,744	1%	124,206,051	2%
Intangible assets - net	59,592,986	1%	58,918,170	1%	45,918,892	1%
Goodwill	26,713,599	-	26,713,599	-	26,713,599	-
Properties foreclosed - net	51,813,155	1%	51,843,155	1%	51,843,155	1%
Deferred tax assets	975,531	-	588,941	-	5,014,248	-
Other assets	171,719,694	2%	161,269,594	1%	123,284,072	2%
Total assets	8,258,737,488	100%	12,359,569,945	100%	7,362,244,779	100%

KGI SECURITIES (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013 2012 and 2011

(Unit: Baht)

	Consolidated financial statements					
	2013		2012		2011	
Liabilities and owners' equity						
Borrowings from financial institutions	-	-	2,549,000,000	21%	-	-
Securities sold under repurchase agreements	165,000,000	2%	2,124,384,829	17%	726,746,473	10%
Payables to Clearing House	307,042,599	4%	-	-	183,565,265	2%
Securities and derivatives business payables	1,976,947,119	24%	2,474,700,039	20%	1,025,084,485	14%
Accrued expenses	364,113,200	4%	225,915,335	2%	262,165,528	4%
Income tax payable	36,627,569	-	51,943,434	-	88,131,673	1%
Derivatives liabilities	164,408,911	2%	56,518,266	1%	28,063,962	-
Debt issued and borrowings	2,995,905	-	-	-	119,952,252	2%
Provisions for long-term employee benefits	41,020,621	1%	44,336,251	-	45,145,262	1%
Provisions for liabilities	39,347,767	1%	25,653,960	-	25,653,960	-
Deferred tax liabilities	28,059,734	-	3,880,762	-	-	-
Other liabilities	23,237,533	-	20,622,346	-	16,282,800	-
Total liabilities	3,148,800,958	38%	7,576,955,222	61%	2,520,791,660	34%
Owners' equity						
Share capital						
Registered, issued and fully paid-up						
1,991,763,130 ordinary shares of Baht 1.00 each	1,991,763,130	24%	1,991,763,130	16%	1,991,763,130	27%
Share premium	982,166,480	12%	982,166,480	8%	982,166,480	13%
Surplus from unexercised warrants	101,922,580	1%	101,922,580	1%	101,922,580	1%
Other component of owners' equity - exchange differences arising from translation of the financial statements of foreign operations	(51,885,273)	-	(53,759,939)	(1%)	(51,001,390)	-
Retained earnings						
Appropriated - statutory reserve	199,176,313	2%	199,176,313	2%	188,750,000	3%
Unappropriated	1,884,568,477	23%	1,559,431,876	13%	1,624,883,511	22%
Equity attributable to equity holders of the parent	5,107,711,707	62%	4,780,700,440	39%	4,838,484,311	66%
Non-controlling interests	2,224,823	-	1,914,283	-	2,968,808	-
Total owners' equity	5,109,936,530	62%	4,782,614,723	39%	4,841,453,119	66%
Total liabilities and owners' equity	8,258,737,488	100%	12,359,569,945	100%	7,362,244,779	100%

KGI SECURITIES (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
Statements of comprehensive income
AS AT 31 DECEMBER 2013 2012 and 2011

(Unit: Baht)

	Consolidated financial statements					
	2013		2012		2011	
Profit or loss:						
Revenues						
Brokerage fees	1,241,237,892	45%	819,622,797	43%	948,621,148	41%
Fees and service income	442,040,076	16%	283,286,092	15%	238,170,557	10%
Gains (losses) on securities	(590,488,315)	(21%)	459,726,272	24%	(794,940,715)	(34%)
Gains on derivatives	1,302,256,092	47%	7,101,275	-	1,592,751,449	68%
Interest and dividends	270,526,888	10%	259,192,848	14%	250,825,364	11%
Interest on margin loans	90,377,379	3%	71,187,885	4%	80,076,613	3%
Other income	2,707,485	-	8,444,517	-	17,420,572	1%
Total revenues	2,758,657,497	100%	1,908,561,686	100%	2,332,924,988	100%
Expenses						
Finance costs	113,587,207	4%	109,374,737	6%	118,603,762	5%
Fees and service expenses	282,507,846	10%	181,635,667	10%	204,729,738	9%
Operating expenses						
Personnel expenses	895,082,035	33%	632,319,228	33%	732,623,980	32%
Premises and equipment expenses	205,703,070	8%	178,044,325	9%	166,691,396	7%
Directors' remuneration	29,593,613	1%	20,155,982	1%	17,152,350	1%
Other expenses	227,988,681	8%	197,242,679	10%	217,798,784	9%
Total operating expenses	1,358,367,399	50%	1,027,762,214	53%	1,134,266,510	49%
Bad debts and doubtful accounts (reversal)	(1,697,005)	-	1,822,579	-	3,745,835	-
Total expenses	1,752,765,447	64%	1,320,595,197	69%	1,461,345,845	63%
Profits before income tax expenses	1,005,892,050	36%	587,966,489	31%	871,579,143	37%
Income tax expenses	(222,017,460)	(8%)	(144,496,907)	(8%)	(277,616,655)	(12%)
Profits for the years	783,874,590	28%	443,469,582	23%	593,962,488	25%
Other comprehensive income (loss):						
Gains (losses) on translation of the financial statements of foreign operation	1,874,666	-	(2,758,549)	-	(9,903,422)	-
Other comprehensive income (loss) for the years	1,874,666	-	(2,758,549)	-	(9,903,422)	-
Total comprehensive income for the years	785,749,256	28%	440,711,033	23%	584,059,066	25%
Profits attributable to:						
Equity holders of the parent	783,197,074	28%	442,853,459	23%	593,429,024	25%
Non-controlling interests	677,516	-	616,123	-	533,464	-
	783,874,590	28%	443,469,582	23%	593,962,488	25%

KGI SECURITIES (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
Statements of comprehensive income (Continued)
AS AT 31 DECEMBER 2013 2012 and 2011

(Unit: Baht)

	Consolidated financial statements					
	2013		2012		2011	
Total comprehensive income attributable to:						
Equity holders of the parent	785,071,740	28%	440,094,910	23%	583,525,602	25%
Non-controlling interests	<u>677,516</u>	-	<u>616,123</u>	-	<u>533,464</u>	-
	<u><u>785,749,256</u></u>	28%	<u><u>440,711,033</u></u>	23%	<u><u>584,059,066</u></u>	25%
 Earnings per share attributable to equity holders of the parent						
Basic earning per share	<u>0.39</u>		<u>0.22</u>		<u>0.30</u>	

KGI SECURITIES (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
Cash flow statements
AS AT 31 DECEMBER 2013 2012 and 2011

(Unit: Baht)

	Consolidated financial statements		
	2013	2012	2011
Cash flows from operating activities			
Profits before income tax expenses	1,005,892,050	587,966,489	871,579,143
Adjustments to reconcile profits before income tax expenses			
to net cash provided by (paid for) operating activities:			
Depreciation and amortisation	75,453,151	63,394,005	61,658,587
Bad debts and doubtful accounts	12,166,619	8,387,776	9,406,510
(Gains) losses on revaluation of securities			
and derivatives	14,748,707	(41,009,099)	182,377,967
Amortisation of premium on investment in debt securities	14,127	14,165	7,395
Gain on disposal of general investments	-	(13,378,156)	(42,199,398)
(Gains) losses on disposals and write-off of equipment	187,500	(2,945,028)	(1,907,135)
Impairment loss on properties foreclosed	30,000	-	-
Interest income on deposits and investments	(192,669,693)	(157,565,836)	(131,895,687)
Dividend income	(77,854,088)	(77,115,321)	(90,262,787)
Finance costs	113,587,207	109,374,737	118,603,762
Provisions for long-term employee benefits	831,870	6,037,158	9,591,418
Cash received on interest income on deposits			
and investments	189,603,562	141,412,411	130,547,206
Cash paid on interest expenses	(112,936,883)	(108,766,142)	(121,925,075)
Cash paid on income taxes	(213,540,943)	(172,379,078)	(468,242,652)
Income from operating activities before			
changes in operating assets and liabilities	815,513,186	343,428,081	527,339,254
(Increase) decrease in operating assets			
Deposits at financial institutions	28,672,470	84,063,015	(96,073,711)
Securities purchased under resale agreements	(365,000,000)	-	-
Receivables from Clearing House	2,060,751,651	(1,360,974,898)	(67,850,069)
Securities and derivatives business receivables	(1,468,651,041)	(271,195,337)	866,347,309
Derivatives assets	(27,463,212)	(5,818,216)	46,301,336
Trading securities	4,567,991,167	(4,347,743,660)	3,334,175,612
Other assets	(7,267,206)	(26,969,380)	(14,036,579)
Increase (decrease) in operating liabilities			
Borrowings from financial institutions	(2,549,000,000)	2,549,000,000	(200,000,000)
Securities sold under repurchase agreements	(1,959,384,829)	1,397,638,356	(1,656,217,398)
Payables to Clearing House	307,042,599	(183,565,265)	183,565,265
Securities and derivatives business payables	(459,424,625)	1,438,295,507	(1,330,337,593)
Accrued expenses	139,119,083	(36,811,040)	(43,817,477)
Derivatives liabilities	138,734,193	21,453,719	(570,946,522)
Debts issued and other borrowings	2,995,905	(120,000,000)	(88,000,000)
Payments on long-term employee benefits during the years	(4,147,500)	(6,846,169)	-
Other liabilities	1,974,937	2,088,701	(17,791,375)
Net cash provided by (used in) operating activities	1,222,456,778	(523,956,586)	872,658,052

KGI SECURITIES (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES
Cash flow statements (Continued)
AS AT 31 DECEMBER 2013 2012 and 2011

(Unit: Baht)

	Consolidated financial statements		
	2013	2012	2011
Cash flows from investing activities			
Cash paid for purchase of investment in			
held-to-maturity debt securities	-	-	(8,056,545)
Cash received from investment in			
held-to-maturity debt securities	-	-	8,000,000
Cash paid for general investments	-	(5,910,057)	-
Proceeds from disposal of general investments	-	82,306,517	615,883,084
Cash paid for investment in a subsidiary	(121,566)	(1,255,959)	(865,979)
Dividends received on investment in securities	79,176,448	82,252,605	83,544,463
Cash paid for purchases of equipment and intangible assets	(59,545,234)	(58,087,595)	(60,923,993)
Proceed from disposals of equipment	364,759	3,460,492	2,424,841
Net cash provided by investing activities	19,874,407	102,766,003	640,005,871
Cash flows from financing activities			
Dividends paid	(458,060,473)	(497,878,781)	(656,853,986)
Dividends paid for non-controlling interests	(245,410)	(414,689)	(574,782)
Net cash used in financing activities	(458,305,883)	(498,293,470)	(657,428,768)
Changes in translation adjustments	1,874,666	(2,758,549)	(9,903,421)
Net increase(decrease) in cash and cash equivalents	785,899,968	(922,242,602)	845,331,734
Cash and cash equivalents as at 1 January	199,316,120	1,121,558,722	276,226,988
Cash and cash equivalents as at 31 December	985,216,088	199,316,120	1,121,558,722

Supplemental cash flows information

Non-cash items consist of

Increase in fixed assets and provision for liabilities

in relation to estimation of decommissioning costs	12,122,266	-	-
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(C) Ratios for years 2013, 2012 and 2011

Ratio	2013	2012	2011
Profitability Ratios			
Gross profit margin (%)	85.63%	84.68%	86.04%
Net profit margin (%)	28.39%	23.20%	25.44%
Return on equity (%)	15.84%	9.21%	12.17%
Return on investment (%)	22.79%	16.09%	24.59%
Efficiency Ratios			
Return on assets (%)	7.60%	4.49%	6.40%
Assets turnover (times)	0.27	0.19	0.25
Financial Ratios			
Liquid assets to total liabilities (times)	0.88	0.91	1.26
Earning assets to total liabilities (times)	1.91	1.24	2.15
Liquid assets to total assets (%)	33.64%	55.62%	43.11%
Earning assets to total assets (%)	72.64%	75.83%	73.80%
Debt to equity (times)	0.62	1.59	0.52
Dividend payment (%) (DPS/EPS separate FS)	99.17%	99.14%	81.17%
Other ratios			
Securities investment to total assets (%)	22.93%	54.37%	31.18%
NCR to net liquid assets (SEC requirement) (%)	211.01%	73.90%	328.12%
Per Share Information			
Par Value per share (Baht)	1.00	1.00	1.00
Book Value per share (Baht)	2.56	2.40	2.43
Basic Earning per share (Baht)	0.39	0.22	0.30
Dividend per share (Baht)	0.36	0.23	0.25

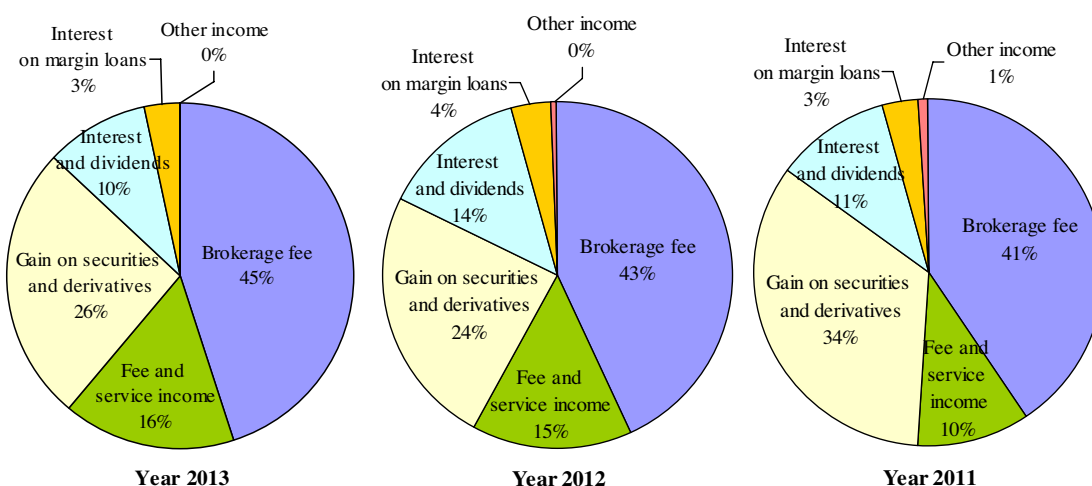
14. Management Discussion & Analysis

(Consolidated financial statements as of 31st December 2013, “Company” refers to “Company and its subsidiaries”)

1. Overview

The Stock Exchange of Thailand (SET) index was volatile in 2013. During the year, the SET index rose by 18.07% to a high of 1643.43 points in May, supported by positive earning growth forecasts. In the second half of the year, the market became concerned about the ending of the US Fed’s QE policy, political unrest, and economic slowdown, whilst economic recovery in the United States, Japan and Europe made investors more interested in developed markets. As a result, the SET Index fell significantly and ended the year at 1,298.71, a decline of 27% compared with the highest point of the year, and a decline of 6.70% for the whole year. Trading volume on the SET in 2013 was the highest ever at Baht 50,329 million per day, an increase of 55.8% compared with 2012. However, in 2013, foreign investors were net sellers of Baht 194,702 million.

The Company’s sources of income are well-diversified and not concentrated in brokerage fees. Over the last three years, the fees earned from the Company’s securities and derivatives brokerage businesses accounted for no more than 45% of its total revenues, compared with the industry average of 70%. By diversifying away from securities brokerage income, the company has put itself in a better position to handle the intensifying competition following the liberalization of brokerage fees.



In terms of securities brokerage trading volume, the Company’s market share for 2013 was 4.04% (ranked 11th in the industry), which was higher than its share of 3.47% (ranked 12th) in 2012. The main reason for the increase in market share was an increase in the number of marketing officers and the opening of 2 new branches.

The Company’s exposure to credit risk from margin lending is comparable to peers. Its margin loan portfolio as of 31st December 2013 jumped to Baht 1,692.88 million (represented around 33% of the value of the Company’s equity), compared with less than Baht 1,100 million at the end of 2011 and 2012.

The full liberalization of brokerage fees since 2012 has resulted in industry commission rates steadily declining, and the Company’s brokerage fee income has also been affected. However, the company has adjusted its strategy and responded by recruiting talented marketing staff, providing high quality services to meet customer needs, including the continuous development of its information technology systems. In 2013, the company launched Easy Trade. This an Internet based trading system which offers clients a

high degree of flexibility and allows them to create and customize trading and informational screens. The Easy Trade program allows the monitoring of information in a variety of formats.

In 2011-2013, the Company's gains on trading in securities and derivatives represented 24%-34% of total revenues, were derived from a variety of business activities, including bond dealing, private repos, derivative warrants, over-the-counter (OTC) derivatives, and investments in debt and equity securities under the company's account. The Company's proprietary trading exposes the company to market risk. Its investment portfolio includes both fixed income and equity securities, and is one of the largest in the industry. The Company's Proprietary Trading team performed well in 2013. The company's return on investment was 22.79 %.

The Company's fee and service income has steadily increased, rising by 10, 15 and 16 % in 2011, 2012 and 2013 respectively. In 2013, the main increase came from underwriting fees and financial advisory fees of the Company's investment banking business. The Company was appointed to perform as lead underwriter of 3 IPOs and co-lead underwriter of 1 IPO; and joined co-underwriting syndication of 9 IPOs. These received a great response from investors.

Furthermore, the Company also has a recurring source of revenue from fund management, through its 99% ownership of ONE Asset Management Co., Ltd. (ONEAM). Revenues from fund management are considered to be less volatile compared with other sources of revenue in the securities business.

Trends in the securities business in 2014 still has an intense business competition and highly volatile, however, the company preparing to build a competitive advantage both in terms of financial strength and business strategies. The Company has the advantage of being able to utilize KGI Taiwan's financial engineering know-how and experience in the more-developed Taiwanese financial market to secure its competitive edge in product development in Thailand. By offering a wide range of products, the Company can attract different groups of investors to become its clients. The Company strives to stay ahead of its competitors by launching innovative financial products. The Company can then enjoy higher profit margins on the new products before competition crowds the market.

EY Office Limited (Formerly known as Ernst & Young Office Limited) which was the Company's auditor, expressed an unqualified opinion on the Company's financial statements for the year 2013, auditors' opinion stated that the financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries and of the Company as at 31st December 2013, their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

2. Results of operations

2013 was another outstanding year for the company. The income and profit are remarkable from the growth of all business units. In 2013, the company reported the total income of Baht 2,758.66 million, net profit of Baht 783.20 million. When compared to the 2012, total income of Baht 1,908.56 million, net profit of Baht 442.85 million, this represents 44.54% and 76.85% increased from the previous year respectively.

Consolidated Financial Statements	2013	2012
The Growth rate of total revenues (%)	44.54%	-18.19%
The Growth rate of operating expenses (%)	32.33%	-9.39%
The Growth rate of Net profit (%)	76.85%	-25.37%
Gross Profit Margin (%)	85.63%	84.68%
Net Profit Margin (%)	28.39%	23.20%
Return on Equity (ROE) (%)	15.84%	9.21%

In 2013 the gross profit margin was 85.63%, net profit margin was 28.39% and ROE was 15.84%, which represent the better operating results from the last two years. The company's revenues from all business units increase while the company can control its costs operating at a level that not too high. As a result, the net profit margin of the company increased from past 2 years, which was impressive result. The significant change in revenues and expenses are as follows:

Change in income

Brokerage fee

In 2013, the Brokerage fee income was contributed by 3 business, Securities business, Derivatives Business and Sales agent in investment units of mutual funds Business. In 2013, the Company has total Brokerage fee of Baht 1,241.24 million, increased by 51.44% from 2012. Details as follows:

<u>Brokerage fee</u>	Consolidated financial statements		
	As of 31 st December (Million Baht)		Changes
	2013	2012	%
Brokerage fees from Securities business	1,092.53	718.83	51.99%
Brokerage fees from Derivatives business	124.13	90.25	37.54%
Other fee	24.58	10.55	133.04%
Total	1,241.24	819.62	51.44%

1. Brokerage fees from Securities business

In 2013 the Company report Brokerage fees from securities business of Baht 1,092.53 million, represents a 51.99 % increase compared to the 2012 since the Company has more marketing officer and open 2 new branches at Silom Complex and Nakorn Pathom 2, result the Company's market share increased from 3.47% (ranked 12th) in 2012 to 4.04% (ranked 11th) in 2013.

2. Brokerage fees from Derivatives business

In 2013, the revenue commission of derivatives business was Baht 124.13 million, an increase 37.54% from the previous year, the Company's market share was ranking no. 1 with market share of 11.74%, continue increase fro past 2 years. The reason is that the market share of the company increased due to its clients are using derivatives to manage the risk of the investment such as when the market going down, clients can open a short position to hedge equity downside to make short-term profit. The company was a pioneer with a Block Trade for Single Stock Futures, which can serve clients need very well.

The company is organized seminar to provide knowledge about the products to the clients and marketing officer regularly, such as technical analysis by focusing on the benefits of the trading system (Systematic Trading) and the technical trading signals TTS from Research Department, which encourages clients to have more confidence in trading.

In year 2014, the company plans to add a variety of technical trading signals to serve all group of clients. Along with the development of the KGI Bridge which is a Future order system that developed by the client themselves. Using it on Smart Phone or Tablet, to facilitate our clients even better. The company is confident that it can maintain its leading position in derivatives markets.

3. Other brokerage fee.

Other brokerage fee s the fee form Selling Agent of Unit Trust Business. As of 31st December 2013, the Company was appointed as a selling agent of unit trust for 19 asset management firms. In 2013, the

Company has expanded its Selling Agent of Unit Trust Business, by recruiting new sales and supporting staff, result the Company's fee from this business was Baht 24.58 million, up 133.04 % from last year.

Fee and Service income

The company's fee and service income in 2013 was Baht 442.04 million increased by 56.04% from last year. The main reason was the increase of income on underwriting fee and financial advisory fee from investment banking business. In 2013, the Company was appointed to perform as lead underwriter of 3 IPOs and perform as co-lead underwriter of 1 IPO, and joined co-underwriting syndication of nine IPOs. The company's income from securities underwriting was Baht 89.07 million and financial advisory Baht 7.16 million.

In addition, the Mutual fund management fee, Private fund management fee and Provident fund management fees from One Asset Management Limited ("ONEAM") (the Company's subsidiary) also increased. In 2013, ONEAM launched new 10 mutual funds, and increased sales of existing funds.

Consolidated financial statement Fee and service income	Consolidated financial statement		Change (%)
	As of 31st December		
	2013	2012	
Mutual fund management fee.	252.61	201.31	25.48%
Private fund management fee.	41.60	32.52	27.93%
Provident fund management fee.	2.97	2.11	40.76%
Registrar and custodian fees.	21.99	15.09	45.77%
Securities borrowing and lending fee.	3.94	6.36	-38.08%
Underwriting fee	89.07	1.16	7595.89%
Financial advisory fee.	7.16	2.41	197.05%
Placement agent fee	9.47	17.06	-44.47%
Other	13.22	5.27	150.95%
Total fee and service income	442.04	283.29	56.04%

Gain on securities and derivatives

In 2013, The Company's gain on securities and derivative of Baht 711.77 million, increased by 52.47% from previous year due to the improved performance of the Company's investments.

The total gain on securities and derivatives of Baht 711.77 million, consisted of loss on securities of Baht (590.49) million and gains on derivatives of Baht 1,302.26 million. The Company will consider on operation result from total gain on securities and derivatives which come from the Proprietary Trading business and Derivatives Warrant business as follows.

a) Proprietary Trading Business

The Company invests in both equities in SET and derivatives in TFEX by considering the economic outlook, fundamental factors of each industry, and financial statements, including 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 at acceptable risk. 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.

b) 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.

Interest on margin Loans

In 2013, the Company's interest income on margin loans increased by 26.96% from previous year or Baht 90.38 million, as there was an increased in credit balance accounts and in the interest rates charged.

Change in Expenses

Fee and service expenses

The Company's fee and services expenses of Baht 282.51 million in 2013 increased by 55.54%. The increase was mainly due to increases in fees on securities borrowing and lending business.

Operating expenses

The Company's operating expenses of Baht 1,358.37 million in 2013 increased by 32.17%. The increase was mainly due to the increased in personnel expenses which are related to the Company's revenue. However the company can control operating expenses. As results, the operating expenses to total income ratio was decreased from 53.85% in 2012 to 49.24% in 2013.

3. Asset Management Ability

As of 31st December 2013, the company had total assets of Baht 8,258.74 million, decrease from Baht 12,359.57 million in 2012, representing a decrease of 33.18 % from a previous year. The company has reduced the size of the investment in the second half of 2013 to reduce the risk since the market conditions do not facilitate and prepare investing again when the situation improves.

In 2013, the Return on Assets (ROA) was 7.60 %, up from 4.49 % and 6.40 % in 2012 and 2011 respectively, showed that the assets of the company can be more profitable. And the company has an asset turnover ratio of 0.27, which is higher than 0.19 and 0.25 in 2012 and 2011 respectively, which was also confirmed that the company can use the assets more efficiently, the ratio is comparable with competitors.

Consolidated Financial Statements	2013	2012	2011
Return on Assets (%)	7.60%	4.49%	6.40%
Asset Turnover (Times)	0.27	0.19	0.25
Earning Assets to total assets (%)	72.64%	75.83%	73.80%

In the last 3 years, the Company's earning asset to total assets ratio was 73-76 %, which is same level as the industry. As of 31st December 2013, the Company's earning asset was Baht 5,998.95 million which consisted of net securities and derivatives business receivables of Baht 4,105.05 million and net investments of Baht 1,893.90 million.

The quality of receivables

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 receivables and guaranteed 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 being settled by installments.

Thus, the increase or decrease of securities receivables varied to trading volume during the year. As of 31st December 2013, the Company's securities receivables consisting of cash account receivables 39.44%, credit balance account receivables 37.19%, receivables under securities borrowing and lending business 13.77% and other receivables 9.59%.

	2013	%	2012	%
	(Million Baht)		(Million Baht)	
<u>Securities business receivables</u>				
Cash accounts	1,795.01	39.44%	1,177.57	38.11%
Credit balance accounts	1,692.88	37.19%	1,053.34	34.09%
Receivables under securities borrowing and lending business				
- guaranteed deposit receivables	601.86	13.22%	323.70	10.48%
- securities borrowings receivables	25.21	0.55%	95.66	3.10%
Other receivables				
- installment receivables	434.90	9.55%	438.71	14.20%
- overdue customers' accounts	1.90	0.04%	0.76	0.20%
Total securities business receivables	4,551.76	100.00%	3,089.74	100.00%
Add: accrued interest receivables	11.75		16.82	
Less: Allowance for doubtful accounts	(458.47)		(456.56)	
Securities business receivables and accrued interest receivables – net	4,105.05		2,650.00	
Total securities and derivatives business receivables – net	4,105.05		2,650.00	

The Company has provided an allowance for doubtful debts based on a review of the 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 15th 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 2013, the Company had sub-standard debt of Baht 29 million, doubtful debt of Baht 426 million. The Company had set aside full provision for doubtful debt

Investments

The Company's investment varied to investment activities during the year. As of 31st December 2013, the Company's net investments was Baht 1,893.90 million, decrease from Baht 6,725.54 million in 2012. Representing a decrease of 71.84 % from last year. However, the company's average investment of the year 2013 was Baht 4,309.72 million. The Company's Proprietary Trading team performed well in 2013 as resulted the Company has gain on securities and derivatives of Baht 711.77 million and interest and Dividend Income of Baht 270.53 million, calculated as return on investment of 22.79%.

The Company's net investment of Baht 1,893.90 million, consisted of trading securities of 98.48 (Equities securities of 68.66% and debt securities of 29.82%), investment in government bond of 0.42% and other investment of 1.10%. To diversify the risk of investment, the Company will not invest in any company concentrated in investments of all types.

	2013 (Million Baht)		
	Cost value/ amortised cost	Fair value	%
Trading securities			
Equity securities	1,423.45	1,300.37	68.66%
Debt securities	566.66	564.76	29.82%
Total trading securities	1,990.11	1,865.13	98.48%
Add (less): allowance for revaluation	(124.99)	-	
Net trading securities	1,865.13	1,865.13	98.48%
Held-to-maturity debt securities			
Government bonds	8.02		0.42%
Net held-to-maturity debt securities	8.02		
Other investments	30.54		
Less: allowance for impairment	(9.79)		
Net other investments	20.75		1.10%
Total investments – net	1,893.90		100.00%

The company has adjusted the investment to fair value. 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 from operation.

Portion of Intangible Assets and Goodwill

As of 31st December 2013, the Company had net intangible assets of Baht 59.59 million and goodwill Baht 26.71 million baht, which represent only 1 % of the total assets of the company. Intangible assets are carried at cost less accumulated amortization and allowance for impairment (if any). The Company and its subsidiaries will review the value of those assets at least at each financial year end.

4. Liquidity and capital adequacy

4.1 Sources and uses of funds

As of 31st December 2013, the Company had cash and cash equivalents of Baht 985.22 million. The Company's cash flow from operating activities and its profit from operation was not much different which mean the company has sufficient liquidity. The Company's sources and uses of funds are as follows.

- Funds increase from assets decreased by Baht 4,789.03 million, which was due to a decrease in the Company's investments. The company has reduced the size of investments to reduce the risk of market conditions do not facilitate as mentioned above.
- Funds decrease from liabilities decreased by Baht (4,382.09) million, which was primarily due to the Company paid back the borrowing from financial institutions. Securities and derivatives business payables and advance reduced.
- Funds increase from investing activities Baht 19.87 million, which is mainly due to dividends received from investments Baht 79.18 million and other Baht 0.24 million, spending the money to purchase of equipment and intangible assets Baht (59.55) million.
- Fund decrease from paying dividends to shareholders in the amount of Baht (458.31) million.

Cash Flow from Operating Activities in 2013	Million Baht
Profits before income tax expenses	1,005.89
Adjustments to reconcile profits before income tax expenses to net cash paid for operating activities	(190.38)
Income from operating activities before changes in operating assets and liabilities	815.51
The Change in Assets and Liabilities	
Decrease in operating assets	4,789.03
Decrease in operating liabilities	(4,382.09)
Net cash provided by operating activities	1,222.46
Cash flows from investing activities	19.87
Net cash used in financing activities (Dividend Paid)	(458.31)
Changes in translation adjustments	1.87
Net increase in cash and cash equivalents	785.90
Cash and cash equivalents as at 1 January 2013	199.32
Cash and cash equivalents as at 31st December 2013	985.22

The company has the appropriate capital structure As of 31st December 2013, the Company's debt to shareholders' equity ratio was only 0.62 times. The ratio shows that the Company's capital structure has less risk due to its funding come from the Company's business operations, not from borrowing.

At the end of 2013, the Company's equity attributable to equity holders of the parent amounted to Baht 5,107.71 million, an increase of Baht 327.01 million baht from last year. The changes in the Company's equity attributable to equity holders of the parent is derived from the increase of profits of the year 2013 of Baht 785.07 million and less the dividend for 2012 which paid to its shareholders in May 2013 of Baht (458.06) million as follows.

The Change in the Company's equity attributable to equity holders of the parent

Balance as at 1 st January 2013	4,780.70	Million Baht
Dividend paid for the year 2012	(458.06)	Million Baht
Total comprehensive income for the period	785.07	Million Baht
Balance as at 31 st December 2013	5,107.71	Million Baht

4.2 capital expenditure

In 2013, the Company has 1 significant capital expenditure which higher than Baht 10 million, details as follows:

Capital expenditure for new branched opening

Objective	To expand customer service
Details	The company has invested in new branches. By rent new office, decorate office, purchase office equipment and Computer.
Amount	Approximately Baht 15 million
The payment period	In 2013
Sources of Funds	The Company's working capital
Impact to the Company's liquidity	No impact to the Company's liquidity since the company has sufficient liquidity.
Expected Return	The Company's brokerage fee increase

4.3 Adequacy of Liquidity

The Company has sufficient capital. As of 31st December 2013, the Company has cash and cash equivalents of Baht 985.22 million, deposits at financial institutions of Baht 89.54 million, and its Net Capital Ratio was 211.01%. 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. The Company's NCR in past 3 year are as follows:

Capital Fund	31 st Dec 2013	31 st Dec 2012	31 st Dec 2011
Net Capital Rule (Million Baht)	4,162	3,636	4,059
Net Capital Ratio (NCR) (%)	211.01%	73.90%	328.12%

The ability to find additional sources of funds

If the Company requires new funds, the Company's policy is to procure the most appropriate source of funds taking into account the cost of funds, and not to depend upon a single source of funds. The Company analyses its cash flow needs on a daily basis and matches 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.

Factors that may affect the Company's credit rating

TRIS Rating Co., Ltd. has affirmed the Company rating at "BBB+" with "stable" outlook on 8th July 2013. The rating reflects the Company's capable management team with a proven track record, strong position in derivatives trading, sufficient liquidity and a stable source of revenue from fund management, One Asset Management Co., Ltd. (the Company's subsidiary). Factors that may affect the Company's credit rating are as follows:

1. Maintaining market position in the brokerage business among the volatility of securities business and pressure on commission rates after full liberalization;
2. Controlling the risks of investment among the volatility of stock prices which may affect the operating results of the Company's proprietary trading business;
3. The Company's ability to control risk from margin loans to buy securities and risk from new product launches;

4. Maintaining a consistent income from One Asset Management Limited (the Company's subsidiary).

However, the company was preparing to prevent the effects of such factors. the Company has strategic planning and situation accommodation starting with a policy to continually enhance the efficiency of its staff in giving advice and service to clients, including technology development to support new products. The Company also has always developed its research and expanded with new businesses to give more convenience to clients and offer investment alternatives.

For the Company's proprietary trading, 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. The Risk Management Committee will review on a regular basis to be consistent with market condition from time to time.

Furthermore, the Company controls risk by establishing credit limits for clients and counter parties and analyzing their financial position on an ongoing basis. The Risk Management Department monitors the Company's exposure on a daily basis to ensure compliance with the approved risk policies.

Ability to repay the loan and the follow Loan's conditions and obligations

The company paid all borrowing to financial institutions so that as of 31st December 2556 the Company had no borrowings from financial institutions. The financial position of the company showed the Company's ability to repay loan. Additional, the Company has policy to treats creditors with fairness, responsibility and transparency by strictly complying with the terms of contracts with the creditor. The Company does not use dishonest means or conceal information and facts, which may be adverse to the creditors.

However, since the company has a good relationship with various financial institutions for a long time, so in case the company needs additional financing contingency. The company is confident that the Company will be financing the specified time.

5. Obligations and liabilities

See information about the obligations and liabilities that may be incurred in notes to the financial statements no. 37

6. Factors affecting the Company's operating results in future and risk management.

See Factors affecting the Company's operating results in future and risk management, described under the topic Risk Factors, page 24.

Attachment 1

Information of Company's directors, management and Company Secretary.

Summary of Directors, Executives and Company Secretary.(As of 31st December 2013)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Mr. Foong Hock Meng - Chairman	57	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 - Feb 2012	Director KT Opportunistic Ltd Virgin Islands
					Dec 2009 - Present	Director KGI Wealth Management Ltd. Hong Kong
					Aug 2009 – March 2013	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
					Feb 2013-Present	Director KGI Capital Asia Limited
					Jul 2009 – Feb 2013	Managing Director KGI Asia Limited Hong Kong
					Jun 2005 - Mar 2009	President and Director PIMCO ASIA Pte Ltd Singapore
					Apr 1999 - Jul 2005	Managing Director BANK PICTET & CIE (ASIA) Ltd Singapore
Dr. Pisit Leeahtam - Vice Chairman - Independent Director Training Program - Director Certification Program class 18/2002 from Thai Institute of Directors Association (IOD)	62	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.
					2005 - Present	Independent Director Tirathai Plc.
					2004 - Present	Independent Director Global Connection Plc.
					2004 - Present	Chairman Pruksa Real Estate Plc.
					2007 - Present	Independent Director Mandarin Oriental Bangkok Hotel Plc.
					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, Executives and Company Secretary.(As of 31st December 2013)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Dr. Don Bhasavanich - Independent Director	62	MBA, University of Pittsburgh, USA	-	-	Apr 2001 - Present	Audit Committee & Independent Director KGI Securities (Thailand) Plc
Training Program - Directors Certification Program class 62/2005, - Audit Committees Program class 7/2005, and - Finance for Non-Finance Director class 8/2004 from Thai Institute of Directors Association (IOD)		PhD, Electrical Engineering, University of Liverpool, UK			Apr 2011 - Present	President TT&T Plc
					May 2007 - Apr 2011	☛ Managing Director Canadoil Asia Ltd. ☛ Director / COO Canadoil Group
					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)
Mr. Pradit Sawattananond - Independent Director	65	MBA, Central State University, Oklahoma, USA	-	-	Feb 2000 - Present	Audit Committee and Independent Director KGI Securities (Thailand) Plc.
Training Program - Director Certification Program class 3/2000, - Audit Committee Program class 3/2004, - Improving the Quality of Financial Reporting Program class 4/2006, - Monitoring the Quality of Financial Reporting class. 5/2007 - Monitoring the Internal Audit Function class 2/2008 - Monitoring the System of Internal Control and Risk Management class 2/2008 and - Role of Compensation Committee class 6/2008 from Thai Institute of Directo Association (IOD) - Chief Financial Officer Certification Program Class 1/2004 from The Institute of Certified Accountants and Auditors of Thailand					Mar 2004 - Present	Chairman of the Audit Committee and Independent Director Asia Sermkij Leasing Plc.
					Jan 2004 - Present	Audit Committee and Independent Director Thai Film Industries Plc.
					May 2005 - Feb 2006	Advisor to the Committee on Economics Development, The House of Representatives
					Dec 2003 - Dec 2006	Director The Thailand Securities Depository Co.,Ltd.
					Aug 2001 - Feb 2006	Specialist of Committee on Finance, Banking and Financial Institution The House of Representatives

Summary of Directors, Executives and Company Secretary.(As of 31st December 2013)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Mr. Picharn Kullavanijaya - Independent Director Training Program - Compliance and Directors Training Program for U.S. Banking regulations from Gateway Bank F.S.B., Oakland, California, USA	53	Master of Science, Mechanical Engineering, Northwestern University, USA MBA, Kellogg Graduate School of Management, Northwestern University, USA	-	-	Jun 2011 - Present	Independent Director KGI Securities (Thailand) Plc.
					Jul 2011 - Present	Chief Executive Officer Equilibrium Capital Services (broker- dealer affiliate of Equilibrium Capital Group)
					Oct 2010 - Present	Partner & Principal Equilibrium Capital Group, USA
					May 2008 - Jan 2011	Founding Partner New Forest Partner, LLC USA
					Feb 2000 - Apr 2008	Managing Director Investment Banking Citigroup Global Markets, USA
Mr. Wei Chang Fang - Chief Operating Officer - Authorized Director	50	MBA, Finance Drexel University, USA	-	-	Sep 2005 - Present	Chief Operating Officer KGI Securities (Thailand) Plc.
					Oct 2005 – Present	Director KGI Securities (Thailand) International Holdings Limited
					Sept 2005 – Present	Director KGI (Thailand) Holdings Limited
					Mar 2003 - Aug 2012	Director KGI Capital Asia Limited
					Jan 2004 - Aug 2005	➤ Chief Operating Officer KGI Asia Limited
						➤ 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.

Summary of Directors, Executives and Company Secretary.(As of 31st December 2013)

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	54	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.
					May 2012 – Present	Director KGI Securities (Thailand) International Holdings Limited
					May 2012 – Present	Director KGI (Thailand) Holdings Limited
					2000	Director, Business Planning KGI Asia Ltd
					1999 - 2000	Managing Director GK GOH Securities Philippines
Ms. Suchada Sodthibhaphkul - Managing Director - Authorized Director Training Program -Director Certification Program class 38/2003 from Thai Institute of Directors Association (IOD) - Leadership Program class 2/2006 from Capital Market Academy	59	MBA Chulalongkorn University, Thailand	-	-	May 2001 - Present	Managing Director KGI Securities (Thailand) Plc.
					May 2011 - Present	Director The Thai Bond Market Association
					Jan 2008 - Present	Director Thai Rubber Latex Corporation (Thailand) Plc.
					1997 - April 2001	Executive Director KGI Securities (Thailand) Plc.
					1990 - 1997	Executive Director First Asia Securities Plc.
Mr. Wisit Wongpaisan - Director	61	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.

Summary of Directors, Executives and Company Secretary.(As of 31st December 2013)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Mr. Chin-Lung Tseng - Director	60	Bachelor's degree, International Trade, Tamkang University, Taiwan	-	-	Jul 2006 - Present	Director KGI Securities (Thailand) Plc.
					Jul 2006 - Nov 2009	Chairman KGI Securities (Thailand) Plc.
					Jun 2013-Present	Chairman Global Securities Finance Corporation
					Aug 2010 – Jun 2013	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 Chinese Taiwan Securities Association
					Apr 2013 - Present	Director Gre Tai Securities Market

Summary of Directors, Executives and Company Secretary.(As of 31st December 2013)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Ms. Pi-Lin Huang - Authorized Director	43	Bachelor, Accounting National Taiwan University	-	-	Jul 2005 - Present	Director KGI Securities (Thailand) Plc.
					Jan 2005 - Present	Senior Vice President, Finance KGI Securities Co., Ltd, Taiwan
					Mar 2005 - Present	Director KGI Asia Limited, Hong Kong
					Mar 2005 - Present	Director KGI Securities (Hong Kong) Limited, Hong Kong
					Mar 2005 - Jan 2013	Director KGI Efficient Frontier Ltd., Hong Kong
					Mar 2005 - Feb 2008	Director KGI Securities (Korea) Co., Ltd., Korea
					Mar 2004 - Jan 2005	Manager Yageo Corp, Taiwan
					1999 - Jan 2004	Manager Deloitte Consulting (Arthur Andersen Business Consulting),Taiwan
Mr. Yen, Chih-Chien - Authorized Director	48	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 - Jan 2013	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, Executives and Company Secretary.(As of 31st December 2013)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Mr. Somchai Kanjapetcharat -Senior Managing Director Retail Equity Business	58	MBA, The National Institute of Development Administration (NIDA)	-	-	Mar 2013 - Present Sep 2000– Feb 2013 1992 – 2000 1990-1992	Senior Managing Director KGI Securities (Thailand) Plc Chief Executive Officer of Retail Sales Officer KT ZMICO Securities Company Limited Senior Vice President Krung Thai Tanakij Finance Public Company Limited Assistant Vice President Thana One Finance & Securities PLC
Mr. Suthep Rungsiam -Managing Director Brokerage Business	46	MBA, Chaminade University of Honolulu, USA BBA, International Business, University of Hawaii, USA	-	-	2013 – Present 2009 – 2012 2006 – 2008 2000 – 2005 1998 – 2000	Managing Director, Brokerage Business KGI Securities (Thailand) Plc. Managing Director, Retail Equity Business KGI Securities (Thailand) Plc. Deputy Managing Director Globlex Securities Co., Ltd. Vice President BNP Paribas Peregrine Securities (Thailand) Ltd. Vice President Indosuez W.I. Carr Securities (Thailand) Ltd.
Ms. Jariya Posayajinda -Managing Director Proprietary Trading Department	46	MBA (Finance) Eastern Michigan University, Michigan USA	-	-	May 2011 - Present Sep 2005 - Apr 2011 May 2002 - Feb 2005	Managing Director Proprietary Trading Department KGI Securities (Thailand) Plc. Executive Vice President (2009 - 2011) Senior Vice President (2005 - 2009) Proprietary Trading Department KGI Securities (Thailand) Plc. Deputy Chief Marketing Officer UOB Asset Management (Thai) Co., Ltd
Ms. Saranya Larksukthom -Senior Executive Vice President Operation Department	51	MBA, Strayer College, USA	-	-	May 2011 - Present Mar 2012 - Present Mar 1999 - Apr 2011 1996 - 1998	Senior Executive Vice President Operation Department KGI Securities (Thailand) Plc. Vice Chairman Back Office Operation Club Executive Vice President (2001-2011) Senior Vice President (1999 - 2001) Operation Department KGI Securities (Thailand) Plc. Assistant Vice President Nava Vickers Ballas Securities (Thailand) Co., Ltd.
Mr. Somchai Siripaiboolpong -Executive Vice President Retail Equity Business	60	BA, Chulalongkorn University, Thailand	-	-	2000 - Present 1994 - 1999 1991 - 1994	Executive Vice President Retail Equity Business KGI Securities (Thailand) Plc. SCCF Finance & Securities JF Thanakom Securities Limited

Summary of Directors, Executives and Company Secretary.(As of 31st December 2013)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Ms. Songsri Chawengsataporn -Executive Vice President Retail Equity Business	54	Bachelor Economics, University of the Thai Chamber of Commerce, Thailand	-	-	May 2011 - Present Jul 1996 - Apr 2011	Executive Vice President Retail Equity Business KGI Securities (Thailand) Plc. Senior Vice President KGI Securities (Thailand) Plc.
Ms. Dutsanee Pamontip -Executive Vice President Retail Equity Business	54	Bachelor of Economics, Thammasat University, Thailand	-	-	May 2011 - Present Jan 2007 - Apr 2011	Executive Vice President Retail Equity Business KGI Securities (Thailand) Plc. Senior Vice President KGI Securities (Thailand) Plc.
Ms. Warunlak Aiemmeechai - Executive Vice President, Retail Equity Business	45	BA, Valaya Alongkorn Rajabhat University	-	-	Apr 2013 - Present Oct 1998- Apr 2013	Executive Vice President Retail Equity Business KGI Securities (Thailand) Plc Executive Vice President KT ZMICO Securities Company Limited
Mr. Hua-Feng Chang -Executive Vice President Retail Equity Business	51	MBA in International Management Monterey Institute of International Studies. CA USA	-	-	Apr 2008 - Present Feb 2001 - Mar 2008	Executive Vice President Retail Equity Business KGI Securities (Thailand) Plc. Senior Vice President (2004 - 2008) Vice President (2001 - 2004) KGI Securities (Thailand) Plc.
Mr. Pongsak Komolrit * - Executive Vice President Institution Equity Business	46	BA. Finance, California State University, Long Beach	-	-	Sep 2010 - Present Nov 2006 - Oct 2010 2003 - 2006	Executive Vice President, Institutional Equity Business KGI Securities (Thailand) Plc. Assistant Managing Director Finansia Syrus Securities Plc. Head of Sales Trading ABN Amro Securities Co., Ltd.
Mr. Apichart Tungkiatsilp -Executive Vice President Fixed Income Department	41	MBA, Cleveland State University, USA	-	-	Sep 2009 - Present 2005 - Aug 2009	Executive Vice President Fixed Income Department KGI Securities (Thailand) Plc. Financial Institution Sales Manager Siam Commercial Bank PLC
Ms. Kobkarn Cholchanupatumpa -Executive Vice President Human Resource Department	61	Master of Public Administration, National Institute of Development Administration (NIDA), Thailand	-	-	Apr 2001 - Present Aug 1998 - Mar 2001	Executive Vice President Human Resource Department KGI Securities (Thailand) Plc. Vice President Vickers Ballas Securities (Thailand) Co., Ltd.

Note * Mr. Pongsak Komolrit resigned from the Company effective 1st March 2014.

Summary of Directors, Executives and Company Secretary.(As of 31st December 2013)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Ms. Khunmira Thunnom -Executive Vice President Finance and Accounting Department	48	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. Patchpon Sankaburanuruk - Executive Vice President Investment Banking Department	43	MBA, Finance University of Hartford, USA.	-	-	May 2012 - Present	Executive Vice President Investment Banking Department KGI Securities (Thailand) Plc
					Jun 2002 - Apr 2012	Senior Vice President (2006-2012) Vice President (2004-2005) Assistant Vice President (2002- 2004) Investment Banking Department KGI Securities (Thailand) Plc
					Jun 1999 - May 2002	Assistant Manager Investment Banking Department Vickers Ballas Securities (Thailand) Co,Ltd
					Feb 1996 - Oct 1998	Manager Investment Banking Department Cathay Capital Co, Ltd
					Jan 1995 - Jan 1996	Officer Investment Banking Department Multi-Credit Corporation Plc.
Ms. Acharee Turongsomboon - Executive Vice President Treasury Department	47	B.A. in Business Administration – General Management Sukhothai Thammathirat University, Thailand	52,100	-	May 2012- Present	Executive Vice President Treasury Department KGI Securities (Thailand) Plc
					2001-2011	Senior Vice President Treasury Department KGI Securities (Thailand) Plc
					1991-2000	Vice President Finance & Capital market Dept Securities One Plc

Summary of Directors, Executives and Company Secretary.(As of 31st December 2013)

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Mr. Itphong Saengtubtim - Executive Vice President Research Department	48	Master degree in Finance, Golden Gate University San Francisco USA.	-	-	May 2012- Present	Executive Vice President Research Department KGI Securities (Thailand)
					Apr 2010 - Apr 2012	Senior Vice President Research Department KGI Securities (Thailand)
					Jun 2005 - Mar 2010	Vice President Research Department CIMB Securities (Thailand)
					Mar 2003 - May 2005	Senior Analyst Research Department KGI Securities (Thailand)
					Jan 1998 - Feb 2003	Analyst DBS Vickers Securities (Thailand)
					Mar 1995 - Dec 1997	Analyst Nava SC Securities Asia Ltd
					Jan 1994 - Feb 1995	Analyst Thanapol Finance and Securities
Mrs. Nantarat Surakhaka - Executive Vice President, COO Office Support Dept.	45	LL.M. ,Widener University, Delaware, USA	-	-	Aug 2013 - Present	Executive Vice President COO Office Support Dept. KGI Securities (Thailand) Plc
					Mar 2013 – July 2013	Executive Vice President COO Office (Corporate Strategy) KGI Securities (Thailand) Plc
					Jan 2010 - Feb 2013	Senior Vice President COO Office (Corporate Strategy) KGI Securities (Thailand) Plc
					Jun 2005 – Aug 2006	Vice President, Legal and Debt Recovery Division KGI Securities (Thailand) Plc
					Apr 1996 – May 2005	Legal Officer The Office of the Securities and Exchange Commission

Company Secretary

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives	Relevant work experiences
Ms. Nongluk Ningsanond -Executive Vice President Company Secretary Office	51	MBA of Bangkok University, Thailand	55	-	Apr 2008 - Present Executive Vice President Company Secretary Office KGI Securities (Thailand) Plc.
Training Program -Certified Investment and Securities Analyst (CISA III) from Securities Analysis Association					1997- Mar 2008 Senior Vice President (2001 - 2008) Vice President (1997 - 2001) KGI Securities (Thailand) Plc.
-Company Secretary Program Class 5/2004 -Effective Minute Taking Class 10/2008 from Thai Institute of Directors Association (IOD)					1992 - 1997 Vice President Investment Banking Department First Asia Securities Plc.

The Main Duties and Responsibilities

1. Providing basic advice pertaining to the laws and regulations, as well as monitoring compliance on a regular basis and reporting any significant changes to the Board;
2. Preparing agenda and documents for the Shareholders and Board of Directors Meetings;
3. Arranging the Shareholders and Board of Directors Meetings in accordance with the laws and regulations, the Company's Articles of Association, and best practices;
4. Preparing minutes of the Shareholders and Board of Directors Meetings, and monitoring subsequent actions in accordance with resolutions of those meetings;
5. Preparing and keeping registrations of directors, annual reports of the company, notices calling Shareholders and Board of Directors Meetings, as well as minutes of the Shareholders and Board of Directors Meetings.
6. Ensuring that the directors and executives have filed report on their interest and related persons interest, as required by laws;
7. Keeping reports on interest filed by directors and executives, and presenting copies of such reports to Chairmen of the Board of Directors and Audit Committee, as specified by laws;
8. Ensuring that corporate information disclosures to regulatory agencies are in accordance with the laws and regulations;
9. Communicating with shareholders on their legitimate rights and on the company's information, and serving as a communication median between shareholders and directors and executives;
10. Arranging performance assessment of the Board of Directors every year;
11. Arranging director's briefings for newly elected directors.

**The position of Directors and Management in subsidiary and related companies
(As of 31st December 2013)**

Directors and Management	Position In the Company	Position in Subsidiaries		
		ONEAM 99% 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	-	-	-
Dr. Don Bhasavanich	D, G	-	-	-
Mr. Pradit Sawattananond	D, G	-	-	-
Mr. Picharn Kullavanijaya	D	-	-	-
Mr. Wei Chang Fang	E, H	-	C	C
Ms. Bee Leng Ooi	E, J	-	C	C
Ms. Suchada Sodthibhaphkul	E, J	-	-	-
Mr. Wisit Wongpaisan	C	-	-	-
Mr. Chin-Lung Tseng	C	-	-	-
Ms. Pi-Lin Huang	E	-	-	-
Mr. Yen, Chih Chien	E	-	-	-
Mr. Somchai Kanjanapetcharat	I	-	-	-
Mr. Suthep Rungsiam	J	-	-	-
Ms. Jariya Posayajinda	J	-	-	-
Ms. Saranya Larksukthom	K	-	-	-
Mr. Somchai Siripaiboolpong	L	-	-	-
Ms. Songsri Chawengsataporn	L	-	-	-
Ms. Dutsanee Pamontip	L	-	-	-
Ms. Warunlak Aiemmeechai	L	-	-	-
Mr. Hua-Feng Chang	L	-	-	-
Mr. Pongsak Komolrit *	L	-	-	-
Mr. Apichart Tungkiatsilp	L	-	-	-
Ms. Kobkarn Cholchanupatumpa	L	-	-	-
Ms. Khunmira Thunnom	L , M	-	-	-
Ms. Patchpon Sankaburanuruk	L	-	-	-
Ms. Acharee Turongsomboon	L	-	-	-
Mr. Itphong Saengtubtim	L	-	-	-
Mrs. Nantararat Surakkhaka	L	-	-	-
Ms. Nongluk Ningsanond	L	-	-	-

Note * Mr. Pongsak Komolrit resigned from the Company effective 1st March 2014.

Director title

A: Chairman

B: Vice Chairman

C: Director

D: Independent Director

E: Authorized Director

F: Chairman of Audit Committee

G: Audit Committee

K: Senior Executive Vice President

Management title

H: Chief Operating Officer

I: Senior Managing Director

J: Managing Director

L: Executive Vice President

M: Head of Finance & Accounting Department

Subsidiaries

ONEAM : One Asset Management Limited

KTHL : KGI (Thailand) Holdings Limited

HOLDCO: KGI Securities (Thailand) International Holdings Limited

Attachment 2
Information of subsidiaries' Executives.

Details of subsidiaries' Directors (As of 31st December 2013)

Director	ONEAM	HOLDCO	KTHL
	99% owned by the Company	100% owned by the Company	100% owned by the Company
Mr. Wei Chang Fang	-	A	A
Ms. Bee Leng Ooi	-	A	A
Mr. Win Udomrachtavanich	B	-	-
Mr. Sakda Manwapat	B	-	-
Ms. Nantararat Surakkhaka	A	-	-
Ms. Sheng Chia-Chen	A	-	-
Mr. Foong Hock Meng	A	-	-
Mr. Wong Sai Hung	A	-	-
Ms. Li Ching Ching	A	-	-

Subsidiaries

ONEAM : One Asset Management Limited

HOLDCO : KGI Securities (Thailand) International Holdings Limited

KTHL : KGI (Thailand) Holdings Limited

Director title

A: Director

B: Executive Director

Attachment 3

Information of Head of Audit Department and Head of Legal & Compliance Department

Head of Audit Department

Name	Age (Years)	Highest education	No. of shares held in company	Relationship among Executives		Relevant work experiences
Miss Sirima Prapapanich	44	MBA – Assumption University	None	None	Sept 2013 - present	Head of Internal Audit KGI Securities (Thailand) Plc.
Certificate: CPA, CIA, CRMA Training. - COSO with increasing internal control efficiency - Risk Based Audit					June 2011 – Aug 2013	Audit Development Team Manager Audit Division Siam Commercial Bank Plc. (Head Office)
					Aug 2006 - May 2011	Head of Compliance and Internal Audit Department Siam City Securities Co., Ltd.
					Aug 2004 - July 2006	Internal Audit Manager Asia Sermkij Leasing Plc.
					May 1995 - July 2004	Deputy Manager Compliance Department Capital Nomura Securities Plc.
					May 1991 - April 1995	Senior External Auditor SGV-NA Thalang & Co., Ltd Authur Andersen

Duties and responsibilities

1. Prepare annual audit plan, assess the adequacy and efficiency of internal control system for the processes and operating systems in order to comply with International Auditing Standards, including propose the audit plan to management and asking approval from Audit Committee.
2. Achieve approved audit plan and ad-hoc plan as requested by the management and Audit Committee.
3. Act as a secretary of audit committee, provide the agenda paper for the audit committees including report audit findings and audit performance as compared with audit plan to the audit committee.
4. Support current operations and provide audit information to Audit Committee and management.
5. Develop audit staff to have enough knowledge of audit field and business.
6. Other activities based on assignments.

Head of Legal & Compliance Department

Name	Age (Years)	Highest education / Certificates	No. of shares held in company	Relationship among Executives		Relevant work experiences
Mr. Thanachai Meechoke	32	-Master of Law (LL.M.) DukeUniversity School of Law, Durham, North Carolina, USA	None	None	Nov 2012-Present	Head of Legal & Compliance Department KGI Securities (Thailand) Plc.
Certificate: - ASCO Compliance Training Program Certificate - Bond Regulatory Update Certificate - ThaiBMA Compliance Certificate		-Master of Laws Degree Chulalongkorn University - Bachelor of Laws Chulalongkorn University			Year 2004-2012 Year 2003-2004	-Executive Officer Office of Securities and Exchange Commission -Legal Officer, Office of the Administrative Court

Duty and responsibilities:

1. To monitor and control all Business unit to comply with rules and regulations, and develop the procedure to ensure the corporate compliance.
2. To render and provide legal opinion / review legal documents or contracts.
3. To coordinate with Regulator and related regulatory Authority as requested.
4. To host a training program as well as update rules and regulations to relevant staffs.
5. To handle all legal procedures, and legal cases.

Attachment 4

History of DW Issued by the Company for the last 2 years (2012-2013)

No.	Name of DW	First Trading Date	Maturity Date
1	TMB13CC	February 13, 2012	September 18, 2012
2	TMB13PA	February 13, 2012	September 18, 2012
3	BJC13CA	February 14, 2012	September 26, 2012
4	DCC13CA	February 14, 2012	September 10, 2012
5	THAI13PA	February 14, 2012	September 10, 2012
6	AOT13PA	February 15, 2012	September 18, 2012
7	BGH13PA	February 15, 2012	September 26, 2012
8	ROBI13CA	February 15, 2012	September 26, 2012
9	HMPR13PA	February 16, 2012	September 10, 2012
10	SPAL13CA	February 16, 2012	September 18, 2012
11	TRUE13PA	February 16, 2012	September 26, 2012
12	PS13PA	February 17, 2012	September 26, 2012
13	TCAP13CD	February 17, 2012	September 10, 2012
14	AOT13CC	March 12, 2012	October 12, 2012
15	BLA13CC	March 12, 2012	October 12, 2012
16	DELT13CB	March 12, 2012	October 12, 2012
17	STA13PA	March 12, 2012	October 12, 2012
18	BANP13CF	March 13, 2012	October 16, 2012
19	BGH13CC	March 13, 2012	October 16, 2012
20	CPF13PB	March 13, 2012	October 16, 2012
21	DTAC13CC	March 13, 2012	October 16, 2012
22	BH13CB	March 14, 2012	October 19, 2012
23	HMPR13CC	March 14, 2012	October 19, 2012
24	KTB13CD	March 14, 2012	October 19, 2012
25	IVL13CE	March 15, 2012	October 24, 2012
26	IVL13PC	March 15, 2012	October 24, 2012
27	TOP13CD	March 15, 2012	October 24, 2012
28	BBL13CC	March 16, 2012	October 29, 2012
29	BBL13PB	March 16, 2012	October 29, 2012
30	ESSO13CC	March 16, 2012	October 29, 2012
31	TUF13CB	June 5, 2012	November 30, 2012
32	PTTG13CB	June 15, 2012	December 20, 2012
33	PTTG13PB	June 15, 2012	December 20, 2012
34	THAI13CC	June 20, 2012	December 27, 2012
35	KBAN13PC	June 21, 2012	December 27, 2012
36	TRUE13CD	June 22, 2012	December 27, 2012
37	BLA13PB	June 25, 2012	December 27, 2012
38	CPAL13CC	June 26, 2012	December 28, 2012
39	STA13CD	June 27, 2012	December 28, 2012

No.	Name of DW	First Trading Date	Maturity Date
40	PTT13CG	June 28, 2012	December 28, 2012
41	SCB13CC	June 29, 2012	December 28, 2012
42	STA13CE	June 29, 2012	July 5, 2013
43	STA13PB	June 29, 2012	July 5, 2013
44	INTU13CA	July 12, 2012	December 24, 2012
45	HEMR13CA	July 13, 2012	December 24, 2012
46	ADVA13PC	July 17, 2012	March 25, 2013
47	BANP13PC	July 17, 2012	March 25, 2013
48	BIGC13CA	July 17, 2012	December 24, 2012
49	DTAC13PC	July 17, 2012	March 25, 2013
50	IRPC13PB	July 17, 2012	March 22, 2013
51	KTB13PB	July 17, 2012	March 22, 2013
52	PTT13PC	July 17, 2012	March 22, 2013
53	PTTE13PB	July 17, 2012	March 22, 2013
54	SCB13PC	July 17, 2012	March 26, 2013
55	SCC13PC	July 17, 2012	March 25, 2013
56	TOP13PC	July 17, 2012	March 26, 2013
57	ADVA13CE	July 31, 2012	March 25, 2013
58	BANP13CG	July 31, 2012	March 25, 2013
59	BGH13CD	July 31, 2012	February 13, 2013
60	BH13CC	July 31, 2012	February 13, 2013
61	CPF13CC	July 31, 2012	February 18, 2013
62	IRPC13CD	July 31, 2012	March 22, 2013
63	IVL13CF	July 31, 2012	February 18, 2013
64	KBAN13CF	July 31, 2012	February 18, 2013
65	PTTE13CF	July 31, 2012	March 22, 2013
66	SCC13CE	July 31, 2012	March 25, 2013
67	TOP13CE	July 31, 2012	March 26, 2013
68	BAY13CD	September 7, 2012	June 20, 2013
69	BJC13CB	September 7, 2012	June 13, 2013
70	DCC13CB	September 7, 2012	June 13, 2013
71	DELT13PA	September 7, 2012	June 20, 2013
72	LH13CC	September 7, 2012	June 20, 2013
73	MAKR13CA	September 7, 2012	March 22, 2013
74	TCAP13CE	September 7, 2012	June 13, 2013
75	AOT13CD	September 27, 2012	April 29, 2013
76	BLA13CD	September 27, 2012	April 29, 2013
77	DELT13CC	September 27, 2012	April 29, 2013
78	DTAC13CD	September 27, 2012	April 29, 2013

No.	Name of DW	First Trading Date	Maturity Date
79	ESSO13CD	September 27, 2012	April 30, 2013
80	SCCC13CA	September 27, 2012	April 30, 2013
81	TPIP13CC	September 27, 2012	April 30, 2013
82	TRUE13PB	September 27, 2012	April 30, 2013
83	BBL13CD	October 11, 2012	May 16, 2013
84	BBL13PC	October 11, 2012	May 16, 2013
85	HMPR13CD	October 11, 2012	May 16, 2013
86	IVL13PD	October 11, 2012	May 16, 2013
87	KTB13CE	October 11, 2012	May 16, 2013
88	KBAN13PD	October 16, 2012	June 26, 2013
89	TRUE13CE	October 16, 2012	June 26, 2013
90	BIGC13CB	November 28, 2012	July 9, 2013
91	BJC13CC	November 28, 2012	July 9, 2013
92	BLA13PC	November 28, 2012	July 9, 2013
93	CPAL13CD	November 28, 2012	July 9, 2013
94	INTU13CB	November 28, 2012	July 9, 2013
95	PTT13CH	November 28, 2012	July 9, 2013
96	BTS13CC	November 29, 2012	July 10, 2013
97	PTTG13CC	November 29, 2012	July 10, 2013
98	PTTG13PC	November 29, 2012	July 10, 2013
99	SCB13CD	November 29, 2012	July 10, 2013
100	THAI13CD	November 29, 2012	July 10, 2013
101	TUF13CC	November 29, 2012	July 10, 2013
102	BCP13CB	December 25, 2012	August 7, 2013
103	PS13CD	December 25, 2012	August 7, 2013
104	DCC13CC	December 28, 2012	October 4, 2013
105	TPIP13CD	December 28, 2012	October 4, 2013
106	CPN13CB	January 15, 2013	September 5, 2013
107	ROBI13CB	January 15, 2013	September 5, 2013
108	TISC13CB	January 15, 2013	September 5, 2013
109	JAS13CA	January 16, 2013	July 5, 2013
110	KK13CC	January 16, 2013	July 5, 2013
111	MINT13CB	January 23, 2013	August 6, 2013
112	BTS13PA	January 23, 2013	August 6, 2013
113	BGH13CE	January 31, 2013	August 16, 2013
114	CPF13CD	January 31, 2013	August 16, 2013
115	IVL13CG	January 31, 2013	August 16, 2013
116	KBAN13CG	January 31, 2013	August 16, 2013
117	PTTE13CG	February 15, 2013	August 22, 2013

No.	Name of DW	First Trading Date	Maturity Date
118	PTTE13PC	February 21, 2013	August 22, 2013
119	ADVA13CF	March 4, 2013	August 30, 2013
120	BANP13CH	March 4, 2013	August 30, 2013
121	IRPC13CE	March 4, 2013	August 30, 2013
122	SCC13CF	March 4, 2013	August 30, 2013
123	TOP13CF	March 4, 2013	August 30, 2013
124	KTB13CF	March 4, 2013	August 30, 2013
125	TMB13CD	March 4, 2013	August 30, 2013
126	PTT13PD	March 4, 2013	August 30, 2013
127	SCB13PD	March 4, 2013	August 30, 2013
128	TRUE13CF	March 20, 2013	September 6, 2013
129	AOT13CE	March 29, 2013	September 20, 2013
130	BJC13CD	March 29, 2013	September 20, 2013
131	BLA13CE	March 29, 2013	September 20, 2013
132	DELT13CD	March 29, 2013	September 20, 2013
133	DTAC13CE	March 29, 2013	September 20, 2013
134	HMPR13CE	March 29, 2013	September 23, 2013
135	LH13CD	March 29, 2013	September 23, 2013
136	SCCC13CB	March 29, 2013	September 23, 2013
137	TRUE13PC	March 29, 2013	September 23, 2013
138	ESSO13CE	April 19, 2013	October 18, 2013
139	BBL13CE	May 8, 2013	December 27, 2013
140	BBL13PD	May 8, 2013	December 27, 2013
141	BAY13CE	May 8, 2013	December 27, 2013
142	TCAP13CF	May 8, 2013	December 27, 2013
143	JAS13CB	May 23, 2013	November 8, 2013
144	THAI13CE	May 29, 2013	December 20, 2013
145	DTAC13CF	May 29, 2013	December 20, 2013
146	DTAC13PD	May 29, 2013	December 20, 2013
147	ADVA13CG	May 31, 2013	December 20, 2013
148	INTU13CC	May 31, 2013	December 20, 2013
149	BTS13CD	June 4, 2013	January 10, 2014
150	CPAL13CE	June 4, 2013	January 10, 2014
151	PTT13CI	June 4, 2013	January 10, 2014
152	SCB13CE	June 4, 2013	January 10, 2014
153	PTTG13CD	June 4, 2013	January 10, 2014
154	PTTG13PD	June 4, 2013	January 10, 2014
155	TRUE13CG	June 10, 2013	January 10, 2014
156	ADVA13PD	June 14, 2013	December 20, 2013

No.	Name of DW	First Trading Date	Maturity Date
157	INTU13PA	June 14, 2013	December 20, 2013
158	KBAN13PE	June 25, 2013	January 21, 2014
159	BCP13CC	July 3, 2013	January 24, 2014
160	HMPR13CF	July 11, 2013	January 24, 2014
161	BJC13CE	July 11, 2013	January 24, 2014
162	PS13CE	July 11, 2013	January 24, 2014
163	BGH13CF	July 11, 2013	January 24, 2014
164	CPF13CE	July 11, 2013	January 24, 2014
165	IVL13CH	July 11, 2013	January 24, 2014
166	KBAN13CH	July 11, 2013	January 24, 2014
167	PTTE13C1402A	July 18, 2013	February 21, 2014
168	PTTE13P1402A	July 18, 2013	February 21, 2014
169	TRUE13C1402A	July 18, 2013	February 21, 2014
170	TRUE13P1402A	July 18, 2013	February 21, 2014
171	BANP13C1404A	July 24, 2013	April 11, 2014
172	CK13C1401A	July 29, 2013	January 10, 2014
173	KTB13C1402A	July 29, 2013	February 28, 2014
174	TOP13C1402A	July 29, 2013	February 28, 2014
175	SCC13C1402A	July 29, 2013	February 28, 2014
176	IRPC13C1402A	July 29, 2013	February 28, 2014
177	SCB13P1402A	July 29, 2013	February 28, 2014
178	PTT13P1402A	July 29, 2013	February 28, 2014
179	KK13C1403A	August 2, 2013	March 28, 2014
180	THAI13C1403A	August 2, 2013	March 28, 2014
181	ESSO13C1403A	August 14, 2013	April 4, 2014
182	QH13C1403A	August 14, 2013	April 4, 2014
183	SIRI13C1403A	August 14, 2013	April 4, 2014
184	STA13C1403A	August 14, 2013	April 4, 2014
185	THCO13C1403A	August 14, 2013	April 4, 2014
186	TTA13C1403A	August 14, 2013	April 4, 2014
187	BLAN13C1403A	August 29, 2013	March 14, 2014
188	CPN13C1403A	August 29, 2013	March 14, 2014
189	TMB13C1404A	September 3, 2013	April 11, 2014
190	ADVA13C1404A	September 3, 2013	April 11, 2014
191	JAS13C1404A	September 3, 2013	April 11, 2014
192	TRUE13C1312A	September 6, 2013	December 30, 2013
193	CK13C1402A	September 6, 2013	February 21, 2014
194	IVL13C1403A	September 19, 2013	March 21, 2014
195	TTA13C1401A	September 24, 2013	February 3, 2014

No.	Name of DW	First Trading Date	Maturity Date
196	IVL13P1401A	October 8, 2013	January 21, 2014
197	BANP13C1403A	October 9, 2013	March 18, 2014
198	ITD13C1404A	October 17, 2013	April 10, 2014
199	TRUE13P1403A	October 17, 2013	March 18, 2014
200	SCB13C1403A	October 21, 2013	March 19, 2014
201	IVL13C1403B	October 29, 2013	March 28, 2014
202	ADVA13P1404A	November 11, 2013	April 11, 2014
203	DTAC13C1404A	November 11, 2013	April 25, 2014
204	DTAC13P1404A	November 11, 2013	April 25, 2014
205	INTU13C1404A	November 11, 2013	April 25, 2014
206	INTU13P1404A	November 11, 2013	April 25, 2014
207	JAS13C1405A	November 21, 2013	May 12, 2014
208	JAS13P1405A	November 21, 2013	May 12, 2014
209	TRUE13C1406A	November 21, 2013	June 25, 2014
210	PTT13C1403A	November 22, 2013	April 1, 2014
211	BBL13C1406A	November 22, 2013	June 25, 2014
212	BBL13P1406A	November 22, 2013	June 25, 2014
213	CPAL13C1406A	November 22, 2013	June 11, 2014
214	AOT13C1403A	December 2, 2013	April 1, 2014
215	BTS13C1405A	December 2, 2013	May 14, 2014
216	CK13C1404A	December 2, 2013	April 8, 2014
217	VGH13C1404A	December 2, 2013	April 29, 2014
218	IVL13P1404A	December 2, 2013	April 8, 2014
219	KBAN13C1404A	December 3, 2013	April 8, 2014
220	KBAN13P1404A	December 3, 2013	April 8, 2014
221	PTTG13C1404A	December 3, 2013	April 29, 2014
222	PTTG13P1404A	December 3, 2013	April 29, 2014
223	BJC13C1405A	December 17, 2013	June 3, 2014
224	CPF13C1406A	December 17, 2013	June 11, 2014
225	HMPR13C1406A	December 17, 2013	June 25, 2014
226	PS13C1405A	December 17, 2013	June 3, 2014
227	CK13C1406A	January 3, 2014	June 18, 2014
228	JAS13C1406A	January 3, 2014	June 18, 2014

Attachment 5

Branch & Regional locations

Branch location of KGI Securities (Thailand) Plc

Bangkok Branch		Provincial Branch
Pin Klao 7/129 Central Pinklao Building, 7 th Floor, Room no. 704, Boromrajchonnane Road, Arunammarin Sub-District, Bangkok Noi District, Bangkok 10700 Tel: 0 2884 9090-8 Fax: 0 2884 9099		Chiang Rai 490/1 Utrarakit Road, Weang Sub-District, Muang District, Chiang Rai 57000 Tel: 0 5374 0701 ext: 103 Fax: 0 5371 3117
		Suphan Buri 28/6-7 Muanhan Road, Thapeeleang Sub-District, Muang District, Suphan Buri 72000 Tel: 0 3552 2530-3 0 3550 2205-6 Fax: 0 3550 2875
Changwattana 99/349 Na-nakorn building, 1 st Floor, Moo.2, Changwattana Road, Tongsonghong Sub-District, Laksee District, Bangkok 10210 Tel: 0 2576 1889 Fax: 0 2576 1562	Nakhon Sawan 15/28-29 Sawanvithi Road, Pak Nam Pho Sub-District, Muang District, Nakhon Sawan 60000 Tel: 0 5631 4211-9 Fax: 0 5631 4211-9	Nakhon Pathom 1 28/32, 1 st Floor, Yingpao Road, Sanamjan Sub-District, Muang District, Nakhon Pathom 73000 Tel: 0 3427 2300-6 Fax: 0 3421 9262
Thapra 99 The Mall Shopping Complex, 6 th Floor, Room no. 1, Ratchadapisek Road (Thapra-Taksin), Bukhalow Sub-District, Thonburi District, Bangkok 10600 Tel: 0 2876 4800-7 0 2876 4817-9 Fax: 0 2876 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: 0 4439 3722 Fax: 0 4439 3723	Nakhon Pathom 2 28/32, 2 nd Floor, Yingpao Road, Sanamjan Sub-District, Muang District, Nakhon Pathom 73000 Tel: 0 3427 2519-21 Fax: 0 3427 2309
Silom Center 2, Silom Center Building, 18 th Floor, Room 1803, Silom Road, Suriyawong Sub-District, Bangrak District, Bangkok 10500 Tel: 0 2632 9360-9 Fax: 0 2632 9370	Udon Thani 26-27 Naraesuan Road, Makkeng Sub-District, Muang District, Udon Thani 41000 Tel: 0 4224 4008 0 4224 3536 0 4224 7925 Fax: 0 4224 3960	Phetchaburi 96/1-2, Moo 8, Kirirattaya Road, Thongchai Sub-District, Muang District, Petchaburi 76000 Tel: 0 3241 8371-5 0 3240 1761-5 0 3240 1097-9 Fax: 0 3241 8375
Silom Complex 191, Silom Complex Building, 20 th Floor, Room no. 3-5, Silom Road, Silom Sub-district, Bangrak District, Bangkok 10500 Tel: 0 2126 6366 Fax: 0 2126 6396-8	Samut Sakhon 923/55 A.T. Tower Building, Ekachai Road, Maha Chai Sub-District, Muang District, Samut Sakhon 74000 Tel: 0 3442 6940-5, 0 3442 3860-1 0 3483 6275 Fax: 0 3442 6940-3	Hat Yai 29 Lee Garden Plaza, 6 th Floor, Room no. 602, Prachathipat Road, Hat Yai Sub-District, Hat Yai District, Songkhla 90110 Tel: 0 7435 2520-39 Fax: 0 7423 7164
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 10462, 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

KGI Securities (Thailand) Public Company Limited
and its subsidiaries
Report and financial statements
31 December 2013



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193/136-137 ถนนรัชดาภิเษก
คลองเตย กรุงเทพฯ 10110
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Independent Auditor's Report

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

I have audited the accompanying consolidated financial statements of KGI Securities (Thailand) Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of comprehensive income, changes in owners' equity and cash flows for the year ended, and a summary of significant accounting policies and other explanatory information and have also audited the separate financial statements of KGI Securities (Thailand) Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 2013, their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Rachada Yongsawadvanich
Certified Public Accountant (Thailand) No. 4951

EY Office Limited
(Formerly known as Ernst & Young Office Limited)
Bangkok: 27 February 2014

KGI Securities (Thailand) Public Company Limited and its subsidiaries
Statements of financial position
As at 31 December 2013 and 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Assets					
Cash and cash equivalents	6	985,216,088	199,316,120	777,556,023	120,157,059
Deposits at financial institutions	7	89,536,253	118,208,723	1,527,746	2,077
Securities purchased under resale agreements		365,000,000	-	365,000,000	-
Receivables from Clearing House	8	371,152,530	2,242,394,566	371,152,530	2,242,394,566
Securities and derivatives business					
receivables - net	9	4,105,047,443	2,650,002,146	4,105,047,443	2,650,002,146
Derivatives assets	11	34,810,330	17,138,595	34,810,330	17,138,595
Investments - net	12	1,893,896,610	6,725,540,592	1,885,875,752	6,717,505,607
Investments in subsidiaries - net	13	-	-	2,549,733,109	2,626,611,543
Premises and equipment - net	14	103,263,269	107,635,744	84,723,663	95,238,865
Intangible assets - net	15	59,592,986	58,918,170	40,745,882	36,869,803
Goodwill		26,713,599	26,713,599	-	-
Properties foreclosed - net	16	51,813,155	51,843,155	51,813,155	51,843,155
Deferred tax assets	17.1	975,531	588,941	-	-
Other assets	18	171,719,694	161,269,594	133,828,681	115,799,594
Total assets		8,258,737,488	12,359,569,945	10,401,814,314	14,673,563,010

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 2013 and 2012

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
Liabilities and owners' equity					
Borrowings from financial institutions	19	-	2,549,000,000	-	2,549,000,000
Securities sold under repurchase agreements	20	165,000,000	2,124,384,829	165,000,000	2,124,384,829
Payables to Clearing House		307,042,599	-	307,042,599	
Securities and derivatives business payables	21	1,976,947,119	2,474,700,039	1,976,947,119	2,474,700,039
Subordinated loans from subsidiaries	22	-	-	2,099,000,000	2,199,000,000
Accrued expenses		364,113,200	225,915,335	323,309,210	190,216,378
Income tax payable		36,627,569	51,943,434	33,271,101	47,464,366
Derivatives liabilities	11	164,408,911	56,518,266	164,408,911	56,518,266
Debt issued and borrowings	19	2,995,905	-	2,995,905	-
Provisions for long-term employee benefits	23	41,020,621	44,336,251	37,869,928	42,172,270
Provisions for liabilities	37.1	39,347,767	25,653,960	36,691,267	25,653,960
Deferred tax liabilities	17.1	28,059,734	3,880,762	28,059,734	3,880,762
Other liabilities		23,237,533	20,622,346	22,294,872	20,765,914
Total liabilities		3,148,800,958	7,576,955,222	5,196,890,646	9,733,756,784
Owners' equity					
Share capital					
Registered, 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 component of owners' equity - exchange					
differences arising from translation of the					
financial statements of foreign operations		(51,885,273)	(53,759,939)	-	-
Retained earnings					
Appropriated - statutory reserve	26	199,176,313	199,176,313	199,176,313	199,176,313
Unappropriated		1,884,568,477	1,559,431,876	1,929,895,165	1,664,777,723
Equity attributable to equity holders of the parent		5,107,711,707	4,780,700,440	5,204,923,668	4,939,806,226
Non-controlling interests		2,224,823	1,914,283	-	-
Total owners' equity		5,109,936,530	4,782,614,723	5,204,923,668	4,939,806,226
Total liabilities and owners' equity		8,258,737,488	12,359,569,945	10,401,814,314	14,673,563,010

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 2013 and 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Profit or loss:					
Revenues					
Brokerage fees	27	1,241,237,892	819,622,797	1,244,021,996	821,031,850
Fees and service income	28	442,040,076	283,286,092	113,204,749	31,831,490
Gains (losses) on securities		(590,488,315)	459,726,272	(590,488,315)	444,469,883
Gains on derivatives		1,302,256,092	7,101,275	1,302,256,092	7,101,275
Interest and dividends		270,526,888	259,192,848	291,756,423	284,589,910
Interest on margin loans		90,377,379	71,187,885	90,377,379	71,187,885
Other income		2,707,485	8,444,517	2,936,147	7,881,799
Total revenues		2,758,657,497	1,908,561,686	2,454,064,471	1,668,094,092
Expenses					
Finance costs		113,587,207	109,374,737	113,587,207	109,374,737
Fees and service expenses		282,507,846	181,635,667	218,206,621	135,198,394
Operating expenses					
Personnel expenses	29, 31, 32	895,082,035	632,319,228	783,921,223	545,974,624
Premises and equipment expenses		205,703,070	178,044,325	176,951,290	151,502,054
Directors' remuneration	30	29,593,613	20,155,982	24,530,000	16,050,000
Other expenses		227,988,681	197,242,679	134,725,702	115,474,400
Total operating expenses		1,358,367,399	1,027,762,214	1,120,128,215	829,001,078
Bad debts and doubtful accounts (reversal)		(1,697,005)	1,822,579	(1,697,005)	1,822,579
Impairment loss on investment in subsidiaries		-	-	77,000,000	-
Total expenses		1,752,765,447	1,320,595,197	1,527,225,038	1,075,396,788
Profits before income tax expenses		1,005,892,050	587,966,489	926,839,433	592,697,304
Income tax expenses	17.2	(222,017,460)	(144,496,907)	(203,661,518)	(129,930,778)
Profits for the years		783,874,590	443,469,582	723,177,915	462,766,526
Other comprehensive income (loss):					
Gains (losses) on translation of the financial statements of foreign operation		1,874,666	(2,758,549)	-	-
Other comprehensive income (loss) for the years		1,874,666	(2,758,549)	-	-
Total comprehensive income for the years		785,749,256	440,711,033	723,177,915	462,766,526
Profits attributable to:					
Equity holders of the parent		783,197,074	442,853,459	723,177,915	462,766,526
Non-controlling interests		677,516	616,123		
		783,874,590	443,469,582		
Total comprehensive income attributable to:					
Equity holders of the parent		785,071,740	440,094,910	723,177,915	462,766,526
Non-controlling interests		677,516	616,123		
		785,749,256	440,711,033		
Earnings per share attributable to equity holders of the parent					
Basic earning per share	33	0.39	0.22	0.36	0.23

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

KGI Securities (Thailand) Public Company Limited and its subsidiaries
Statements of changes in owners' equity

For the year ended 31 December 2013 and 2012

	Consolidated financial statements							(Unit: Baht)	
	Equity attributable to equity holders of the parent								
	Other component								
	of owners'								
	Share capital	Share premium	Surplus from unexercised warrants	foreign operations	Retained earnings	Total equity attributable to equity holders of the parent	Non-controlling interests	Total	
Balance as at 1 January 2012	1,991,763,130	982,166,480	101,922,580	(51,001,390)	188,750,000	1,624,883,511	4,838,484,311	2,968,808	4,841,453,119
Dividend paid (Note 35)	-	-	-	-	-	(497,878,781)	(497,878,781)	(414,689)	(498,293,470)
Unappropriated retained earnings transferred to statutory reserve	-	-	-	-	10,426,313	(10,426,313)	-	-	-
Total comprehensive income (loss) for the year	-	-	-	(2,758,549)	-	442,853,459	440,094,910	616,123	440,711,033
Decrease in non-controlling interests	-	-	-	-	-	-	-	(1,255,959)	(1,255,959)
Balance as at 31 December 2012	1,991,763,130	982,166,480	101,922,580	(53,759,939)	199,176,313	1,559,431,876	4,780,700,440	1,914,283	4,782,614,723
Balance as at 1 January 2013	1,991,763,130	982,166,480	101,922,580	(53,759,939)	199,176,313	1,559,431,876	4,780,700,440	1,914,283	4,782,614,723
Dividend paid (Note 35)	-	-	-	-	-	(458,060,473)	(458,060,473)	(245,410)	(458,305,883)
Total comprehensive income for the year	-	-	-	1,874,666	-	783,197,074	785,071,740	677,516	785,749,256
Decrease in non-controlling interests	-	-	-	-	-	-	-	(121,566)	(121,566)
Balance as at 31 December 2013	1,991,763,130	982,166,480	101,922,580	(51,885,273)	199,176,313	1,884,568,477	5,107,711,707	2,224,823	5,109,936,530

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

KGI Securities (Thailand) Public Company Limited and its subsidiaries
Statements of changes in owners' equity (continued)

For the year ended 31 December 2013 and 2012

	Separate financial statements					(Unit: Baht)	
	Share capital	Share premium	Surplus from unexercised warrants	Retained earnings			Total
				Appropriated	Unappropriated		
Balance as at 1 January 2012	1,991,763,130	982,166,480	101,922,580	188,750,000	1,710,316,291	4,974,918,481	
Dividend paid (Note 35)	-	-	-	-	(497,878,781)	(497,878,781)	
Unappropriated retained earnings transferred to statutory reserve	-	-	-	10,426,313	(10,426,313)	-	
Total comprehensive income for the year	-	-	-	-	462,766,526	462,766,526	
Balance as at 31 December 2012	<u>1,991,763,130</u>	<u>982,166,480</u>	<u>101,922,580</u>	<u>199,176,313</u>	<u>1,664,777,723</u>	<u>4,939,806,226</u>	
Balance as at 1 January 2013	1,991,763,130	982,166,480	101,922,580	199,176,313	1,664,777,723	4,939,806,226	
Dividend paid (Note 35)	-	-	-	-	(458,060,473)	(458,060,473)	
Total comprehensive income for the year	-	-	-	-	723,177,915	723,177,915	
Balance as at 31 December 2013	<u>1,991,763,130</u>	<u>982,166,480</u>	<u>101,922,580</u>	<u>199,176,313</u>	<u>1,929,895,165</u>	<u>5,204,923,668</u>	

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

KGI Securities (Thailand) Public Company Limited and its subsidiaries
Statements of cash flows
For the years ended 31 December 2013 and 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from operating activities				
Profits before income tax expenses	1,005,892,050	587,966,489	926,839,433	592,697,304
Adjustments to reconcile profits before income tax expenses to net cash provided by (paid for) operating activities:				
Depreciation and amortisation	75,453,151	63,394,005	65,493,523	54,077,070
Bad debts and doubtful accounts	12,166,619	8,387,776	12,166,619	8,387,776
(Gains) losses on revaluation of securities and derivatives	14,748,707	(41,009,099)	14,748,707	(41,009,099)
Amortisation of premium on investment in debt securities	14,127	14,165	-	-
Gain on disposal of general investments	-	(13,378,156)	-	-
Impairment loss on investment in a subsidiary	-	-	77,000,000	-
(Gains) losses on disposals and write-off of equipment	187,500	(2,945,028)	(36,211)	(2,382,310)
Impairment loss on properties foreclosed	30,000	-	30,000	-
Interest income on deposits and investments	(192,669,693)	(157,565,836)	(187,897,745)	(152,928,836)
Dividend income	(77,854,088)	(77,115,321)	(103,858,678)	(107,150,632)
Finance costs	113,587,207	109,374,737	113,587,207	109,374,737
Provisions for long-term employee benefits (reversal)	831,870	6,037,158	(154,842)	8,987,686
Cash received on interest income on deposits and investments	189,603,562	141,412,411	185,744,846	136,986,064
Cash paid on interest expenses	(112,936,883)	(108,766,142)	(112,936,883)	(108,766,142)
Cash paid on income taxes	(213,540,943)	(172,379,078)	(193,675,811)	(160,038,894)
Income from operating activities before changes in operating assets and liabilities	815,513,186	343,428,081	797,050,165	338,234,724
(Increase) decrease in operating assets				
Deposits at financial institutions	28,672,470	84,063,015	(1,525,668)	124,152,441
Securities purchased under resale agreements	(365,000,000)	-	(365,000,000)	-
Receivables from Clearing House	2,060,751,651	(1,360,974,898)	2,060,751,651	(1,360,974,898)
Securities and derivatives business receivables	(1,468,651,041)	(271,195,337)	(1,468,651,041)	(271,195,337)
Derivatives assets	(27,463,212)	(5,818,216)	(27,463,212)	(5,818,216)
Trading securities	4,567,991,167	(4,347,743,660)	4,567,991,167	(4,347,743,660)
Other assets	(7,267,206)	(26,969,380)	(15,759,425)	(7,296,277)
Increase (decrease) in operating liabilities				
Borrowings from financial institutions	(2,549,000,000)	2,549,000,000	(2,549,000,000)	2,549,000,000
Securities sold under repurchase agreements	(1,959,384,829)	1,397,638,356	(1,959,384,829)	1,397,638,356
Payables to Clearing House	307,042,599	(183,565,265)	307,042,599	(183,565,265)
Securities and derivatives business payables	(459,424,625)	1,438,295,507	(459,424,625)	1,438,295,507
Accrued expenses	139,119,083	(36,811,040)	134,014,049	(42,102,913)
Derivatives liabilities	138,734,193	21,453,719	138,734,193	21,453,719
Debts issued and other borrowings	2,995,905	(120,000,000)	2,995,905	(120,000,000)
Payments on long-term employee benefits during the years	(4,147,500)	(6,846,169)	(4,147,500)	(6,000,000)
Other liabilities	1,974,937	2,088,701	888,709	1,055,574
Net cash provided by (used in) operating activities	1,222,456,778	(523,956,586)	1,159,112,138	(474,866,245)

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

KGI Securities (Thailand) Public Company Limited and its subsidiaries
Statements of cash flows (continued)

For the years ended 31 December 2013 and 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from investing activities				
Cash paid for general investments	-	(5,910,057)	-	(5,910,057)
Proceeds from disposal of general investments	-	82,306,517	-	-
Cash paid for investment in a subsidiary	(121,566)	(1,255,959)	(121,566)	(1,255,959)
Dividends received on investment in securities	79,176,448	82,252,605	79,176,448	82,252,605
Dividends received from a subsidiary	-	-	26,004,590	30,035,311
Cash paid for purchases of equipment and intangible assets	(59,545,234)	(58,087,595)	(49,043,790)	(46,828,257)
Proceed from disposals of equipment	364,759	3,460,492	331,617	2,503,553
Net cash provided by investing activities	19,874,407	102,766,003	56,347,299	60,797,196
Cash flows from financing activities				
Repayment of subordinated loans from a subsidiary	-	-	(100,000,000)	-
Dividends paid	(458,060,473)	(497,878,781)	(458,060,473)	(497,878,781)
Dividends paid to non-controlling interests	(245,410)	(414,689)	-	-
Net cash used in financing activities	(458,305,883)	(498,293,470)	(558,060,473)	(497,878,781)
Changes in translation adjustments	1,874,666	(2,758,549)	-	-
Net increase (decrease) in cash and cash equivalents	785,899,968	(922,242,602)	657,398,964	(911,947,830)
Cash and cash equivalents as at 1 January	199,316,120	1,121,558,722	120,157,059	1,032,104,889
Cash and cash equivalents as at 31 December	985,216,088	199,316,120	777,556,023	120,157,059

Supplemental cash flows information

Non-cash items consist of

Increase in fixed assets and provision for liabilities

in relation to estimation of decommissioning costs	12,122,266	-	9,465,766	-
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The accompanying notes are an integral part of the financial statements.

KGI Securities (Thailand) Public Company Limited and its subsidiaries
Table of contents for notes to financial statements
For the years ended 31 December 2013 and 2012

Note	Contents	Page
1.	Corporate information	1
2.	Basis for the preparation of financial statements.....	2
3.	New accounting standards.....	3
4.	Summary of significant accounting policies.....	5
5.	Significant accounting judgments and estimates.....	14
6.	Cash and cash equivalents.....	16
7.	Deposits at financial institutions	16
8.	Receivables from Clearing House.....	17
9.	Securities and derivatives business receivables	17
10.	Allowances for doubtful accounts.....	19
11.	Derivatives assets and liabilities	20
12.	Investments	21
13.	Investments in subsidiaries.....	24
14.	Premises and equipment	25
15.	Intangible assets.....	27
16.	Properties foreclosed	28
17.	Deferred tax assets/liabilities and income tax expenses	29
18.	Other assets	30
19.	Borrowings from financial institutions/Debts issued and other borrowings.....	31
20.	Securities sold under repurchase agreements	31
21.	Securities and derivatives business payables	32
22.	Subordinated loans from subsidiaries	32
23.	Provisions for long-term employee benefits	32
24.	Esop warrants.....	34
25.	Capital management.....	34
26.	Statutory reserve	34
27.	Brokerage fees	34
28.	Fees and service income	35
29.	Personnel expenses	35
30.	Directors' remunerations.....	36
31.	Management's remuneration	36
32.	Provident fund	37
33.	Earnings per share	37

KGI Securities (Thailand) Public Company Limited and its subsidiaries**Table of contents for notes to financial statements (continued)****For the years ended 31 December 2013 and 2012**

Note	Contents	Page
34.	Related party transactions	38
35.	Dividends.....	41
36.	Segment information.....	42
37.	Commitments and contingent liabilities	43
38.	Financial Instruments.....	59
39.	Events after the reporting period.....	69
40.	Approval of financial statements	69

KGI Securities (Thailand) Public Company Limited and its subsidiaries**Notes to financial statements****For the years ended 31 December 2013 and 2012****1. Corporate information**

KGI Securities (Thailand) Public Company Limited (“the Company”) was incorporated as a public limited company under the Public Limited Companies Act and it has been operating securities businesses and licensed and approved by the Office of the Securities and Exchange Commission (“SEC”) to operate the following businesses;

- (a) securities brokerage,
- (b) securities dealing,
- (c) investment advisory,
- (d) securities underwriting,
- (e) securities borrowing and lending,
- (f) securities registrar
- (g) derivatives brokerage
- (h) financial advisory
- (i) Over-the-Counter (OTC) derivative business, and
- (j) sales agent of mutual fund units in the areas as specified by the SEC.

In addition, the Company has investments in 3 subsidiaries, whose businesses are disclosed in Note 2.2 to the financial statements.

The Company's registered office is located at No. 173, the 8th-11th floors of Asia Centre Building, South Sathorn Road, Thungmahamek Sub-district, Sathorn District, Bangkok. As at 31 December 2013 and 2012, the Company has altogether 15 branches and 13 branches, respectively, in Bangkok and other provinces.

2. Basis for the preparation of financial statements

2.1 Basis for the preparation of financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E 2547. The presentation of the financial statements has been made in compliance with requirement of the Notification No. Sor. Thor. Kor. Nor. 53/2553 dated 15 December 2010 of the Office of the Securities and Exchange Commission relating to the format of the financial statements of securities companies.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 4 to the financial statements regarding a summary of significant accounting policies.

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 such financial statements in Thai language.

2.2 Basis of consolidation

- (a) The consolidated financial statements include the financial statements of KGI Securities (Thailand) Public Company Limited (“the Company”) and the following subsidiaries:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding		Assets as a percentage to the consolidated totals		Revenues as a percentage to the consolidated totals	
			For the years ended		For the years ended		For the years ended	
			31 December 2013	31 December 2012	31 December 2013	31 December 2012	31 December 2013	31 December 2012
			Percent	Percent	Percent	Percent	Percent	Percent
One Asset Management Limited	Mutual fund management	Thailand	99	99	3.36	1.83	12.21	13.63
KGI Securities (Thailand) International Holdings Limited (“HOLDCO”)	Holding company	Hong Kong	100	100	1.24	0.02	-	-
KGI (Thailand) Holdings Limited (“KTHL”)	Holding company	British Virgin Islands	100	100	0.01	0.48	-	0.80

- (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 the same accounting periods and significant accounting policies as the Company.

- (d) The assets and liabilities in the financial statements of overseas subsidiaries are translated into Baht using the exchange rate prevailing at the end of the reporting period, and revenues and expenses translated into Baht using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences arising from translation of the financial statements of foreign operations” within owners’ equity.
- (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 owners’ equity in the consolidated statement of financial position.

2.3 Separate financial statements

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

3. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

3.1 Accounting standards that became effective in the current accounting year

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

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have a significant impact to these financial statements, except for Thai Accounting Standard 12: Income Taxes whereby in January 2012 the Company and its subsidiaries adopted such accounting standard before its effective date and already restated their financial statements as though they had always adopted such accounting standard.

3.2 Accounting standards that will become effective in the future

		<u>Effective date</u>
Accounting Standards:		
TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014
Financial Reporting Standards:		
TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014

		<u>Effective date</u>
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's and its subsidiaries' management believe that these accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

4. Summary of significant accounting policies

4.1 Revenue recognition

(a) Brokerage fees

Brokerage fees from securities and derivatives businesses are recognised as revenues on the transaction dates.

(b) Fees and service income

Fees and service income are recognised as revenues 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 or fixed amount as mentioned in prospectus and recognised as revenues on an accrual basis.

(c) Gains (losses) on securities and derivatives

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

(d) Interest and dividends

Interest is recognised as revenues on an accrual basis based on the effective interest rate. Dividend is recognised as revenues when the right to receive the dividend is established.

(e) Interest on credit balance loans

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

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

4.2 Expense recognition

(a) Interest expenses

Interest is charged to expenses on an accrual basis.

(b) Fees and service expenses

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

4.3 Recognition and elimination of customer deposits

Customers' deposits placed with the Company for securities trading in their of cash accounts and credit balance accounts, including those placed as security for derivatives trading, are recorded as assets and liabilities of the Company for internal control purposes. However, at the end of the reporting period, the Company excludes the amounts from both assets and liabilities and presents only assets, which belong to the Company.

4.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, all bank accounts maturing within 3 months, short-term investments in callable notes or promissory notes issued by financial institutions and those with an original maturity of 3 months or less and not subject to withdrawal restrictions.

4.5 Deposits at financial institutions

Deposits at financial institutions include fixed deposits, bills of exchange and promissory notes issued by financial institutions with an original maturity of longer than 3 months or with an original maturity of 3 months or less, but the Company and its subsidiaries intend to roll-over them, or deposits subject to withdrawal restrictions.

4.6 Securities purchased under resale agreements/securities sold under repurchase agreements

The Company enters into purchases of securities under resale agreements and sales of securities under repurchase agreements at certain dates in the future at a fixed price. Securities purchased under resale agreements presented as assets in the statements of financial position, are stated at amounts paid for the purchases of those securities and the amounts received for securities sold under repurchase agreements are presented as liabilities in the statements of financial position. 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 or finance costs as the case maybe. Securities under those agreement are deemed collateral.

4.7 Receivable from Clearing House/payables to Clearing House

Receivables from Clearing House comprise the net balance receivable from Clearing House in respect of settlements of securities and derivatives trading businesses. These also include amounts placed with Clearing House as securities for derivatives trading transactions.

Payables to Clearing House comprise the net balance payable to Clearing House in respect of settlements of securities and derivatives trading businesses.

4.8 Securities borrowing and lending

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 reporting 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 from operation.

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 are recognised as expenses while fees for lending are recognised as revenue on an accrual basis over the borrowing/lending terms.

4.9 Securities and derivatives business receivables/payables

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.

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

4.10 Allowances for doubtful accounts

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

4.11 Investments

- (a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss from operation.
- (b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be transferred to be recognised in profit or loss from operation when the securities are sold.
- (c) Investments in held-to-maturity debt securities are recorded at amortised cost. The premium on discount on debt securities is amortised or accreted by the effective rate method with the amortised or accreted amount presented as an adjustment to the interest income.
- (d) Investments in non-marketable equity securities, which the Company classifies as general 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 reporting period 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 investment units is determined from their net asset values.

Loss on impairment of investments (if any) are included in profit or loss from operation.

Purchase and sales of investments are recorded on trade date.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss from operation. The weighted average method is used for computation of the cost of investments.

4.12 Premises and Equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). 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 profit or loss from operation.

An item of property, plant and equipment is derecognised 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 from operation when the asset is derecognised.

4.13 Intangible assets and amortisation

Intangible assets are carried at cost less any accumulated amortisation and allowance for impairment (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 from operation.

Intangible assets have the estimated useful lives as follows:

	<u>Useful lives</u>
Deferred derivatives agent license fee	5 years
Computer softwares	5 and 7 years

No amortisation is provided on computer software under development.

4.14 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, such excess is immediately recognised as revenue in profit or loss from operation.

For subsequent measurement, goodwill is carried at cost less allowance for impairment. Goodwill is tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

4.15 Properties foreclosed

Properties foreclosed represent land received in settlement of securities business receivables from debtors, and are stated at the lower of cost or net realisable value. Loss on impairment is included in profit or loss from operation.

4.16 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of 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 in profit or loss from operation 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.

4.17 Provisions

Provisions are recognised when the Company and its 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.

4.18 Long-term leases

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 shorter of useful life of the asset and the lease period.

Operating lease payments are recognised as an expense in profit or loss from operation on a straight line basis over the lease term.

4.19 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 plan

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 plan

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 its subsidiaries treat these severance payment obligations as a defined benefit plan.

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

Actuarial gains and losses arising from the defined benefit plan are recognised immediately in profit or loss from operation.

4.20 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

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 profit or loss from operation.

4.21 Income tax expenses

Income tax expenses represent the sum of corporate income taxes currently payable and deferred income taxes.

Current income taxes

Current income taxes are 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.

Deferred income taxes

Deferred income taxes are provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting periods.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profits will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

The Company and its subsidiaries record deferred income taxes directly to owners' equity if the taxes relate to items that are recorded directly to owners' equity.

4.22 Derivatives

The Company enters into derivative transactions to meet the needs of customers and/or for trading purposes, and such derivatives can be divided into five categories. These are forward contracts, futures, options, derivative warrants and over-the-counter derivatives.

The Company initially records the obligations under derivative contracts as off-balance sheet items and recognises such contracts as assets or liabilities at fair value at the transaction date (trade date). The Company will subsequently measure them at fair value at the end of each reporting period whereby gains or losses as a result of changes in the fair value will be recognised in profit or loss from operation.

The fair values of each category of derivatives are determined as follows:

- (a) The fair value of forward contracts is calculated using the exchange rate at the end of the reporting period.
- (b) The fair value of locally traded forward contracts is based on the settlement prices quoted on the last working day of the reporting period by Thailand Futures Exchange Public Company Limited. The fair value of forward contracts traded on overseas exchanges is based on the daily settlement prices quoted by the applicable overseas exchanges.
- (c) The fair value of option contracts is determined based on the daily settlement price quoted by Thailand Futures Exchange Public Company Limited.
- (d) The fair value of derivative warrants is based on the latest offer price on the last working day of the period as quoted on the Stock Exchange of Thailand.
- (e) The fair value of over-the-counter derivatives is determined using a valuation technique and model. The inputs to this model are derived from observable market data, taking into consideration of dividend, interest rate, the underlying price and the volatility of the underlying item.

4.23 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 give them significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the Company's and its subsidiaries' operations, together with closed family members of such persons and companies which are controlled or influenced by them, whether directly or indirectly.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards 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:

5.1 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.

5.2 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.

5.3 Allowances for doubtful accounts on securities and derivative business receivables

Allowances for doubtful accounts on 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.

5.4 Allowance for impairment on investments

The Company and its subsidiaries treat 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.

5.5 Premises and equipment and depreciation

In determining depreciation of buildings and equipment, the management is required to make estimates of the useful lives and residual values of the Company's buildings and equipment and to review estimated useful lives and residual values when circumstance changes.

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

5.6 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.

5.7 Deferred tax assets

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

5.8 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.

5.9 Employee benefits

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. However, actual results could differ from estimates.

5.10 Litigation

The Company and its subsidiaries 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 of the end of reporting period. In case where they believe that there will be no loss, they will not provide contingent liabilities as at the end of reporting period. However, actual results could differ from estimates.

6. Cash and cash equivalents

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Cash on hand	801,835	773,149	751,835	723,149
Current accounts and savings deposits	1,128,625,852	437,217,115	1,001,671,787	362,608,054
Fixed deposits	680,663,108	1,394,131,742	600,007,108	1,389,631,742
Total cash and cash equivalents	1,810,090,795	1,832,122,006	1,602,430,730	1,752,962,945
Less: Deposits held for customers	(824,874,707)	(1,632,805,886)	(824,874,707)	(1,632,805,886)
Cash and cash equivalents - net	985,216,088	199,316,120	777,556,023	120,157,059

7. Deposits at financial institutions

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
	Over 3 months but less than 1 year	Over 3 months but less than 1 year	Over 3 months but less than 1 year	Over 3 months but less than 1 year
Fixed deposits	2,502,536,253	713,530,096	2,414,527,746	599,523,450
Bills of exchange	-	4,200,000	-	-
Total	2,502,536,253	717,730,096	2,414,527,746	599,523,450
Less: Deposits held for customers	(2,413,000,000)	(599,521,373)	(2,413,000,000)	(599,521,373)
Deposits at financial institutions - net	89,536,253	118,208,723	1,527,746	2,077

8. Receivables from Clearing House

(Unit: Baht)

	Consolidated and Separate financial statements	
	31 December 2013	31 December 2012
Receivables from Clearing House	552,859,231	2,415,294,247
Less: Receivables from Clearing House held for customers	(181,706,701)	(172,899,681)
Receivables from Clearing House - net	371,152,530	2,242,394,566

9. Securities and derivatives business receivables

(Unit: Baht)

	Consolidated and Separate financial statements	
	31 December 2013	31 December 2012
<u>Securities business receivables</u>		
Cash accounts	1,795,009,957	1,177,566,564
Credit balance accounts	1,692,883,487	1,053,340,753
Receivables under securities borrowing and lending business		
- Guarantee deposit receivables	601,862,171	323,704,869
- Securities borrowing receivables	25,213,320	95,659,650
Other receivables		
- Installment receivables	434,895,081	438,711,269
- Overdue customers' accounts	1,899,566	759,222
Total securities business receivables	4,551,763,582	3,089,742,327
Add: Accrued interest receivables	11,749,936	16,822,899
Less: Allowance for doubtful accounts	(458,466,075)	(456,563,080)
Securities business receivables and accrued interest receivables - net	4,105,047,443	2,650,002,146
Securities and derivatives business receivables - net	4,105,047,443	2,650,002,146

9.1 Receivables on which recognition of income have been ceased

As at 31 December 2013 and 2012, the Company had other receivables with book values totaling Baht 430 million and Baht 419 million, respectively, on which recognition of income have been ceased. The Company had already provided allowance for doubtful accounts amounting to Baht 430 million and Baht 419 million, respectively.

9.2 Receivables classified by class

As at 31 December 2013 and 2012, the Company classified securities business receivables, including related accrued interest receivables, in accordance with the Notification of the Office of the Securities and Exchange Commission relating to accounting for non-performing debts of securities companies. The classification is as follows:

(Unit: Million Baht)			
31 December 2013			
	Debt balances	Allowances for doubtful accounts	Debt balances net of allowances for doubtful accounts
Normal debts	4,109	-	4,109
Sub-standard debts	29	-	29
Doubtful debts	426	(426)	-
Total	4,564	(426)	4,138
Additional reserve for uncollectibles	-	(33)	(33)
Carrying values	4,564	(459)	4,105

(Unit: Million Baht)			
31 December 2012			
	Debt balances	Allowances for doubtful accounts	Debt balances net of allowances for doubtful accounts
Normal debts	2,654	-	2,654
Sub-standard debts	29	-	29
Doubtful debts	424	(424)	-
Total	3,107	(424)	2,683
Additional reserve for uncollectibles	-	(33)	(33)
Carrying values	3,107	(457)	2,650

9.3 Guarantee deposit receivables

As at 31 December 2013 and 2012, securities business receivables include guarantee deposit receivables as follows.

(Unit: Million Baht)		
Consolidated and Separate financial statements		
	31 December 2013	31 December 2012
Guarantee deposit receivables	602	324
Fair value of borrowed securities	478	283
The value of remaining borrowed securities not yet sold under short-sale transaction or relent to others	-	1

10. Allowances for doubtful accounts

(Unit: Baht)		
Consolidated and Separate financial statements		
	For the years ended 31 December	
	2013	2012
Balances - beginning of the years	456,563,080	445,320,502
Add: Allowances for doubtful accounts additional by set up during the years	12,166,620	8,387,776
Bad debts written back	3,600,000	9,420,000
Less: Reversal of allowances for doubtful accounts during the years	(13,863,625)	(6,565,198)
Balances - end of the years	458,466,075	456,563,080

11. Derivatives assets and liabilities

(Unit: Baht)

Consolidated and Separate financial statements				
31 December 2013				
	Assets		Liabilities	
	Fair value	Notional amounts	Fair value	Notional amounts
Trading derivatives				
Warrants	1,906,659	6,684,600	-	-
Derivatives warrants	14,045,260	142,243,991	144,883,060	3,698,041,000
Futures	-	502,615,280	-	984,786,414
Options	1,530,020	18,160,000	920	195,000
Over-the-Counter derivatives	17,328,391	1,402,999,360	19,524,931	1,708,390,410
	<u>34,810,330</u>	<u>2,072,703,231</u>	<u>164,408,911</u>	<u>6,391,412,824</u>

(Unit: Baht)

Consolidated and Separate financial statements				
31 December 2012				
	Assets		Liabilities	
	Fair value	Notional amounts	Fair value	Notional amounts
Trading derivatives				
Warrants	8,209,500	8,319,959	-	-
Derivatives warrants	-	-	45,269,900	200,793,690
Futures	-	530,918,792	-	3,829,071,826
Options	367,360	20,622,000	121,180	4,399,000
Over-the-Counter derivatives	8,561,735	916,078,720	11,127,186	1,232,224,134
	<u>17,138,595</u>	<u>1,475,939,471</u>	<u>56,518,266</u>	<u>5,266,488,650</u>

12. Investments

12.1 Investments classified by investment purposes

(Unit: Baht)

	Consolidated financial statements			
	31 December 2013		31 December 2012	
	Cost value/ amortised cost	Fair value	Cost value/ amortised cost	Fair value
Trading securities				
Equity securities				
Listed securities	1,412,956,982	1,290,127,950	4,318,130,960	4,454,474,452
Investments units	10,495,550	10,237,947	1,550	6,289
Total	1,423,452,532	1,300,365,897	4,318,132,510	4,454,480,741
Debt securities				
Government debt securities	486,932,786	484,799,098	2,215,917,434	2,218,104,561
Corporate debt securities	79,725,944	79,960,795	18,142,427	18,260,285
Total	566,658,730	564,759,893	2,234,059,861	2,236,364,846
Total trading securities	1,990,111,262	1,865,125,790	6,552,192,371	6,690,845,587
Add (less): Allowance for revaluation	(124,985,472)	-	138,653,216	-
Trading securities - net	1,865,125,790	1,865,125,790	6,690,845,587	6,690,845,587
Held-to-maturity debt securities				
Government bonds	8,020,858		8,034,985	
Total held-to-maturity debt securities	8,020,858		8,034,985	
General investments				
Ordinary shares	27,602,642		33,512,699	
Foreign investment units	2,942,230		2,746,581	
Total general investments	30,544,872		36,259,280	
Less: Allowance for impairment	(9,794,910)		(9,599,260)	
General investments - net	20,749,962		26,660,020	
Investments - net	1,893,896,610		6,725,540,592	

(Unit: Baht)

	Separate financial statements			
	31 December 2013		31 December 2012	
	Cost value/ amortised cost	Fair value	Cost value/ amortised cost	Fair value
Trading securities				
Equity securities				
Listed securities	1,412,956,982	1,290,127,950	4,318,130,960	4,454,474,452
Investment units	10,495,550	10,237,947	1,550	6,289
Total	1,423,452,532	1,300,365,897	4,318,132,510	4,454,480,741
Debt securities				
Government debt securities	486,932,786	484,799,098	2,215,917,434	2,218,104,561
Corporate debt securities	79,725,944	79,960,795	18,142,427	18,260,285
Total	566,658,730	564,759,893	2,234,059,861	2,236,364,846
Total trading securities	1,990,111,262	1,865,125,790	6,552,192,371	6,690,845,587
Add (less): Allowance for revaluation	(124,985,472)	-	138,653,216	-
Trading securities - net	1,865,125,790	1,865,125,790	6,690,845,587	6,690,845,587
General investments				
Ordinary shares	27,602,642		33,512,699	
Less: Allowance for impairment	(6,852,680)		(6,852,679)	
General investments - net	20,749,962		26,660,020	
Investments - net	1,885,875,752		6,717,505,607	

12.2 Investments subject to restrictions

As at 31 December 2013 and 2012, the Company and its subsidiaries have investments subject to restrictions of which the carrying value are as follows.

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Securities sold under repurchase agreements				
- Trading securities	133,904,149	2,140,159,554	133,904,149	2,140,159,554
Securities that were lent by the securities borrowing and lending business - trading securities	450,000	-	450,000	-
Securities placed as collateral				
Held-to-maturity debt securities ⁽¹⁾	8,020,858	8,034,985	-	-
Total investments subject to restrictions	142,375,007	2,148,194,539	134,354,149	2,140,159,554

⁽¹⁾ As at 31 December 2013 and 2012, investments in held-to-maturity debt securities of a local subsidiary, totaling Baht 8 million, were placed as security with the Ministry of Finance, in accordance with the agreements made with the Ministry of Finance and the Ministry of Industry, who hired the subsidiary as their fund manager. The funds as managed by the subsidiary, are being in the liquidation process, those securities will be free from encumbrance when the liquidation is completed.

12.3 Debt securities classified by remaining periods to maturity

As at 31 December 2013 and 2012, a subsidiary classifies investments in held-to-maturity debt securities by the remaining periods to maturity as follows:

(Unit: Baht)

	Consolidated financial statements			
	31 December 2013			
	Due within			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity debt securities				
Government bonds	-	8,020,858	-	8,020,858
Total investments in held-to-maturity debt securities	-	8,020,858	-	8,020,858

(Unit: Baht)

	Consolidated financial statements			
	31 December 2012			
	Due within			Total
	Within 1 year	1 - 5 years	Over 5 years	
Held-to-maturity debt securities				
Government bonds	-	8,034,985	-	8,034,985
Total investments in held-to-maturity debt securities	-	8,034,985	-	8,034,985

13. Investments in subsidiaries

As at 31 December 2013 and 2012, investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Business	Type of Relationship	Paid-up capital		Shareholding percentage		Cost		Dividends received during the years ended 31 December	
			31 December	31 December	31 December	31 December	31 December	31 December	2013	2012
			2013	2012	2013	2012	2013	2012	2013	2012
					%	%	Million Baht	Million Baht	Million Baht	Million Baht
<u>Subsidiaries included in consolidated financial statements</u>										
One Asset Management Limited	Mutual fund management	Shareholding	Baht 105 million	Baht 105 million	99	99	244	244	26	30
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 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							2,627	2,627	26	30
Less Allowance for impairment loss							(77)	-	-	-
Investments in subsidiaries - net							2,550	2,627	26	30

During the year ended 31 December 2013, the Company acquired additional 6,682 ordinary shares of One Asset Management Limited from minority shareholders of that subsidiary.

14. Premises and equipment

(Unit: Baht)

Consolidated financial statements							
For the year ended 31 December 2013							
	Land	Building and improvements	Equipment	Furniture and fixtures	Vehicles	Installation in progress	Total
<u>Cost</u>							
1 January 2012	1,820,000	15,183,106	290,138,926	112,838,808	14,689,072	19,459,012	454,128,924
Purchases	-	-	12,552,526	1,616,947	-	21,106,006	35,275,479
Disposal/write-off	-	-	(5,810,204)	(3,437,020)	(11,920,712)	-	(21,167,936)
Transfer in (out)	-	-	19,630,962	2,937,065	-	(22,568,027)	-
31 December 2012	1,820,000	15,183,106	316,512,210	113,955,800	2,768,360	17,996,991	468,236,467
Purchases	-	2,740,000	18,936,541	10,429,515	-	25,753,694	57,859,750
Disposal/write-off	-	(10,124,080)	(15,960,107)	(688,569)	(794,600)	-	(27,567,356)
Transfer in (out)	-	2,024,935	16,641,711	10,301,579	-	(28,968,225)	-
31 December 2013	1,820,000	9,823,961	336,130,355	133,998,325	1,973,760	14,782,460	498,528,861
<u>Accumulated depreciation</u>							
1 January 2012	-	13,871,667	220,510,343	81,243,234	14,297,629	-	329,922,873
Depreciation for the year	-	545,121	34,854,821	15,821,647	108,734	-	51,330,323
Disposal/write-off	-	-	(5,693,658)	(3,320,808)	(11,638,007)	-	(20,652,473)
31 December 2012	-	14,416,788	249,671,506	93,744,073	2,768,356	-	360,600,723
Depreciation for the year	-	859,001	38,036,553	22,996,111	-	-	61,891,665
Disposal/write-off	-	(9,915,929)	(15,876,330)	(639,938)	(794,599)	-	(27,226,796)
31 December 2013	-	5,359,860	271,831,729	116,100,246	1,973,757	-	395,265,592
<u>Net book value</u>							
1 January 2012	1,820,000	1,311,439	69,628,583	31,595,574	391,443	19,459,012	124,206,051
31 December 2012	1,820,000	766,318	66,840,704	20,211,727	4	17,996,991	107,635,744
31 December 2013	1,820,000	4,464,101	64,298,626	17,898,079	3	14,782,460	103,263,269
Depreciation for the year ended 31 December 2012							51,330,323
Depreciation for the year ended 31 December 2013							61,891,665

(Unit: Baht)

Separate financial statements							
For the year ended 31 December 2013							
	Land	Building and improvement	Equipment	Furniture and fixtures	Vehicles	Installation in progress	Total
<u>Cost</u>							
1 January 2012	1,820,000	3,280,000	258,981,272	106,666,075	11,749,560	19,459,012	401,955,919
Purchase	-	-	9,892,013	1,610,752	-	15,738,488	27,241,253
Disposal/write-off	-	-	(4,529,337)	(76,169)	(8,981,200)	-	(13,586,706)
Transfer in (out)	-	-	19,630,962	2,937,065	-	(22,568,027)	-
31 December 2012	1,820,000	3,280,000	283,974,910	111,137,723	2,768,360	12,629,473	415,610,466
Purchase	-	-	15,631,970	10,313,763	-	19,713,768	45,659,501
Disposal/write-off	-	-	(12,884,359)	-	(794,600)	-	(13,678,959)
Transfer in (out)	-	-	16,641,711	6,958,996	-	(23,600,707)	-
31 December 2013	1,820,000	3,280,000	303,364,232	128,410,482	1,973,760	8,742,534	447,591,008
<u>Accumulated depreciation</u>							
1 January 2012	-	2,904,910	197,264,597	75,586,646	11,749,549	-	287,505,702
Depreciation for the year	-	164,000	30,484,551	15,682,812	-	-	46,331,363
Disposal/write-off	-	-	(4,413,835)	(70,436)	(8,981,193)	-	(13,465,464)
31 December 2012	-	3,068,910	223,335,313	91,199,022	2,768,356	-	320,371,601
Depreciation for the year	-	164,000	33,697,687	22,229,309	-	-	56,090,996
Disposal/write-off	-	-	(12,800,653)	-	(794,599)	-	(13,595,252)
31 December 2013	-	3,232,910	244,232,347	113,428,331	1,973,757	-	362,867,345
<u>Net book value</u>							
1 January 2012	1,820,000	375,090	61,716,675	31,079,429	11	19,459,012	114,450,217
31 December 2012	1,820,000	211,090	60,639,597	19,938,701	4	12,629,473	95,238,865
31 December 2013	1,820,000	47,090	59,131,885	14,982,151	3	8,742,534	84,723,663
Depreciation for year ended 31 December 2012							46,331,363
Depreciation for year ended 31 December 2013							56,090,996

As at 31 December 2013 and 2012, certain items of equipment, furniture and fixtures and vehicles of the Company and its subsidiaries have been fully depreciated but are still in use. The original costs (before deducting accumulated depreciation) of those assets amounted to approximately Baht 334 million and Baht 194 million, respectively (the Company only: Baht 310 million and Baht 163 million, respectively).

15. Intangible assets

(Unit: Baht)

		Consolidated financial statements						
		For the year ended 31 December 2013						
		Cost			Accumulated amortisation			
		Balance as at 1 January	Increase	Balance as at 31 December	Balance as at 1 January		Balance as at 31 December	Intangible assets - net
Useful lives		2013	(decrease)	2013	2013	Increase	2013	
Deferred derivatives								
agent license fee	5 years	5,336,000	-	5,336,000	5,336,000	-	5,336,000	-
Computer softwares	5 and 7 years	112,379,107	23,376,991	135,756,098	68,602,259	13,561,485	82,163,744	53,592,354
Computer softwares under development	-	15,141,322	(9,140,690)	6,000,632	-	-	-	6,000,632
Total		132,856,429	14,236,301	147,092,730	73,938,259	13,561,485	87,499,744	59,592,986

(Unit: Baht)

		Consolidated financial statements						
		For the year ended 31 December 2012						
Useful lives		Cost			Accumulated amortisation			Intangible assets - net
		Balance		Balance	Balance		Balance	
		as at		as at	as at		as at	
		1 January	Increase	31 December	1 January		31 December	
		2012	(decrease)	2012	2012	Increase	2012	
Deferred derivatives								
agent license fee	5 years	5,336,000	-	5,336,000	5,336,000	-	5,336,000	-
Computer softwares	5 and 7 years	87,998,862	24,380,245	112,379,107	67,075,088	1,527,171	68,602,259	43,776,848
Computer softwares under development	-	24,995,118	(9,853,796)	15,141,322	-	-	-	15,141,322
Total		118,329,980	14,526,449	132,856,429	72,411,088	1,527,171	73,938,259	58,918,170

(Unit: Baht)

		Separate financial statements						
		For the year ended 31 December 2013						
		Cost			Accumulated amortisation			
		Balance as at 1 January	Increase	Balance as at 31 December	Balance as at 1 January		Balance as at 31 December	Intangible assets - net
Useful lives		2013	(decrease)	2013	2013	Increase	2013	
Deferred derivatives								
agent license fee	5 years	5,336,000	-	5,336,000	5,336,000	-	5,336,000	-
Computer softwares	5 years	77,398,179	22,419,296	99,817,475	55,669,698	9,402,527	65,072,225	34,745,250
Computer softwares under development	-	15,141,322	(9,140,690)	6,000,632	-	-	-	6,000,632
Total		97,875,501	13,278,606	111,154,107	61,005,698	9,402,527	70,408,225	40,745,882

(Unit: Baht)

Separate financial statements								
For the year ended 31 December 2012								
	Useful lives	Cost			Accumulated amortisation			Intangible assets - net
		Balance as at 1 January 2012	Increase (decrease)	Balance as at 31 December 2012	Balance as at 1 January 2012	Increase	Balance as at 31 December 2012	
Deferred derivatives								
agent license fee	5 years	5,336,000	-	5,336,000	5,336,000	-	5,336,000	-
Computer softwares	5 years	63,578,495	13,819,684	77,398,179	47,923,990	7,745,708	55,669,698	21,728,481
Computer softwares under development	-	7,123,157	8,018,165	15,141,322	-	-	-	15,141,322
Total		76,037,652	21,837,849	97,875,501	53,259,990	7,745,708	61,005,698	36,869,803

As at 31 December 2013 and 2012, certain items of computer softwares of the Company and its subsidiaries have been fully amortised but are still in use. The original costs (before deducting accumulated amortisation) of those assets amounted to approximately Baht 55 million and Baht 49 million, respectively (the Company only: Baht 46 million and Baht 40 million, respectively).

16. Properties foreclosed

(Unit: Baht)

	Consolidated and separate financial statements	
	31 December 2013	31 December 2012
Cost	56,495,417	56,495,417
Less: Allowance for impairment	(4,682,262)	(4,652,262)
Properties foreclosed - net	51,813,155	51,843,155

Properties foreclosed represent land acquired in settlement of the debts of the Company's debtors. They are stated at cost net of allowance for impairment. In consideration of impairment, appraisal value is used as reference and is discounted with appropriate rate.

17. Deferred tax assets/liabilities and income tax expenses

17.1 Deferred tax assets/liabilities

As of 31 December 2013 and 2012, deferred tax assets/liabilities arose as a result of the following transactions:

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
Deferred tax assets				
Accumulated amortisation on intangible assets	345,392	156,145	-	-
Provision for long-term employee benefits	630,139	432,796	-	-
Total deferred tax assets	975,531	588,941	-	-
Deferred tax liabilities				
Revaluation allowance on derivative	32,392,252	(14,860,126)	32,392,252	(14,860,126)
Revaluation allowance on investments	7,288,348	29,045,782	7,288,348	29,045,782
Accumulated amortisation on intangible assets	(2,680,821)	(1,870,440)	(2,680,821)	(1,870,440)
Provision for long-term employee benefits	(7,573,985)	(8,434,454)	(7,573,985)	(8,434,454)
Provision for liabilities	(1,366,060)	-	(1,366,060)	-
Total deferred tax liabilities	28,059,734	3,880,762	28,059,734	3,880,762

As at 31 December 2013 and 2012, there are temporary differences regarding to investments in subsidiaries and associates for which deferred tax assets have not been recognised since there remains uncertainty and the Company is not able to estimate the time frame within which it would be able to utilise them in the future.

17.2 Income tax expenses

Income tax expenses for years ended 31 December 2013 and 2012 are made up as follows:

	Consolidated financial statements		Separate financial statements	
	For the years ended		For the years ended	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
Current income taxes:				
Current income tax charges	192,946,363	132,035,006	174,731,372	118,097,456
Adjustments in respect of current income taxes of previous year	5,278,715	4,155,832	4,751,175	4,155,832
Deferred income taxes:				
Relating to origination and reversal of temporary differences	23,792,382	9,913,595	24,178,971	9,219,922
Effects of changes in the applicable tax rates	-	(1,607,526)	-	(1,542,432)
Income tax expenses reported in profit or loss from operation	222,017,460	144,496,907	203,661,518	129,930,778

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 December 2013 and 2012 and the applicable tax rates can be shown as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2013	2012	2013	2012
Accounting profit before income tax expenses	1,005,892,050	587,966,489	926,839,433	592,697,304
Applicable tax rates ⁽¹⁾	20%	23%	20%	23%
Accounting profits before income tax expenses				
multiplied by applicable tax rates	213,613,729	143,744,879	185,367,887	136,320,380
Adjustments in respect of income taxes of previous year	5,278,715	4,155,832	4,751,175	4,155,832
Effects of changes in the applicable tax rates	-	(1,607,526)	-	(1,542,432)
Tax effects of:				
Tax exempted revenue	(400,043)	(221,513)	(5,600,961)	(7,129,635)
Reversal of prior year's accruals of bonus and directors' remuneration	(582,718)	(5,819,627)	(123,896)	(5,819,627)
Non tax-deductible expenses	4,107,777	4,244,862	19,267,313	3,946,260
Income tax expenses reported in profit or loss from operation	222,017,460	144,496,907	203,661,518	129,930,778

⁽¹⁾ The overseas subsidiaries are not required to pay corporate income tax.

18. Other assets

	Consolidated financial statements		Separate financial statements	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
Payments of compensation fund for clearing and settlement	40,757,250	32,780,760	40,757,250	32,780,760
Asset for protecting the clearing system	23,819,052	19,826,927	23,819,052	19,826,927
Deposits	31,003,438	27,830,356	28,295,255	25,396,843
Fees and service income receivables	32,746,436	41,368,160	5,106,162	3,491,585
Accrued interest income	30,153,501	28,339,643	28,157,606	27,256,981
Prepaid expenses	11,412,175	6,928,735	6,438,029	4,122,619
Others	1,827,842	4,195,013	1,255,327	2,923,879
Total other assets	171,719,694	161,269,594	133,828,681	115,799,594

19. Borrowings from financial institutions/Debts issued and other borrowings

As at 31 December 2013 and 2012, borrowings from financial institutions, and debts issued and other borrowings were all domestic borrowings in Baht currency, which were classified as follows.

(Unit: Baht)

Consolidated and Separate financial statements				
31 December 2012				
	Interest rate per annum (percent)	Remaining periods to maturity		
		At call	Within 1 year	Total
Borrowings from financial institutions				
Promissory notes	3.01	2,449,000,000	100,000,000	2,549,000,000
Total borrowings from financial institutions		<u>2,449,000,000</u>	<u>100,000,000</u>	<u>2,549,000,000</u>

(Unit: Baht)

Consolidated and Separate financial statements				
31 December 2013				
	Interest rate per annum (percent)	Remaining periods to maturity		
		At call	Within 1 year	Total
Debts issued and other borrowings				
Structured notes	3.47	-	2,995,905	2,995,905
Total debts issued and other borrowings		<u>-</u>	<u>2,995,905</u>	<u>2,995,905</u>

20. Securities sold under repurchase agreements

As at 31 December 2013 and 2012, securities sold under repurchase agreements consisted of the following:

(Unit: Baht)

	Consolidated and Separate financial statements	
	31 December 2013	31 December 2012
Government bonds	<u>165,000,000</u>	<u>2,124,384,829</u>

21. Securities and derivatives business payables

(Unit: Baht)

	Consolidated and Separate financial statements	
	31 December 2013	31 December 2012
Payables under cash accounts		
- Equity securities	987,524,663	1,941,499,436
- Debt securities and derivatives	135,360,917	158,843,870
Payables under securities borrowing and lending business		
- Securities borrowing payables	826,990,180	283,147,965
- Guarantee deposit payables	27,071,359	91,208,768
Total securities and derivatives business payables	1,976,947,119	2,474,700,039

22. Subordinated loans from subsidiaries

As at 31 December 2013 and 2012, the Company has the following subordinated loans, which are unsecured, non-interest bearing and in Baht currency, obtained from its two overseas subsidiaries.

- As at 31 December 2013 and 2012, subordinated loan amounted to Baht 1,500 million and Baht 1,600 million, respectively, which was originally due for repayment in March 2014. However, during 2013, the Company and the subsidiary agreed to extend the repayment date to be on 21 September 2017.
- As at 31 December 2013 and 2012, subordinated loan amounted to Baht 599 million, which was originally due for repayment in August 2014. However, during 2013, the Company and the subsidiary agreed to extend the repayment date to be on 31 August 2015.

23. Provisions for long-term employee benefits

Provisions for long-term employee benefits are the defined benefit obligation in relation to retirement compensations, the movements of which are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Defined benefit obligation at beginning				
of the years	44,336,251	45,145,262	42,172,270	39,184,584
Current service costs	7,731,749	9,749,199	6,869,418	8,198,304
Interest costs	1,765,222	1,921,665	1,640,841	1,655,755
Actuarial gains	(8,665,101)	(5,633,705)	(8,665,101)	(866,373)
Benefits paid during the years	(4,147,500)	(6,846,170)	(4,147,500)	(6,000,000)
Defined benefit obligation at end of the years	41,020,621	44,336,251	37,869,928	42,172,270

Long-term employee benefit expenses, included in the profit or loss from operation, were as follows:

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Current service costs	7,731,749	9,749,199	6,869,418	8,198,304
Interest costs	1,765,222	1,921,665	1,640,841	1,655,755
Actuarial gains	(8,665,101)	(5,633,705)	(8,665,101)	(866,373)
Total expense recognised in profit or loss	831,870	6,037,159	(154,842)	8,987,686

Principal actuarial assumptions at the valuation dates were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Future salary incremental rates	3.50% - 6.50%	3.50% - 6.50%	3.50% - 5.34%	3.50 - 5.00%
Turnover rates	17.20% - 17.90%	17.20% - 19.00%	17.90%	19.00%
Discount rates	4.09% - 4.11%	3.50% - 4.11%	4.09%	3.50%

Amounts of the defined benefit obligation and experience adjustments on the obligation at the end of current year and prior years are as follows:

	Defined benefit obligations		Experience adjustments on the obligations	
	Consolidated	Separate	Consolidated	Separate
	financial statements	financial statements	financial statements	financial statements
31 December 2013	41,020,621	37,869,928	(4,336,241)	(4,336,241)
31 December 2012	44,336,251	42,172,270	(3,438,567)	-
31 December 2011	45,145,262	39,184,584	-	-
31 December 2010	35,553,844	31,037,345	-	-

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 2013 and 2012, 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.

27. Brokerage fees

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Brokerage fees from securities business	1,092,532,537	718,828,297	1,092,532,537	718,828,297
Brokerage fees from derivatives business	124,129,388	90,248,811	124,129,388	90,248,811
Other brokerage fees	24,575,967	10,545,689	27,360,071	11,954,742
Total brokerage fees	1,241,237,892	819,622,797	1,244,021,996	821,031,850

28. Fees and service income

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Mutual fund management	252,606,781	201,309,798	-	-
Private fund management	41,603,359	32,520,814	-	-
Provident fund management	2,974,821	2,113,374	-	-
Registrar and custodian	21,992,235	15,086,891	52,905	38,385
Securities borrowing and lending	3,940,261	6,363,219	3,940,261	6,363,219
Underwriting	89,073,497	1,157,416	89,073,497	1,157,416
Financial advisory	7,159,939	2,410,310	7,159,939	2,410,310
Placement agent	9,471,411	17,057,172	9,471,411	17,057,172
Others	13,217,772	5,267,098	3,506,736	4,804,988
Total fees and service income	442,040,076	283,286,092	113,204,749	31,831,490

29. Personnel expenses

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Personnel expenses for the years	897,996	657,622	784,540	571,278
Reversal of prior years bonus accruals	(2,914)	(25,303)	(619)	(25,303)
	895,082	632,319	783,921	545,975

Personnel expenses of the current year and prior year included the reversal of 2012 and 2011 bonus accruals amounting to Baht 2.9 million and Baht 25.3 million, respectively (The Company only: Baht 0.6 million and Baht 25.3 million, respectively). At the end of the year, the Company recorded bonus accruals based on the estimated amounts as approved by resolution of the Board of Directors' meetings. However, when making payments the management reconsidered the amount of bonus and concluded that the appropriate bonus amount should be less than the estimated amount. The unpaid amount was therefore reversed.

30. Directors' remunerations

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 additional adjustments of remuneration of directors for the years 2012 and 2011. 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 to reflect the amount as approved by resolution in the next Annual General Meeting of shareholders.

Director's remunerations for the years ended 31 December 2013 and 2012 were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2013	2012	2013	2012
Directors and management's remuneration for the years	28,904	20,106	23,840	16,000
Additional adjustments of prior year accrued directors' remuneration	690	50	690	50
	<u>29,594</u>	<u>20,156</u>	<u>24,530</u>	<u>16,050</u>

31. Management's remuneration

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2013	2012	2013	2012
Short-term employee benefits	213,011	152,106	182,206	129,460
Long-term employee benefits				
Post-employment benefits	7,177	8,350	5,442	6,700
Actuarial gains	(7,738)	(2,890)	(7,738)	-
Total	<u>212,450</u>	<u>157,566</u>	<u>179,910</u>	<u>136,160</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 2013 and 2012, Baht 17.8 million and Baht 14.3 million, respectively, were contributed to the fund by the Company and its subsidiary. (The Company only: Baht 13.9 million and Baht 11.6 million, respectively).

33. Earnings per share

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

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2013	2012	2013	2012
Profits for the years (Baht)	783,197,074	442,853,459	723,177,915	462,766,526
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)	0.39	0.22	0.36	0.23

34. Related party transactions

34.1 Type of relationship

The relationship between the Company and its related parties, which have business transactions with the Company and its subsidiaries, are summarised below.

Company's name and related person	Relationship
One Asset Management Limited	The Company's subsidiary, which is 99% 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
KGI Futures (Hong Kong) Limited	KGI Group is a major shareholder of KGI Futures (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
Related persons	The family of the related person is a major shareholder of KGI Securities Company Limited

34.2 Significant business transactions with its related parties

During the years ended 31 December 2013 and 2012, the Company and its subsidiaries had significant business transactions with its 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		
	For the years ended 31 December		For the years ended 31 December		
	2013	2012	2013	2012	Pricing Policies
Transactions with subsidiaries					
(Eliminated from the consolidated financial statements)					
<u>Fees and service income</u>					
One Asset Management Limited	-	-	6,099	4,883	Fees at the rate as a percentage of net asset value of fund servicing or as specified in the contracts
<u>Dividend income</u>					
One Asset Management Limited	-	-	26,004	30,035	Dividend as declared by a subsidiary
Transactions with related parties					
<u>Brokerage fee income</u>					
KGI Securities Company Limited	852	1,688	852	1,688	At the same rate charged to general Customer, in accordance with criteria of the Stock Exchange of Thailand and the Office of the Security and Exchange Commission
KGI Securities (Hong Kong) Limited	389	740	389	740	
KGI Asia Limited	162	245	162	245	
<u>Custodian fee income</u>					
Richpoint Company Limited	53	38	53	38	Baht 15 of every Baht 1 million securities outstanding value each day
<u>Capital expenditure for developing computer system</u>					
KGI Securities Company Limited	-	3,552	-	3,552	At the rate mutually determined based on cost plus margin of 4%
<u>Service fee for developing computer system</u>					
KGI Securities Company Limited	3,181	-	3,181	-	At the rate mutually determined based on cost plus margin of 4%
<u>Commission fee expenses</u>					
KGI Futures (Hong Kong) Limited	46	41	46	41	Mutually agreed-upon fee
Transactions of subsidiaries with related parties					
<u>Management fee expenses</u>					
KGI Hong Kong Limited	582	585	-	-	Negotiated rate base on prevailing market rates
Transactions with management and directors					
<u>Brokerage fee income</u>					
KGI Securities (Thailand) Plc.	690	31	690	31	At the same rate charged to general customer, in accordance with criteria of the Stock Exchange of Thailand and the Office of the Security and Exchange Commission
<u>Directors' remunerations</u>					
KGI Securities (Thailand) Plc.	24,530	16,050	24,530	16,050	
One Asset Management Limited	125	125	-	-	
KGI Securities (Thailand)					
International Holdings Limited	2,469	1,990	-	-	
KGI (Thailand) Holdings Limited	2,469	1,990	-	-	
Transactions with related person					
<u>Advisory fee expense</u>					
A related person	1,800	1,800	1,800	1,800	Negotiated rate base on prevailing market rates

34.3 Outstanding balances

As at 31 December 2013 and 2012, the outstanding balances with their related parties are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
<u>Securities and derivatives business receivables</u>				
<i>Related company</i>				
KGI Securities Company Limited	38,689	-	38,689	-
<u>Accrued service fees (presented as a part of "Other assets")</u>				
<i>Subsidiary</i>				
(Eliminated from the consolidated financial statements)				
One Asset Management Limited	-	-	828	1,507
<i>Related company</i>				
Richpoint Company Limited	13	10	13	10
<u>Guarantee deposit receivables - derivative business</u>				
(presented as a part of "Receivables from Clearing House")				
<i>Related company</i>				
KGI Future (Hong Kong) Limited	12,120	14,181	12,120	14,181
<u>Securities and derivatives business payables</u>				
<i>Related company</i>				
KGI Securities Company Limited	-	322	-	322
<u>Advances received (presented as a part of "Other liabilities")</u>				
<i>Subsidiary</i>				
(Eliminated from the consolidated financial statements)				
KGI Securities (Thailand) International Holdings Limited	-	-	1,223	1,143
<i>Related company</i>				
KGI Securities Company Limited	901	111	901	111
<u>Other payables and advance received from related companies</u>				
<u>of subsidiaries (presented as a part of "Other liabilities")</u>				
<i>Related companies</i>				
KGI Hong Kong Limited	192	994	-	-
KGI Asia Limited	1,969	-	-	-
<u>Subordinated loans from subsidiaries</u>				
<i>Subsidiaries</i>				
(Eliminated from the consolidated financial statements)				
KGI Securities (Thailand) International Holdings Limited	-	-	1,500,000	1,600,000
KGI (Thailand) Holdings Limited	-	-	599,000	599,000

35. Dividends

The Company

During the years ended 31 December 2013 and 2012 the Annual General Meeting (“AGM”) of the Company’s shareholders resolved to approve the payments of dividends as follows:

(Unit: Baht)			
Dividends	Approved by	Total dividends	Dividend per share
Annual dividend for the year 2012	Annual General Meeting of the Company’s shareholders on 11 April 2013	458,060,473	0.23
Total for the year ended 31 December 2013		458,060,473	0.23
Annual dividend for the year 2011	Annual General Meeting of the Company’s shareholders on 10 April 2012	497,878,781	0.25
Total for the year ended 31 December 2012		497,878,781	0.25

Domestic subsidiary

During the years ended 31 December 2013 and 2012, the meetings of a subsidiary’s shareholders and Board of directors resolved to approve the payments of dividends as follows:

(Unit: Baht)			
Dividends	Approved by	Total dividends	Dividend per share
Annual dividend for the year 2012	Annual General Meeting of the subsidiary’s shareholders on 15 March 2013	26,500,000	2.50
Total for the year ended 31 December 2013		26,500,000	2.50
Annual dividend for the year 2011	Annual General Meeting of the subsidiary’s shareholders on 15 March 2012	14,700,000	1.40
Interim dividend for the year 2012	Board of Directors’ meeting of a subsidiary on 9 August 2012	15,750,000	1.50
Total for the year ended 31 December 2012		30,450,000	2.90

36. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The following tables present revenues and profits from operation by operating segment of the Company for the years ended 31 December 2013 and 2012.

(Unit: Million Baht)

	For the years ended 31 December									
	Securities brokerage segment		Investment banking segment		Security trading segment		Asset management segment		Consolidated financial statement	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenues from external	1,142	848	101	15	984	584	337	260	2,564	1,707
Total revenues	1,142	848	101	15	989	582	337	260	2,569	1,705
Profits by segment	530	412	88	4	680	353	91	62	1,389	831
Unallocated revenues and expenses:										
Interest income									105	87
Other income									6	24
Operating expenses									(463)	(345)
Interest expenses									(31)	(10)
Income taxes									(222)	(144)
Profits for the years									784	443

The following table presents assets by operating segment as at 31 December 2013 and 2012.

(Unit: Million Baht)

	Securities brokerage segment	Investment banking segment	Security trading segment	Asset management segment	Unallocated assets	Consolidated financial statement
Segment assets						
As at 31 December 2013	4,524	-	2,291	278	1,166	8,259
As at 31 December 2012	4,938	-	6,738	227	457	12,360

37. Commitments and contingent liabilities

37.1 Contingent liabilities from litigation cases

As at 31 December 2013, the Company and its subsidiary have the following significant contingent liabilities from litigation cases.

The Company

- (1) In February 2009, the Company received a notice letter from the lessor of the Company's former the head office's building requesting the Company to 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 lessor have yet to reach a conclusion and may need to be settled through the courts. The possibility and the amount of such claim are subject to Courts' judgment. However, the Company has recognised estimated liabilities of approximately Baht 18 million in respect of reinstatement of the leased building in its financial statements since 2008. Such amount is based on the estimation of a property consultant.
- (2) In January 2010, the Company's debt collection agency ("Debt Collector") terminated its provision of debt collection services and requested the Company to pay claims in respect of service fees or professional fees of no less than Baht 20 million. The cases are summarised below.
 - (a) During the years 2010 - 2011, the Debt Collector filed 21 civil lawsuits against the Company, with the total claims of Baht 13.2 million. Four cases have already been dismissed by the courts while in 17 cases the Company was ordered to pay fees to the Debt Collector. However, the amounts of claims involved in those 21 cases 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 case with the Court of First Instance requesting for additional service fee of Baht 1.0 million. However, this case has been dismissed by the Court in April 2012.

Moreover, in 2010 the Company discovered that the Debt Collector has breached the agreement by reducing the debt of some debtors and failing to deliver certain 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

- (a) A criminal lawsuit was filed against the Debt Collector, alleging embezzlement and later 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 examinations were completed and the Court of First Instance issued rulings to dismiss the Debt Collector's lawsuit, and the Debt Collector already appealed. However, the Debt Collector later filed a petition to withdraw such an appeal and this case is already absolute and final due to the withdrawal permission ruled by the Appeal Court. Meanwhile, the case brought by the Company against the Debt Collector was ruled to have legal grounds and to be 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 as described above. 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 would withdraw all appeals and/or cease all related execution proceedings. However, such payment was not made by the Debt Collector as scheduled. As a result, on 16 December 2011, the Court ordered that the head of the Debt Collector serves 6 months' imprisonment, with a reduction to 3 months because of the confession. The Debt Collector filed an appeal to the Appeal Court on 14 February 2012. Later, on 20 November 2013, the Appeal Court affirmed the ruling of the Court of First Instance, ordering the imprisonment of the head of the Debt Collector. However, on 20 December 2013, the Debt Collector appealed to the Supreme Court. Currently, the case is under consideration by the Supreme Court.

- (b) A civil lawsuit was filed against the Debt Collector with total claims amounting to Baht 33.09 million. The 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 to the Court and also filed lawsuits against the Company and its authorized person, alleging that they had made false statements to the Court in the civil case. In June 2011, a civil lawsuit was filed claiming damages of Baht 30.01 million, and this case is currently dismissed by the Court. In July 2011, the Debt Collector filed a criminal lawsuit. Examination of this case was 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. Later, on 21 August 2013, the Appeal Court has already affirmed the ruling of the Court of First Instance to dismiss the case of the Debt Collector. Currently, the case is being appealed to the Supreme 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 these lawsuits.
- (3) In December 2010, a stock trading account client brought a criminal case against the Company, its authorized directors and a former marketing officer, accusing them of jointly defrauding the client. The inquiry official subsequently stated their opinion that prosecution against the Company and its authorized directors should not proceed and sent this case to the public prosecutor for future consideration. In September 2013, the public prosecutor has prosecuted a criminal case against others accused, except the Company and its authorised directors.

Moreover, the client sent the Company a legal notice claiming damages amounting to Baht 7.6 million in respect of the civil claim of the above case. It is still unclear whether the Company will be jointly liable with its former marketing officer. However, the Company recorded the above liability in the financial statements for the year 2010. Later on 26 June 2012, such client filed a civil lawsuit against the Company and the former marketing officer with total claims amounting to Baht 5.96 million, plus interest. The court ruled in favor of the client on 5 February 2013. The Company has appealed to the Appeal Court. Currently, the case is under consideration by the Appeal Court.

A subsidiary

In September 2008, a domestic subsidiary has been filed as one of the accused on a Criminal lawsuit together with 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). Later in September 2012, the Court of First Instance dismissed the plaintiff's lawsuit and the plaintiff did not appeal the judgment of the Court of First Instance. Hence, the case is considered final.

37.2 Commitments

As at 31 December 2013 and 2012, significant commitments are as follows:

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

(Unit: Million Baht)

Payable within:	Consolidated financial statements		Separate financial statements	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
1 year	109	99	95	82
Over 1 but not over 5 years	58	72	37	70
Total	167	171	132	152

- (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 and Baht 1.2 million, respectively. 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 55,158 and USD 178,502, respectively.
- (4) The Company is required to pay a membership fee to the Stock Exchange of Thailand comprising a monthly payment of Baht 50,000 and at a rate of 0.005 percent of the trading volume.
- (5) The Company has commitments to pay settlement fee and securities delivery fee to Thailand Clearing House Company Limited, on a monthly basis, at a rate of 0.001 percent of its trading volume and maximum fee of Baht 350 per order.
- (6) The Company is required to pay contributions to the Compensation Fund for Clearing and Settlement, which is overseen by the Thailand Clearing House Company Limited (TCH), on a monthly basis, at a specified rate by TCH of its trading volume each month, depend on settlement risk of the Company.
- (7) The Company is required to pay contributions to the Clearing Fund of derivative, which is overseen by the Thailand Clearing House Company Limited, on a monthly basis, at the minimum rate of Baht 1,000. The Thailand Clearing House may change the monthly contribution rate and may request more fund, depend on settlement risk of the Company. Since January to March 2014, the Company is required to pay contributions to the Clearing Fund at a rate of 0.14 percent of the average daily Margin Requirement (31 December 2012, the Company was required to pay contributions to the Clearing Fund at a rate of 0.15 percent of the average daily Margin Requirement).

- (8) The Company is required to pay contributions to the Securities Investor Protection Fund, which is overseen by the Stock Exchange of Thailand, on a monthly basis, at a rate of 0.0005 percent of the trading volume.
- (9) The Company has an obligation to pay a service fee under an on-line trading service agreement to Settrade.com Co., Ltd., which is overseen by the Stock Exchange of Thailand, at a rate of 0.002 - 0.04 percent of its trading volume, with the minimum payment not less than Baht 40,000 per month.
- (10) The Company has an obligation to pay an annual fee of Baht 500,000 to Thailand Future Exchange Public Company Limited and is charged with execution fees for purchases or sales of futures contracts at the rate set by Thailand Future Exchange Public Company Limited.
- (11) The Company has an obligation to pay an annual fee of Baht 300,000 and other service fees as stipulated in the contract to Thailand Clearing House Company Limited.
- (12) The Company has an obligation to pay service fee upon an on-line derivative trading agreement to Settrade.com Co., Ltd., which is overseen by the Stock Exchange of Thailand, 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.
- (13) A subsidiary is required to pay annual fees to the Office of the Securities and Exchange Commission for its securities business license for mutual fund management and private fund management. The fee comprises a fund management fee, which is calculated based on the average net asset value of the fund during the calendar year at a stipulated rate, and a fee as registrar or for the sale and redemption of unit trusts, charged at 1 percent per annum of the income from registrar fees and fees from the sale and redemption of unit trusts. The minimum total fee is Baht 500,000 per annum.
- (14) A subsidiary 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 4.7 million and Baht 3.5 million, respectively. No due date is stipulated in the agreement.
- (15) As at 31 December 2013, a subsidiary has capital commitment of approximately Baht 2.3 million, relating to office renovation.

37.3 Commitments in respect of derivatives trading

37.3.1 Derivatives on the Thailand Futures Exchange (TFEX)

(a) SET50 Index Futures

As at 31 December 2013 and 2012, the Company has commitments of 1,045 contracts and 3,131 contracts, respectively, in respect of SET50 Index Futures contracts traded through the Thailand Futures Exchange as detailed below.

	31 December 2013			
	Long position		Short position	
	No. of		No. of	
	Contracts	Cost* (Million Baht)	Contracts	Cost* (Million Baht)
Future contracts of January 2014	47	43	-	-
Future contracts of March 2014	507	450	-	-
Future contracts of June 2014	-	-	158	155
Future contracts of September 2014	-	-	333	316
Total	554	493	491	471

* Delivery method of SET50 Index Futures listed in TFEX is cash settlement on net amount between cost of futures and SET50 Index level on settlement date. Hence, real exposure equals to such amount.

	31 December 2012			
	Long position		Short position	
	No. of		No. of	
	Contracts	Cost* (Million Baht)	Contracts	Cost* (Million Baht)
Future contracts of January 2013	240	225	-	-
Future contracts of February 2013	8	8	-	-
Future contracts of March 2013	-	-	2,434	2,289
Future contracts of June 2013	-	-	264	237
Future contracts of September 2013	-	-	185	162
Total	248	233	2,883	2,688

* Delivery method of SET50 Index Futures listed in TFEX is cash settlement on net amount between cost of futures and SET50 Index level on settlement date. Hence, real exposure equals to such amount.

As at 31 December 2013 and 2012, The SET50 index stood at 883.4 and at 945.39, respectively. The contract multiplier is Baht 1,000 per index point.

(b) Single Stock Futures

As at 31 December 2013 and 2012, the Company has commitments of 95,899 contracts and 41,047 contracts, respectively, in respect of Single Stock Futures contracts traded through the Thailand Futures Exchange, as detailed below.

	31 December 2013			
	Long position		Short position	
	No. of	Cost*	No. of	Cost*
	Contracts	(Million Baht)	Contracts	(Million Baht)
Future contracts of March 2014	13	4	62,621	322
Future contracts of June 2014	-	-	33,265	287
Total	13	4	95,886	609

* Delivery method of Single Stock Futures listed in TFEX is cash settlement of net amount between cost of futures and Single Stock price on settlement date. Hence, real exposure equals to such amount.

	31 December 2012			
	Long position		Short position	
	No. of	Cost*	No. of	Cost*
	Contracts	(Million Baht)	Contracts	(Million Baht)
Future contracts of March 2013	368	66	7,708	132
Future contracts of June 2013	-	-	2,595	90
Future contracts of September 2013	-	-	30,376	617
Total	368	66	40,679	839

* Delivery method of Single Stock Futures listed in TFEX is cash settlement of net amount between cost of futures and Single Stock price on settlement date. Hence, real exposure equals to such amount.

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

(c) Gold Futures

As at 31 December 2013 and 2012, the Company has commitments of 72 contracts and 123 contracts, respectively, in respect of Gold Futures contracts traded through the Thailand Futures Exchange as detailed below.

	31 December 2013			
	Long position		Short position	
	No. of		No. of	
	Contracts	Cost*	Contracts	Cost*
		(Million Baht)		(Million Baht)
Future contracts of February 2014	2	2	10	2
Future contracts of April 2014	10	10	50	10
Total	12	12	60	12

* Delivery method of Gold Futures listed in TFEX is cash settlement on net amount between cost of futures and London Gold A.M. Fixing level on settlement date. Hence, real exposure equals to such amount.

	31 December 2012			
	Long position		Short position	
	No. of		No. of	
	Contracts	Cost*	Contracts	Cost*
		(Million Baht)		(Million Baht)
Future contracts of February 2013	19	6	44	56
Future contracts of April 2013	60	76	-	-
Total	79	82	44	56

* Delivery method of Gold Futures listed in TFEX is cash settlement on net amount between cost of futures and London Gold A.M. Fixing level on settlement date. Hence, real exposure equals to such amount.

As at 31 December 2013 and 2012, the London Gold A.M. Fixing price stood at 1,201.50 USD/troy ounce and at 1,658.75 USD/troy ounce, respectively. Each contract size equals to 10 Thai Gold Baht or 50 Thai Gold Baht.

(d) Oil Futures

As at 31 December 2013, the Company had no commitments in respect of Oil futures. As at 31 December 2012, the Company has commitments of 179 contracts in respect of oil futures contracts traded through the Thailand Futures Exchange as detailed below.

	31 December 2012	
	Short position	
	No. of contracts	Cost*
		(Million Baht)
Futures contracts of January 2013	169	56
Futures contracts of February 2013	10	3
Total	179	59

* Delivery method of Oil Futures listed in TFEX is cash settlement on net amount between cost of futures and the price of crude oil (ICE Brent Index) on settlement date. Hence, real exposure equals to such amount.

As at 31 December 2012, the price of crude oil (ICE Brent Index) stood at 110.46 USD/Barrel. Each contract size equals to Crude oil 100 Barrels.

(e) USD Futures

As at 31 December 2013 and 2012, the Company has commitments of 154 contracts and 1,809 contracts, respectively, in respect of USD futures contracts traded through the Thailand Futures Exchange, as detailed below.

	31 December 2013			
	Long position		Short position	
	No. of Contracts	Cost*	No. of Contracts	Cost*
		(Million Baht)		(Million Baht)
Futures contracts of January 2014	4	-	-	-
Futures contracts of February 2014	90	3	-	-
Futures contracts of March 2014	-	-	60	2
Total	94	3	60	2

* The delivery method of USD futures listed on TFEX is cash settlement on net amount between the cost of the futures and the Thai Baht-US Dollar exchange rate on the settlement date. Hence, real exposure equals to such amount.

	31 December 2012			
	Long position		Short position	
	No. of	Cost*	No. of	Cost*
	Contracts	(Million Baht)	Contracts	(Million Baht)
Futures contracts of January 2013	-	-	364	11
Futures contracts of February 2013	1,337	41	-	-
Futures contracts of March 2013	108	3	-	-
Total	1,445	44	364	11

* The delivery method of USD futures listed on TFEX is cash settlement on net amount between the cost of the futures and the Thai Baht-US Dollar exchange rate on the settlement date. Hence, real exposure equals to such amount.

As at 31 December 2013 and 2012, the Thai Baht to US Dollar exchange rate was 32.823 and 30.627, respectively, and the size of each contract is USD 1,000.

(f) SET50 Index Options

As at 31 December 2013 and 2012, the Company has commitments of 96 contracts and 139 contracts, respectively, in respect of SET50 Index Options contracts traded through the Thailand Futures Exchange, as detailed below.

	31 December 2013			
	Long position		Short position	
	No. of contracts	Cost*	No. of contracts	Cost*
	(Thousand Baht)		(Thousand Baht)	
Call options:				
January 2014	2	5	-	-
March 2014	25	178	1	2
Put options:				
January 2014	2	13	-	-
March 2014	66	1,202	-	-
Total	95	1,398	1	2

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

	31 December 2012			
	Long position		Short position	
	No. of contracts	Cost*	No. of contracts	Cost*
	(Thousand Baht)		(Thousand Baht)	
Call options:				
March 2013	67	205	-	-
Put options:				
March 2013	49	98	23	123
Total	116	303	23	123

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

37.3.2 Derivatives on Overseas Futures Market

(a) Gold Futures

As at 31 December 2013, the Company had no commitments in respect of gold futures. As at 31 December 2012, the Company has commitments of 22 contracts, in respect of gold futures contracts, traded through the Overseas Futures Market, as detailed below.

	31 December 2012			
	Long position		Short position	
	No. of contracts	Cost*	No. of contracts	Cost*
	(Million Baht)		(Million Baht)	
Futures contracts of February 2013	-	-	14	72
Futures contracts of April 2013	8	41	-	-
Total	8	41	14	72

* The delivery method of gold futures listed in derivative Overseas Futures Market is cash settlement on net amount between the cost of the futures and the price of gold (London Gold A.M. fixing) price on the settlement date. Hence, real exposure equals to such amount.

As at 31 December 2012, the price of gold (London Gold A.M. Fixing) price stood at 1,658.75 USD/troy ounce. Each contract size equals to 100 troy ounces.

(b) Oil Futures

As at 31 December 2013, the Company had no commitments in respect of oil futures. As at 31 December 2012, the Company has commitments of 18 contracts in respect of oil futures contracts, traded through the Overseas Futures Market, as detailed below.

	31 December 2012	
	Long position	
	No. of contracts	Cost*
		(Million Baht)
Future contracts of February 2013	17	56
Future contracts of March 2013	1	3
Total	18	59

* The delivery method of oil futures listed in derivative Overseas Futures Market is cash settlement on net amount between the cost of the futures and the price of crude oil (ICE Brent Index) on the settlement date. Hence, real exposure equals to such amount.

As at 31 December 2012, the price of crude oil (ICE Brent Index) price stood at 110.46 USD/barrel. Each contract size equals to Crude Oil for 1,000 Barrels.

(c) Hang Seng Futures

As at 31 December 2013 and 2012, the Company has commitments of 8 contracts and 17 contracts, respectively, in respect of Hang Seng Index Futures contracts traded through an overseas market, as detailed below.

	31 December 2013	
	Short position	
	No. of Contracts	Cost*
		(Million Baht)
Future contracts of January 2014	8	12
Total	8	12

* The delivery method of Hang Seng Index Futures traded on an overseas market is cash settlement on net amount between the cost of the futures and the level of the Hang Seng index on the settlement date. Hence, real exposure equals to such amount.

	31 December 2012	
	Short position	
	No. of Contracts	Cost*
		(Million Baht)
Future contracts of January 2013	17	19
Total	17	19

* The delivery method of Hang Seng Index Futures traded on an overseas market is cash settlement on net amount between the cost of the futures and the level of the Hang Seng index on the settlement date. Hence, real exposure equals to such amount.

The closing price of the Hang Seng Index on 31 December 2013 and 2012 was 23,306.39 and 22,666.59, respectively, and the contract multipliers of Hang Seng Index Futures and Mini-Hang Seng Index Futures were HKD 50 and HKD 10, respectively.

37.3.3 Derivatives on the Stock Exchange of Thailand

(a) Derivative Warrants

Short position

As at 31 December 2013 and 2012, the Company has commitments in respect of 72 derivative warrants and 45 derivative warrants, respectively, issued by the Company and linked to the price listed securities in the SET50 with fair values based on the offer price quoted in the Stock Exchange of Thailand. These are summarised below.

(Unit: Thousand Baht)

	31 December 2013				
	Remaining periods to maturity				
	1 - 3	4 - 6	7 - 9	10 - 12	
	months	months	months	months	Total
Derivative warrants					
Call warrants	36,348	62,855	-	-	99,203
Put warrants	29,992	15,688	-	-	45,680

(Unit: Thousand Baht)

	31 December 2012				
	Remaining periods to maturity				Total
	1 - 3 months	4 - 6 months	7 - 9 months	10 - 12 months	
Derivative warrants					
Call warrants	9,936	24,219	10,473	-	44,628
Put warrants	524	28	90	-	642

Long position

As at 31 December 2013, the Company has commitments of 2 contract in respect of derivative warrants linked to the price listed securities in the SET50 with fair values based on the offer price quoted in the Stock Exchange of Thailand. These are summarised below.

(Unit: Thousand Baht)

	31 December 2013				
	Remaining periods to maturity				Total
	1 - 3 months	4 - 6 months	7 - 9 months	10 - 12 months	
Derivative warrants					
Call warrants	3,366	10,679	-	-	14,045

The settlement method for these derivative warrants is cash settlement on amount between the closing price of the underlying assets on the last trading date and the exercise price.

(b) Warrants

Long position

As at 31 December 2013 and 2012, the Company has long position in respect of 2 warrants and 2 warrants, respectively with fair values based on the offer price quoted in the Stock Exchange of Thailand, as summarised below.

(Unit: Thousand Baht)

	31 December 2013					
	Remaining periods to maturity					
	1 - 3	4 - 6	7 - 9	10 - 12	Over 1	
	months	months	months	months	year	Total
Warrants						
(Call warrants)	-	-	-	-	1,907	1,907

(Unit: Thousand Baht)

	31 December 2012					
	Remaining periods to maturity					
	1 - 3	4 - 6	7 - 9	10 - 12	Over 1	
	months	months	months	months	year	Total
Warrants						
(Call warrants)	-	4,190	-	-	4,020	8,210

37.3.4 Over-the-Counter derivatives (OTC)

As at 31 December 2013, the Company has commitments in respect of the following OTC derivative contracts:

Short position

- Five interest rate swap contracts under which the Company pays interest at fixed rate and receives it at floating rates. The theoretical values as of 31 December 2013 are recorded as liabilities Baht 19.2 million.
- A foreign currency forward contract, whereby the Company is committed to sell USD. The theoretical values as of 31 December 2013 is recorded as liabilities Baht 0.4 million.

Long position

- Four interest rate swap contracts under which the Company pays interest at floating rates and receives it at fixed rates. The theoretical values as of 31 December 2013 are recorded as assets Baht 16.8 million.
- One contract of exotic option with returns linked to the price of listed securities, which are exercisable on the maturity date (European Style). The theoretical values as of 31 December 2013 is recorded as assets Baht 0.6 million.

As at 31 December 2012, the Company has commitments in respect of the following OTC derivative contracts:

Short position

- Two contracts of exotic options with returns linked to the SET 50 Index and the price of listed securities, which are exercisable on the maturity date (European Style). The theoretical values as of 31 December 2012 are recorded as liabilities Baht 1.9 million.
- Four interest rate swap contracts under which the Company pays interest at fixed rate and receives it at floating rates. The theoretical values as of 31 December 2012 are recorded as liabilities Baht 9.2 Million.

Long position

- Three interest rate swap contracts under which the Company pays interest at floating rates and receives it at fixed rates. The theoretical values as of 31 December 2012 are recorded as assets Baht 8.3 million.
- A foreign currency forward contract, whereby the Company is committed to buy Thai Baht. The theoretical values as of 31 December 2012 is recorded as assets Baht 0.3 million.

As at 31 December 2013 and 2012, the theoretical values of OTC derivatives, categorised by remaining period before maturity date, are as follows:

(Unit: Thousand Baht)

	31 December 2013					
	Remaining periods to maturity					
	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)	1,931	-	2,203	-	15,022	19,156
Foreign Currency						
Forward Contract	369	-	-	-	-	369
<u>Long position</u>						
Interest Rate Swap						
(The Company pays floating rate and receives fixed rate)	2,047	-	-	-	14,707	16,754
Exotic option	574	-	-	-	-	574

(Unit: Thousand Baht)

	31 December 2012					
	Remaining periods to maturity					
	1 - 3	4 - 6	7 - 9	10 - 12	Over	
	months	months	months	months	1 year	Total
<u>Short position</u>						
Exotic option	-	703	1,244	-	-	1,947
Interest Rate Swap						
(The Company pays fixed rate and receives floating rate)	-	-	-	-	9,180	9,180
<u>Long position</u>						
Interest Rate Swap						
(The Company pays floating rate and receives fixed rate)	-	-	-	-	8,278	8,278
Foreign Currency						
Forward Contract	284	-	-	-	-	284

38. 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 arise 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 Note 4 to the financial statements.

38.1 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 or the value of the Company's financial assets and liabilities at present and in the future. 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 and manages the losses potential resulting from market losses by setting stop loss limits and position limits that are appropriate to current market conditions, which change over time.

38.2 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 relates primarily to their deposits at financial institutions, securities purchased under resale agreements, securities and derivative business receivable - credit balance accounts, long-term investments in debt securities and debt issued and borrowings. However, as most of the financial assets and liabilities carry floating interest rate which fluctuates in line with the market interest rates or carry fixed interest rate which approximates to 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 2013 and 2012, 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 2013									
	Fixed interest rate						Interest rates		Effective interest rates
	Remaining period to the contractual repricing date or maturity date					Without interest		Fixed	
Floating interest rate	Within 1 year	1 - 5 years	Over 5 years	Unspecified	interest	Total	Floating Percentage	Percentage	Percentage
<u>Financial Assets</u>									
Cash and cash equivalents	843	81	-	-	-	61	985	1.73	1.83
Deposits at financial institutions	-	90	-	-	-	-	90	-	3.08
Securities purchased under resale agreements	-	365	-	-	-	-	365	-	2.50
Receivables from Clearing House	217	-	-	-	-	154	371	2.81	-
Securities and derivatives business receivables - net	221	1,681	-	-	-	2,203	4,105	1.52	6.00
Derivatives assets	-	-	-	-	-	35	35	-	-
Investments - net	-	331	242	-	-	1,321	1,894	-	3.82
<u>Financial liabilities</u>									
Securities sold under repurchase agreements	-	165	-	-	-	-	165	-	2.20
Payables to Clearing House	-	-	-	-	-	307	307	-	-
Securities and derivatives business payables	-	-	-	-	-	1,977	1,977	-	-
Derivatives liabilities	-	-	-	-	-	164	164	-	-
Debts issued and other borrowings	-	3	-	-	-	-	3	-	3.47

(Unit: Million Baht)

Consolidated financial statements										
Outstanding balance of financial instruments as at 31 December 2012										
	Floating interest rate	Fixed interest rate						Effective interest rates		
		Remaining period to the contractual					Without interest	Interest rates		Percentage
		repricing date or maturity date				Floating		Fixed		
		Within 1 year	1 - 5 years	Over 5 years	Unspecified					
									Percentage	
Financial Assets										
Cash and cash equivalents	86	4	-	-	-	109	199	1.46	2.50	1.51
Deposits at financial institutions	-	118	-	-	-	-	118	-	3.36	3.36
Receivables from Clearing House	98	-	-	-	-	2,144	2,242	2.97	-	2.97
Securities and derivatives business										
receivables - net	173	1,053	-	-	-	1,424	2,650	2.02	6.00	5.44
Derivatives assets	-	-	-	-	-	17	17	-	-	-
Investments - net	-	5	1,495	745	-	4,481	6,726	-	3.55	3.07
Financial liabilities										
Borrowings from financial										
institutions	-	2,549	-	-	-	-	2,549	-	3.01	3.01
Securities sold under repurchase										
agreements	-	2,124	-	-	-	-	2,124	-	2.76	2.76
Securities and derivatives										
business payables	-	-	-	-	-	2,475	2,475	-	-	-
Derivatives liabilities	-	-	-	-	-	57	57	-	-	-

(Unit: Million Baht)

Separate financial statements											
Outstanding balance of financial instruments as at 31 December 2013											
	Floating interest rate	Fixed interest rate					Without interest	Total	Interest rates		Effective interest rates
		Remaining period to the contractual				Floating			Fixed		
		repricing date or maturity date									
		Within 1 year	1 - 5 years	Over 5 years	Unspecified	Percentage			Percentage	Percentage	
		<u>Financial Assets</u>									
Cash and cash equivalents	717	-	-	-	-	61	778	2.01	1.44	2.01	
Deposits at financial institutions	-	2	-	-	-	-	2	-	3.08	3.08	
Securities purchased under											
resale agreements	-	365	-	-	-	-	365	-	2.50	2.50	
Receivables from Clearing House	217	-	-	-	-	154	371	2.81	-	2.81	
Securities and derivatives business											
receivables - net	221	1,681	-	-	-	2,203	4,105	1.52	6.00	5.48	
Derivatives assets	-	-	-	-	-	35	35	-	-	-	
Investments - net	-	331	234	-	-	1,321	1,886	-	3.83	2.66	
Investments in subsidiaries	-	-	-	-	-	2,550	2,550	-	-	-	
<u>Financial liabilities</u>											
Securities sold under repurchase											
agreements	-	165	-	-	-	-	165	-	2.20	2.20	
Payables to Clearing House	-	-	-	-	-	307	307	-	-	-	
Securities and derivatives business											
payables	-	-	-	-	-	1,977	1,977	-	-	-	
Subordinated loans from											
subsidiary companies	-	-	-	-	-	2,099	2,099	-	-	-	
Derivatives liabilities	-	-	-	-	-	164	164	-	-	-	
Debts issued and other borrowings	-	3	-	-	-	-	3	-	3.47	3.47	

(Unit: Million Baht)

Separate financial statements										
Outstanding balance of financial instruments as at 31 December 2012										
	Floating interest rate	Fixed interest rate						Interest rates		Effective interest rate
		Remaining period to the contractual repricing date or maturity date				Without interest	Total	Floating Percentage	Fixed Percentage	
		Within 1 year	1 - 5 years	Over 5 years	Unspecified					
<u>Financial Assets</u>										
Cash and cash equivalents	70	-	-	-	-	50	120	1.66	1.71	1.66
Receivables from Clearing House	98	-	-	-	-	2,144	2,242	2.97	-	2.97
Securities and derivatives										
business receivables - net	173	1,053	-	-	-	1,424	2,650	2.02	6.00	5.44
Derivatives assets	-	-	-	-	-	17	17	-	-	-
Investments - net	-	5	1,487	745	-	4,481	6,718	-	3.55	3.07
Investments in subsidiaries	-	-	-	-	-	2,627	2,627	-	-	-
<u>Financial liabilities</u>										
Borrowings from financial										
institutions	-	2,549	-	-	-	-	2,549	-	3.01	3.01
Securities sold under										
repurchase agreements	-	2,124	-	-	-	-	2,124	-	2.76	2.76
Securities and derivatives										
business payables	-	-	-	-	-	2,475	2,475	-	-	-
Subordinated loans from										
subsidiary companies	-	-	-	-	-	2,199	2,199	-	-	-
Derivatives liabilities	-	-	-	-	-	57	57	-	-	-

38.3 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 controls such risk by establishing credit limits for clients and counter parties and analyzing their financial position as an ongoing basis. The Company is not expected to have much concentration risk of credit exposure because it has a variety of client base and large number of clients.

38.4 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.

The Company has procedure and process to monitor, follow and control liquidity risk. For example, when the Company is launching a new product, it assesses the impact on 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.

The maturity dates of financial instruments held as of 31 December 2013 and 2012, counting from the statements of financial position date are as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	31 December 2013					
	At call	Within 1 year	1-5 years	Over 5 years	No maturity	Total
Financial assets						
Cash and cash equivalents	917	68	-	-	-	985
Deposits at financial institutions	-	90	-	-	-	90
Securities purchased under resale agreements	-	365	-	-	-	365
Receivables from Clearing House	-	371	-	-	-	371
Securities and derivatives business receivables - net	-	2,392	32	-	1,681	4,105
Derivatives assets	-	18	17	-	-	35
Investments - net	-	331	242	-	1,321	1,894
Financial liabilities						
Securities sold under repurchase agreements	-	165	-	-	-	165
Payables to Clearing House	-	307	-	-	-	307
Securities and derivatives business payables	-	1,977	-	-	-	1,977
Derivatives liabilities	-	149	15	-	-	164
Debts issued and other borrowings	-	3	-	-	-	3

(Unit: Million Baht)

Consolidated financial statements						
31 December 2012						
	At call	Within 1 year	1-5 years	Over 5 years	No maturity	Total
Financial assets						
Cash and cash equivalents	194	5	-	-	-	199
Deposits at financial institutions	-	118	-	-	-	118
Receivables from Clearing House	-	2,242	-	-	-	2,242
Securities and derivatives business receivables - net	-	1,568	29	-	1,053	2,650
Derivatives assets	-	5	12	-	-	17
Investments - net	-	5	1,495	745	4,481	6,726
Financial liabilities						
Borrowings from financial institutions	2,449	100	-	-	-	2,549
Securities sold under repurchase agreements	-	2,124	-	-	-	2,124
Securities and derivatives business payables	-	2,475	-	-	-	2,475
Derivatives liabilities	-	48	9	-	-	57

(Unit: Million Baht)

Separate financial statements						
31 December 2013						
	At call	Within 1 year	1-5 years	Over 5 years	No maturity	Total
Financial assets						
Cash and cash equivalents	778	-	-	-	-	778
Deposits at financial institutions	-	2	-	-	-	2
Securities purchased under resale agreements	-	365	-	-	-	365
Receivables from Clearing House	-	371	-	-	-	371
Securities and derivatives business receivables - net	-	2,392	32	-	1,681	4,105
Derivatives assets	-	18	17	-	-	35
Investments - net	-	331	234	-	1,321	1,886
Investments in subsidiaries	-	-	-	-	2,550	2,550
Financial liabilities						
Securities sold under repurchase agreements	-	165	-	-	-	165
Payables to Clearing House	-	307	-	-	-	307
Securities and derivatives business payables	-	1,977	-	-	-	1,977
Subordinated loans from a subsidiary company	-	-	2,099	-	-	2,099
Derivatives liabilities	-	149	15	-	-	164
Debts issued and other borrowings	-	3	-	-	-	3

(Unit: Million Baht)

	Separate financial statements					
	31 December 2012					
	At call	Within 1 year	1-5 years	Over 5 years	No maturity	Total
Financial assets						
Cash and cash equivalents	119	1	-	-	-	120
Receivables from Clearing House	-	2,242	-	-	-	2,242
Securities and derivatives business receivables - net	-	1,568	29	-	1,053	2,650
Derivatives assets	-	5	12	-	-	17
Investments - net	-	5	1,487	745	4,481	6,718
Investments in subsidiaries	-	-	-	-	2,627	2,627
Financial liabilities						
Borrowings from financial institutions	2,449	100	-	-	-	2,549
Securities sold under repurchase agreements	-	2,124	-	-	-	2,124
Securities and derivatives business payables	-	2,475	-	-	-	2,475
Subordinated loans from a subsidiary company	-	-	2,199	-	-	2,199
Derivatives liabilities	-	48	9	-	-	57

38.5 Liquidity risk - derivatives

As of 31 December 2013 and 2012, the Company has liquidity risk in respect of derivatives contracts as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2013			
	Remaining period before maturity date			Total
	1 - 6 months	6 months - 1 year	Over 1 year	
Derivatives on the Thailand				
Futures Exchange				
(Maximum exposure with commitment on maturity date)				
SET50 Index Futures				
Short position	3,065	7,459	-	10,524
Single stock Future				
Long position	3	-	-	3
Short position	1,204	-	-	1,204
Gold Future				
Long position	205	-	-	205
USD Future				
Long position	13	-	-	13
SET50 Index Options				
Long position	1,530	-	-	1,530
Derivatives on the Overseas Market Futures				
Exchange				
(Maximum exposure with commitment on maturity date)				
Hang Seng Index Future				
Short position	79	-	-	79

(Unit: Thousand Baht)

Consolidated and separate financial statements				
31 December 2013				
Remaining period before maturity date				
	1 - 6 months	6 months - 1 year	Over 1 year	Total
<u>Derivatives on the Stock Exchange of Thailand</u>				
(Maximum exposure with commitment on maturity date)				
Derivative warrants				
Short position	15,529	-	-	15,529
Warrants				
Long position	-	-	1,907	1,907
<u>Derivatives - OTC</u>				
(Maximum exposure with commitment on maturity date)				
Interest Rate Swap				
Long position	2,000	-	76,009	78,009
Short position	5,944	5,399	84,215	95,558
Foreign Currency Forward				
Short position	367	-	-	367
Exotic Option				
Long position	2,999	-	-	2,999

(Unit: Thousand Baht)

Consolidated and separate financial statements				
31 December 2012				
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				
Long position	915	-	-	915
Single stock Future				
Long position	552	-	-	552
Short position	12	-	-	12
Gold Future				
Long position	1,033	-	-	1,033
Oil Future				
Short position	11	-	-	11
USD Future				
Long position	195	-	-	195
SET50 Index Options				
Long position	367	-	-	367
Short position	54	-	-	54

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	31 December 2012			
	Remaining period before maturity date			
	1 - 6 months	6 months - 1 year	Over 1 year	Total
<u>Derivatives on the Overseas Market Futures</u>				
<u>Exchange</u>				
(Maximum exposure with commitment on maturity date)				
Gold Future				
Short position	266	-	-	266
Hang Seng Index Future				
Short position	122	-	-	122
<u>Derivatives on the Stock Exchange of Thailand</u>				
(Maximum exposure with commitment on maturity date)				
Derivative warrants				
Short position	19,275	4,393	-	23,668
Warrants				
Long position	4,190	-	4,020	8,210
<u>Derivatives - OTC</u>				
(Maximum exposure with commitment on maturity date)				
Exotic option				
Short position	270	2,432	-	2,702
Interest Rate Swap				
Long position	-	-	57,631	57,631
Short position	-	-	41,845	41,845

38.6 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 2013 and 2012, the Company has investments in subsidiaries 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 subsidiaries totaling Baht 2,099 million and Baht 2,199 million, respectively.

The Company has exposure to foreign exchange risk in respect of its investments in foreign currencies. The Company has entered into any forward exchange contracts with maturities of up to 1 year to manage this risk.

As at 31 December 2013 and 2012, the outstanding balance of forward exchange contracts is as follows:

Foreign currency	31 December 2013			31 December 2012		
	Sold amount	Contractual exchange rate	Contractual maturity date	Sold amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)		(Million)	(Baht per 1 foreign currency unit)	
USD	0.27	31.3075	January 2014	0.52	31.04	January 2013

38.7 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 to 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 and derivative business payables are presented at their book value since they mature in the short-term.

As of 31 December 2013 and 2012, the Company and its subsidiary companies have no financial instruments of which the book values are materially different from the fair value.

39. Events after the reporting period

The Board of Directors' meeting of the Company No. 1/2014 held on 27 February 2014 passed a resolution to propose to the Annual General Meeting of the Company's shareholders for an approval of dividend payment of Baht 0.36 per share, or a total of Baht 717 million from its retained earnings. The dividend will be paid in May 2014.

40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2014.



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