



# COUNTRY GROUP SECURITIES

Net Profit  
344.81 MB



84.42 MB

Dividend  
Payment



Consecutive Years



Profit **5**

Consecutive Years

## ANNUAL REPORT 2013

COUNTRY GROUP SECURITIES PLC

---

## CONTENT

---

<b>3</b>	MESSAGE FROM THE CHAIRPERSON
<b>9</b>	POLICY AND OVERALL BUSINESS OPERATIONS
<b>12</b>	NATURE OF BUSINESS
<b>38</b>	RISK FACTORS
<b>52</b>	IMPORTANT AND GENERAL INFORMATION
<b>59</b>	SHAREHOLDERS
<b>62</b>	DIVIDEND POLICY
<b>63</b>	MANAGEMENT STRUCTURE
<b>82</b>	CORPORATE GOVERNANCE
<b>105</b>	CORPORATE ROLE AND SOCIAL RESPONSIBILITIES
<b>110</b>	INTERNAL CONTROL AND RISK MANAGEMENT
<b>111</b>	RELATED TRANSACTION
<b>117</b>	THE AUDIT COMMITTEE REPORT
<b>119</b>	FINANCIAL STATUS AND PERFORMANCE
<b>128</b>	MANAGEMENT DISCUSSION AND ANALYSIS
<b>148</b>	AUDIT REPORTS OF CERTIFIED PUBLIC ACCOUNTANT
<b>150</b>	FINANCIAL STATEMENTS
<b>206</b>	THE COMPANY'S BRANCH OFFICES

## MESSAGE FROM CHAIRPERSON



Dear Shareholders,

2013 has been another strong year for Country Group Securities (PCL) with solid performance across all business divisions. This year, net income of the Company rose by Baht 84.42 million or 32.42% as compared to 2012, which is particularly notable considering fierce industry competition and very volatile economic conditions. In this year, the Company proved resilient in its performance in an environment that was largely affected by the monetary policy modification of the U.S.A., and the slow economic recovery of the U.S.A., Japan, and European markets. It was a year of mixed opportunities, with emerging markets performing well early on, but both foreign economic conditions and local political problems led to the Stock Market index to close at 1,298.17 points, a 6.70% decrease year on year.

Net income of the Company in 2013 was Baht 344.81 million, an increase of Baht 84.42 million or 32.42% as compared to 2012. The increased net income is mainly attributable to the higher brokerage fees of Baht 1,695.68 million which increased by Baht 426 million, fees and services income of Baht 39.59 million which increased by Baht 20.81 million, and share of profit from investment for using equity method of Baht 86.42 million, an increase of Baht 35.63 million. The operating result represents the 5th consecutive year that the management team has generated profits to shareholders in the face of strong competition. This has allowed the Company to pay solid dividends of Baht 0.11, Baht 0.088 and Baht 0.11 in the years 2011, 2012, and 2013 respectively. The Company expects to be able to make a stock dividend payment for the year 2014.

In 2013, Country Group Securities (PCL) continued to focus on its integrated services platform that delivers a total solution for its clients through providing domestic and overseas securities trading, Derivatives trading, Securities Borrowing and Lending (SBL), Derivative Warrants, and Investment Banking (FA) including Merger and Acquisition (M&A), services to list companies in the Securities Exchange of Thailand. In 2015, the commencement of the AEC is expected to significantly and permanently alter the competitive environment of the industry, thus the Company has revised its strategic plan to incorporate additional services to cover other ASEAN countries. The Company has initiated the process of establishing a holding company to improve flexibility in responding to industry changes. Such a change would better position the company to diversify itself away from any risks and look for strategic investments and partnerships for growth.

Special credit must be given to all our stakeholders including the Board of Directors, management, employees, and also the shareholders for their continued support. It is the determination and devotion of all parties that have allowed the Company to continue its solid performance. On behalf of the Board of Directors, we shall continue to provide professional services with integrity for all our stakeholders and continue with our goal of delivering stable and sustainable growth.

Finally, the Board of Directors would like to take this opportunity to thank our shareholders, valued customers and business associates for their continued support and trust in us, as well as all employees for their contribution and devotion for the progress and success of the Company throughout the past years. We will move ahead together to propel the Company forward and to maintain the Company's position as one of the leading companies in the securities business industry.

A handwritten signature in black ink, appearing to read 'Prayoon Chindapradist'.

Prof. Prayoon Chindapradist  
Chairperson

---

## BOARD OF DIRECTORS

---



01

Prof. Prayoon Chindapradist  
Chairperson

02

Mr. Dej Namsirikul  
Independent Director, Vice Chairperson and  
Audit Committee Member

03

General Wattana Sanphanich  
Independent Director  
and Vice Chairperson

04

Mr. Sadawut Taechaubol  
Director  
and Executive Chairperson

05

Mr. Surabhon Kwunchaithunya  
Director  
and Vice Executive Chairperson

06

Pol. Gen. Somchai Vanichsenee  
Independent Director  
and Chairperson of the Audit Committee

07

Mr. Charn Tulyaphisitchai  
Independent Director  
and Audit Committee Member

08

Mr. Somkad Sueptrakul  
Director and Chairperson of  
the Investment Committee



---

## BOARD OF DIRECTORS

---

09

Mr. Niphon Wisityuthasart  
Independent Director



10

Pol.Maj.Gen. Werapong Chuenpagdee  
Director



11

Mr. Litti Kewkacha  
Director



12

Mr. Sim Hong Chye  
Director



13

Ms. Sudthida Chirapatsakul  
Director and CEO



14

Mr. Chanachai Joonjiraporn  
Director and CEO



15

Mr. Tommy Taechaubol  
Director



---

## EXECUTIVE TEAM

---



**01**  
Mr. Sadawut Taechaubol  
Executive Chairperson



**02**  
Mr. Surabhon Kwunchaithunya  
Vice Executive Chairperson



**03**  
Ms. Sudthida Chirapatsakul  
CEO



**04**  
Mr. Chanachai Joonjiraporn  
CEO



**05**  
Mr. Chupong Thanasettakorn  
Managing Director (IB Division)

## Corporate Role and Social Responsibilities

CGS is always aware of our social responsibilities to the community that we are a part of. We dedicate to act in a socially responsible way in our interactions with all stakeholders. In each year, CGS allocates partial budget to support corporate social responsibilities (CSR) activities by focusing on three areas such as education, religion, and social improvement. In 2013, there were 4 education projects, 11 religious projects, and 11 social projects. Therefore, there are 26 projects conducted in 2013.



▶ CAN for Prothesis Project



▶ "Capital Market unites to help flood victims fund"

For the year 2013, our management supported and gave precedence to religious activities such as Kathin Ceremony, offering robes to Buddhist priests at monastery, and joining to donate fund to build Pagoda, Principle Buddha and Cathedral at many Wat in several provinces for monks and general people to practice dharma and religious activities.

Furthermore, we are aware of supporting scholarship to a good student that is lack of funds in many schools and universities. For example, supported ACT youth development project which providing the opportunities to underprivileged youth to learn and speak English

The Company always supports the activities that relate to social improvement by donating school supplies and book to schools in rural areas every year. Also the Company joined donating money to disabilities, underprivileged people and youth in rural areas in order to improve their quality of sustainable living. For instance, the Company donated school supplies and sport equipments, and money to renovated Wat Changlek School (Phibulkiat), Phra Nakhon Si Ayutthaya province under "Capital Market unites to help flood victims fund" in 2011. The renovation just finished in July 2013.



▶ Make a donation to the Mirror Foundation



## Policy and Overall Business Operations

### 1. Policy and Overall Business Operations

The Company became a member of the Stock Exchange of Thailand (SET) and was assigned as “Broker Number 3” in 1974. In 1991, the Company received approval from the SET to list its ordinary shares in the SET. Later in 2009 the Company changed its name to “Country Group Securities Public Company limited” and invested in MFC Asset Management Public Company limited, which currently hold 24.92 percent stakes in such company. Thus, MFC became the Company’s associate.

Business Shareholding Structures



Country Group Securities PCL has been approved by Ministry of Finance to operate the following eight businesses:

1. Securities brokerage
2. Securities trading
3. Securities underwriting
4. Investment advisory service
5. Mutual fund management
6. Private fund management
7. Securities borrowing and lending
8. Venture capital management

Furthermore, the Company obtained a Derivatives Business license from Securities and Exchange Commission to engage in Derivatives Agent and was approved from Securities and Exchange Commission to act as Financial Advisory.

#### 1.1 Vision, mission and goal in business operations

##### Vision

To be financial and investment service leader and to be known as professional and integrity business provider.



## **Mission**

To achieve the Company's vision, the Company aims to be a securities brokerage firm with the top five market share in Thailand and to become the best service provider. In addition, the Company intends to serve and offer innovative products and services to meet clients' needs, and manage business in comply with good corporate governance in order to build confidence to clients and investors as well as support the development of employees' potential for excellent service to clients.

## **Goals in Business Operations**

- **To be a securities brokerage firm with the top five market share and maintain continuous growth in market share**

The Company plans to join financial exhibitions for trade show and hold a seminar to educate investors and interested people both in Bangkok and provincial areas, especially when the SET launches new products and services e.g. gold futures, derivative warrants, etc. to stimulate newcomers to invest in the SET. This will not only expand the Company's clients base, but also maintain its existing one. In addition, the Company plans to develop a structure of Information technology to be more effective and better serve the clients. Also, the Company has policy to maintain human resource to work with the Company in the long run.

- **To be a securities brokerage firm with fully integrated professional services**

The Company plans to develop the effectiveness and stability of securities and derivatives trading systems in order to support trading capacity, to offer more products and services to meet clients needs that enable them to choose appropriate alternatives for investment and manage portfolio efficiently, and to train employees to raise their potential of advising and serving clients with quality. Moreover, the Company plans to restructure the internal management with an aim for fast service and less complicate procedures.

- **To maintain revenue and profit levels continuously, and seek business opportunity amid market fluctuations**

The Company will manage efficient resources and utilize them in order to reduces operating costs while generates profit to shareholders. In addition, the Company will seek channels for business expansion and investment with acceptable risks and appropriate returns to reduce a reliance on revenue from securities brokerage business and maintain the Company's revenue base amid securities business affected by external factors such as politics, economy, natural disasters.

- **To operate business regarding stakeholders**

The Company will operate business based on virtues, morality and integrity, These principles will benefit all groups of stakeholders such as shareholders, clients, investors, employees and the capital market. In addition, the

Company will give support to organizations , educational institutions , and public and private companies with the purpose of development of capital market in order to attracts foreign investors.

#### Policy on Securities Business and Its Subsidiary

None

#### 1.2 Income Structure

Income	Financial Statements in which Equity method is applied					
	For the year ended December 31					
	2013		2012 (restated)		2011	
	Million Baht	%	Million Baht	%	Million Baht	%
Brokerage Fee	1,695.68	81.96	1,269.68	78.60	1,240.37	80.17
Fee and Service Income	39.59	1.91	18.78	1.16	10.84	0.70
Gain (loss) on investment	66.15	3.20	80.90	5.01	86.21	5.57
Gain (loss) on trading in derivatives	19.72	0.95	20.81	1.29	13.62	0.88
Share of gain from investment in which equity method is applied	86.42	4.18	50.79	3.14	48.20	3.12
Interest and dividend	90.96	4.40	85.10	5.27	73.39	4.74
Interest on margin loan	56.61	2.74	74.11	4.59	59.61	3.85
Other Income	13.71	0.66	15.11	0.94	14.96	0.97
Total Income	2,068.84	100.00	1,615.28	100.00	1,547.20	100.00

Note: Please find details of investment policy under Asset for operation and Change of income structure under Analysis of operational results and financial position.

## Nature of Business

### 2. Nature of Business

#### History and Major Development

##### 1966 - 1996

The Company was registered under the name of “Adkinson Enterprise Company Limited.” The Company became a member of the Stock Exchange of Thailand (SET) and was assigned as “Broker Number 3” in 1974. In 1979, the Company changed its name to “Adkinson Securities Company Limited.” In 1991, the Company received approval from the SET to list its common shares in the Stock Exchange of Thailand, which were later approved as listed securities in 1993. In 1994, the Company converted to a public company and raised its registered capital from Baht 200 million to Baht 600 million, consisting of 60 million common shares at Baht 10.00 par value.

##### 1997 - 2009

- 1997 - The Company changed its foreign holding ownership regulation from 25% to 49% of outstanding shares and continued increasing its market capitalization for business expansion purposes.
- 1999 - The Company has registered capital of Baht 1,785 million and paid up capital of Baht 1,275 million for the future conversion of its tranche 1 and tranche 2 warrants which expired on the 14th Dec 2001 and 2002 respectively.
- 2002 - Increased its registered capital to 2,414.16 to finance the purchase of Indosuez W.I Carr Securities of 99.99% which was purchased at 22 April 2002 at a price of Baht 276.72b million. Indosuez was later called IB Securities and was known as Apex Securities.
  - Increased its registered capital to 4,916.51 for the future expansion of warrant tranche 3 and 4 which expired on the 16th Jan 2004 and 16th Jan 2006 respectively.
- 2003 - The Board of Directors elected Mrs Apar Kewkacha as CEO to replace the late Mr Kreetta Techarattanachai and elected Mr. Udom Vichayabhai as chairman of the board replacing Mr Narong Chulachard.
- 2004 - The Company increased paid up capital to Baht 3,223.10 million (99,090,636 shares) due to the conversion of warrant tranche 3.
- 2006 - The Company registered its paid up capital at Baht 4,195,895,720.
  - Significant changes to the shareholding structure of Adkinson Securities were made through market acquisitions and exercising of warrant 4 resulting with the appointment of Professor Prayoon Chindapradist as Chairman and Mr. Sadawut Taechaubol as Chief Executive Office and President.
  - Merged and closed the operations of 23 branches
- 2007 - The Company merged and closed the operations of 4 branches and one additional branch was opened.
  - Transferred its capital reserve of Baht 17,602 and premium on share capital of Baht 813,653,862 to compensate retained loss of Baht 901,665,291. The Company's retained loss was 87.99 million after the compensation.

- Additionally, there was a change in par value from Baht 10 per share to Baht 1 per share on March 9th, 2007.
  - APEX Securities underwent a capital reduction of Baht 361,537,800 (consisting of 36,153,780 ordinary shares at a par of Baht 10) from Baht 482,050,400 to Baht 120,512,600. This was conducted in preparation for the sales of the APEX license.
- 2008
- Adkinson Securities sold and transferred all of its shares in Apex Securities to Merrill Lynch Holdings (Mauritius).
  - The Company was granted a TFEX license to undertake the derivatives agent.
  - The Ministry of Finance had approved the securities business license type Kor No: Lor Kor -0002-01. This license permits the Company to engage in all categories of securities businesses.
  - SEC approved the Company to conduct the securities underwriting.
  - Due to further branch restructure, the Company merged and closed the operations to 4 branches in 2008.
- 2009
- The Company has increased its investment proportion in MFC Asset Management Plc. to 22.5 percent of its registered capital, which MFC became the associated company.
  - 16 new branches were opened and 3 branches were closed and merged.
  - Decrease of the registered capital from Baht 4,916.51 million to Baht 4,195.89 million by canceling the 720.62 unissued ordinary shares.
  - Decrease of the Company's registered and paid-up capital from Baht 4,195.89 million to Baht 4,038.14 million by decreasing the 157.75 million shares in order to compensate the Company's accumulated losses as at September 30, 2008 of Baht 157.75 million.
  - Decrease of the Company's registered and paid-up capital from Baht 4,038.14 million to Baht 2,300.00 million by decreasing the 1,738.14 shares in order to refund Baht 1,738.14 million to the Company's shareholders.
  - The Company changed its name from Adkinson Securities PLC to Country Group Securities PCL.
  - The Company decreased its registered and paid-up capital from Baht 2,300.00 million to Baht 1,866.37 million by decreasing the 433.63 million shares in order to compensate the Company's accumulated losses of Baht 433.63 million as at June 30, 2009.
  - Issued and offered new ordinary shares not exceeding 466.59 million shares, at a par value of Baht 1.00 per share to the existing shareholders in pro rata basis, by ratio of 4 existing ordinary shares to 1 new ordinary share at the price of Baht 1.30 per share.
  - Issued and offered Warrants to purchase the Company's ordinary shares No.5 in the amount not exceeding than 466.59 million units to the existing shareholders who subscribe for new ordinary shares and were allocated at the ratio of 1 new ordinary share per 1 unit of Warrant for free. 1 unit of Warrant was entitled to purchase 1 new ordinary share at the price of Baht 1.50 per share.

- The Company issued and offered Warrants to purchase the Company's ordinary shares under ESOP Program No.1 in the amount not exceeding 350.00 million units to directors, management, employees, and/or advisors of the Company for free. 1 unit of Warrant was entitled to purchase 1 new ordinary share at the price of Baht 1.50.
- Increased of the registered capital of the Company from Baht 1,866.37 to Baht 3,149.55 million by issuing of 1,283.18 million new ordinary shares at a par value of Baht 1 per share.

## 2010

- On January 25, 2010, the Company increased in paid-up capital from Baht 1,866.37 million to Baht 2,330.76 million.
- Dr, Prasit Srisuwan was appointed as acting Chief Executive Officer, replacing Mr. Bee Taechaubol who resigned, effective September 7, 2010 onwards.
- Ms. Sudthida Chirapatsakul was appointed as director (authorize to manage), replacing Mr.Bee Taechaubol who resigned, effective September 29, 2010 onwards.
- Ms. Netchanok Anawan was appointed as acting head of accounting and finance division, and senior vice president of accounting and finance division, replacing Ms. Luxamee Kongvatanasest /senior executive vice president of accounting and finance division, effective November 1, 2010 onwards.

## 2011

- Appointed Dr, Prasit Srisuwan as Chief Executive Officer, effective May 1, 2011 onwards.
- Appointed Ms. Netchanok Anawan as head of accounting and finance division, effective April 1, 2011 onwards.
- Police Major General Werapong Chuenpagdee was appointed as Director (no management authority), replacing director who resigned, effective November 23, 2011.
- Appointed Mr.Nipon Wisityuthasart as independent director replacing resigned director, effective November 23, 2011.

## 2012

- Appointed Mr. Tommy Taechaubol as Director (no management authority), replacing Mr. Totsachai Asvinvichit who resigned, and effective May 29, 2012.
- Appointed Mr. Chanachai Joonjiraporn as Managing Director , effective May 1.2012, and appointed as Executive director, effective May 29, 2012
- Increased paid up capital from Baht 2,330.76 million to Baht 2,330.81 million that from exercising of warrant 5 which expired on January 18, 2013.



## Major development in 2013

- Opened 1 new branch , and closed and merged 1 branch
- Decrease of the registered and paid-up capital from Baht 3,149.55 million to Baht 2,330.81 million by canceling the 818.74 unissued ordinary shares.
- Increase of registered capital from Baht 2,330.81 million to Baht 3,189.79 million by issuing of ordinary new shares at the amount of 858.98 million at a par value of Baht 1 per share.
- Increase of paid up capital from Baht 2,330.81 million to Baht 2,589.74 million on May 21, 2013
- Appointed Ms. Sudthida Chirapatsakul and Mr. Chanachai Joonjiraporn as Chief Executive Officer, replacing Dr. Prasit Srisuwan, which effective November 1,2013.
- Appointed Mr. Suwit Ratanayanont as President ,effective November 1,2013
- Appointed Mr. Supakrit Choksukthanapong as Managing Director of retail brokerage 4, replacing Mr. Suwit Ratanayanont, which effective November 1,2013
- Appointed Mr. Chanachai Joonjiraporn as Director (no management authority) , replacing Dr. Prasit Srisuwan who resigned , which effective November 4, 2013
- Appointed Mr. Tommy Taechaubol as Director (Management Authority) , effective November 25, 2013

## 2.1 Business Operations

### 2.1.1 Securities Brokerage

The Company provides securities brokerage services to local and foreign individuals, corporate, financial institutions, funds and asset management companies. We provide our trading services through various platforms including trading through marketing staffs and/or Internet to serve our clients' needs. Currently, we have 3 types of securities trading accounts, namely cash account, cash balance account, and credit balance account.

The Company's market share and securities trading value in the past 3 years are presented in the table below.

Table of Securities Trading Value and Market Shares

Trading Value	2013	2012	2011
SET (mil. baht) (excluding proprietary trading )	11,777,210.10	7,615,637.96	7,040,457.88
MAI (mil. baht) (include proprietary trading)	553,458.69	298,928.56	151,022.76
<b>Total</b>	<b>12,330,668.79</b>	<b>7,914,566.52</b>	<b>7,191,480.64</b>
Trading value (mil. baht) (excluding proprietary trading )	1,070,610.18	761,872.92	641,153.51
<b>Market share (%)</b>	<b>4.97%</b>	<b>5.43%</b>	<b>5.13%</b>

### Policies on Accepting Clients and Approving Credit Line

At Country Group securities, we understand that although emphasis is upon expanding our clientele base, proper evaluation of each client in accordance with the rules and regulations set by the SET and the SEC is essential. Additionally, we strictly adhere to money laundering rules and actively monitor suspicious behavior to prevent any illegal acts. As such, the Company has employed appropriate policies in accordance with KYC/CDD policies set by the SET regarding client's credit approval process. This policy ensures that marketing representatives are required to be familiar with each client's investment objectives, financial status, and investment limitations prior to making investment decisions.

Approval of credit lines are designated to each authorized officers as follows:

Credit Line	Authorized Officers
Not exceeding Baht 2 million	Managers – Securities Business Div./Branch Office Or of higher position
Not exceeding Baht 20 million	Head of Securities/ Derivatives Business Div./ Or of higher position
Not exceeding Baht 30 million	Managing Director of Securities/ Derivatives Business Div./ Or of higher
Not exceeding Baht 50 million	Managing Director of Business Div./ Or of higher
Not exceeding Baht 150 million	Credit Committee Or Higher
Exceeding Baht 150 million	Executive Committee Or Higher

The Credit Committee consists of the following members:

1. Three Executive Directors
2. One President
3. Two Head of the Securities Business Divisions
4. One Head of the Derivatives Business Division
5. One Head of the Risk Management Division

A credit line is deemed "approved" when at least half of attending committee members give their approval.

### Policy on Marginable Securities

The Corporate has set the Risk management committee which has responsibility in carefully consider list of security and Initial margin rate. Clients will be able to buy securities with their margin loan in Credit Balance System. The IM Committee consists of three Executive Directors, two Heads of the Securities Business Divisions, Head of Risk Management Division, Head of Operation Division and Head of Research Division. The credit line is approved when four out of eight committees agreed.

The IM Committee consistently reviews the client's initial marginal rate at least once a quarter; however, if there is an urgent case, the Committee will make immediate decision.

The policy on initial margin is categorized based on a level of risk as following:

Type	IM (%)
A	50
B	60
C	70
F	100
N	0

**Notes**

- The securities type A, B, C and F are marginable securities and not restricted to trade.
- The securities type N is non marginable securities and restricted to trade.

## 2.1.2 The Derivatives Agent Business

The Company has offered derivatives for sixth year, which TFEX license was approved and granted from SEC in 2008. Later in 2008, the Company became one of the forty-two members of both TFEX and Thai Clearing House Co., Ltd (TCH). Revenue from derivatives business became prominent in the Company's revenue stream. In 2013, the Company's derivatives market share had continuously grown and at the end of 2013 derivatives accounts were 3,100 accounts, which increased by 20 percent from the year 2012.

As derivatives agent, we provide our services through various platforms including trading derivatives via marketing officer and Internet trading from 51 branches nationwide (including head office). The Company has emphasized on expanding its client base in group of domestic retail investors, institutional investors as well as foreign investors. Additionally, most of the Company's derivatives accounts are retail investor.

For the year 2013, the Company owned the market share of 2.90 percent. The Company will continuously aim to expanding its clients base concurs with educating its clients and general investors about derivatives in order to expand its market share in the future. In 2014, TFEX has planned to increase derivatives' products to offer more choice for investors because the investors have invested more in derivatives' products for the past few years.

TFEX extends its trading hours to 9.45hrs – 22.30hrs since 2011. Gold, Silver, and Brent Crude Oil are traded from 19.30hrs – 22.30hrs in order to meet the need of investors who trade derivatives that refer to foreign markets. As a result, a higher number of trading values is shown during evening trading hour. The Company also offers customers to trade via Internet during evening hour.

## Derivative Warrants

### Information of Derivative Warrants

The Company credit rating has been rated at BBB- from TRIS Rating Company Limited. Since the year of 2011, the company has issued derivatives warrants. In 2014, 11 derivative warrants with different underlying assets have been issued. Some of them have been interesting for investors. However, the Company has joined the SET to educate investors to understand the product thoroughly as well as portfolio management efficiently.

11 Derivative warrants have been issued as follows:

Item	DW symbol	Underlying Asset	First trading day	Last trading day	Maturity date
1	ESSO03CA	ESSO	6/9/2554	23/2/2555	29/2/2555
2	ESSO03CB	ESSO	04/04/2555	07/12/2555	14/12/2555
3	PTT03CA	PTT	05/04/2555	07/12/2555	14/12/2555
4	PTTG03CA	PTTGC	11/06/2555	07/12/2555	14/12/2555
5	STA03CA	STA	12/06/2555	07/12/2555	14/12/2555
6	THAI03CA	THAI	13/06/2555	08/03/2556	14/03/2556
7	ESSO03CC	ESSO	18/02/2556	03/12/2556	11/12/2556
8	ADVA03CA	ADVANC	19/02/2556	03/12/2556	11/12/2556
9	JAS03CA	JAS	20/02/2556	03/12/2556	11/12/2556
10	SCC03CA	SCC	21/02/2556	03/12/2557	11/12/2557
11	PTT03CB	PTT	22/02/2556	03/12/2557	11/12/2557

## 1. Risk effect factors of Derivative warrants

DW investors have to understand 2 major risk factors: Risk of Derivatives Warrants and Derivatives Warrants issuer risk as per following:

### 1.1 Risk of Derivatives Warrants

DW investors would confront effective risks due to investment as per following:

#### 1.1.1 Market Risk or Price risk of Derivative Warrants

Derivative Warrants Price could move daily or whole period of derivatives warrants. Therefore, their price risk would cause the investors at the maximum of investment thru out the periods of derivative warrants.

Most of factors causing on the price risk are as per following:

##### (1) Market demand and Supply

Demand and supply would be affected following by amount of buying and selling side. Finally, the demand and supply would cost the movement of derivatives warrants price.

##### (2) Theoretical price by using Black & Schole's Model

Pricing mechanism from mathematical Black & Schole's model which is affected by multi factors is listed as per following:

- Underlying Asset Price
- Exercise Price
- Time to Maturity
- Underlying Asset Volatility
- Interest Rate
- Dividend Yield

Consequences of factors are shown on the table below

Factors	Up / Down	DW CALL Price	DW PUT Price
Exercise Price	↑ / ↓	↓ / ↑	↑ / ↓
Underlying Asset Price	↑ / ↓	↑ / ↓	↓ / ↑
Underlying Asset Volatility	↑ / ↓	↑ / ↓	↑ / ↓
Time to Maturity	↑ / ↓	↑ / ↓	↑ / ↓
Interest Rate	↑ / ↓	↑ / ↓	↑ / ↓
Dividend Yield	↑ / ↓	↓ / ↑	↑ / ↓

However, factors effect to the DW price in the different manner with the different type of DW. Therefore DW investors have to understand DW mechanism thoroughly before taking DW in position. The DW details will be filed on 69-DW- specific form.

### (3) Exercise Figure Adjustability of Derivatives Warrants

DW issuers have to adjust exercise figure when any corporate actions of underlying assets are as per following

- Increasing Capital
- Split and Re-spilt Par
- Dividend Payment
- Others corporate actions indicating on derivative warrants term sheet

Furthermore, exercise figure adjustability solution will be indicated on form 69-DW specific in corresponding with market situations

### (4) Derivative Warrants and Underlying Assets trading Suspension

Investors cannot buy and sell DW under underlying asset trading suspension (Under trading sign Suspension – SP and Halt - H) or any situations as of paragraph 1.5

## 1.2 Liquidity Risk of Derivatives Warrants

Liquidity risk means shortage liquidity of buy-sell transaction of DW also buy-sell transaction of underlying asset. In the mean time, buy-sell transaction has been shortage or DW market maker cannot fulfill to manage DW liquidity due to exceptional issues in market make regulation. Therefore, investors have to reconsider and study market making regulation before considering on DW investment.

## 1.3 Credit Risk

Credit risk is risk causing by DW issuers. CGS had been approved its rating from TRIS RATING Co,Ltd. to be BBB-/stable. BBB rating is one of qualification factor for DW issuers under the regulation of Securities Exchange Commission. Therefore, DW investors can study issuers detail in form 69-DW-main part “(4) Issuers rating information” and “(10) Financial statement and Income statement” etc



#### 1.4 Settlement and Delivery Risk

Investors might confront with uncontrollable settlement and delivery. These situations might not mean irresponsibility of DW issuers. They all mean unpredictable situations as per following.

- 1) War and Civil war domestically also internationally or Situations affect to buy-sell transaction of DWs and their underlying assets in normal trading day on the SET.
- 2) Stock Exchange of Thailand suspends the trading of underlying assets in any situations.
- 3) New regulations have been affected to Underlying assets and DW trading until no reference underlying assets price.

Therefore, all obstacle situations might cause investors to get cash settlement (if any) or late settlement. Finally, investors have to study the regulation thoroughly before starting investment.

#### 1.5 Unpredictable Risk

Uncountable risk is that any situations includes SET trading system malfunction, Natural disasters, Political turmoil and other situation effecting SET trading system. All situations might cause inability to send buy-sell order or inversely effect to underlying asset, other unpredictable effect as well. They could make the DW investment to get negative return during maturity period and also could not get reference price which is indicated in the term sheet.

Therefore, investors must study the reference price condition thoroughly in the term sheet.

#### 1.6 Underlying Assets Risk (Listed Companies to be determined as Underlying Assets)

In case of DW referring to stocks as Underlying Assets, Their stock prices might be manipulated by corporate actions. This situation would cause the change of DW price, Exercise ratio, Exercise price, Maturity date and also some other effects. Those corporate action factors have been as follows:

- 1) Dividend Payment
- 2) Merger and Acquisitions
- 3) Split and Re-split Par
- 4) Capital incremental
- 5) Underlying Assets Suspension Due To Unpredictable Situation
- 6) Delisting Underlying Assets Form Stock Exchange Of Thailand
- 7) Dissolved company as of Underlying Asset

Situation in Item 1, 2, 3 and 4, they would affect to adjust exercise figure. The detail of adjustment will be indicated in term sheets.

Situation in Item 5, it would cause that the investors cannot do buy-sell transaction.

Situation in Item 6, it would cause that its maturity has been decreasing dramatically. So, its DW price will be decreased unpredictably.

Situation in Item 7, It would cause that its DW will be cancelled automatically and its price is gone down to zero immediately.

Investors must study all situations thoroughly in term sheet before investment.

### 1.7 Other Risks

Derivative Warrants is financial instrument with out collaterals. Thus, DW investors will be non-collateralized debtors during maturity.

However, DW investors might not get any rights unlike investing in underlying assets. For example, dividend, voting right etc.

Cash from exercise before any costs must be presumed as of personal income. Investors have to declare the settlement cash for annual personal tax to Department of Revenue.

## 2. Risk Management on Issuing Derivative Warrants

### 2.1 Hedging Strategy for Derivative Warrants

#### Delta Neutral Hedge

Before issuing Derivatives Warrants, CGS will utilize ITO simulation model in order to predict price pattern of underlying asset in the future. Simulating results will be used to configure exercise price, maturity date, exercise ratio etc.

#### Risk Management by Using Dynamic Delta Hedging Method

After issuing DW, CGS normally use dynamic neutral delta hedging to make of issuing to be neutral. Therefore, risk of volatility will be decreased to zero. If underlying assets price move up or down, it will affect to DW price ether Call warrant or Put warrant to be in-the-money (ITM) warrants. CGS will do risk management by buying and selling the underlying assets. To buy or to sell is depended on the type of warrant. Therefore, delta neutral figure is ratio of suitability. The world class warrants issuers have used this delta neutral methodology for risk management.

For example, CGS issues Call warrant and underlying asset is increasing. CGS has confronted to its loss when investors exercise in the future. CGS has to buy underlying asset to protect the position risk by using neutral delta hedging methodology. If the underlying asset price is decreasing, CGS will sell the hedging position in order to maintain zero risk for portfolio. However, to minimal position risk, CGS has to manage position real time.

### 2.2 Corporate Risk Management Committee

In order to issue Derivatives Warrants, 7 units will beinvolved as follows:

- 1) Management Committee
- 2) Risk Management Committee
- 3) Equity Derivatives Warrants Department
- 4) Operation Department
- 5) Accounting and Finance Department

- 6) Risk Management Department
- 7) Compliant Department

Each Unit has its job descriptions as follows:

1) Management Committee

It has enacted company policy and risk management policy as well as credit line for derivatives warrants business.

2) Risk Management Committee

It has been functioned approve risk management policy for management committee as well as develops new risk management policy to derivatives warrant business.

3) Equity Derivative Warrants Department

It had been functioned to develop new derivatives product in order to meeting investors' criterion. Moreover, unit has to propose DW to the market place by using Direct Listing Methodology. Market making and position risk management are parts of its function.

4) Operation Department

It has been functioned to reconcile buy-sell order for Equity Derivatives Warrant Department. Moreover, the department is a coordinator between TSD and CGS during settlement period,

5) Accounting and Finance Department

It has been functioned to reconsider credit line, fund management as well as recording derivative warrant performance for Equity derivative warrant to be under the core policy.

6) Risk Management Department

It has been function to estimate position risk of DW and calculate the effect of DW to NCR before issuing DW. Moreover, the department has to follow and supervise Equity Derivative Department on DW position risk. DW position risk must be under company risk policy. Finally, it has reported any department risk management to Risk Management Committee.

7) Compliant Department

It has been functioned to control any departments and any transactions which relate to derivatives warrants business by following regulation and policy.

### 2.3 Control Affect of Issuing Derivative Warrants to Company NCR

Company has policy to control Net Capital Rule by following Securities Exchange Commission regulation. Moreover, company has regularly evaluated its transactions which could impact NCR by simulating NCR as well as comparing to the actual NCR. NCR simulation would help company to avoid adversely impact in the future.

### 3. History of Derivative Warrant

As of December 1, 2013, CGS has issued 11 Derivatives warrants as follows:

Symbol	Amount(Unit)	Exercise Price	Exercise Ratio (DW:U)	Offering Price	Issuing Date	Last Trading Date	Expiry Date	Underlying Assets	Warrant Type
ESSO03CA	25,000,000	10.70	0.25 (4:1)	1.00	06/09/2554	23/02/2555	29/02/2555	ESSO	Call
ESSO03CB	60,000,000	12.844	0.10043 (9.95690:1)	1.00	04/04/2555	07/12/2555	14/12/2555	ESSO	Call
PTT03CA	50,000,000	323.119	0.00508 (196.85039:1)	1.00	05/04/2555	07/12/2555	14/12/2555	PTT	Call
PTTG03CA	25,000,000	57.142	0.02538 (39.40110:1)	1.00	11/06/2555	07/12/2555	14/12/2555	PTTGC	Call
STA03CA	25,000,000	14.90	0.10 (10:1)	1.00	12/06/2555	07/12/2555	14/12/2555	STA	Call
THAI03CA	25,000,000	22.00	0.05 (20:1)	1.00	13/06/2555	08/03/2555	14/03/2556	THAI	Call
ESSO03CC	20,000,000	9.302	0.12565 (7.95862:1)	1.00	18/02/2556	03/12/2556	11/12/2556	ESSO	Call
ADVA03CA	20,000,000	180.414	0.01392 (71.83908:1)	1.00	19/02/2556	03/12/2556	11/12/2556	ADVANC	Call
JAS03CA	20,000,000	5.776	0.25321 (3.94929:1)	1.00	20/02/2556	03/12/2556	11/12/2556	JAS	Call
SCC03CA	20,000,000	373.259	0.01027 (97.37098:1)	1.20	21/02/2556	03/12/2557	11/12/2557	SCC	Call
PTT03CB	20,000,000	290.666	0.01299 (76.98229:1)	1.20	22/02/2556	03/12/2557	11/12/2557	PTT	Call

#### 4. Conflict of Interest on Issuing Derivatives Warrants

CGS has done many functions in securities business. Securities Exchange Commission has approved CGS to be the function of Financial Advisory, Investment Advisory, Proprietary Trading, and Securities Underwriter. It has plenty of information that could be conflict of interest issue to issuing derivative warrants transaction directly and indirectly. Thus, to protect the conflict of interest issue, the Company has set up its internal control policy in order to avoid influence of stock price movement as follows :

- 1) Equity Derivative Warrants Department has been separated from other department.
- 2) The Company has set up Chinese Wall Policy. Every Department has to keep their internal information by themselves. No one cannot share without any consent from top executive
- 3) The Company has to enclose any interest direct or indirectly thru its research papers on derivative warrants and underlying assets. (if any)
- 4) The Company has established compliance manual in order to avoid conflict of interest for example ethic, employee buy-sell transaction and watch/restricted list etc.
- 5) Compliant Department has to control conflict of interest issue by following compliant policy approved by compliant committee.



## Details of Underlying Assets

### 1. ESSO (THAILAND) PLC

Symbol : ESSO

Business : Petroleum refining and retail marketing petroleum products as well as petrochemical and chemical products

Registration No. : 0107539000073

Registered Capital : 17,110,007,246.71 Baht  
Common share 3,467,916,666 Shares, Par 4.9338 Baht per Share

Paid up Capital : 17,075,181,200.40 Baht  
Common share 3,467,916,666 Shares, Par 4.9338 Baht per Share

Address : 3195/17-29 Rama 4 Klongtan Klongtei Bangkok 10110

Tel : 02 262-4000

Fax : 02 262-4800

Website : [www.esso.co.th](http://www.esso.co.th)

Investment Relation

Tel : 02 262-4788

E-mail : [essolR@exxonmobil.com](mailto:essolR@exxonmobil.com)

Reference : [www.set.or.th](http://www.set.or.th)  
Form 56-1 year 2012

### 2. PTT PLC

Symbol : PTT

Registration No. : 0107544000108

Business : Petroleum Business and Holding company in related petroleum businesses

Address : 555 Vibhavadee Rungsit Chatuchak Chatuchak Bangkok 10900  
Tel 0-2537-2000 Fax 0-2537-3498-9  
[www.pttplc.com](http://www.pttplc.com)

Registered Capital : 28,572,457,250 Baht, 2,857,245,725 Common Shares, Par 10 Baht per share (as of December 31,2012)

Paid up Capital : 28,562,996,250 Baht, 2,856,299,625 Common Shares, Par 10 Baht per share (as of December 31,2012)

Reference : [www.set.or.th](http://www.set.or.th)  
Form 56-1 year 2012

### 3. PTT Global Chemical PLC

Symbol : PTTGC

Registration No. : 0107554000267

Business : Petrochemical and Refining

Address : 555/1 Energy Complex Center Building A Floor 14-18  
Vibhavadee Rungsit Chatuchak Chatuchak Bangkok 10900  
Tel 0-2265-8400 Fax 0-2265-8500  
[www.pttggroup.com](http://www.pttggroup.com)

Registered Capital : (as of December 31,2012) Registered Capital 45,129,302,690 Baht  
Common Share 4,512,930,269 Shares Par 10 Baht per share  
Common share split into 2 Parts:  
1. Paid up capital 45,088,491,170 Baht, Common share  
4,508,849,117 Shares , Par 10 Baht per share  
2. Unpaid up capital 40,811,520 Baht, Common share 4,081,152  
Shares , Par 10 Baht per share

Reference : [www.set.or.th](http://www.set.or.th)  
Form 56-1 year 2012

### 4. Sri Trang Agro Industries PLC

Symbol : STA"

Registration No. : 0107536001656

Business : Produce and Export rubber sheet and latex

Address : 10 Soi 10 Phethasem Rd. Haadyai, Haadyai , Songkla 90110  
Tel 0-7434-4663 (Auto 14 Lines)  
Fax 0-7434-4676, 0-7434-4677, 0-7423-7423

Website : <http://www.sritranggroup.com>

Registered Capital : 1,280,000,000 Baht  
Common Share 1,280,000,000 Shares, Par 1 Baht per share

Paid up Capital : 1,280,000,000 Baht  
Common Share 1,280,000,000 Shares, Par 1 Baht per share

Reference : [www.set.or.th](http://www.set.or.th)  
Form 56-1 year 2012

## 5. THAI INTERNATIONAL PLC

Symbol : THAI

Registration No. : 0107537001757

Business : Air Transportation and related businesses

Address : 89 Vibhavadee Rungsit Champhol Chatuchak Bangkok 10900  
Tel 0-2545-1000, 0-2595-1000 Fax 0-2513-0203  
[www.thaiairways.com](http://www.thaiairways.com)

Registered Capital : 26,989,009,500 Baht  
Common Share 2,698,900,950 Shares, Par10 Baht per share  
(as of December 31,2012)

Paid up Capital ; 21,827,719,170 Baht  
Common Share 2,182,771,917 Shares, Par10 Baht per share  
(as of December 31,2012)

Reference : [www.set.or.th](http://www.set.or.th)  
Form 56-1 year 2012

## 6. ADVANC INFO SERVICE PLC

Symbol : ADVANC

Registration No. : Bor Mor Jor. 0107535000265

Business : - Mobile service 900 MHz, Digital GSM (Global System for Mobile Communication)  
- Mobile service 1800 MHz, Digital GSM 1800  
- Mobile service 2.1 GHz, Digital UMTS (Universal Mobile Telecommunications System)  
- Import and service mobile phones  
- Internet Provider thru cable and Optical Fiber  
- Payment service thru mobile system  
- Sell and Service prepaid card  
- Information center thru phone system  
- International call service  
- Service telecommunication and network

Address : 414 Phaholyothin Rd. Samsannai, Phayathai, Bangkok 10400  
Tel (66) 2299 6000, Fax (66) 2299 5165  
<http://www.ais.co.th>

Registered Capital : 4,997,459,800 Baht

Paid up Capital ; 2,973,095,330 Baht

Reference : [www.set.or.th](http://www.set.or.th)  
Form 56-1 year 2012

## 7. Jasmine International Public Company Limited

Symbol : JAS  
Registration No. : 0107537000106  
Business : Information and Communication Technology Business  
Address : 200 Floor 29-30 Moo 4 Changwathana Rd., Pakket, Pakket,  
Nonthaburee 11120  
Tel (66) 0 2100 3000, Fax (66) 0 2100 3150-2  
[www.jasmine.com](http://www.jasmine.com)  
Registered Capital : 3,568,697,189 Baht  
Common Share 7,137,394,378 Shares, Par 0.50 baht per share  
Paid up Capital ; 3,568,697,189 Baht  
Common Share 7,137,394,378 Shares, Par 0.50 baht per share  
Reference : [www.set.or.th](http://www.set.or.th)  
Form 56-1 year 2012

## 8. Siam Cement PLC

Symbol : SCC  
Registration No. : 0107537000114  
Business : Holding Company  
Address : 1 Pooncementthai Rd. Bangseu , Bangseu, Bangkok 10800  
Tel 0-2586-3333, 0-2586-4444, Fax 0-2586-2974  
[www.scg.co.th](http://www.scg.co.th)  
Registered Capital : 1,600 Million Baht  
Paid up Capital ; 1,200 Million Baht, Common Share 1,200 Million Shares  
Reference : [www.set.or.th](http://www.set.or.th)  
Form 56-1 year 2012

### 2.1.3 Securities Trading Activities

The Company sets strict policies on engaging in trading activities both in equity and debt securities for short-term trading and long-term investment purposes in tandem with its annual investment plan, strategies, and investment lines.

### 2.1.4 Investment Advisory Service

Advisory services in relations to clients' equities is an ordinary conduct of the securities brokerage firm; however, advisory services performed for the public that is also accompanied with a service fee, is classified as Investment Advisory Service.

In 2011, the Company earned advisory fee as the advisor of Mutual Funds, which is managed by MFC Asset Management PLC.

#### **2.1.5 Financial Advisory Services**

Since 2006 the Company has set the policy to expand efficient financial services to clients, the Company has established an Investment Banking (IB) Division with the aim of providing financial advisory service to meets its customers' needs. The IB department has been the member of the Investment Banking Club since January 23, 2007 and was approved to provide Financial Advisory services between March 21, 2007 and March 20, 2017. Presently, the Company has equipped with a professional and experienced investment banking team. The IB team offers services for all size of businesses.

The Company will act as the financial advisor in the criteria specified by the SEC, consisting of the following services:

- Acting as a financial advisor for SET listing.
- Advising on financing or funding sources both equity and debt instruments.
- Advising on business merger and acquisition.
- Advising on estimating company's value and financial restructuring.
- Advising on joint venture
- Acting as an independent financial advisor
- Acting as a financial advisor for the related services such as debt restructuring.

#### **2.1.6 Securities Underwriting**

According to the Company's policies, the Company plans to expand the range of financial products to become a complete financial services provider and better satisfy client's needs. Consequently, the Company was permitted from SEC to operate the securities underwriting since November 19, 2008 onwards. This additional service fulfills the Company's investment banking.

With the Company's vision to become one of leading brokers in Thailand and to enhance the variation of products and services to the clients, thus providing a financial advisory and securities underwriting service will increase the customer's satisfaction as well as additional revenue to the Company.

#### **2.1.7 Securities Borrowing and Lending (SBL)**

Securities Exchange Commission had approved the Company to incorporate with Securities Borrowing and Lending since July 12, 2010. The Company has officially operated the Securities Borrowing and Lending business on fourth quarter of the year 2012. After SBL had been in the operation, its clients could be lender. They could lend their securities thru SBL system in order to do short selling from other investors. The lender must get borrowing fee instead.

The clients who borrow securities in order to do short selling have to pay borrowing fee to the company who operates SBL business authorized by SEC. The Company would proceed as follows:



1. The Company will lend targeted securities to customers who would like to do short selling the targeted securities which must be on SET100 and ETF list. However, those securities have to be allowed by the Company.
2. Currently, short selling business still operates thru only cash trading accounts. In the near future, it will be able to do short selling via Cash Balance Accounts and Credit Balance Trading accounts.
3. The borrowers have to pay borrowing fee to the company. Also, the lenders will receive lending fee from the Company.
4. All right on targeted securities that the lender allow to be involved in SBL business still are protected to be the lender right under SBL regulation.

The Company has supportive statement to the short selling customers in order to initiate more investment vehicles as well as Risk Management vehicles to the company customer especially high volatility situation. The Company has confident to SBL business thru its SBL system in order to create more revenue directly and indirectly in the future. However, the Companies has continuously developed more plans for expanding clients and develop SBL trading system for facilitate the customers. In the year 2014, the strategic plans to increase short selling clients will be as per following:

1. The SBL trading system will be developed to support Cash Balance Accounts and Credit balance trading accounts. It will add more alternatives in investment for company's clients.
2. Expanding the customer bases both of the institution and retail customers who has increasingly interested in lending and borrowing securities such as TSD.
3. Develop new products related with SBL for being investment alternatives to clients such as Derivative Warrants.

#### **2.1.8 Selling Agent**

The Company has offered Unit trust selling agent service providing investment unit and mutual funds of leading Asset Management Companies to answer the need of investor. We have a professional and experienced marketing officer to serve the clients.

As CGS offers more than 200 funds, clients and investor could find any funds that match their investment objectives such as for saving, for tax deduction, or for future wealth.

List of Asset Management Companies that CGS is the unit trust selling agent as following:

1. Krung Thai Asset Management PCL
2. SCB Asset Management Co., Ltd
3. One Asset Management Co., Ltd
4. Assets Plus Fund Management Co., Ltd
5. Phillip Asset Management Co., Ltd
6. ING Funds (Thailand) Co., Ltd

7. Aberdeen Asset Management Co., Ltd
8. MFC Asset Management PCL
9. Ayudhya Fund Management Co., Ltd
10. Solaris Asset Management Co., Ltd
11. Finansia Asset Management Co., Ltd
12. Land and House Fund Management Co., Ltd

Besides existing Asset Management Companies, CGS is attempting to provide additional funds in order to increase variety of funds to clients.

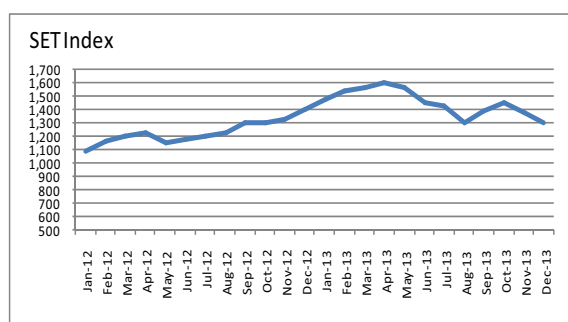
#### **2.1.9 Other Subsidiaries Business**

None

## 2.2 Market and Competition

In 2013, the stock market was quite active. Amid highly volatile trading, investors adjusted their investment strategy by selecting large-cap stocks in the first quarter where the SET Index was in an uptrend and picking small-cap stocks when the market direction changed, especially investing in new listed securities. In addition, investment in derivative warrants become more attractive at that time, giving rise to the competition to launch new products. There were 38 listed securities (the property fund included) traded in 2013, while derivative warrants at end-4Q13 exceeded 450 securities. Meanwhile, average daily market turnover surged to Baht 237,867 million from Baht 69,019 million or up 245 percent from 2012. The Company changed its marketing strategy in line with overall investment by launching both products. There were securities listed on the SET such as AKP, AUCT and FVC, while derivative warrants like PTT03CB and SCC03CA were provided.

In 2014, the stock market is expected to continue to be active and highly volatile due to the domestic political factor that will still affect investment. Meanwhile, the improvement in the Euro zone and the U.S. economies would be the driver of stock investment. Investors will give the importance of investment in derivatives products which is expected to become intense in the future.



### The SET Index .

Opened (1/2/13) : 1,401.39 points.

Closed highest (5/21/13) : 1,649.77 points.

Closed Lowest (8/28/13) : 1,275.76 points

Closed (12/27/13) : 1,298.71 points

The 2013 Thai capital market was claimed to be highly volatile as the SET Index reached a record high of 1,649.77 points in 19 years, and then fell dramatically from 2Q13 to the end of 2013.

In the first half of 2013, the SET Index was mainly driven by confidence in Thailand's economic growth forecast that it would grow not less than 4.5%, the government's spending on major infrastructure projects worth Baht 2.2 trillion and continuing fund flows into the Asian region as a result of the U.S. Federal Reserve (FED)'s decision to maintain its measures of Quantitative Easing 3 or QE3. Consequently, the SET Index surged to a new high of 1,649.77 points on May 21, 2013 from 1,401.39 points at the beginning of the year. After the FED Chairman Ben Bernanke signaled the FED was starting to consider trimming QE –the pace of its asset purchases from \$85bn per month, foreign investors were concerned that the U.S. economy might go into a recession, and liquidity conditions could erode. As a result of foreign investors' strong sell-off in global stock markets, the SET Index fell from May 22, 2013 to the end of 2Q13 and closed at 1451.90 points, down by 197.8 points from the highest level. For 1H13, average daily market turnover was Baht 58.46 billion.

In the second half of 2013, due to concern over the FED's QE reduction, the global stock market and the Thai stock market were highly volatile at that time. In 3Q13, the SET Index fell at the open and ended at 1,383.16 points, down by 68.74 points for the first half. However, in 4Q13 the SET Index rebounded to 1,485.67 points and stayed flat above 1,400 points in tandem with improvements in the global stock market after concerns about the QE's reduction eased. After that, the stock market had started to decline since October 21, 2013, which was contrary to the regional stock market's uptrend, mainly due to the domestic political turmoil when the Thai government acted by MPs and senators passed an amnesty bill. As a result, the opposition Democrat Party and a great number of Thais in Bangkok have disagreed to the government's vote with majority that was not being transparent. Many different groups of people nationwide have opposed such actions and come out to protest against the government which has never happened before in the Thai history. The political situation has become more serious, when Suthep Thaugsuban a former senior Democrat Party Member of Parliament, resigned his parliamentary seats to become leader of the People's Democratic Reform Committee (PDRC) with a large gathering of people called as "Massive Thai People." The PDRC was conducting mass protests to try to unseat the government of Prime Minister Yingluck Shinawatra by occupying State agencies and calling for national reforms before an election. The leader has also urged many groups of Thais to protest against the government in Bangkok areas. Eventually, the PM withdrew the blanket amnesty bill and promised that the government would not bring it back to a parliament meeting for further approval.

Under pressure, the PM decided to dissolve the parliament On December 9, 2013 and fixed an election date on February 2, 2014.

With the ongoing protests against the government, the SET Index fell continuously and closed at 1,298.71 points at end 4Q13, which was nearly a low of 2013.

## New IPO stocks

In 2013, there were 38 new listed companies in the SET, compared with 24 companies in 2012.

Symbol	Trade Date	Market	Industry	Sector	IPO Price (Baht)	Listed Shares (Shares)
ABP1F	27/09/2013	SET	Resources	Energy & Utilities	10.5	600,000,000
AKP	07/02/2013	mai	MAI Industry	Medium-Sized Enterprise	2	404,000,000
AUCT	09/08/2013	mai	MAI Industry	Medium-Sized Enterprise	2	550,000,000
BJCHI	28/11/2013	SET	Property & Construction	Property Development	30	320,000,000
BKD	25/09/2013	mai	MAI Industry	Medium-Sized Enterprise	1.5	700,000,000
BTSGIF	19/04/2013	SET	Services	Transportation & Logistics	10.8	5,788,000,000
CHG	16/05/2013	SET	Services	Health Care Services	6.3	1,100,000,000
CHO	13/05/2013	mai	MAI Industry	Medium-Sized Enterprise	1.8	720,000,000
CKP	18/07/2013	SET	Resources	Energy & Utilities	13	1,100,000,000
CPTGF	16/12/2013	SET	Property & Construction	Property Fund	10.15	967,000,000
CRYSTAL	27/06/2013	SET	Property & Construction	Property Fund	10.6	390,000,000
CSS	03/09/2013	SET	Services	Commerce	8	700,000,000
EA	30/01/2013	mai	MAI Industry	Medium-Sized Enterprise	5.5	3,730,000,000
ECF	26/03/2013	mai	MAI Industry	Medium-Sized Enterprise	1.2	520,000,000
ERWPF	04/04/2013	SET	Property & Construction	Property Fund	10.4	176,100,000
EUREKA	01/03/2013	mai	MAI Industry	Medium-Sized Enterprise	2.25	170,000,000
FVC	29/10/2013	mai	MAI Industry	Medium-Sized Enterprise	1.2	200,000,000
GCAP	17/12/2013	mai	MAI Industry	Medium-Sized Enterprise	2.7	200,000,000
KPNPF	03/05/2013	SET	Property & Construction	Property Fund	10	180,000,000
M	15/08/2013	SET	Agro & Food Industry	Food and Beverage	49	905,850,000
MC	04/07/2013	SET	Services	Commerce	15	800,000,000
MEGA	19/11/2013	SET	Services	Commerce	17.5	865,248,608
MONO	06/06/2013	mai	MAI Industry	Medium-Sized Enterprise	11.4	1,400,000,000
NOK	20/06/2013	SET	Services	Transportation & Logistics	26	625,000,000
NYT	25/11/2013	SET	Services	Transportation & Logistics	11.9	620,000,000
OCEAN	23/12/2013	mai	MAI Industry	Medium-Sized Enterprise	0.9	440,000,000
PACE	07/08/2013	SET	Property & Construction	Property Development	3.5	2,054,265,670
PPP	14/02/2013	SET	Property & Construction	Construction Materials	5	300,000,000
PTG	30/05/2013	SET	Resources	Energy & Utilities	5.9	1,670,000,000
SANKO	09/05/2013	mai	MAI Industry	Medium-Sized Enterprise	1.5	220,000,000
SEAOIL	05/09/2013	mai	MAI Industry	Medium-Sized Enterprise	3.45	180,000,000
SPVI	19/12/2013	mai	MAI Industry	Medium-Sized Enterprise	0.9	400,000,000
SPWPF	08/08/2013	SET	Property & Construction	Property Fund	10	200,185,000
TGROWTH	18/12/2013	SET	Property & Construction	Property Fund	10	555,000,000
THREL	09/10/2013	SET	Financials	Insurance	9.5	600,000,000
TRUE1F	27/12/2013	SET	Technology	Technology	10	5,808,000,000
UN1PF	14/11/2013	SET	Property & Construction	Property Fund	10	51,500,000
WINNER	03/10/2013	mai	MAI Industry	Medium-Sized Enterprise	2	400,000,000

In 2013, the SET marked great milestones to become ASEAN's number one in key areas, which were:

1. Average daily market turnover increased to an all-time high of 51 billion baht (or around USD1.6 billion), the highest in ASEAN.
2. Market capitalization from IPOs reached 340 billion baht, the highest level since the SET established, with BTS Rail Mass Transit Growth Infrastructure (BTSGIF), an infrastructure fund IPO, being the biggest IPO in ASEAN.
3. The MSCI added five Thai stocks into the MSCI Global Standard Indices, considered the highest number in Asia.
4. Dow Jones included three Thai listed companies in the Dow Jones Sustainability Index (DJSI), the most in the Asian region, and
5. The ASEAN CG Scorecard showed that average corporate governance (CG) score of Thai listed companies topped that of all other ASEAN companies.

Listed Companies' performance In 9M13, the SET's net profit was Baht 608.66 billion, up by 7.98%YoY, whereas its sales revenue stood at Baht 8.02 billion, up by 4.27%YoY. In 9M13, there were top three industry groups (out of eight) whose profit reached the highest level, consisting of the financial, resources and property & construction sectors. The top three sectors (out of 27) whose profit climbed to the most were energy & utilities, banking and technology, with a combined net profit of Baht 372.01 billion or 61.12% of total net profit and total sales revenue worth Baht 4.39 billion or 54.73% of total sales revenue.

#### Yearly and monthly net buying (selling) value classified by investor type

Unit: Million

Year	Institutional Investors	Proprietary Trading	Foreign Investors	Local Investors
2003	20,238	(665)	(24,609)	5,036
2004	6,236	(3,146)	5,612	(8,702)
2005	(51,204)	(121)	118,542	(67,217)
2006	(12,757)	1,084	83,446	(71,772)
2007	3,764	(1,601)	55,018	(57,181)
2008	45,177	924	(162,346)	116,246
2009	(2,303)	1,388	38,231	(37,316)
2010	(15,200)	(449)	81,724	(66,075)
2011	(29,149)	1,307	(5,119)	32,962
2012	(24,302)	7,256	76,388	(59,342)
2013	108,163	(1,723)	(193,911)	87,471

Month	Institutional Investors	Proprietary Trading	Foreign Investors	Local Investors
January	4,472	(1,710)	15,037	(17,799)
February	15,360	(837)	(17,387)	2,864
March	12,153	659	6,244	(19,056)
April	6,263	415	(19,839)	13,161
May	3,356	(2,913)	(5,147)	4,705
June	28,618	(2,548)	(55,492)	29,422
July	(10,325)	1,671	498	8,156
August	11,370	(5,546)	(39,939)	34,116
September	12,219	6,790	9,606	(28,615)
October	(2,326)	2,524	1,168	(1,366)
November	10,071	2,454	(48,075)	35,550
December	16,931	(2,680)	(40,584)	26,333
Total	108,163	(1,723)	(193,911)	87,471

As classified by investor type, the 2013 trading value was opposite to that of 2012. In 2013, net foreign selling value surged to nearly Baht 200 billion. Institutional investors were net buyers of Baht 108.16 billion after showing a net selling position since 2009. Foreign investors were net sellers of Baht 193.91 billion, as compared with net buyers of more than Baht 70 billion in 2012. Local investors were net buyers of Baht 87.47 billion in the year.

#### Securities Business Trend in 2014

In 2014, the SET aims to grow market capitalization from initial public offerings (IPOs) by Baht 210 billion and raise funds from existing listed securities by Baht 180 billion, increase average daily derivatives trading to 75,000 contracts, and boost new derivatives trading by 15,000, while the number of new securities trading investors will rise by 80,000 persons. .

According to paving the way for opening of ASEAN Economic Community (AEC) in 2015, the SET will focus on expanding businesses to the Asian region, especially in Greater Mekong Sub-Region (GMS) such as Cambodia, Laos and Vietnam. We believe that the SET's 2014 plan will be able to support securities business's investment expansion in international market.

In 2014, the securities business tends to slow down as a result of the prolonged political turmoil that would be the key factor to affect the economic and investment sectors. In addition, competition in the securities business will intensify amid investors' concern over the market and lack of confidence in stock investment. Consequently, securities business should seek its measures to increase an opportunity for business growth and serve a change that may arise in the future.

#### Key Indicators

	2008	2009	2010	2011	2012	2013
GDP Growth (at 1988 constant price)	2.5%	-2.3%	7.8%	0.1%	6.5%	2.8%(f)
Market Capitalization (Btm)	3,568,223	5,873,101	8,334,684	8,407,696	11,831,448	11,496,765
Market Turnover (Btm)	3,919,874	4,338,479	6,937,890	7,040,457	7,615,637	11,777,210
Average Daily Market Turnover (SET)	15,870	17,854	28,669	28,854	31,084	48,070
SET Index (High)	884	751	1,049	1,144	1,397	1,643
SET Index (Low)	384	411	685	855	1,036	1,275
P/E (times)	7.01	25.56	15.35	12.07	18.25	14.60
Dividend Yield	6.57	3.65	2.92	3.72	2.98	3.24

Source : SET and CGS Note: Estimated figures and data at end of period

#### Dependency on Client – Marketing officer

Most of the Company's clients are retail clients both local and foreign. Juristic person are few. Therefore, the Company is not depend on any group of clients in particular.

#### List of Sub-Brokers

None

#### Proportion of Domestic and Foreign Clients

In 2013, the Company's proportions of domestic and foreign clients are as follows:

Clients Proportion	Number of Clients		Trading Value			
	Numbers	%	Number of Contract (TFEX)	%	Amount of Equity (MB)	%
The company's account	42	0.11	320,358	35.66	127,989.47	10.67
Domestic	38,226	96.65	577,995	64.34	1,063,339.48	88.65
Foreign	1282	3.24	1	0.00	8,110.21	0.68
<b>Total</b>	<b>39,550</b>	<b>100</b>	<b>898,354</b>	<b>100</b>	<b>1,199,439.15</b>	<b>100</b>

## 2.3 Acquisition of Products and Services

### Source of Funds

The Company is mostly self-financed

### Lending to Parties Related to the Management or Major Shareholder

- None -

### Ability to Maintain Net Liquid Capital Ratio (NCR)

The Company's net liquid capital ratio (NCR) was 242.05 percent as at December 31, 2013. This NCR is considered high compared to the minimum NCR required by the SEC at 7 percent



## Risk Factors

### 3. Risk Factors

#### Risk on Volatility of Trading Value

Core revenue of securities brokerage companies comes from brokerage fees which will relate directly to economic conditions, money and capital markets' movement, the SET's trading volume and investor confidence which are uncontrollable. In 2010, 2011 and 2012, the SET's average daily market turnover was Baht 28,669 million, Baht 28,854 million, and Baht 31,084 million, respectively. Meanwhile, in 2013, the SET recorded its average daily market turnover of Baht 48,070 million, up 48.81 percent from 2012 due to the effect of both internal and external factors, causing high fluctuations in the SET. The SET index hit a 20-year record high of 1,643.43 points with the highest market turnover since the SET established. The Company had revenue from brokerage fees in 2011, 2012 and 2013 of Baht 1,240 million, Baht 1,270 million, and Baht 1,696 million, respectively.

Fluctuations in the economy, money market and capital market may arise from several factors i.e. the effect of the U.S.'s monetary policy change, the economic recovery in the U.S., Japan and the Euro zone, violence in the three provinces in the South of Thailand and the economic crisis in American and European regions. These factors would have an impact on Thai and foreign investors' confidence, the SET's trading volume, listed companies' fund raising and listing new securities on the SET including the company's business operations, financial position and operating results.

However, amid the market fluctuations, the Company has expanded revenue base to other businesses to avoid a reliance only on any businesses i.e. financial advisory, securities underwriting, selling agent for unit trust and futures and derivatives warrants, securities borrowing and lending (SBL), global trading, and private fund management, etc.

#### Risk on Industry's Competition

The securities brokerage is the business with high competition particularly for securities trading which generates the Company's main revenue, which depends on clients' trading volume. The Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) announced the use of securities trading fee as sliding scale since January 1, 2010. As a result of changing commission fee, the Company had to face with competition on various aspects such as increasing numbers of competitors' branches, which had the potential to impact the Company's market share. In order to mitigate this risk, the Company had to recruit capable and experienced staff to join the sales and marketing team. The Company also invested significantly in information technology development and branch expansion. These strategies assisted to create greater market share and thus trading volume for the Company.

As level of competition raised in the industry and declined in commission fee from use of sliding scale, the Company had planned to increase the frequency of client's trading in 2013 by focusing on recruiting more

experienced staff, developing information technology system (quickly and efficiently respond to the customers' requirements), expand the number of clients' accounts, having higher number of branches nationwide, improving research quality, educating marketing officer regularly, and controlling operating costs in order to correspond with revenue earns under new commission structure. However, the Company expects to mitigate risks from full liberalization of commission fees

#### **Default Risks**

As of December 31, 2013 the Company has client accounts which the Company ceased accruing income amount of Baht 397.72 million. The Company has set a clear and strict policies to reduce risks occurred from default of securities payment or default to deposit the customers' guarantee of margin account for security purchasing and the customers of futures account including risks of bad debts, while focusing to the consideration to select the clients in order to obtain good credit clients and to determine the credit to trade on securities with credit for investment in the futures in order for suitability to the financial status, solvency, financial liquidity and experience of clients' investment. Also, to review client status and to control the credit spending closely is always done including supervision to the proportion of guarantee value to comply with the rules determined by the company strictly.

In case of client default, the Company would ban from trading the securities until the price of securities completely made. There were processes to follow and to operate by responsible unit on such price payment and on marketing jointly follow on clients' price payment. If such price payment was not made within due date, and such follow up was failed, the legal staff of the Company would be notified to operate as per the legal further procedures.

#### **Risk on Loss of Clients and Client Base Expansion**

Most of the Company's clients are retail investors, both local and foreign. As of December 31, 2012 the Company had 22,040 client accounts and as of December 31, 2013, the Company had 25,060 client accounts. In the year 2013, the Company had revenue proportion from brokerage fee of 86.28 percents.

In order to lessen the dependency of revenue generated from brokerage fee only, the Company has expanded revenue stream to Investment banking business, has expanded clientele base by penetrating new market segments, has continuously improved research team and online publication, and has set up a regular training and seminar to clients.

The Company also continuously improves an IT services by updating the modern and efficient systems to serve business expansion, particularly for internet trading and overall operations. Develop quality of Information system technology to have an effective system and friendly users for serving business expansion in year 2013 which has interment clients growth rate around 26 percents from year 2012.

### **Personnel Risk**

In Securities businesses an experienced marketing staff is limited in numbers, thus there is a high competition in acquiring this valued human resource. In 2013, there were four new brokerage firms. In prevention of the Company's human resources resigning, the Company provides continuous training to enhance personnel development and offer attractive compensation schemes and other incentive packages to its personnel in accordance with current market conditions. The Company also recruits and screens new potential employees for business expansion.

In order to protect such transfer of those staff, the Company has a policy to reduce this kind of risk by supporting the staff to be developed on their knowledge and expertise to performance their duties continuously in order to increase more potentials of serving for the customers of the Company in most transactions including a policy to motivate for long term performance with determination various return rate with benefits for suitability and compliance to the current competitive condition. In addition, the Company has a policy to accept new staff with their potentials to be developed to be marketing staff to replace and to support to the business expansion of the company

### **Risk on the Company's securities investment**

Due to volatility of prices and interest rates, asset value fluctuation is common in the securities industry. To minimize such risks, the Company's Investment committee has set clear guidelines and policies to ensure that investments comply with the rules and regulations of the SET. The Company's securities investment policy mainly focuses on a good fundamental and low risk securities; however, the policy may change upon market situation.

### **Risk on Underwriting**

For underwriting, the Company may need to face risk in case the Company is not able to distribute securities to investors at guarantee units. This risk may occur because investors are reluctant to buy securities due to equity and financial market situation. Furthermore, price and amount of underwriting securities are not appropriate that is another risk. As the result of these 2 factors, the Company has to take all the remaining units of securities into its account, and may realized loss later if underwritten price is above the market price. In order to reduce the risk of underwriting, the Company has set up Underwriting Committee to consider and approve the underwriting transaction.

### **Risk on Margin loan**

The risk is occurred when value of collateral is below existing debt and customers fail to put collateral. Regarding mentioned risk, the Company requires customers of credit balance account to maintain margin in proper ratio (Maintenance Margin). If the margin ratio fails below the required ratio, the Company will proceed Call Margin, Intraday Force Margin, and Force Margin, respectively.

However, securities price may fluctuate and affect Maintenance Margin to decline quickly. Therefore, the Company has risk management policy in selecting securities and require initial margin of credit balance account carefully by concerning the Company and customer's risk. Furthermore, the Company has set ceiling for margin loan for both individual and the Company to control risk that may occur.

According to higher trading volume, Margin loan receivable was continuously increased in 2011, 2012, 2013 which were Baht 514.59 million, Baht 1,271.64 million, and Baht 597.71 million ,respectively.

### **Effects of Emergency**

The Company sees the importance of risk management and damage control that may occur in branch offices and affect clients by preparing the disaster prevention plan in accordance with safety standards and providing insurance which has covered damages arising from natural disasters with total sum insured of over Baht 335 million.

During the emergency, for example, the massive flood in late 2011, some of the office branches located on the affected areas could not serve customers. Therefore, the Company followed the business continuity plan so that the Company could continue to carry out operations to serve customers despite the risk of external factors that may suspend business operations.

#### 4. Operating Assets

##### 4.1 Fixed Asset

##### 4.1.1 The Company's permanent asset

As of December 31, 2013 the Company had operating asset as follows:

Type of Assets	ownership	Accounting value (Baht)	Obligation
Property and Premises 154/14 - 16 Phangnga Rd., Talat Yai, Muang, Phuket 83000	own	11,820,502	- none -
500/1-3 Prasannaitee Rd., Sop Tui, Muang, Lumpang 52100	own	9,655,181	- none -
228/28 - 30 Baromtrilokkanard Rd.,Nai Muang, Muang, Phitsanulok 65000	own	12,227,916	- none -
Premise 50/147-157 Hillside Plaza and Condotel 4 <sup>th</sup> floor, Huay Kaew Rd., , Chang Phuek, Muang, Chiang Mai 50300	own	2	- none -
Leasehold improvement, Furniture and office equipment	own	149,783,233	- none -
Vehicles	own	19	- none -
Vehicle – rental contract	occupant	2,238,987	Period of installments 1 years and 10 months
Leasehold improvement	-	896,708	- none -

The Company has rented the building for Head office and Branch offices with details as follows:

Head and Branch offices	Remaining Rental period	Obligation
132 (Sindhorn Tower 1) level 2, 3 and 9 Wireless Rd., Lumpini, Pathumwan, Bangkok 10330	level 2 2 y 1 mth level 3 2 y 1 mth level 9 2 y 1 mth	- level 2 : if the contract is terminated before the end of contract , bail will be distrained for baht 5,088,000 - level 3: if the contract is terminated before the end of contract , bail will be distrained for baht 753,600 - level 9: if the contract is terminated before the end of contract , bail will be distrained for baht 1,954,800
1693 Central Plaza Building (Lardprao) 11 <sup>th</sup> Floor, Paholyothin Rd., Ladyao, Chatuchak, Bangkok 10900	2 y 9 mth	if the contract is terminated before the end of contract , bail will be distrained for baht 184,963.68
275 The Mall Building (Bangkae) 6 <sup>th</sup> Floor, Petkasem Rd., North Bangkae, Bangkae, Bangkok 10160	2 y	if the contract is terminated before the end of contract , bail will be distrained for baht 330,786
30/39-50 The Mall Building (Ngamwongwan) 12 <sup>th</sup> Floor, Ngamwongwan Rd., Bangkhen, Muang, Nonthaburi 11000	1 y 4 mth	if the contract is terminated before the end of contract , bail will be distrained for baht 335,540
1293 Carrefour Building (Samrong) 2 <sup>nd</sup> Floor, Moo 4 Sukhumvit Rd., Theparak, Muang, Samutprakarn 10270	2 y 10 mth	if the contract is terminated before the end of contract , bail will be distrained for baht 218,820
7/129-221 Room No. 2601, Central Pinklao Department Store, 6th Floor, Boromrajachonnane Rd., Arunamarin, Bangkoknoi, Bangkok 10700	3 mth	if the contract is terminated before the end of contract , bail will be distrained for baht 155,294.10
408/59 Bann Paholyothin Plaza Room No 412/44-45 , 3th floor, Paholyothin Rd., Samsennai, Phayatai, Bangkok 10400	1 y 8 mth	if the contract is terminated before the end of contract , bail will be distrained for baht 215,176.50
191 Room C, Silom Complex Building 19th Floor, Silom Rd., Bangrak, Silom, Bangkok 10500	1 y 8 mth	if the contract is terminated before the end of contract , the remaining rent must be paid.
191 Room A, Silom Complex Building 14th Floor, Silom Rd., Bangrak, Silom, Bangkok 10500	1 y 8 mth	if the contract is terminated before the end of contract , the remaining rent must be paid.

Head and Branch offices	Remaining Rental period	Obligation
191 Room D, Silom Complex Building 12th Floor, Silom Rd., Bangrak, Silom, Bangkok 10500	1 y 9 mth	if the contract is terminated before the end of contract , the remaining rent must be paid.
999/9 The Offices at Central World 28 <sup>th</sup> Floor, Room MH 2807, Rama 1 Rd., Pathumwan, Bangkok 10330	1 y 8 mth	if the contract is terminated before the end of contract , bail will be distrained for baht 464,846.40
540 Mercury Tower 14 <sup>th</sup> floor Ploenchit Rd., Lumpini, Pathumwan, Bangkok 10330	1 y 9 mth	if the contract is terminated before the end of contract , the remaining rent must be paid and bail will be distrained for baht 881,320.80
101/549 M.Chonlada Bangbuatong, Bangkrugtrinoi Rd., Sonloe, Bangkrugtrinoi, Nonthaburi 11110	1 y 9 mth	if the contract is terminated before the end of contract , bail will be distrained for baht 45,600
1093/73 Central City Tower 14 <sup>th</sup> floor, Bangna-Trad Rd., Bangna-Trad, Bangna, Bangkok 10260	1 y 9 mth	if the contract is terminated before the end of contract , bail will be distrained for baht 231,807.60
99, 99/9 Moo 2 Chaengwattana Rd., Bangtalard, Pakkred, Nonthaburi	1 y 11 mth	if the contract is terminated before the end of contract , bail will be distrained for baht 197,867.85
7/3 Tower B Room No. 41101, 41108, Central Pinklao Department Store, 11th Floor, Boromrajachonnane Road, Arunamarin, Bangkoknoi, Bangkok 10700	-	(The contract was terminated on July 1,2013)
591/5-7 Phaholyothin Road, Wiang, Muang, Chiang Rai 57000	2y 7 mth	if the contract is terminated before the end of contract , bail will be distrained for baht 200,000
919/112 Moo10 Nakhonsawan Tok, Muang Nakhonsawan, Nakhonsawan 60000	1 y 2 mth	- none -
3/5 Chaikaw Rd., Viang, Muang, Phayao 56000	1 y 5 mth	- none -
2/9-10 Nakorping Condominium 1 <sup>st</sup> floor, Chang Phuek, Muang Chiang Mai, Chiang Mai 50300	1 y 8 mth	- none -
224/1, 1 <sup>st</sup> and 2 <sup>nd</sup> floor, Moo 2 , Maehae, Muang, Chiang Mai 50200	1 y 8 mth	- none -
12/5 Mukda Rd., Nai Muang, Muang, Lampoon 5100	1 y 8 mth	- none -

Head and Branch offices	Remaining Rental period	Obligation
200 Chuladis Hat Yai Plaza Shopping Complex, 4 <sup>th</sup> Floor, Nipatuthit 3 Rd., Hat Yai, Songkhla 90110	3 y 3 mth	- none -
62, 64, 66,68 Soi Wandeechositkhullaporn, Pattanakarnkukwang, Nai Muang, Muang, Nakhon Si Thammarat 80000	1 y 7 mth	- none -
59/5-7 Huaiyod Rd., Tubtieng, Muang, Trang 92000	4 mth	The contract can be terminated till the end of contract.
467 Saiburi Road, Bo Yang, Muang, Songkla 90000	5 mth	- none -
29 Room 6 Lee Garden Plaza Hotel 6 <sup>th</sup> floor, Prachatipat Rd., Hadyai, Hadyai, Songkhla 90110.	- 2 mth - 2 mth	if the contract is terminated before the end of contract , bail will be distrained for - baht 675,000 - baht 149,400 (Rental contract was cancelled on February 28,2013)
1/9 Taweesinka Road, Tatapao, Muang, Chumporn 86000	2 y 10 mth	- none -
7/8 Sirirath road, Nai Muang, Muang, Surin 32000	1 y 7 mth	- none -
1036, 1036/1-4 Wanlooksue Road, Muangtai, Muang, Sisaket 33000	7 mth	if the contract is terminated before the end of contract , bail will be distrained for baht 70,000
232/6 Udon Phone Tech Building 2 <sup>nd</sup> Floor, Udondussadee Rd., Markhaeng, Muang, Udonthani 41000	1 y 11 mth	- none -
238/8 Ozone village Room 17-19, 2 <sup>nd</sup> floor, Theparak Raod, Nai Muang, Muang, Khonkaen 4000	2 y 2 mth	- none -
166/1-2 Chompol Rd., Nai Muang, Muang, Nakornratchasima 30000	2 y 4 mth	if the contract is terminated before the end of contract , bail will be distrained for baht 100,000
1242/2 the Mall Nakornratchasima 6 <sup>th</sup> floor Room A3 , Mitraparp Rd., Nai Muang, Muang, Nakornratchasima	1 y 11 mth	if the contract is terminated before the end of contract , bail will be distrained for baht 414,982.80



Head and Branch offices	Remaining Rental period	Obligation
512/8 Chayangkul Rd., Nai Muang, Muang, Ubon Ratchathani 34000	1 y 11 mth	- none -
8/47-48 Palad Muang Rd., Nai Muang, Muang, Buriram 31000	1 y 3 mth	- none -
555 Moo 1 Petkasem Rd., Raisom, Muang, Petchaburi 76000	6 mth	- none -
99 Pipitprasart Road, Pra Pathom Jedi, Muang Nakhonpathom , Nakhonpathom 73000	2 y	- none -
321 Sangchuto Rd., Bannua, Muang, Kanchanaburi 71000	1 y	- none -
591/19 Paholyothin Rd., Pakprew, Muang , Saraburi 18000	8 mth	- none -
115 Star Plaza Building, 1 <sup>st</sup> Floor, Soi Soonkankasai 5, Sukhumvit Rd., Cheong-nern, Muang, Rayong 21000	5 mth	- none -
3/222 Moo 6, Chalemprakiat Rd., Nakuae, Banglamung, Chonburi 20150	1 y 1 mth	- none -
838/1A-838/1B Chaichana Rd., Bang Pla Soi, Muang, Chonburi 20000 (present address) (Move to new address on May 13,2013)	2 y	In any case of contract termination, if rental asset is in good condition, bail will be returned Baht 300,000
99/49-50 Songpol Rd., Banpong, Banpong, Ratchaburi 70110	1 y 3 mth	Rental contract cannot be cancelled before March 31,2015
16 CIMB Bank 2 <sup>nd</sup> floor 16, New Srisothorn Rd., Na Muang, Muang Chachoengsao 24000	1 y 8 mth	- none-
57 Park Ventures Building Ecoplex Room No 1607B – 1608,16 <sup>th</sup> Floor, Wireless Rd., Lumpini, Pathumwan, Bangkok 10330	1 y 8 mth	if the contract is terminated before the end of contract , bail will be distrained for Baht 715,875
195 Empire Tower Room 1406,14 <sup>th</sup> tower 3 South Sathorn Rd., Yanawa, Sathorn, Bangkok 10210	1 y 10 mth	if the contract is terminated before the end of contract , bail will be distrained for

Head and Branch offices	Remaining Rental period	Obligation
		Baht 358,551.90
2884 Manopol Tower 1, 6 <sup>th</sup> floor Phetchaburi Tat Mai Rd., Bang Kapi, Huai Khwang, Bangkok 10310	2 y 8 mth	if the contract is terminated before the end of contract, bail will be distrained for Baht 154,200 (Open for business on November 18, 2013)

#### 4.1.2 Intangible Assets

As of December 31, 2013, the Company had the intangibles assets as follow:

Type	Ownership	Accounting Value (Baht)
Using derivatives business fee	-	4
Computer Software	-	71,693,766
Securities license	-	2,657,500
Derivatives business membership	-	15,945,000
Computer Software in progress	-	6,279,180

#### Policy on Margin Loans and the Acceptance of Collateral

Country Group Securities PCL began providing margin lending services since 2002. The controlling policy on margin loans is as following:

- Control Credit Line is customized to suit client's collateral, financial status, debt payment, financial liquidity, and experience in investment. Furthermore, the Company has closely monitored and reviewed the status of debtor which will provide this service to only retail customer who base in Thailand and corporate/institution/asset management customers who register in Thailand and Non-Thailand.
- Control sufficiency of collateral and claim more collateral or force sell in case the collateral value is lower than the Company standard policy:
  - A margin call is required when the collateral value is at or less than 35 percent of the client's securities in the account. In addition, client is required to provide more collateral within five business days after the Company informed. Force sales will be executed when the collateral value is at or less than 28 percent and/or addition collateral doesn't provide within five business days counting from the day that collateral value is less than 35 percent.
  - An intraday marginal call is required if collateral value is less than 28 percent. Clients need to provide addition collateral within required period otherwise force sale will be executed.

3. Control and carefully consider list of securities that will be able to buy or pledge in margin accounts including adjust initial margin of security to comply with company policy. The committee of risk management will perform this duty according to the company policy.
4. The Company regularly controls the cluster of margin loan under a single account. The maximum value of each securities type is limited at specific number and some securities is individually considered for closely risk management objective.

As of Dec 31, 2013 the Company's margin loan was Baht 597.71 million. The Company has a policy of not allowing clients of margin account borrow exceeding credit line. In addition, as of December 31, 2013 the Company had receivables transferred from cash accounts, margin loan and derivatives receivables totaling Baht 397.65 million. Part of these unpaid debts is under legal process whereas the remaining is under repayment agreement. Full allowances were made for all doubtful amounts

#### **Policy on Ceasing revenue recognition**

The Company recognizes interest income from its securities business receivables on an accrual basis. The company will cease recognition of interest income whenever uncertainty in the collection of principal and interest arises. Any of the following cases are considered as "uncertainty in the collection of principal and interest".

1. Debtor whose collateral value is lower than the amount owed.
2. Debtor whose installment payment is scheduled at every 3 months, but has defaulted on principal and interest payment for more than 3 months.
3. Debtor whose installment payment is scheduled at a period longer than 3 months except when there is convincing evidence that repayment will be made to the Company.
4. Financial institution debtor whose operational status is in doubt.
5. Other debtor whose interest payment is 3 months overdue.

#### **Control and Monitoring of Clients' Trading Accounts**

The Company has assigned the marketing officers to monitor and control risk of client trading accounts at least once a year in order to review client's credit line regularly including reviewing credit line in case of client asking to expand / reduce the credit line or changing personal information that will effect client's status. The objective is to ensure the suitable credit line that match with the individual client's behavior in term of buying and selling security format and ability to pay debt via considered based on the clients' past trading records, payment histories and pledged securities including reviewing credit line policy for clients who has a obviously default payment history record by quarterly.

## Policy on Provisions For Doubtful Accounts and Bad Debts

The Company's policy for provision of doubtful accounts is mainly done through the financial evaluation of each client. This includes risk appraisal and collateral valuation. The Company will make provisions for doubtful accounts whenever the value of the collateral is not enough to cover the amounts owed or when the debtor is determined unable to fully repay principal and interest. The company has classified debts pursuant to the SEC's announcement No. Gor.Thor. 33/2543, dated August 25, 2000, and Gor.Thor. 5/2544, dated February 15, 2001 regarding the accounting for troubled debtors of securities companies as follows;

1. Bad debt refers to:
  - 1.1. Debt accrued by debtor whom the Company had claimed but not been repaid and the Company had written off according to the Taxation Code.
  - 1.2. Debt where the Company makes an agreement to revoke.
2. Doubtful debt refers to the amount owed exceeding the value of the collateral, which falls into the following categories:
  - 2.1. Ordinary debtor, trouble financial institution debtor and other debtor, whose collateral is lower in value than the amount owed.
  - 2.2. Debtor whose installment is scheduled at every 3 months but defaults on principal and interest payment for more than 3 months.
  - 2.3. Debtor whose installment is scheduled at a period longer than 3 months except when there is convincing evidence that repayment will be made to the Company.
3. A substandard debt refers to the amount owed, which could be covered by the collateral mentioned in (2).

The Company has the policy to write off bad debt whenever it is found and set the provision for the doubtful accounts at no less than 100% of doubtful debt and total substandard debts less collateral value.

As of December 31, 2013, the Company recorded provisions for doubtful accounts of Baht 352.95 million.

## 4.2 Investment Policy in Securities

The investment policy consists of strict rules and regulation on securities investment with emphasis on transparent investment management, effective internal control, and risk management.

### A. Investment policy

1. To allocate the Company's capital efficiently to fund daily operations, margin lending, working capital and investments. Fund allocation for investment in securities for trading and investment purposes must be pursuant to the investment line approved by the Board annually.

2. To invest in equity, debt and other financial instruments that are allowed by regulators, traded or non-traded in the securities exchange.
3. To make investments that most benefit the Company in terms of return, liquidity and risk.
4. To diversify the investment portfolio and thereby reducing investment risk, political and economic risk.
5. To monitor each investment to ensure objectives are met and that appropriate adjustments are made when necessary.
6. To have set internal guidelines in place that strictly prohibits conflict of interests of management within the guidelines set by the SEC.
7. To report investment performance to the Board at least once a month.

#### **B. Investment practice and approval authority**

1. The Investment department is responsible to set plans for the Company's investment and to ensure that the plans comply with the Company's annual budget and investment policy. The investment plan that is developed by the investment department will be proposed to the Investment Committee for further consideration and submit to the Board for final approval.
2. The Investment Committee meeting will be held twice a month for regulating the investments strategies, monitoring the investment status , and preventing the loss from investment.
3. Utilizing the investment researches in both fundamental and technical researches as a tool in making decision
4. The Investment Manager executes each trade whereby each investment decision must be approved by the Investment Committee.
5. Report a transaction of derivatives investment to the Board at least once a month and urgently Inform to the Board for any urgent cases.

The Investment Committee consists of at least 3 committee members designated by the Board of Director. The Board of Director is responsible to overlook investment guidelines and to ensure that they comply with the Company's investment policy.

#### **Policy on Investment Risk Management**

The Investment Committee manages investment risk abiding by regulatory policies of the SET and the SEC and strictly follows the set investment policy of the Company all of which revolves around good corporate governance. Emphasis is on minimizing risks and achieving appropriate returns. All investments are made with support from various research and conducted with an in depth analysis of the individual security whether being in equity, bonds, funds, and cash management. The Investment Committee oversees that the Investment department fulfill its duty to the Company and that any deviations that are made from the Investment Policy set

each year will be presented for the Board's approval. Once again, reports on the performance of all investments are presented to the Board once a month for close monitoring. If there is any emergency case, it can be propose immediately.

The Company's investment is classified into 2 types as follow:

**1. Investment in debt securities**

The Company has set rules and guidelines to prevent or mitigate various risks such as credit risk, liquidity risk, market risk and counterparty risk.

**2. Investment in equity securities and derivatives**

The Company sets yearly targets and investment plans complying with the investment policy stipulated by the Board of Directors and adhering to strict guidelines of good corporate governance. As such, investments in equities are divided into two groups, long term securities and trading securities. Long-term securities are held over 6 months whereas trading securities are held within 6 months and is marked to the market each month to the Company's net income.

As of December 31, 2013 the Company had a securities investment portfolio totaling Baht 237.45 million (this investment amount was adjusted by provisions for impairment and reflected the fair value).

**Policy on Provisioning for Investment in Securities**

Marketable equity securities held for trading are stated at fair value, with any resultant gain or loss arising from changes in value of securities recognized in the statements of income.

Debt securities that the Company intends and are able to hold to maturity are stated at amortized cost less impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities other than those securities held for trading or intended to be held to maturity, are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss arising from changes in value of securities being recognized directly in equity. The exceptions are impairment losses, which are recognized in the statements of income. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in the statements of income. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in the statements of income.

**Policy on Investment in Subsidiary**

The Company has policy to invest in related business that can enhance its performance, and fulfill its financial services by concerning with benefit to the Company and shareholders.

## 5. Legal Disputes

There is no legal case that negatively effect to the Company's asset more than 5 percent of shareholder's equity as at December 31,2013. Furthermore, there is no significant effect on the Company's operation.

## Important and General Information

### 6. General Information

Name	: Country Group Securites Public Company Limited (CGS)
Address (Headquarters)	: 132 Sindhorn Tower 1 , 2nd Floor Wireless Road, Lumpini, Pathumwan Bangkok, Thailand 10330 Tel 0-2205-7000 Fax 0-2205-7171 <a href="http://www.cgsec.co.th">www.cgsec.co.th</a>
Registration Number	: 0107537000572
Licenses	: The Company obtained a Securities Business Type A license from the Ministry of Finance and Securities and Exchange Commission to engage in the securities business as follows: <ol style="list-style-type: none"><li>1. Securities Brokerage</li><li>2. Securities Trading</li><li>3. Securities Underwriting</li><li>4. Investment Advisory Service</li><li>5. Mutual Fund Management</li><li>6. Private Fund Management</li><li>7. Securities Borrowing and Lending</li><li>8. Venture Capital Management</li></ol> <ul style="list-style-type: none"><li>— The Company obtained a Derivatives Business license from Securities and Exchange Commission to engage in Derivatives Agent.</li><li>— The Company was approved from Securities and Exchange Commission to act as Financial Advisory.</li></ul>
Registered Capital	: 3,189,785,935 Baht
Paid-up Capital	: 2,589,743,484 Baht
Type of shares	: 2,589,743,484 ordinary shares at par value of Baht 1 per share

**Entity that Company has share stock more than 10 percents**

Company Name : MFC Asset Management Public Company Limited  
Address ( Head Office ) : Ground Floor & 21st-23rd Floors, Column Tower  
199 Ratchadapisek Road, Kwaeng Klongtoey, Khet Klongtoey,  
Bangkok 10110, Thailand  
Tel : 0-2649-2000 Fax : 0-2649-2100, 0-2649-2111  
[www.mfcfund.com](http://www.mfcfund.com)  
Registration Number : 0107536001371  
Type Of the Business : Asset Management Company  
Registered Capital : 120,000,000 Baht  
Paid up Capital : 120,000,000 Baht  
Number of shares held : 120,000,000 ordinary shares at par value of Baht 1 per share  
29,903,500 ordinary shares representing 24.92 percents

**Other References**

Share Registrar : Thailand Securities Depository Company Limited  
62 Stock Exchange of Thailand Building 4<sup>th</sup>, 7<sup>th</sup> floors  
Ratchadapisek Road, Kwaeng Klongtoey, Khet Klongtoey  
Bangkok 10110  
Tel: 0-2229-2800 Fax : 0-2359-1259  
Debt- holder : None  
Representative :  
Auditor : Mr.Chavala Theinprasertkit , CPA Number 4301 Deloitte Touche  
Tohmatsu Jalyos Audit Co., Ltd.  
Ratjanakam Building, 25<sup>th</sup> Floor, 183 South Sathorn Road, Kwaeng  
Yannawa, Khet Sathorn Bangkok 10120  
Telephone : 0-2676-5700 Fax : 0-2676-5757  
Legal Advisors : 1. Samack & Associates Legal Counselor Co.Ltd.  
122 Bunsiri Road., Kwaeng Chao Pho Sua, Khet Pranakorn  
Bangkok 10200  
Telephone : 0-2224-2130 Fax : 0-2226-1346  
2. Chaityutt Dhan Law Office Co.Ltd.  
61/52 Soi. Thaweemit 8, Rama 9 Road Kwaeng Huay Kwang  
Khet Huay Kwang , Bangkok 10310  
Telephone: 0-2246-2182 Fax : 0-2643-9953  
3. Siam Premier International Law Office Limited



The Office at Central World , 26<sup>th</sup> Floor

999/9 Rama 1 Road, Kwaeng Pathumwan, Khet Pathumwan

Bangkok 10330

Telephone : 0-2646-1888 Fax : 0-2646-1919

4. TVS Law Office Limited

99/168 Moo 11 Phahoyotim Road, Soi Senenikom 1 Kwaeng Ladprao,

Khet Ladprao, Bangkok 10230

Telephone : 0-2980-5011 Fax : 0-2942-1946

Financial Advisors : None

Advisors of Management under Management Contracts : None

The Company's branches as of December 31,2013 are as follows

Branch	Address
<b>Bangkok and Vicinity</b>	
Lardprao	1693 Central Plaza Building (Lardprao) 7 <sup>th</sup> Floor, Paholyothin Rd., Ladyao, Chatuchak, Bangkok 10900 Tel. 0-2937-1290-9, 0-2937-1292
Bangkae	275 The Mall Building (Bangkae) 6 <sup>th</sup> Floor, Petkasem Rd., North Bangkae, Bangkae, Bangkok 10160 Tel. 0-2454-9088-94,0-2454-7933-4, and 0-2454-9322 Fax. 0-2454-9095
Ngamwongwan	30/39-50 The Mall Building (Ngamwongwan) 12 <sup>th</sup> Floor, Ngamwongwan Rd., Bangkhen, Muang, Nonthaburi 11000 Tel. 0-2550-0522-8 and 0-2550-1156-7 Fax. 0-2550-0529
Samrong 1 Samrong 2	1293 Carrefour Building (Samrong) 2 <sup>nd</sup> Floor, Moo 4 Sukhumvit Rd., Theparak, Muang, Samutprakarn 10270 Tel. 0-2380-0333 Fax. 0-2757-7100 Tel. 0-2380-1161-2 Fax, 0-2380-1168
Pinklao 1	7/129-221 Room No. 2601, Central Pinklao Department Store, 6th Floor, Boromrajachonnane Rd., Arunamarin, Bangkoknoi, Bangkok 10700 Tel. 0-2884-7054-9 Fax.0-2884-7053
Pinklao 1 (Operation closed on July 1,2013)	7/3 Room No. 41101, 41108, Central Pinklao Department Store, 11th Floor Boromrajachonnane Rd., Arunamarin, Bangkoknoi, Bangkok 10700 Tel. 0-2884-5301-9 Fax. 0-2884-8957
Silom 1	191 Room C, Silom Complex Building 19th Floor, Silom Rd., Bangrak, Silom, Bangkok 10500 Tel. 0-2231-8600 Fax. 0-2231-8695
Silom 2	191 Room C, Silom Complex Building 14th Floor, Silom Rd., Bangrak, Silom, Bangkok 10500 Tel. 0-2231-8700 Fax. 0-2231-8791
Silom 3	191 Room C, Silom Complex Building 12th Floor, Silom Rd., Bangrak, Silom Bangkok 10500 Tel. 0-2231-8900 Fax. 0-2231-8997

Branch	Address
Sermmit (Operation closed on November 23,2012)	159 Sermmit Tower 14 <sup>th</sup> Soi Asoke, Sukumvit Rd., North Klongtae, Wattana, Bangkok 10110 Tel. 0-2627-2400 Fax. 0-2627-2427
Central World	999/9 The Offices at Central World 28 <sup>th</sup> Floor, Room MH 2807, Rama 1 Rd., Patumwan, Bangkok 10330 Tel. 0-2613-1199 Fax. 0-264-5421
Ploenchit	540 Mercury Building 14 <sup>th</sup> floor, Ploenchit Rd., Lumpini, Patumwan Bangkok 10330 Tel. 0-2264-8555 Fax 0-2658-5919
Phaholyothin (was Phayathai Plaza)	408/59 Phaholyothin Place 412/44-45 3 <sup>rd</sup> Floor Phaholyothin Rd., Samsen Nai, Phayathai, Bangkok 10400 Tel 0-2619-0600-2 Fax 0-2619-0599
Bangbuatong	101/549 M.Chonlada Bangbuatong, Bangkrugtrinoi Rd., Sonloe, Bangkrugtrinoi, Nonthaburi 11110 Tel. 0-2571-1199 Fax. 0-2571-3119
Bangna	1093/73 Central City Tower14 <sup>th</sup> floor, Bangna-Trad Rd.,Bangna-Trad ,Bangna, Bangkok 10260 Tel. 0-2745-6813-16 Fax. 0-2745-6718
Chaengwattana	99, 99/9 Moo 2 Chaengwattana Rd., Bangtalard, Pakkred Nonthaburi Tel. 0-2193-8170-74 Fax. 0-2193-8176
Park Ventures	57 Park Ventures Building Ecoplex 57 Room No: 1607B –1608,16 <sup>th</sup> Floor Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Tel 02-263-8500 Fax 02-263-8555-6
Empire Tower	195 Empire Tower Room No: 1406 ,14th Tower 3 South Sathorn Rd., Yanawa, Sathorn, Bangkok 10120, Tel 02-627-7888 Fax.02-627-7899
Phetchaburi Tat Mai Business open November 18,2013)	2884 Manopol Tower1,6 <sup>th</sup> floor Phetchaburi Tat Mai Rd., Bang Kapi, Huai Khwang , Bangkok 10310 Tel.0-2716-5700 Fax.0-2716-5713
<b>Northern Region</b>	
Chiang Mai 1 Chiang Mai 2 Ched Yod 1 - Chiang Mai Ched Yod 2 - Chiang Mai	50/147-157 Hillside Plaza and Condotel 4 <sup>th</sup> floor, Chang Phuek, Muang Chiang Mai 50300 Tel. 0-5322-4766-9 Fax. 0-5322-4775 Tel. 0-5340-5242-6 Fax. 0-5340-4390 Tel. 0-5322-3377-9 Fax. 0-5322-3378 Tel. 0-5322-3663-4 Fax. 0-5322-3378
Chiang Mai 3	2/9-10 Nakornping Condominium1 <sup>st</sup> floor, Chang Phuek,Muang Chiang Mai, Chiang Mai 50300 Tel. 0-5321-2350 Fax. 0-5321-2349
Chiang Mai 4	224/1, 1 <sup>st</sup> and 2 <sup>nd</sup> floor, Moo 2 , Maehae, Muang, Chiang Mai Tel. 0-5380-6044 Fax . 0-5311-1262

Branch	Address
Chiang Rai 1 Chiang Rai 2	591/5-1 Phaholyothin Rd., Wiang, Muang, Chiang Rai 57000 Tel. 0-5360-0828-30 Fax. 0-5360-0833 Tel. 0-5374-0480-3 Fax. 0-5374-0484
Lampang	500/1-3 Prasanmaitee, Sob Tui, Muang, Lampang 52100 Tel : 0-5423-1740-8 Fax.0-5423-1749
Nakhonsawan	919/112 Moo10 Nakhonsawan Tok, Muang Nakhonsawan, Nakhonsawan 60000 Tel. 0-5622-7241-3 Fax. 0-5622-9899
Phitsanulok	228/28-30 Baromtrilokkanard Rd., Nai Muang, Muang, Phitsanulok 65000 Tel. 0-5523-1981-7 Fax. 0-5523-1980
Phayao	3/5 Chaikaw Rd., Viang, Muang, Phayao 56000 Tel. 0-5441-0930-1 Fax. 0-5441-0905
Lampoon	12/5 Mukda Rd., Nai Muang, Muang, Lampoon 51000 Tel. 0-5351-0500 Fax. 0-5356-1511
<b>Southern Region</b>	
Chuladis - Hadyai	200 Chuladis Hat Yai Plaza Shopping Complex, 4 <sup>th</sup> Floor, Nipatuthit 3 Rd., Hat Yai, Songkhla 90110 Tel. 0-7435-4699-705 Fax. 0-7423-0176
Nakhon Si Thammarat 1 Nakhon Si Thammarat 2 Nakhon Si Thammarat 3	62, 64, 66,68 Soi Wandeekositkhullapom, Pattanakamkukwang, Nai Muang, Muang, Nakhon Si Thammarat 80000 Tel. 0-7543-2021-9 Fax. 0-7543-2031 Tel. 0-7543-2360-4 Fax. 0-75322-605 Tel. 0-7543-2504-11 Fax. 0-7543-2504
Trang	59/5-7 Huaiyod Rd., Tubtieng, Muang, Trang 92000 Tel. 0-7521-6000-3 Fax. 0-7521-6007
Muang – Phuket	154/14-16 Phangnga Rd., Taladyai, Muang, Phuket 83000 Tel. 0-7623-2482-90 Fax. 0-7623-2491
Songkla	467 Saiburi Road, Bo Yang, Muang, Songkla 90000 Tel. 0-7443-7500 Fax. 0-7443-6666
Chumporn	1/9 Taweesinka Rd., Tatapao, Muang, Chumporn 86000 Tel. 0-7751-2114-6 Fax. 0-7751-2122
Lee Garden Plaza - Hadyai	29 Lee Garden Plaza Hotel 6 <sup>th</sup> floor, Prachatipat Rd., Hat yai, Hat yai Songkhla 90110 Tel.0-7435-2905-6 Fax. 0-7435-2909-10
<b>Northeastern Region</b>	
Surin	7/8 Sirirath Rd., Nai Muang, Muang, Surin 32000 Tel. 0-4453-5033-35 Fax. 0-4453-5045
Sisaket	1036, 1036/1-4 Wanlooksue Rd., Muangtai, Muang, Sisaket 33000 Tel. 0-4562-0860-66 Fax. 0-4562-0867

Branch	Address
Udonthani	232/6 Udon Phone Tech Building 2 <sup>nd</sup> Floor, Udondussadee Rd., Markhaeng, Muang, Udonthani 41000 Tel. 0-4223-0555 Fax. 0-4223-0515
Khonkaen	238/8 Ozone village Room 17-19, 2 <sup>nd</sup> floor, Theparak Raod, Nai Muang, Muang, Khonkaen 4000 Tel. 0-4333-4755 Fax. 0-4323-8322
Nakornratchasima	166/1-2 Chompol Rd., Nai Muang, Muang, Nakornratchasima 30000 Tel. 0-4426-9802-11 Fax. 0-4424-8990
The Mall - Nakornratchasima	1242/2 the Mall Nakornratchasima 6 <sup>th</sup> floorRoom A3 , Mitraparp Rd.,Nai Muang, Muang, Nakornratchasima Tel. 0-4428-8057-66 Fax. 0-4428-8065
Sunee Tower - Ubon Ratchathani	512/8 Sunee Tower Room No: 4C-1 4 <sup>th</sup> Floor, Chayangkul Rd. Nai Muang, Muang, Ubon Ratchathani 34000 Tel. 0-4535-5125 Fax. 0-4531-6232
Buriram	8/47-48 Palad Muang Rd., Nai Muang, Muang, Buriram 31000 Tel. 0-4462-5606-7 Fax. 0-4460-1953
<b>Central Region</b>	
Petchaburi	399 Moo 1 Petkasem Rd., Raisom, Muang, Petchaburi 76000 Tel. 0-3240-0941 Fax. 0-3241-1744
Nakhonpathom	99 Pipitprasart Rd., Prapathomjedi, Muang Nakhonpathom, Nakhonpathom 7300 Tel. 0-3427-2800-6 Fax. 0-3427-2807
Kanchanaburi	321 Sangchuto Rd., Bannua, Muang, Kanchanaburi 71000 Tel. 0-3462-4908-09 Fax. 0-3462-5099
Saraburi	591/19 Phaholyothin Rd., Pakpure, Muang, Saraburi 18000 Tel. 0-3631-8481-7 Fax. 0-3631-8488
Banpong - Ratchaburi	99/49-50 Songpol Rd., Banpong, Banpong, Ratchaburi 70110 Tel. 0-3230-1201-3 Fax. 0-3230-1209
<b>Eastern Region</b>	
Rayong	115 Star Plaza Building, 1 <sup>st</sup> Floor, SoiSoonkankasai 5 Sukhumvit Rd. Cheong-nern, Muang, Rayong 21000 Tel. 0-3886-1153-8 Fax. 0-3886-1160
Pattaya	3/222 Moo 6, Chalermprakiat Road, Nakuae, Banglamung Chonburi 20150 Tel. 0-3837-1430-31 Fax. 0-3837-1434
Chachoengsao	16 CIMB Bank 2 <sup>nd</sup> floor 16, New Srisothorn Rd., Na Muang, Muang Chachoengsao 24000 Tel. 0-3881-0671-3 Fax. 0-3881-0690
Chaichana-Chonburi	838/1A-838/1B Chaichana Rd, Bang Prasoi, Muang, Chonburi 20000 Tel. 0-3879-2556-7 Fax. 0-3879-2569

## Shareholders

### 7. Shareholders

#### 7.1 Company's Securities and Shareholder Information

##### Registered capital and paid up capital

As at December 2013, the Company had registered capital of Baht 3,189.79 million ,which Baht 2,589.74 million was paid up . The paid up capital consists of 2,589,743,484 common shares at a par value of Baht 1 (On March 9, 2007 the Company registered the change of par value at Ministry of Commerce , the detail are as follow : the par value was changed from Baht 10 per share to Baht 1 per share , resulting from issued new 10 common shares at Baht 1 per share that replacing one share at Baht 10 per share) . Detail of capital increase are as follow:

D/M/Y of register	Registered capital (million)	Paid up capital		Purpose
		Capital Increased by (million)	Capital increased to (million)	
10 May 2002	2,414	665	2,008	Increased its registered capital to purchased ordinary shares of Indosuez W.I Carr Securities (Thailand) Limited for business expansion by selling shares to existing shareholders
9 August 2002	4,916	-	2,008	For the future conversion of the Company's tranche 3 and tranche 4 warrants including the conversion of tranche 2 warrants that is not expire.
24 December 2002	4,916	224	2,232	Exercise of warrants tranche 2 of 22.39 million shares
28 January 2004	4,916	991	3,223	Exercise of warrants tranche 3 of 99.09 million shares
23 January 2006	4,916	972	4,195	Exercise of warrants tranche 4 of 97.28 million shares
14 January 2009	4,195	-	4,195	Decrease of the Company 's registered capital and unpaid up capital
14 January 2009	4,038	- 157	4,038	Compensate the Company's accumulated losses (September 30,2008)
27 March 2009	2,300	- 1,738	2,300	Refund cash to the Company's shareholders
22 December 2009	1,866	- 434	1,866	Compensate the Company's accumulated losses (June 30,2009)
23 December 2009	3,149	-	1,866	- Prepared for issue and offer new ordinary share to existing shareholders - Prepared for conversion of warrants tranche 5 - Prepared for exercise the warrant under ESOP Program No.1 to directors, management and employees.
25 January 2010	3,149	464	2,330	Used as working capital and for business expansion
25 January 2013	3,149	0.05	2,330	Exercise of warrant tranche 5 of 47,529 shares
3 May 2013	2,330	-	-	Decrease of unpaid up capital
7 May 2013	3,189	-	-	- Conversion of dividend to shares - Prepared for exercise the warrant under ESOP Program

D/M/Y of register	Registered capital (million)	Paid up capital		Purpose
		Capital Increased by (million)	Capital increased to (million)	
				No.1 to directors, management and employees.
21 May 2013	3,189	258	2,589	Paid dividend in form of shares

## 7.2 Commitment on Share Issuance in the Future

The Company issued and offered of warrants to purchase the ordinary shares of the Company under the Employer Stock Ownership Program (ESOP) Program No.2 in the amount of no higher than 600,000,000 units to directors, management, employees, and/or advisors of the Company for free, by 1 unit of warrant will be entitled to purchase 1 new ordinary share at the price of Baht 1.30. The tenor of warrants is 3 years from the issuance date of warrants.

## 7.3 Issuance of Securities for Capital increased Policy

Depend on the Company 's necessarily use.

## 7.4 Issuance of Underlying Securities (NVDR)

As of December 27, 2013, Thai NVDR Company Limited had issued 63,335,972 units of Non-voting Depository Receipts or 2.45 percent of the Company's paid up capital, which are regarded as the common shares of the Company (Further information can be obtained from [www.set.or.th](http://www.set.or.th)). NVDR holders do not have voting rights in any shareholders' meeting. The only voting right eligible to NVDR holder is the right to vote for delisting of the underlying securities from the SET. If a large number of the Company's shares were converted into NVDRs, the eligible shares with voting right will decrease in number. This will increase the voting power of the remaining shareholders as the resolutions of the meeting are drawn from the majority votes of the attending shareholders and proxy holders.

## 7.5 Shareholders

The top 10 major shareholders as of December 18, 2013 were as follows:

Shareholder	No. of shares	% Stake
1. Mr. Sadawut Taechaubol	286,045,153	11.05
2. Mr. Samrerng Manoonpol	185,091,011	7.15
3. Mr. Pijit Viriyamettakul	147,200,000	5.68
4. Mr. Litti Kewkacha	128,510,583	4.96
5. Mr. Tommy Taechaubol	100,555,632	3.88
6. Thai NVDR Company limited	74,878,772	2.89
7. Mr. Ben Taechaubol	71,367,777	2.76
8. CREDIT AGRICOLE (SUISSE) SA, SINGAPORE BRANCH	67,817,678	2.62
9. Mrs. Atjima Pakanam	59,043,384	2.28
10. MF Holding Company limited	54,666,776	2.11

The periodically updated list of major shareholders is displayed in the Company's website, [www.cgsec.co.th](http://www.cgsec.co.th) prior to the annual shareholders' meeting.

As of December 18, 2013, the members of Taechaubol family held 457,968,562 shares as follows

Shareholder	No. of shares	% Stake
1. Mr. Sadawut Taechaubol	286,045,153	11.05
2. Mr. Ben Taechaubol	71,367,777	2.76
3. Mr. Tommy Taechaubol	100,555,632	3.88
<b>Total</b>	<b>457,968,562</b>	<b>17.69</b>

As of December 18, 2013 the members of Kewkacha (Kewpaisal) family held 167,120,113 shares as follows

Shareholder	No. of shares	% Stake
1. Mr. Litti Kewkacha	128,510,583	4.96
2. Mr. Dech Kewkacha	38,603,664	1.49
3. Mrs. Chanisa Kewpaisal	4,942	0.000191
4. Ms. Jarukorn Kewpaisal	924	0.000036
<b>Total</b>	<b>167,120,113</b>	<b>6.450227</b>

## Dividend Policy

In 1991, the Company offered new common shares to the public by issuing a prospectus dated March 8, 1991, and the Company's dividend policy was declared on page 7 of the prospectus as follows:

"Under normal business conditions, it is the policy of the Board to pay dividend of at least 60% of the net profit after tax." This dividend policy remains unchanged.



## Management

### 8. Management Structure

#### 8.1 Board of Directors

As of December 31, 2013, the Company structure consisted of the Board of Directors, Executive Board and Audit Committee, the memberships of which are as follows:

Name	Board of Directors	Exec. Board	Audit Committee
Mr. Prayoon Chindapradist, Prof	Chairperson		
Mr. Dej Namsirikul	Independent		Member
Gen. Wattana Sanphanich	Independent		
Pol. Gen. Somchai Vanichsenee	Independent		Chairperson
Mr. Charn Tulyapisitchai	Independent		Member
Mr. Sadawut Taechaubol	Director	Executive Chairperson	
Mr. Surabhon Kwunchaithunya	Director	Vice Chairperson	
Mr. Hong Chye Sim	Director		
Mr. Litti Kewkacha	Director		
Mr. Somkad Sueptrakul	Director		
Ms. Sudthida Chirapatsakul	Director	CEO (manager <sup>1</sup> ) and Executive Director	
Pol.Maj.Gen.Werapong Chuenpagdee	Director		
Mr. Nipon Wisityuthasart	Independent		
Mr. Tommy Taechaubol	Director		
Mr. Chanachai Joonjiraporn	Director	CEO and Executive Director	
Ms. Sasiwimol Singha-Ngoen	Secretary of the Board		

#### Note :

##### In the Annual Shareholder Meeting 2013 on April 22,2013

- Majority Voting of those directors whose terms have expired for re-election. This includes 1) Prof. Prayoon Chindapradist 2) Mr. Dej Namsirikul 3) Gen. Wattana Sanphanich 4) Pol. Gen. Somchai Vanichsenee and 5) Mr. Nipon Wisityuthasart to continue as directors of the Company.

##### In the Boarding meeting No 6/2013 on June 26, 2013

- Appointment of Ms. Sudthida Chirapatsakul / Managing Director of Retail Brokerage 1 and Mr. Chanachai Joonjiraporn/ Managing Director of Retail Brokerage 6 as President, effective July 1,2013.

##### In the Board meeting No 8/2013 on August 27,2013

- Appointment of Ms. Sudthida Chirapatsakul /President as Executive Director ,effective September 1,2013.

##### In the Board meeting No 9/2013 on September 30,2013

- Approval of Dr. Prasit Srisuwan /Director and Chief Executive Officer, effective November 1,2013
- Appointment of Ms. Sudthida Chirapatsakul /President as Chief Executive Officer (Manager), effective November 1,2013
- Appointment of Mr. Chanachai Joonjiraporn /President as Chief Executive Officer , effective November 1,2013

- Appointment of Mr. Chanachai Joonjiraporn /President as Director (No management authority) , effective November 1,2013
- Appointment of Mr. Tommy Taechaubol / Director (No management Authority) as Director with management authority, effective November 1,2013

In 2013, there were 12 normal meetings of the Board. The term of office and the attendance were summarized as follows:

Name	Terms	Attendance/No. of meeting		
		Normal Meeting	Extraordinary meeting	Total
Mr. Prayoon Chindapradist, Prof	Apr 13 – Apr 16	12/12	-	12/12
Mr. Dej Namsirikul	Apr 13 – Apr 16	12/12	-	12/12
Gen. Wattana Sanphanich	Apr 13 – Apr 16	12/12	-	12/12
Pol. Gen. Somchai Vanichsenee	Apr 13 – Apr 16	12/12	-	12/12
Mr. Charn Tulyaphisitchai	Apr 12 – Apr 15	11/12	-	11/12
Mr. Sadawut Taechaubol	Apr 12 – Apr 15	12/12	-	12/12
Mr. Surabhon Kwunchaithunya	Apr 11 – Apr 14	12/12	-	12/12
Dr. Prasit Srisuwan <sup>(1)</sup>	Apr 11 – Apr 14	7/10	-	7/10
Mr. Hong Chye Slim	Apr 12 – Apr 15	9/12	-	9/12
Mr. Litti Kewkacha	Apr 12 – Apr 15	5/12	-	5/12
Mr. Somkad Sueptrakul	Apr 12 – Apr 15	12/12	-	12/12
Ms. Sudthida Chirapatsakul	Apr 11 – Apr 14	11/12	-	11/12
Pol.Maj.Gen.Werapong Chuenpagdee	Apr 11 – Apr 14	8/12	-	8/12
Mr. Nipon Wisityuthasart	Apr 13 – Apr 16	11/12	-	11/12
Mr. Tommy Taechaubol	May12 – Apr 14	11/12	-	11/12
Mr. Chanachai Joonjiraporn <sup>(2)</sup>	Nov13 – Apr 14	2/2	-	2/2

**Note :** (1) Dr. Prasit Srisuwan resigned from Director , effective November 1,2013

(2) In boarding meeting No 9/2013 on September 30,2013 appointed Mr. Chanachai Joonjiraporn as director (no management authority) replacing Dr. Prasit Srisuwan who resigned, effective November 1,2013.

Details of Director's terms were summarized as follows:

**Mr. Prayoon Chindapradist, Prof.**

- was elected to be the director replacing the director who resigned on January 2006
- was approved by the SEC on February 2006
- was elected to continue another term of director on April 2007
- was elected to continue another term of director on April 2010
- was elected to continue another term of director on April 2013

**Mr. Dej Namsirikul**

- was elected to be the director replacing the director who resigned on October 2005
- was approved by the SEC on January 2006

- was also elected to be the director for another term on April 2007
- was elected to continue another term of director on April 2010
- was elected to continue another term of director on April 2013

#### General Wattana Sanphanich

- was elected to be the new director on April 2005
- was approved by the SEC on May 2005
- was also elected to be the director for another term on April 2007
- was elected to continue another term of director on April 2010
- was elected to continue another term of director on April 2013

#### Pol. Gen. Somchai Vanichsenee

- was elected to be the director on April 2005
- was approved by the SEC on May 2005
- was also elected to be the director for another term on April 2007
- was elected to continue another term of director on April 2010
- was elected to continue another term of director on April 2013

#### Mr. Charn Tulyaphisitchai

- was elected to be the director replacing the director who resigned on November 2007
- was approved by the SEC on January 2008
- was also elected to be the director for another term on April 2009
- was elected to continue another term of director on April 2012

#### Mr. Sadawut Taechaubol

- was elected to be the new director on April 2006
- was approved by the SEC on May 2006.
- was also elected to be the director for another term on April 2009
- was elected to continue another term of director on April 2012

#### Mr. Surabhon Kwunchaithunya

- was elected to be the director replacing the director who resigned on October 2005
- was approved by the SEC on January 2006

- Was resigned from directorship on January 2007 while continually working as vice chief executive officer
- was elected to be the director replacing the director who resigned on April 2007
- was approved by the SEC on May 2007
- was also elected to be the director for another term on April 2008
- was elected to continue another term of director on April 2010
- was elected to continue another term of director on April 2011

**Mr. Hong Chye SIm**

- was elected to be the director replacing the director who resigned on June 2007
- was approved by the SEC on August 2007
- was also elected to be the director for another term on April 2009
- was elected to continue another term of director on April 2012

**Mr. Litti Kewkacha**

- was elected to be the director on April 2007 replacing the director who resigned
- was approved by the SEC on June 2007
- was also elected as the director for another term on April 2009
- was elected to continue another term of director on April 2012

**Mr. Somkad Sueptrakul**

- was elected to be the director replacing the director who resigned on November 2008
- was approved by the SEC on December 2008
- was also elected as the director for another term on April 2009
- was elected to continue another term of director on April 2012

**Dr. Prasit Srisuwan**

- was elected to be the director on June 2009 replacing the director who resigned
- was approved by the SEC on July 2009
- was also elected as the director for another term on April 2011

**Ms. Sudthida Chirapatsakul**

- was elected to be the director on September 2010 replacing the director who resigned before the term is ended

- was approved by the SEC on September 2010
- was also elected as the director for another term on April 2010

#### **Pol.Maj.Gen. Werapong Chuenpagdee**

- was elected to be the director on October 2011 replacing the director who resigned
- was approved by the SEC on November 2011

#### **Mr. Nipon Wisityuthasart**

- was elected to be the director on October 2011 replacing the director who resigned
- was approved by the SEC on November 2011
- was elected to continue another term of director on April 2013

#### **Mr. Tommy Taechaubol**

- was elected to be the director on April 2012 replacing the director who resigned
- was approved by the SEC on May 2012

#### **Mr. Chanachai Joonjiraporn**

- was elected to be the director on September 2013 replacing the director who resigned
- was approved by the SEC on November 2013

#### **Authorized Directors**

In the Board meeting No.10/2010 on September 17, 2010, the Board approved the change of authorized directors who can sign on behalf of the Company stating that previously “either Prof. Prayoon Chindapradist, chairperson or Mr. Sadawut Taechaubol, Executive chairperson signs with the Company’s seal affixed, or two of the following three directors: Mr. Surabhon Kwunchaithunya, Dr. Prasit Srisuwan, and Ms. Sudthida Chirapatsakul cosign with the Company’s seal affixed. It has thus been amended to “either Prayoon Chindapradist, Pro., Chairperson or Mr. Sadawut Taechaubol, Executive Chairperson signs with the Company’s seal affixed or two of the following three directors: Mr. Surabhon Kwunchaithunya, Ms. Sudthida Chirapatsakul and Mr. Tommy Taechaubol cosign with the Company’s seal affixed.

#### **Scope of Authority**

The Board Meeting No.9/2004 held on August 31, 2004 adopted the authorities and duties of the board, executive board, audit committee and president as follows:

#### **Authorities and Duties of the Board of Directors**

1. Set the Company's policy, mission and objectives in accordance with the Public Company Act, rules and regulations by the SEC, SET and external supervisory units, and the resolutions of the shareholders' meeting.
2. Approve the Company's annual corporate plan and budgets.
3. Appoint the executive board to manage the Company.
4. Determine a list of authorized signatory directors.
5. Appoint persons to replace directors resigning before the terms expired.
6. Appoint, remove, and terminate the employment of the Executive Chairperson and President, as well as approve their salaries, remunerations or other benefits.
7. Approve the budget on employee's salaries, bonuses, and other benefits.
8. Approve the Company's financial and assets transactions.
9. Perform other duties in achieving the Company's policy, mission and objectives.
10. Hold board meetings.

#### **Authorities and Duties of the Executive Board**

The Board Meeting No.6/2013 held on May 29, 2013 adopted the authorities and duties of executive board as follows:

1. Manage and oversee the Company's operation and administration in accordance with the Board's resolution on policy, mission, objectives, and annual corporate plan and budget.
2. Recruit, appoint, remove, and transfer senior executive vice presidents and executive vice presidents as well as approving their salaries, remuneration or other benefits.
3. Appoint, remove individuals or juristic persons to be the advisor of the executive board. In addition to approve remuneration to such persons.
4. Execute assignments from the board.
5. Hold executive board meetings. Approval of executive board meeting is based on majority vote. One executive board is eligible for one vote except whose that related to topic in the meeting, he or she will have no voting right. If the number of vote is equal, chairperson of executive board will have one additional voting right.

In the case of situations that require urgency, the executive chairperson shall have the authority to consider with discretion in proceeding and approving matters within the authority of the executive board or the matters not specified herein; and shall report those actions to the executive board.

## Authorities and Duties of the Audit Committee

The Board meeting No. 5/2009 held on May 26, 2009 defined the audit committee's scope of duties and responsibilities as follows:

1. Review financial reports to ensure their accuracy and adequacy.
2. Review internal control systems and audit functions to ensure their appropriateness and effectiveness as well as independency of compliance division. Also appoint, remove, and transfer Vice President of Internal audit department or related department.
3. Review the Company's operations and activities to ensure their compliance with Securities Company Act, SET regulations and other applicable laws.
4. Consider and propose auditors as well as their remunerations. Also attend auditor meeting with no management persons involved at least once a year.
5. Review information of related transactions or any transactions in conflicts of interest to ensure their accuracy and completeness.
6. Prepare and disclose audit committee reports in the annual reports which must be signed by the chairperson of audit committee. The report must consist of the following:
  - 6.1 Agreement on accuracy, adequacy and reliability of the Company financial statements
  - 6.2 Agreement on adequacy of the Company's internal control
  - 6.3 Agreement on SEC and SET conducts or related business laws
  - 6.4 Agreement on appropriateness of Auditor
  - 6.5 Agreement on the Company's related transaction
  - 6.6 Attendance and number of Audit committee's meeting
  - 6.7 Agreement on duties of Audit committee comply to Charter
  - 6.8 Other transactions that shareholders and investors should notice under duties and responsibilities delegated by Executive Board.
7. Perform any deeds assigned by the board, provided that the committee accepts such assignments.
8. Report any suspect transactions that may affect the Company's financial and operational status to the Board of Directors for revision.
  - 8.1 Conflict transaction
  - 8.2 Corruption or fraud of internal control
  - 8.3 Violation of securities law or business law

In case that Board of directors or Executive board ignores to revise any irregular transactions within a certain period, any Audit committee shall report to SET or SEC.

## Authorities and Duties of the CEO and President

The Board Meeting No.11/2009 held on September 29, 2009 adopted the authorities and duties of the board, executive board, audit committee and president as follows:

1. Manage and oversee operations in accordance to the Public Company Act, rules and regulations by the SEC, SET, external supervisory units, as well as resolutions by the board of directors and executive board in relations to policy, objectives, annual corporate plan and budget.
2. Indicate rules and regulations, and announcements; and control the operation of each department in accordance to the Company's rules and regulation, which comply to SET regulation, securities law or related business law.
3. Approve matters that assigned by the Board of Director and Executive Board.
4. Promote and develop abilities and potentials of managements and staffs. Also build cohesiveness within organization.
5. Seek for business opportunities such as securities brokerage, investment banking, and related business in order to increase the Company's revenue.
6. Approve credit for securities transaction including cash account, credit balance, short sell, change of buy and sell order, trading error, etc. The approval shall be under specific credit balance.
7. Approve an investment expense that is not indicate in annual budget and not exceed Baht 500,000 per transaction. This approval shall be report to the Executive Board.
8. Approve the Company's general expenses which are not exceed Baht 200,000.
9. Propose bonus policy and co-approve bonus payment of all level of employees to the remuneration committee and the Board of Director for final approval. Bonus payment is considered based on the Company's operating result and employee's performance.
10. Co-approve compensation for marketing officer, head of marketing team, and head of marketing branch.
11. Report to the Board of Director and Executive Board.
12. Recruit, appoint, remove, transfer, and promote all levels of employees below managing director level.
13. Adjust salary of all levels employees below managing director level.
14. Punish employees who violate the employment agreement.
15. Manage other matters that assigned by the Board of Directors and Executive Board.

In the Board Meeting No.11/2013 on November 29, 2013, the Board voted to approve the authorities of Executives in relation to the purchase of financial and asset transactions of the Company as follows:

1. Expense/ Purchase transactions in planned annual budget
  - 1.1 Front office: head of branch/department or head of division or managing director or one of executive boards is authorized to approve transactions by authority rank.



1.2 Back office: head of division or one of executive boards is authorized to approve transaction by authority rank.

2. Expense/ Purchase transactions that are not in planned annual budget, approval of addition budget are required from the Board of Directors as the followings:

2.1 Purchase of asset

2.1.1 Purchase amount is not exceed Baht 200,000; two out of three executive boards, that are Chief Executive Officer (manager), Vice Chairperson, and Executive Chairperson have authority to approve.

2.1.2 Purchase amount is not exceed Baht 5 million, the executive boards have authority to approve.

2.1.3 Purchase amount exceeds Baht 5 million; the Board of directors has authority to approve.

2.2 Expense transactions

2.2.1 Expense amount is not exceed Baht 20,000; one of executive boards, that are Chief Executive Officer (manager), Vice Chairperson, and Executive Chairperson have authority to approve.

2.2.2 Expense amount is not exceed Baht 200,000; two out of three executive boards, that are Chief Executive Officer (manager), Vice Chairperson, and Executive Chairperson have authority to approve.

2.2.3 Expense amount is not exceed Baht 5 million, the executive boards have authority to approve.

2.2.4 Expense amount is not limited; the Board of directors has authority to approve.

3. Compensation expense to employees except stated in employees' welfare and other company's rules and regulations; two out of three executive boards, that are Chief Executive Officer (manager), Vice Chairperson, and Executive Chairperson have authority to approve.

4. Expense in accordance with official regulations and / or agency oversight in respect of the Company's business; the relevant authorities are reviewed and approved the expense.

5. Expenses necessary for operating business such as utilities, postage, etc. including expense transactions within record and approved; a head of the administration department will review and approve.

6. Expenses paid from sub-cash are approved according to the authority in 1.1 and 1.2.

## List of the Management

As of December 31, 2013, managements of the Company are as follows:

Name	Position
Mr. Sadawut Taechaubol	Executive Chairperson
Mr. Surabhon Kwunchaithunya	Vice Chairperson
Ms. Sudthida Chirapatsakul	Chief Executive Officer (Manager)
Mr. Chanachai Joonjiraporn	Chief Executive Officer
Mr. Suwit Ratanayaon	President
Mr. Chupong Tanasettakorn	Managing Director of Investment Banking
Mrs. Punnee Thakerngkait	Managing Director of Retail Brokerage
Mr. Decha Pangkum	Managing Director of Retail Brokerage
Mr. Supakrit Choksukthanapong	Managing Director of Retail Brokerage
Ms. Netchanok Anawan	Highest of Finance and Accounting division and Vice Managing Director – Finance and Accounting

## Selection of Directors

In the board meeting No.2/2010 on February 26, 2010 was appointed Nomination Committee consist of Mr. Charn Tulyaphisitchai , Independent Director and Audit Committee, as President of Nomination Committee; Pol.Gen Somchai Vanichsenee, Independent Director and President of Audit committee, as committee; and Mr. Hong Chye Sim as committee. Duties and roles are indicated as follows:

1. Consider appropriateness of the Board of Director 's structure
2. Define qualifications and guidelines in selection of directors and top executives. Also evaluate the performance of directors at the end of their term and top executives.
3. Define a recruitment procedure for selecting directors and top executives.
4. Prepare an operating and performance report to the Board of Directors annually.

According to the Company's Articles of Association, a shareholder has one vote per one share held in order to comply with the Public Company Act B.E. 2535. The selection of directors in Articles 21-27 of Section 5 of the Company's Articles of Association can be summarized as follows:

1. The board has to consist of at least 5 but not more than 15 directors.
2. The directors' qualifications are as follows:
  - 2.1 Must be natural person and sui juris.
  - 2.2 Must not be bankrupt or incapable.
  - 2.3 Have never been imprisoned for the charges concerning illegal assets possession.
  - 2.4 Have never been punished, fired or removed from position as a civil servant or government officer for the charges of fraudulent practices.
3. The selection of directors is done in the shareholders' meeting following the regulations below.

- 3.1 Each shareholder has one vote per one share held.
- 3.2 The candidates may be voted individually or in groups at a time depending on the decision of shareholders' meeting. In each voting session, shareholders have to exercise all their existing votes without breaking down to vote for different candidates or groups of candidates.
- 3.3 The candidate who gets the highest votes shall be selected to be director; the ones with respectively lower votes shall also be selected in case of multiple vacancies.
- 3.4 In case of equal votes, the chairperson of the meeting shall have an additional deciding vote.
4. Besides serving a complete term, a director will leave his or her position when:
  - 4.1 He or she dies;
  - 4.2 He or she resigns from the position;
  - 4.3 He or she lacks qualifications or has qualifications prohibited by the Public Company Act;
  - 4.4 The shareholders' meeting resolved to remove him or her from the position by votes totaling more than three quarters of the number of shareholders who attend with voting rights who attend, and by no less than half of shares held by the number of shareholders who attend with voting rights.
  - 4.5 The court orders his or her removal.
5. In case when a director position is vacant due to reasons other than completion of the term, the board may select a person who has qualifications as stated in the laws to be the substitute director. Should that vacancy be less than 2 months, the board may select no one for substitution. The substituted director shall be in the position for only the remaining time left in the term of the director he or she replaces.

On the appointment of independent director, the Board shall consider the qualifications in line with minimum requirements of the SEC while duty and role comply with the SET guidelines that he or she is:

1. Holding shares of no more than 1% of paid-up capital of the Company, its subsidiaries, affiliates, or related companies. The share holding also includes those shares held by the director's related parties.
2. Not a worker, employee, or consultant who receives salary or other benefits from the Company, the Company's subsidiaries, affiliates, or related companies.
3. No family relationship or not relate by registration of law as parents, spouse, sister/brother and son/daughter including spouse of son/daughter of management, major shareholder, or individual who propose to be management or who has authority to control the Company or its subsidiaries.
4. No business relationship with the Company, its subsidiaries, affiliates, major shareholder or individual who has authority to control the Company in the way that limits independent consideration.

Independent director isn't one of significant shareholder or who has authority to control the Company, its subsidiaries, associated company, major shareholder or individual who has authority to control the Company except these relations occurs two years before appointment as Independent director.

5. Never become auditor of the Company, its subsidiaries, affiliates, or major shareholder; and not significant shareholder or individual who has authority to control or partner of accounting office that auditor of the Company, its subsidiaries, associated company, major shareholder or individual who has authority to control the Company works there except these relations occur two years before appointment as Independent director.
6. Never work in any service profession including legal or financial counselor that receive service fee more than Baht 2 million per year from the Company, its subsidiaries, affiliates, or major shareholder; and not significant shareholder or individual who has authority to control or partner of service profession except these relations occur two years before appointment as Independent director.
7. Not the independent director that appoint on behalf of the Company's director, major shareholder or shareholder who relate to major shareholder.
8. Neither operates the same business nor competes with the Company's business or its subsidiaries; or not partner or director with management authority, employee, counselor with salary or holding shares of more than 1% of paid-up capital of other companies that operate the same business and significant compete with the Company's business or its subsidiaries.
9. Capable to contribute opinion independently toward the Company's operation

#### **Secretary of the Company**

The Board has appointed Ms. Sasiwimol Singha-Ngoen/ Vice President of Law Department to act as the Company 's secretary. Details of the Company's secretary were shown in the attachment No.1.

#### **Duties and Responsibilities of Company's secretary**

1. Advise the board of directors on the Company's laws, rules and regulations and ensure the directors will follow the company's laws, rules and regulations.
2. Encourage the board of directors to have knowledge and understanding of corporate governance and follow practices.
3. Prepare agenda and notice of the shareholders and board of directors meetings.
4. Arrange the shareholders and board of directors meetings in compliance with the Company's laws, rules and regulations and good practices.
5. Take minutes of the shareholders and board of directors meetings and ensure related parties will follow resolutions of the shareholders and board of directors meetings.

6. Prepare and maintain the board of directors' registration, annual reports, notice of the shareholders and board of directors meetings, minutes of the shareholders and Board of Directors meetings.
7. Monitor the directors and management to make reports on their stakeholders including related persons' stakeholders as specified by the law.
8. Maintain the stakeholder reports reported by the directors or management as specified by laws.
9. Prepare the disclosure of related information and information reports to the regulators.
10. Coordinate with shareholders and the regulators.
11. Other duties assigned by the board of directors.

### Directors and Management Remuneration

According to the Company's rules and regulations, the directors are entitled to pension in the amount not exceeding ten percent of the net profit of the Company; however, it shall be the discretion of the Board of Directors. In addition, the Board of Directors shall be entitled to receive compensation, meeting allowance, transportation allowance and other remuneration benefits; and have the right for entertainment expense and other expenses relating to the Company's works.

### Monetary Remuneration

Meeting allowance, remuneration to audit committee and to sub-committee were approved by the General Shareholders Meeting. The rates of monthly allowances were approved by the General Shareholders Meeting in 2011, 2012 and 2013 as follows:

Position	General Shareholders Meeting 2013	General Shareholders Meeting 2012	General Shareholders Meeting 2011
	Monthly Remuneration (Baht)	Monthly Remuneration (Baht)	Monthly Remuneration (Baht)
The Board of Directors			
- Chairperson	100,000	100,000	100,000
- Vice Chairperson	50,000	50,000	50,000
- Director	35,000	35,000	35,000
Audit Committee			
- Chairperson of Audit Committee	30,000	30,000	30,000
- Audit committee member	20,000	20,000	20,000
Sub-Committee*			
- Chairperson	30,000	30,000	30,000
- Committee member	20,000	20,000	20,000

\*Note : Only compensate to committee member who is not the Company's employee. The remuneration is monthly pay when meeting occurred and only for committee member who attend the meeting.

- In 2013, sixteen directors received remuneration in meeting allowance of Baht 7.44 million and pension of Baht 2.31 million.
- Three members of the Audit Committee received the remuneration totaling Baht 0.84 million.

The Committee and sub-committee's remuneration in 2013 are as the following details:

Name / Position	Remuneration (Baht)						
	Board of directors		Audit committee	Investment Committee	Nomination Committee	Compensation Committee	Good Governance Committee
	Meeting Allowance	Pension					
Mr. Prayoon Chindapradist, Prof - Chairperson	1,200,000	400,000					
Mr. Dej Namsirikul - Vice Chairperson - Audit Committee Member	600,000	200,000	240,000				
Gen. Wattana Sanphanich - Vice Chairperson	600,000	200,000					
Pol. Gen. Somchai Vanichsenee - Director - Chairman of Audit Committee	420,000	175,000	360,000		20,000	20,000	60,000
Mr. Cham Tulyaphisitchai - Director - Audit Committee Member	420,000	175,000	240,000		30,000	30,000	
Mr. Sadawut Taechaubol - Director	420,000	140,000					
Mr. Surabhon Kwunchaithunya - Director	420,000	140,000					
Dr. Prasit Srisuwan <sup>(1)</sup> - Director	350,000	-					
Mr. Hong Chye Sim - Director	420,000	140,000			20,000	20,000	
Mr. Litti Kewkacha - Director	420,000	70,000					

Name / Position	Remuneration (Baht)						
	Board of directors		Audit committee	Investment Committee	Nomination Committee	Compensation Committee	Good Governance Committee
	Meeting Allowance	Pension					
Mr. Somkad Sueptrakul - Director - Chairperson of investment committee	420,000	175,000		360,000			
Ms. Sudthida Chirapatsakul - Director	420,000	140,000					
Pol.Maj.Gen.Werapong Chuenpagdee - Director	420,000	70,000					
Mr. Nipon Wisityuthasart - Independent Director	420,000	140,000					
Mr. Tommy Taechaubol - Director	420,000	140,000					
Mr. Chanachai Joonjiraporn <sup>(2)</sup>	70,000						
<b>Total</b>	<b>7,440,000</b>	<b>2,305,000</b>	<b>840,000</b>	<b>360,000</b>	<b>70,000</b>	<b>70,000</b>	<b>60,000</b>

**Note** (1) Resigned from the Company's director, effective November 1, 2013

(2) Appointed as director replacing resigned director in the Board meeting no 9/2013 on September 30, 2013 and effective since November1, 2012

### Remuneration for Executive Directors and Management

In 2013, the remuneration for 4 executive directors and 5 executive managements paid as salary, bonus and indemnity (excluding meeting allowance paid to the above-mentioned executive directors) amounted to Baht 180.46 million.

### Other Remuneration

#### Other Remuneration of Director

Prof. Prayoon Chindapradist, the Chairperson has been using his own car while the Company compensates all expenses such as petrol, maintenance, and wear and tear which have amounted to Baht 50,000 per month.

## Other Remuneration of Executives

The Company has set the provident fund. The company has support 4 percents of Executives' salary to the provident fund. In year 2013, the company has contributed in the provident fund around Baht 0.815 million for 5 Executives.

## Provident Funds

In the resolution of Board meeting No.18/2002 on October 22, 2002, a provident fund was agreed upon that was then registered according to the Provident Reserve Funds Act B.E. 2530 and the Amendment Act B.E. 2542. The Company's provident fund was officially established on December 25, 2002. As of November 1, 2006, the Company changed the asset management company from Finansa Asset Management Company Limited to ING Fund (Thailand) Company Limited. On July 1, 2009, the Company changed the asset management company from ING Fund (Thailand) Company Limited to MFC Asset Management which managed and registered provident fund under name "MFC Master Fund". This fund is categorized as Master Pooled Fund.

According to the Fund's regulations under the approval of Board's resolution No 18/2002, the Company shall contribute to the Fund with the amount equivalent to its staff's contributions, and each staff shall contribute to the Fund the amount calculated on the percentage of salary as follows:

Working Period	% of Salary
Not over 3 years	3
Over 3 years but not over 5 years	4
Over 5 years up	5

As of December 31, 2013, the Company's contribution was Baht 14.39 million.

## Personnel

As of December 31, 2013 the Company has 915 employees ; 331 were located at the head office and 584 were located at 59 branch offices. All employees were divided as below:

Securities division	614	employees
Investment Banking division	17	employees
Information Technology	22	employees
Research division	10	employees
Finance and account	11	employees
Compliance	8	Employees
Management division and others	<u>233</u>	employees
<b>Total</b>	<u><b>915</b></u>	employees



#### Family Relationship among the Management

Mr. Sadawut Taechaubol, Executive Chairperson, is a father of Mr. Tommy Taechaubol, Director.

#### Illegal Charge Records of the Management

None

#### Execution of Contracts in Which Directors Have Direct or Indirect Interest in 2013

None

#### Shareholding of Directors and Management in Subsidiary

None

Country Group Securities Public Company Limited  
Organization Chart of Department



Executive Committee Meeting, Time 3/2014  
February 19, 2014

(Mr. Surabon Khunchaitunya)  
Director and Vice Executive Chairman

Miss Sathida Chirapatsakul)  
Chief Executive Officer

Become effective on February 18, 2014

# Annual Report 2013

## Corporate Governance

### 9. Policy on Corporate Governance

The Board strongly believes in good corporate governance. As such, the Board gives full support and encouragement to good governance practices throughout the whole organization under the key principles of integrity, transparency, avoidance of conflict of interest, information disclosure and fair dealing. Our management team focuses on upholding the integrity of the industry, the investment profession, and in putting the interests of clients and shareholders above their own personal interests.

The Policy on Corporate Governance is divided into five categories as follows:

#### 1. Rights of Shareholders

- 1.1 The Board oversees and ensures that every shareholder has the following basic rights:
  1. To receive or transfer shares unless the transfer causes the Company to exceed the number of Non-Thai shareholders quota of 49% of total number of shares outstanding.
  2. To obtain accurate, complete and timely information.
  3. To propose, appoint or demote directors and to approve the appointment of independent auditors.
  4. To make the decision on changes in the Company's important policy.
  5. To obtain profits from operations.
  6. To attend the meeting and to vote in the shareholders' meeting as follows
    - Nominate, appoint or removal directors
    - Appoint auditors
    - Appropriate dividend payment
    - Issue or amend regulations or articles of associations
    - Decrease or increase registered capital
    - Approve extraordinary agenda
    - Other matters that affect the Company in accordance with the law
- 1.2 Every shareholder shall receive a notice of the annual general meeting with adequate information specifying the date, time, place and agenda including concerned matters in advance.
- 1.3 The Company shall arrange the shareholders meeting at the appropriate time and place for shareholders to attend the meeting conveniently.

- 1.4 All directors are required to attend the shareholders meeting to clarify or answer questions to shareholders.
- 1.5 The shareholders shall have an opportunity to propose additional matter in the agenda or ask questions, request for clarification and express opinions appropriately according to the meeting agenda, as a result, the Board should not add any agenda without noticing the shareholders in advance.
- 1.6 The shareholders shall acknowledge rules and regulations and voting procedures of the meeting. The Company shall post all agenda on its website in advance prior to sending documents to the shareholders so that they have adequate time to prepare for the meeting.
- 1.7 The Board's opinions shall be provided in each agenda and the minutes of the meeting is recorded correctly and completely so that the shareholders and concerned persons are able to verify such meeting.
- 1.8 All directors and senior executives of the Company are required to disclose their relationship – both direct and indirect ways – with the major shareholders or the third parties who have connected transactions with the Company.

## **2. Treatment of Shareholders**

**2.1 The Board oversees and ensures that every shareholder is treated equally as the following:**

- 1) The Company shall delivery a shareholder meeting invitation at lease 14 days in advance and provides the shareholder adequate information specifying the date, time, place and agenda including concerned matters. Thus, shareholder will have an opportunity to submit questions in advance.
- 2) The Board shall provide an opportunity for shareholders to submit question in 7 days in advance before the shareholder meeting.
- 3) Announcement of shareholder meeting will be posted on the newspaper for 3 consecutive days in order to inform the shareholders.
- 4) The Company will use computer in registration process to consume less time for shareholders.
- 5) The Company will hold the shareholder meeting on date, time and location that shareholder is able to attend the meeting; and will not sudden change the meeting's location.
- 6) The Board shall provide an opportunity for shareholders using power of attorney for proxy forms to pre-indicate his/her voting direction and propose at least a name of

Independent director for shareholders to grant their proxy. In the ordinary annual shareholder meeting 2013, shareholders granted their voting rights to Mr. Charn Tulyaphisitchai (Independent Director) to vote on their behalf.

- 7) The Chairperson of the Board of Directors shall inform rules and regulations of voting procedures, and number of shareholder attended the meeting to shareholders in the meeting.
- 8) Shareholders who is executive shall add no agenda without informing in advance.
- 9) Each share has equal rights. The shareholders have the rights to vote according to the number of shares hold. In addition, they shall have equal rights to obtain news and information about the Company.
- 10) The Chairperson of the Board of Directors shall begin the agenda in order as informed in the meeting invitation.
- 11) The Chairperson of the Board of Directors shall allow the shareholders to discuss and ask question.
- 12) The Board shall encourage the use of voting forms for important matters such as related transaction, acquisition, sale of assets, and election of the Board.
- 13) In the shareholders meeting, all shareholders who are executives, non-executives and foreign shareholders shall be treated equally and fairly.
- 14) All shareholders who attend the meeting shall have the right to vote as agree, disagree or abstention on each agenda.
- 15) The Board shall provide an opportunity for shareholders to elect director individually.

In the ordinary annual shareholder's meeting for 2013 held on April 22, 2013, there were 156 shareholders counting as 303,456,999 shares and were 164 people granted voting right from the shareholders counting as 584,027,622 shares. Therefore, total number of people attended was 320 people counting as 887,484,621 shares which accountable for 38.08 percent of issued shares which followed the Company's regulation.

## **2.2 Supervision on Use of Inside Information**

The Company prohibits directors, executives, and all staffs to trade equity and derivatives by using inside information, and sets clear guidelines to prevent usage of inside information as follows:

- 1) The Company has set a code of conduct and has prohibited all executives and staffs to take advantage of the Company's Watch List, Restricted List, and Research List for securities trading purpose.
- 2) The Company has issued regulations and guidance on measurement of confidentiality of client information and proper firewall to minimize information flow (Chinese wall).
- 3) The confidential information shall not be disclosed to the public.
- 4) The Company has issued regulations and business ethics for all members of management and employees in written and those who breach the regulations will be severely penalized.
- 5) The Company has designated the audit and compliance division to oversee that all members of management and employees from all division perform their duties in accordance with the relevant laws and regulations.

### **2.3 Policy on Supervision on Use of Position for Personal Benefits**

- 1) In accordance with Section 59 of the Securities and Exchange Act. B.E. 2535, directors and executives are required to report a change of securities holdings to the Securities and Exchange Commission and the Stock Exchange of Thailand
- 2) The Company's directors, executives and staff who relate to internal information are not allowed to disclose such information to any outsiders or unrelated persons.
- 3) The Company's directors, executives and staff who relate to the preparation of financial statements or related information are not allowed to trade the Company's securities before earnings release.

### **2.4 Policy on Conflict of Interest**

The Company has not allowed the directors, executives and staff to operate a competing business and to make connected transactions which may lead to conflict of interest. In the event that connected transactions are required, the Board of Directors will oversee connected transactions made transparent and fair as if the Company deals with outsiders. The directors, executives or staffs who are stakeholders are not allowed to consider and approve these transactions.

In case those transactions are considered as connected transactions under the notifications of the Securities and Exchange Commission or the Stock Exchange of Thailand, the directors will strictly oversee transactions made in accordance with regulations, methods and disclosures of information concerning connected transactions of listed companies.

**2.5 Policy on Connected Transactions of The Company, Subsidiaries, Associated Companies and Corresponding Subsidiaries, which are divided into two parts as follows:**

**2.5.1 Measure to control connected transactions**

The Company has issued measures to control making connected transactions of the Company, subsidiaries, associated companies and corresponding subsidiaries with individuals who may have conflicts of interest, personal interest or possible conflicts of interest as stipulated by the notifications of the Securities and Exchange Commission or the Stock Exchange of Thailand. The Company's audit committee will give a view on a necessity to make connected transactions and appropriate prices which will depend on conditions in accordance with a guideline on normal trading and enable to compare the price with outsiders.

In the event that the audit committee is unable to consider connected transactions, the Company will seek an independent expert or the Company's auditor to act as a viewer of such connected transactions for further consideration of the Company's Board of Directors and/or audit committee and/or shareholders, as the case may be. Those who may have conflicts of interest or personal interest in connected transactions shall not be entitled to vote for the approval of connected transactions.

In addition, the Company will disclose information of making connected transactions and vital asset acquisition or disposal of the Company and its subsidiaries in accordance with the notifications of the Securities and Exchange Commission or the Stock Exchange of Thailand and the accounting standard of the Institute of Certified Accountants and Auditors of Thailand.

**2.5.2 Policy or Tendency on Possible Connected Transactions**

The Company, subsidiaries, associated companies and corresponding subsidiaries may make possible connected transactions with individuals who may have possible conflicts of interest.

In the event of being normal business transactions and normal business supporting transactions with general trade conditions with individuals who may have conflicts of interest, especially subsidiaries of Country Group Securities Public Company Limited., the Company has set a policy on connected transactions by providing various conditions in accordance with the nature of normal business operations in the market which can compare the price with outsiders pursuant to a principle approved by the Company's Board of

Directors under the Securities and Exchange Act. B.E. 2535. Related parties must strictly follow a joint agreement and set a clear and fair price and terms and not lead to transfer of benefits.

Making new connected transactions or changing prices or conditions, the Internal Audit and Compliance Department must investigate information and prepare quarterly reports to the Audit Committee for consideration and recommendation on the appropriation of prices and reasons for making connected transactions.

In case of other normal business, normal business supporting and connected transactions, the Company will follow the aforesaid measure to control connected transactions.

### **3. Role of Stakeholders**

The Board serves to assure equal treatment of stakeholders - clients, shareholders, investors, creditors, partners, management, employees, independent auditors, public sector, society and other concerned entities. As such, the company must comply the following:

#### **Policy on Safety and Sanitation**

The Company improved working environment by expanding work space to reduce congestion and for a better working quality. Therefore, the Company's employees can create an excellent working performance and improve their capability. Also, the Company provides health insurance for its employees.

#### **Policy on Employee Compensation and Benefits**

The Company has set a policy on employee compensation and benefits to which the KPI method is applied for evaluating performance to pay compensation to staff equally and fairly. The Compensation Sub-committee is appointed by the Company's Board of Directors has overall responsibility for considering and determining appropriate payments.

#### **Establishment of Employee Provident Fund**

Provident fund ("the fund") is a fund set up voluntarily between employers and employees. Asset of the fund consists of money contributed by both employers and employees. This means employees are not alone in saving the money, employer help them at the same time. The contribution to be made by employer will always equal or exceeding that contributed by employees. Therefore, set up of provident fund can be regarded as a kind of benefit that could motivate employees to work with employer.



Provident fund not only provides a tool for employees to save consistently with the employer's assistance, asset of the fund is further managed by a professional called "Asset Management Company" The benefit derives from management is distributed to member of the fund proportionately.

#### **Policy on Human resource development**

Employees have been trained to enhance personnel development and have been instilled to practice their job with honesty as well as keep clients' information confidential.

#### **Policy on Violation of Human Rights**

1. Support and respect the protection of human rights, prevent overseas the Company's operations from human rights violations. For instance, the Company should seek to eliminate forced labor and child labor.
2. Treat all stakeholders fairly and respectfully without discrimination as to race or ethnic origin, gender, age, skin color, religious, body, status or family.

#### **Policy on Client Responsibilities**

The Company aims to offer a highest clients' satisfaction therefore the Company must be responsible to the client with clear and fair practice according to the rules and regulations in dealing with clients. The clients are also delivered accurate information with transparency. Furthermore, the Company has provided a communication channel where clients can leave their complaints, and has set guidance and procedures on dealing with the client's complaints in a careful and fair manner. Furthermore, the Company has participated in the Dispute Settlement by Arbitration which facilitated by Securities and Exchange Commission (SEC). In the case that the client has any dispute or arbitration issues regarding the Company's business conducts, the client could file for settlement by arbitration; however, the dispute must equip with the conditions indicated by SEC.

#### **Policy on Competitor Responsibilities**

The Company must conduct the business with clear and fair practice according to the rules and regulations particularly the rates of commission fee charged in both securities and derivatives trading. Also, marketing officers and head of marketing team are treated fairly with appropriate remuneration.

#### **Policy on Suppliers**

The Company shall treat suppliers equally according to term and conditions specified in the contract without a violation of laws such as using copyright software.

### **Policy on Creditors**

The Company is promising to deal fairly with creditor in terms and conditions which indicated on the loan agreement, principal and interest's repayment, and the collateral agreement

### **Policy and Practice on Intellectual Property or Copyright**

1. The Company supports our employees to do their works without violating the law or intellectual property law such as trade mark , patent, copyright and other intellectual properties,
2. The Company's employees have right to create and invent their work independently under the law specified except the works that generate from work and use of the Company's data are property of the Company. However, if the Company clearly permit that the invention is belong to its employees, the right of invention belong to them.
3. The Company supports its employees to realize an important of intellectual property right in workplace and daily life.
4. Before using any data or information, a person who uses the data or information must inspection the intellectual property right before use.

### **Policy and Practice on Corruption**

1. Manage to have effective internal control and risk evaluation to prevent corruption, and improper behavior of employees and outside people who related to the Company.
2. Encourage honesty and responsibility as organization culture as well as increase awareness of corruption that is wrong behavior.
3. To have a transparency of financial report under universal accounting standard.
4. Provide channel for employees to report, suggest or complain regarding corruption.
5. Determine to have preventive measure for give and receive gifts, give dinner of welcome, or excess expense that over the Company limit or violate law of related countries.
6. Determine to have preventive measure for any bribery that directly or indirectly facilitate the relationship in doing business.
7. Specify a clear and fair procurement under proper procedures and rules.
8. Specify a transparent of any money donation.
9. Encourage employees to exchange and share proper guidelines among other companies in the same industry including all related stakeholders in order to join anticorruption activities hold by associations, chamber of commerce or others compliance units.

## Policy and practice on Social Responsibilities

CGS is always aware of our social responsibilities to the community that we are a part of. We dedicate to act in a socially responsible way in our interactions with all stakeholders. In each year, CGS allocates partial budget to support corporate social responsibilities (CSR)'s activities by focusing on three areas such as education, religion, and social improvement. In 2013, there were 4 education projects, 11 religious projects, and 11 social projects. The detail is as follows:

### Education

1. Supported a scholarship to municipal Tumbon Rum Ma Sak for 20 scholarships on Children day. There are three schools from Tumbon Rum Ma Sak and three schools from nearby Tumbon entered the scholarship. The purpose of supporting is to encourage and develop children toward education.
2. Supported fund to Mahidol University 's Faculty of Engineering foundation and youth camp under Faculty of Engineering foundation.
3. Supported VASU walking marathon of Wasuthewee School.
4. Supported a scholarship to Mahidol University Alumni in order to give scholarship to students and to do charity.

### Religious

1. Supported Chanting for Buddha project from Mother's Day to Father's Day with the purpose of celebrating Buddhajanti:2,600 Years of the Buddha's Enlightenment.
2. Supported group ordination to celebrate HM The King Honor 86 years at Wat SU Chon, purposed to build awareness of Thai morality according to Buddhism and culture.
3. Supported Thammigachon Foundation for the blind under the Royal Patronage in offering of robes at Cha-Am, Petchaburi province.
4. Supporting fund for joined building sermon hall in a monastery at Wat Pakmuang , khuamung , Sarapee , Chiang Mai province.
5. Joined in offering of robes of October 14 foundation at Wat buddhanya , Nonthaburi.
6. Joined royal Thot Kathin of year 2013 at Wat Pra Sing royal temple, Pra Sing, Chiang Mai province.
7. Joined royal Thot Kathin of year 2013 at Royal Wat Saket.
8. Joined Thot Kathin at Wat Santi Tham Banphot, Nongbualamphu province.
9. Joined Thot Kathin to build dam and Thai style roof at Wat Bang Kra Jed, Bang Kra Jed, Bang Kra , Chachoengsao province.
10. Co-Hosted Thot Kathin at Wat Siripong, Ta Rang, Bang Khen.
11. Supported of entering the priesthood at Wat Sa Rean and Dharma School of Wat Sa

Rean.

#### **Social Development**

1. Supported “ Sarn Fun Pun Jai Hai Nong Project” at Chiang Mai province.
2. Donated money to “Rak Thai Project” which was a charity project for underprivileged.  
The purpose was to supported anti-drugs project of government for youth.
3. Supported Association for the Promotion of the Status of Women.
4. Supported “Dental Project” in order to recovery children and children with special need.
5. Supported International ICOMOS 2013 meeting for exchanging knowledge and Inheritance of Asia culture.
6. Donated to Thai with disabilities foundation in order to assist of buying prosthesis for disabilities and children.
7. Supported the projects of The society for the promotion of animal welfare under the Royal Patronage that help underprivileged animals.
8. Donated money to Association for supporting an occupation for cripple of Thai.
9. Donated money to The Foundation for the Welfare of the Mentally Retarded of Thailand under the Royal Patronage of Her Majesty the Queen in order to help people with mentally retarded all over Thailand.
10. Supported activities "for the Ruamjai Campaign against AIDS" a program with “white heart program” to education and understanding HIV / AIDS to the community and care for HIV/AIDS patients.
11. Donated money to “Punrak Project” for blind children with disabilities in order to help build school for them at Cha-Am, Petchaburi province.

#### **Policy on Use of Resource**

1. Maintain asset of the Company in good condition and prevent them from breakage and loss.
2. If any employee who responsible for particular asset and lose it, this person should co-responsible with the Company according to rules, regulations, or policy stated.
3. Well use the Company's asset by concerning environment and energy.
4. The Company's asset is not allowed to indirectly and directly use for employee own interest.
5. Employee must return all assets including data use for work when he or she is not the Company's employee. The data is not allowed keep in any form such as duplicate.

## Policy on Environment

1. Act according to law and requirement about the environment.
2. Encourage employees to learn about the environment in order to instill responsibility toward the environment.
3. Encourage employees to exchange knowledge and experience about the environment among employees or departments within the Company.
4. Encourage and support employees to regularly improve their working condition to suit environment.
5. The Company has management policy that prevents impact of operation from environment.

Additionally, the Company acknowledges the rights of shareholders according to the specified law and encourages cooperation between the Company and its stakeholders for sustainable business growth. All stakeholder groups are treated equally and fairly, and the information is disclosed fairly and timely to all related parties in accordance with the SET's procedures.

## 4. Information Disclosure and Transparency

### 4.1 Information Disclose

- 1) Provide accurate information with transparency and disclose consistently.
- 2) Assign specific persons or departments to disclose information to shareholders, investors, analysts, mass media or supervisory units.
- 3) Details of information which shall be disclosed consistently are:
  - General information and type of business
  - Financial statements and operating performances and researches
  - List and shares proportion of major shareholders and executives
  - Risk factors of business
  - Policy on directors and senior executives' remuneration
  - Directors' qualification information
  - Connected transactions
  - Code of ethics and practices
- 4) Prepare financial statements or financial information to show financial status and operating performance as required by law and disclose other information in a complete, accurate, sufficient and timely manner so that shareholders and stakeholders are informed accordingly.
- 5) Arrange to have financial statements audited by an independent external auditor.
- 6) Facilitate analysts, investment advisors, brokerage firms, credit rating institutions, mass media and external supervisory units, and etc. in the best interest of investors.
- 7) Disclose policies on corporate governance and operating performance in the annual

report website, as well as announcing them at the head office and all branches.

8) Disclose roles and duties of all committees, the number of meetings and attendances, directors' opinion including a policy on directors' and senior executives' remuneration in the annual report and the Company's website.

9) In accordance with Section 59 of the Securities and Exchange Act BE 2535, the directors have a duty to report trading/holding of company's securities to the Board every month.

#### **4.2 Director's Report**

The board of directors is responsible for the accuracy of the Company's financial statements as well as those of its subsidiaries included in the Annual Report. Thus, reporting is prepared carefully after every meeting to specify the responsibility of the Board for the consolidated financial statements of the Company and its subsidiaries and other important matters according to the standard practices suggested by the SET along with the audit report, as shown in the annual report.

Under the structure of the Company's Board, it has provided the adequate independent directors to balance the power as specified by the regulators' rules. In turn, the Audit Committee, that is Mr. Dej Namsirikul and Mr. Charn Tulyaphisitcha who have adequate knowledge and experience to review the quality of financial reports including disclosure of important information in the notes to the financial statements and to discuss necessary issues with compliance and 2014, the Audit Committee has proposed and appointed Mr.Chavala Theinprasertkit and/or Mr.Permsak Wongpatpagorn and /or Mr.Niti Jungnitnirundr and/or Ms. Nisagorn Songmanee of Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. to act as the auditors of the Company for the year 2014 and considered the remuneration for the auditing service of 2,450,000 million baht, which was the same as in 2013.

#### **4.3 Investor Relations**

The Board realizes the significance of accurate, complete, and transparent disclosure of the Company's financial and non-financial information including those that may have impact on share price and investor sentiments. As such, information must be provided in a manner that is also timely and consistently to all investors and stakeholders for their decision making according to the rules and regulation of the SET. The Company shall disclose such information through various channels such as reports to the SET, Company website ([www.cgsec.co.th](http://www.cgsec.co.th)). To disseminate accurate and reliable information as well as to eliminate rumours or misleading information, the Company has assigned the chief executive officer to be responsible for answering any questions and clarifying any information of the Company to investors and relevant parties. Investors can contact this person by telephone at

number 0-2205-7000 ext. 1007, or at e-mail address: [IR-CGS@countrygroup.co.th](mailto:IR-CGS@countrygroup.co.th). In addition, the Company has assigned the audit and compliance division to respond to clients' complaints and can be contact by telephone at 0-2205-7000 ext. 1300-11.

## **5. Board Responsibilities**

The Board's main objective is to instill leadership and to guide the Company in a direction that will bring success to its stakeholders. As such, the Board's duties and responsibilities includes the following; to set and ensure that policies are adhered to, to approve the Company's business strategy, objectives, corporate plan and budget, to oversee adequate risk management, and to oversee effective and transparent implementation by the management team.

### **5.1. Structure of the Boards**

#### **1) Balance of Power of Directors**

The Board consists of at least 5 directors but not more than 15 directors, who are skilled, experienced, dedicated, and equipped with knowledge and independent judgment to share in Board meetings. In addition, each director must possess qualifications specified by law. Also, one third of the Board or at least 4 members constitution are independent directors.

As of December 31, 2013 the Board of directors consisted of 15 directors; 5 executive directors, 5 directors, 5 independent directors of which consisted of 3 audit committee members.

An appointment to the Board is subject to pre-set agenda with transparent and clear nomination of well-profiled directors. The Company shall disclose the profile of all directors in detail, including any changes made to the public through the Company's website, internal media , head office and also at every branch office.

#### **2) Segregation of Positions**

To achieve independence of the chairperson of the board, and to segregate authorities and duties of policy makings and daily management, the chairperson of the board is not the same person as the chairperson of the executive board.

The chairperson of the board must not take managerial position of the Company nor has any direct or indirect conflict of interest on the Company's financing, investment and management functions.

In order to be mutually balanced, the Board has clearly set distinguished roles, duties and authorities for both the Executive Board and the President in writing to prevent

any overlaps. Hence, the Board defines the Company policies, whereas the Executive Board oversees the Company's management and that the policies are met.

### 3) Qualifications of Directors and/or Independent Directors

A number of independent directors are not limited to a specific number. The Board elects a member of independent directors based on his/her knowledge and experience that best benefit the Company ;however, his/her qualifications should meet the requirement of SEC and the Act of Public Company Limited.

## 5.2 Sub-Committees

The executive board appointed the sub-committees in order to increase operation effectiveness and efficiency as follows:

- 1) **Investment Committee:** to study and to consider on securities for the account of Company to obtain maximum returns according to the policy and the frame determined by the Board of Directors of the Company, while the Investment Committee is independent separately from marketing department and other work section. The Investment Committee is consisted of

No	Name	Position	As
1	Mr. Somkad Sueptrakul	Director	Chairperson
2	Mr. Surabhon Kwunchaithunya	Vice Chairperson	Vice Chairperson
3	Ms. Duangtida Pankasemsuk	Vice President	Committee
4	Ms. Areeya Positwongsa	Assistant Vice President	Committee
5	Ms.Nattcharinphon Jesadapisit	Senior Vice President	Committee and Secretary

- 2) **Compensation sub-committee :** to determine the policy of the Company related to the wages, rules of compensation and to review the compensation structure of the directors and the high rank executives including consideration to the suitability with giving opinions in case the Company has propose the new securities offered to the directors, high rank executives and employees. Compensation sub-committee consists of

No	Name	Position	As
1	Mr. Cham tulyaphisitchai	Independent director	Chairperson
2	Pol. Gen. Somchai Vanichsenee	Independent director	Committee
3	Mr. Hong Chye Sim	Director	Committee



- 3) **Nomination sub-committee:** To consider to suitability to the structure, and component of board of directors and to determine the qualification of those directors and high rank executives, and rules with regulations to recruit to the directors and high rank executives including evaluation to the performance of the directors in due terms and high rank executives. Nomination sub-committee consists of

No	Name	Position	As
1	Mr. Charn tulyaphisitchai	Independent director	Chairperson
2	Pol. Gen. Somchai Vanichsenee	Independent director	Committee
3	Mr. Hong Chye Sim	Director	Committee

- 4) **Good governance sub-committee:** To determine principles of good monitoring business with the ethics of directors, management and employee including to control, to supervise to disclosing the information from following to the principles of good governance in annual report completely. Good governance sub-committee consists of

No	Name	Position	As
1	Pol. Gen. Somchai Vanichsenee	Independent director	Chairperson
2	Mr. Surabhon Kwunchaithunya	Director and Vice Chairperson of Executive Board	Committee
3	Mr. Priyong Teerasathian	Vice Managing Director	Committee
4	Ms. Duangtida Pankasemsuk	Vice President	Committee
5	Ms. Sasiwimol Singha-Ngoen	Secretary of the Board of Directors	Committee

The Board of Executive has considered to appoint the sub-committees in order to manage with efficiency and more efficacy with accuracy, completeness and also comply with the regulations of external control such as

- 5) **The Credit Committee:** to consider the rules and regulation to open the account, to review the credit to purchase securities and/or the futures for the customers including other rules related to the securities trading and/or the futures to comply correctly and suitably. Credit Committee consist of

No	Name	Position	As
1	Mr. Surabhon Kwunchaithunya	Director and Vice Chairperson of Executive Board	Consultant Committee
2	Ms. Sudthida Chirapatsakul	CEO (Manager)	Chairperson
3	Mr. Chanachai Joonjiraporn	CEO	Committee
4	Mr. Suwit Ratanayanon	President	Committee
5	Mr. Punnee Thakerngkait	MD/Retail Brokerage	Committee
6	Mr. Decha Pangkum	MD/Retail Brokerage	Committee
7	Mr. Supakrit Choksukthanapong	MD/Retail Brokerage	Committee
8	Ms. Duangtida Pankasemsuk	Head of Risk Management	Committee and Secretary

- 6) **Risk Management Committee:** to consider and to manage risks and to determine initial margin rate with suitability with careful and strict control. The risk management committee consist of

No	Name	Position	As
1	Mr. Surabhon Kwunchaithunya	Director and Vice Chairperson of Executive Board	Consultant to Committee
2	Ms. Sudthida Chirapatsakul	CEO (Manager)	Chairperson
3	Mr. Chanachai Joonjiraporn	CEO	Committee
4	Mr. Suwit Ratanayanon	President	Committee
5	Mr. Punnee Thakerngkait	MD/Retail Brokerage	Committee
6	Mr. Decha Pangkum	MD/Retail Brokerage	Committee
7	Mr. Supakrit Choksukthanapong	MD/Retail Brokerage	Committee
8	Ms. Duangtida Pankasemsuk	Head of risk management	Committee and Secretary

- 7) **Underwriting Committee:** to consider on making contract as the securities suppliers and to accept guarantee to securities distribution with suitability, with careful and strict control, and to comply with the outside organization supervision. Underwriting Committee consist of

No	Name	Position	As
1	Mr. Surabhon Kwunchaithunya	Director and Vice Chairperson of Executive Board	Consultant to Committee
2	Ms. Sudthida Chirapatsakul	CEO (Manager)	Chairperson
3	Mr. Chanachai Joonjiraporn	CEO	Committee
4	Mr. Chupong Tanasettakorn	MD/Investment Banking	Committee
5	Ms. Netchanok Anawan	Head of Accounting and Finance	Committee
6	Ms. Duangtida Pankasemsuk	Head of risk management	Committee
7	Mr. Panupong Techaphetpaiboon	Vice MD of Investment Banking	Committee and Secretary

- 8) **The Discipline Committee:** to consider and to operate to the employees who violate the rules and regulations, notice, regulations of the company and of the outside supervision organization. The discipline committee consists of

No	Name	Position	As
1	Mr. Surabhon Kwunchaithunya	Director and Vice Chairperson of Executive Board	Consultant to Committee
2	Ms. Sudthida Chirapatsakul	CEO (Manager)	Chairperson
3	Mr. Chanachai Joonjiraporn	CEO	Committee
4	Mr. Suwit Ratanayanont	President	Committee
5	Mr. Punnee Thakerngkait	MD/Retail Brokerage	Committee
6	Mr. Decha Pangkum	MD/Retail Brokerage	Committee
7	Mr. Supakrit Choksukthanapong	MD/Retail Brokerage	Committee
8	Mr. Priyong Teerasathian	Head of Compliance	Committee
9	Ms. Sasiwimol Singha-Ngoen	Head of Law	Committee
10	Ms. Kanlaya As-sawarak	Head of Human Resource	Committee and Secretary

- 9) **The Petition Committee:** to consider and to operate on the matters related to the customers' claims to comply fairly, fast, and suitable. The Petition Committee consist of

No	Name	Position	As
1	Mr. Surabhon Kwunchaithunya	Director and Vice Chairperson of Executive Board	Consultant to Committee
2	Ms. Sudthida Chirapatsakul	CEO (Manager)	Chairperson
3	Mr. Chanachai Joonjiraporn	CEO	Committee
4	Mr. Suwit Ratanayanont	President	Committee
5	Ms. Punnee Thakerngkait	MD/Retail Brokerage	Committee

6	Mr. Decha Pangkum	MD/Retail Brokerage	Committee
7	Mr. Supakrit Choksukthanapong	MD/Retail Brokerage	Committee
8	Ms. Sasiwimol Singha-Ngoen	Head of Law	Committee
9	Ms. Kanlaya As-sawarak	Head of Human Resource	Committee
10	Mr. Priyong Teerasathian	Head of Compliance	Committee and Secretary

10) **Business Continuity Plan Committee:** to make the Company's plan continuously operate and able to serve customers normally and effectively. The committee consist of

No	Name	Position	As
1	Mr. Surabhon Kwunchaithunya	Director and Vice Chairperson of Executive Board	Consultant to Committee
2	Ms. Sudthida Chirapatsakul	CEO (Manager)	รองประธาน
3	Mr. Chanachai Joonjiraporn	CEO	Committee
4	Mr. Suwit Ratanayanont	President	Committee
5	Mr. Punnee Thakerngkait	MD/Retail Brokerage	Committee
6	Mr. Decha Pangkum	MD/Retail Brokerage	Committee
7	Mr. Supakrit Choksukthanapong	MD/Retail Brokerage	Committee
8	Mr. Surasak Boonyachai	Head of Business development	Committee
9	Mr. Ronnakrit Sarinwong	Head of Retail Research	Committee
10	Mr. Chupong Tanasettakorn	Head of Investment Banking	Committee
11	Ms. Nattcharinphon Jesadapisit	Head of Investment Management	Committee
12	Ms. Pornthip Rungchintanagarn	Head of Operation 1	Committee
13	Ms. Orapin Taechaubol	Head of Operation 2	Committee
14	Ms. Netchanok Anawan	Head of Accounting and Finance	Committee
15	Ms. Kanlaya As-sawarak	Head of Human Resource	Committee
16	Dr. Wida Pathomvanich	Head of Corporate Marketing	Committee
17	Mr. Priyong Teerasathian	Head of Compliance	Committee
18	Ms. Duangtida Pankasemsuk	Head of risk management	Committee
19	Mrs. Natthavadee Anananuchatkul	Head of Administration	Committee
20	Ms. Wilawan Kultangwattana	Head of Information Technology	Committee and Secretary

In addition, the Executive Committee has considered to appoint various committees and sub-committees as follows:

- Damage Committee: to consider to the employees' responsibilities related to the damage occurred from delivery securities order or the futures errors and from clients default to the security trading or setoff value or additional deposit including other risks occurred from the employees' performance to comply suitably.
- Compensation of Marketing Officer Committee: considers compensation payment to the visitors to investors, to perform on consideration to compensation payment to the visitors to the investors who acts as marketing staff and acts as head of security trading team or top executive of the branches to comply to the regulations of the Stock Exchange of Thailand.

### 5.3 Duties and Responsibilities of the Board

#### 1) Leadership, Vision, and Independent Decision

The Board's main objective is to instill leadership and to guide the Company in a direction that will bring success to its stakeholders. As such, the Board's duties and responsibilities includes the following; to set and ensure that policies are adhered to, to approve the Company's business strategy, objectives, corporate plan and budget, to oversee adequate risk management, and to oversee effective and transparent implementation by the management team. In addition, the Board sees the importance of good corporate governance and emphasizes on good internal control and effective risk management which is regularly reviewed in board meetings. Thus, it is essential that the Board comprise of directors who have leadership and vision, as well as capability to make independent decisions for the highest benefits of the Company and the stakeholders.

The Company has 7 main committees and subcommittees; namely the board, the audit committee, the executive board, the investment committee, subcommittee of compensation, nomination subcommittee and good governance subcommittee whose authorities, duties and responsibilities are clearly defined. Such authorities and duties include the authority to approve financial transactions. The division of such committees complies with good corporate governance practice. It also ensures that Board duties are conducted in an efficient and transparent manner so that the Company will be prepared to be audited at all times.

#### 2) Conflicts of Interest

The Board has set clear guidelines to prevent conflicts of interest. These are listed below as follows:

- To have a well-structured organization chart, whereby each functional unit can be monitored for performance with relevant committees to oversee internal control for adherence with external regulatory bodies.
- Encourage all employees to adhere to good corporate governance by promoting working principles of integrity, professional ethics, client confidentiality, and no usage of inside information for own interests.
- For situations dealing with conflicting stakeholder interests, the Board and management shall consider the each carefully, honestly, reasonably, and independently for the best benefit of the Company, with the resulting decision disclosed to shareholders.
- In cases of conflict of interest or related transactions, all related directors must disclose such information to the meeting immediately and shall not have the right to attend nor vote for that agenda.
- Directors, executives and all staff should avoid any transactions that may lead to conflict of interest as a result of taking advantage of inside information.
- Directors, executives and all staff should avoid holding shares in the business of its competitors that might affect their duties or responsibilities. In the case that such person holds shares before employment or prior to the Company to operate the same business, the person must report to his/her relevant supervisors and send a copy of the report to the audit and compliance division.

### **3) Business Ethics**

The company strongly upholds its business ethics to the utmost importance in achieving long term success, business targets and in maximizing shareholder's wealth. The Board has set a code of conduct for employees to follow and use as a guideline to perform each dedicated task with honesty and integrity to the Company, and all stakeholders. In addition the Company has established a set of punitive courses for those in breach of the code of conduct which is regularly monitored by the audit and compliance division.

### **4) Internal Control and Audit and Financial Report**

The Company bestows serious attention on internal control system at both managerial and operational levels, focusing on adequacy and appropriateness for the prevention of damages that may occur to the Company's financial and business operations. The Company has set up internal control and audit policies as follows:

- Management is assigned to prepare accurate, complete and timely financial reports both quarterly and yearly.

- Efficient internal control and audit systems to ensure that the Company adheres to all relevant standards and laws which in turn is under the investigation of internal auditors and review of the audit committee.
- The Company has clearly defined in writing the responsibilities and authorities of the management team.
- Continuous monitoring and auditing of Company assets to avoid damages or exploitation.
- Segregation of duties in order to have an appropriate system of check and balance.
- The Board gives importance to advice or suggestions made by independent auditors and regulatory bodies in helping the Company to further improve its operational practices.
- An audit and compliance division that reports directly to the audit committee to ensure independent judgment.
- Policies to recruit reputable external auditors approved by the SEC in order to audit, advise and rectify any weaknesses or errors of the internal control system.

#### **5.4 Meeting of the Board of Directors**

1. The Board schedules normal meetings in every month so that directors can allocate their time accordingly. Additionally extra board meetings can be held if necessary. In every normal meeting the Board will follow up on the progress of issues from previous meetings and monitor all operating performances of the Company and its subsidiaries.
2. Each Board meeting must consist of at least half the members present.
3. The chairperson will approve the proposed agenda as advised by the executive chairperson and will consider other matters in the agenda proposed by any director in the meeting. Hence, each director is able to independently propose other matters in the agenda.
4. The chairperson shall give sufficient time for management to propose each matter or search for supporting documents in order to carry out a proper discussion.
5. The Board shall notify the Chief Executive Officer to invite senior executives to attend a Board meeting in order to directly provide additional information on specific issues.
6. The Board may ask for additional information from the Chief Executive Officer or other assigned executives or request for independent opinions from external consultants.
7. The management shall be responsible for giving proper information, advice and services to the Board in a timely manner.

8. The Board has a policy for non-executive directors to hold a meeting at least twice a year to discuss various problems without presence of management. The result of the meeting will be reported to the Chief Executive Officer.
9. The secretary of the Board shall send an invitation letter together with the agenda and supporting documents to every director in advance of no less than 7 days so that directors have adequate time to review the information.
10. In every Board meeting, the secretary shall keep record of the minutes of the meeting for future reference.

In 2013, the total number of board meetings was 13 which consisted of 12 ordinary meetings and 1 extraordinary meeting.

### **5.5 Evaluation of the Board of Directors**

The Board encourages regular self-evaluation by considering and analyzing results, problems and obstacles for future improvement. The Board's performance is evaluated on an overall or specific case basis, not focusing on any individual director.

### **5.6 Directors and Management Remuneration**

The Company has set directors remunerations clearly and transparently. Such remuneration is approved at the annual general shareholders meeting. In certain circumstances that a director is assigned to perform more roles with greater responsibilities such as being members of the sub-committee, they shall be rewarded accordingly.

The Company has formed Compensation Subcommittee to consider remuneration for the management team with fairly rate. Furthermore, Compensation Subcommittee will consider the number of warrant assign to director, top management, or employees. Executive director or employee, who is assigned to receive securities more than 5% of allocated securities, must not a member of Compensation Subcommittee. Disclosure of all relevant remuneration is displayed in yearly annual reports and on the Company's website.

### **5.7 Development of Directors and Executives**

- 1) Report and summarize all rule and regulations to the Board and Executives regularly.
- 2) Encourage the directors to learn and understand the roles and responsibilities practices in equity market.
- 3) A new director must be approved by the SEC and SET.
- 4) A first time director will acknowledge the company profile, rules and regulations and director handbook.



## Corporate Role and Social Responsibilities

### 10. Corporate Social Responsibilities

Country Group Security Public Company limited significantly aware of Corporate Social Responsibilities and we also strongly performs and believes in corporate governance that will lead us to sustainably growth. Moreover, our core corporate value and cultures consists of honesty, management's moral and social responsibilities.

Furthermore, we have a policy of management with transparency which will be able to be audited to shareholders. The transparency policies deliver good benefits to all parties.

#### 10.1 Fair Business Practices

The Company strongly support and encourage a good business practice that strictly follow rules and regulations especially rules and regulation of commission rate and compensation to marketing officer.

The Company do business with all partners comply with the conditions specify in contract. The content of conditions shall not violate any intellectual property such as computer programs. Furthermore, the company always do business with good governance and fair.

The Company strongly perform and follow all contract conditions that make with creditors or suppliers including paying debts, principle and interest to all service providers and suppliers.

#### 10.2 Anti- Corruption and Bribery

The Company has a policy to anti-corruption in all types and we has made the employee manual for being a guideline to perform duties with integrity.

#### 10.3 Respect to employees

- The Safety and Health of employees

The Company improved working environment by expanding working space for reducing congested area for better quality of life, more creativity of work and develop employees competency. Moreover, the Company also provide health insurance to all employees.

- Human Resource Development

The Company sets a subcommittee for recruiting employees and provides training service both in house training and outside training. For training objectives is to increase employee skill and support them to perform duties with integrity. All employees must keep all information of the Company and client confidentially.

- **Salary, Remuneration and Welfare Management**

The Company uses KPI system to evaluate employee performance which subcommittee will be consider compensation based on KPI.

- **Establishment of Employee Provident Fund**

Provident fund ("the fund") is a fund set up voluntarily between employers and employees. Asset of the fund consists of money contributed by both employers and employees. This means employees are not alone in saving the money, employer help them at the same time. The contribution to be made by employer will always equal or exceeding that contributed by employees. Therefore, set up of provident fund can be regarded as a kind of benefit that could motivate employees to work with employer.

Provident fund not only provides a tool for employees to save consistently with the employer's assistance, asset of the fund is further managed by a professional called "Asset Management Company" The benefit derives from management is distributed to member of the fund proportionately.

As of 31 December 2013, the Company has total employee of 915 members that consists of marketing officers 614 persons and operating officers 301 persons.

On March 1, 2014, the Company has organized the big activity "Staff thank you party" in order to build good relationship among employee. The objective of this event is for sincerely thank you all employees for fully contribute to the Company all through the year 2013

#### **10.4 Human Right**

The Company support and respect the protection of human rights. For instance, the Company should seek to eliminate forced labor and child labor. Furthermore, the Company should treat all stakeholders fairly and respectfully without discrimination as to race or ethnic origin, gender, age, skin color, religious, body, status or family.

#### **10.5 Policy on Client Responsibilities**

The Company aims to offer a highest clients' satisfaction therefore the Company must responsible to the client with clear and fair practice according to the rules and regulations in dealing with clients. The clients are also delivered accurate information with transparency. Furthermore, the Company has provided a communication channel where clients can leave their complaints, and has set guidance and procedures on dealing with the client's complaints in a careful and fair manner.

Furthermore, the Company has participated in the Dispute Settlement by Arbitration which facilitated by Securities

and Exchange Commission (SEC). In the case that the client has any dispute or arbitration issues regarding the Company's business conducts, the client could file for settlement by arbitration; however, the dispute must equip with the conditions indicated by SEC.

#### **10.6 Environmental Conservation**

The Company has many policies about environmental conservation which also build employees awareness toward environment such as

1. Strictly follow and comply with environmental laws and regulation
2. Encourage employees to train about caring environment for creating environment responsibility
3. Support employees to share knowledge and experience about environment among employees
4. Inspire employees to care environment and continuously develop working process to match with environmental situation.

The Company has management policy about caring environment. Environmental policy continuously reviews and evaluate with the Company performance.

#### **10.7 Social Responsibility**

Society and Community always be priority to the Company. In year 2013, the Company provide training about investment, long term and short term saving around 85 times to students, client, investors and etc. The Company also strongly support society, community and religions in many aspects.

CGS is always aware of our social responsibilities to the community that we are a part of. We dedicate to act in a socially responsible way in our interactions with all stakeholders. In each year, CGS allocates partial budget to support corporate social responsibilities (CSR)'s activities by focusing on three areas such as education, religion, and social improvement. In 2013, there were 4 education projects, 11 religious projects, and 11 social projects. The detail is as following:

##### **Education**

1. Supported a scholarship to municipal Tumbon Rum Ma Sak for 20 scholarships on Children day. There are three schools from Tumbon Rum Ma Sak and three schools from nearby Tumbon entered the scholarship. The purpose of supporting is to encourage and develop children toward education.
2. Supported fund to Mahidol University 's Faculty of Engineering foundation and youth camp under Faculty of Engineering foundation.
3. Supported VASU walking marathon of Wasuthewee School.

4. Supported a scholarship to Mahidol University Alumni in order to give scholarship to students and to do charity.

#### **Religious**

1. Supported Chanting for Buddha project from Mother's Day to Father's Day with the purpose of celebrating Buddhajanti 2,600 Years of the Buddha's Enlightenment.
2. Supported group ordination to celebrate HM The King Honor 86 years at Wat SU Chon, purposed to build awareness of Thai morality according to Buddhism and culture.
3. Supported Thammigachon Foundation for the blind under the Royal Patronage in offering of robes at Cha-Am, Petchaburi province.
4. Supporting fund for joined building sermon hall in a monastery at Wat Pakmuang , khumung , Sarapee , Chiang Mai province.
5. Joined in offering of robes of October 14 foundation at Wat buddhanya , Nonthaburi.
6. Joined royal Thot Kathin of year 2013 at Wat Pra Sing royal temple, Pra Sing, Chiang Mai province.
7. Joined royal Thot Kathin of year 2013 at royal Wat Saket.
8. Joined Thot Kathin at Wat Santi Tham Banphot, Nongbualamphu province.
9. Joined Thot Kathin to build dam and Thai style roof at Wat Bang Kra Jed, Bang Kra Jed, Bang Kra , Chachoengsao province.
10. Co-Hosted Thot Kathin at Wat Siripong, Ta Rang, Bang Khen.
11. Supported of entering the priesthood at Wat Sa Rean and Dharma School of Wat Sa Rean.

#### **Social Development**

1. Supported " Sam Fun Pun Jai Hai Nong Project" at Chiang Mai province.
2. Donated money to "Rak Thai Project" which was a charity project for underprivileged. The purpose was to supported anti-drugs project of government for youth.
3. Supported Association for the Promotion of the Status of Women.
4. Supported "Dental Project" in order to recovery children and children with special need.
5. Supported International ICOMOS 2013 meeting for exchanging knowledge and inheritance of Asia culture.
6. Donated to Thai with disabilities foundation in order to assist of buying prosthesis for disabilities and children.
7. Supported the projects of The society for the promotion of animal welfare under the Royal Patronage that help underprivileged animals.
8. Donated money to Association for supporting an occupation for cripple of Thai.

9. Donated money to The Foundation for the Welfare of the Mentally Retarded of Thailand under the Royal Patronage of Her Majesty the Queen in order to help people with mentally retarded all over Thailand.
10. Supported activities "for the Ruamjai Campaign against AIDS" a program with "white heart program" to education and understanding HIV / AIDS to the community and care for HIV/AIDS patients.
11. Donated money to "Punrak Project" for blind children with disabilities in order to help build school for them at Cha-Am, Petchaburi province.

## Internal Control and Risk Management

### 11. Internal Control and Risk Management

The Board of Directors has established adequate and efficient internal control systems to oversee the Company operations at all functional levels. The internal audit committee oversees and reviews the accuracy and adequacy of the Company's internal control, risk management, financial reporting, and information disclosure. It also regularly reviews the Company at each functional level to develop an efficient working system for the audit and compliance division. In addition, the audit committee is assigned to jointly convene with the Company's management and external auditors to assess and lay out any corrective measures. The audit committee's meeting is held at least once every quarter. In 2013, there were 12 audit committee meetings.

In the Board meeting No. 2/2014 on February 25, 2014 which the audit committee also attended, the Board assessed the internal control system based on the information, reports and explanations given by the management in five major areas, i.e., the organization and operating environment, risk management, management operational control, information and communication system, and monitoring system. The result was satisfactory that the Company had already achieved an appropriate level of operational readiness, and had in place an appropriate and sufficient internal control system in the areas concerned. In addition, the Board agreed that the Company's internal control system had been adequate and the auditor of the Company, who audited the Company's quarterly and annual financial statements for 2013, had no recommendations in the audit report that an error on the internal control system was found.

The Company has provided the audit and compliance division to audit and oversee the Company's operations efficiently and as the center for supervising the Company's operations in compliance with the laws, rules and regulations, notification, policy and regulations specified by the regulators. The audit and compliance division is required to make a report on audit results and practices to the Audit Committee every month before presenting to the Board of Directors, except that there is an urgent case to report the management and the Board to acknowledge it for immediate actions. The Company has appointed Mr. Priyong Teerasathian, Vice Managing Director of audit and compliance division, who is the head of audit and compliance division, since December 2, 2013, approved by the Audit Committee meeting No.12/2013 on December 11, 2013. Mr. Priyong Teerasathian has involved in audit and compliance functions in the securities business and financial institutions for more than 15 years and is a qualified person attending related training courses as specified by the SEC.

## Related Transactions

### 12. Related Transactions

Opinions of the audit committee for year 2013 on the Company's related transactions are as follows

No.	Juristic Entities	Type of Transaction	Volume Jan – Dec 2013	Com. Jan – Dec 2013	Note	Opinion of the Audit Committee
1	Mr. Ben	Brokerage fees from securities business Deposits for customers' account Interest expense	4,840,800.00	12,479.59 544.71 8.89	Opened equity trading account	
2	Mr. Bee	Brokerage fees from securities business Deposits for customers' account Interest expense	81,866,774.00	174,944.02 759,188.14 50,299.28	Opened equity trading account	
3	Mr. Sadavut	Brokerage fees from derivatives business Deposits for customers' account Interest expense	0.00	0.00 13,844.10 223.73	Opened normal derivative account	
4	Mrs. Louise	Brokerage fees from securities business Deposits for customers' account Securities business receivables Interest expense Interest income	584,951,843.00	1,343,181.95 3,857,168.74 0.00 80,908.54 261,934.31	Opened normal equity trading account	Fees are at market price which is the same rate as general client
5	Ms. Pimporn	Brokerage fees from securities business	3,151,500.00	8,124.57	Opened normal equity trading account	
6	Dr. Prant	Brokerage fees from securities business Deposits for customers' account Interest expense	195,469,515.00	392,551.46 49,982.30 816.12	Opened normal equity trading account	
7	Ms. Bunjana	Brokerage fees from securities business	32,463,654.92	83,733.36	Opened normal equity trading account	
8	Ms. Ampun	Brokerage fees from securities business Brokerage fees from derivatives business Deposits for customers' account Securities business receivables Interest expense	1,937,006,334.44 *52	2,653,907.27 18,530.00 6,710.21 (3,163,657.86) 29,468.40	Opened normal equity trading account Opened normal derivative account	

No.	Juristic Entities	Type of Transaction	Volume Jan – Dec 2013	Com. Jan – Dec 2013	Note	Opinion of the Audit Committee
		Interest Income		555,297.41		
9	Mr. Nikom Pangnum	Brokerage fees from securities business	6,341,693.30	16,419.10	Opened normal equity trading account	Fees are at market price which is the same rate as general client
10	Pol Maj Gen Wirapong Chuenpangdee	Brokerage fees from securities business	-	-	Opened normal equity trading account	
		Deposits for customers' account		340.93		
		Interest expense		5.56		
11	Mr. Sawai Chuenpangdee	Brokerage fees from securities business	655,000.00	1,688.59	Opened normal equity trading account	Fees are at market price which is the same rate as general client
12	Mr. Kaoha Chuenpangdee	Brokerage fees from securities business	4,481,002.00	9,083.82	Opened normal equity trading account	
		Deposits for customers' account		50,795.29		
		Interest expense		551.47		
13	Mr. Kanchit Jooniraporn	Brokerage fees from securities business	535,000.00	1,379.23	Opened normal equity trading account	Fees are at market price which is the same rate as general client
		Deposits for customers' account		-		
		Interest expense		-		
		Deposits for customers' account		614.63		
14	M.L. Santida Diakul	Interest expense		10.03		
15	Mr. Tonmy Taechaubol	Deposits for customers' account		8,057.46		
		Interest expense		131.57		
16	Jaruvach Vanchitvasee	Deposits for customers' account		-		
		Interest expense		0.77		
17	EDF Enterprise Co.,Ltd	Rental expenses		1,210,337.34		
18	Sing San Yit Pao Co.,Ltd	Advertising expense		1,043,250.00		
		Accrued advertising expense		48,130.00		



No.	Juristic Entities	Type of Transaction	Volume Jan - Dec 2013	Com. Jan - Dec 2013	Note	Opinion of the Audit Committee
19	MFC Asset Management PLC (securities trading for mutual fund managed)	Brokerage fees from securities business	50,560,334,766.00	70,976,457.06	Opened normal equity trading account	Fees are at market price which is the same rate as general client
		Dividend income		50,835,950.00		
		Brokerage fees from mutual fund		343,334.42		
		Fee and services income		284,916.54		
20	Country Group development PCL.	Deposits for customers' account		26,622.06		
		Interest expense		434.14		
			53,812,187,882.66	132,048,719.25		
	- The value of related transactions excluded the value added tax.					
	- " Number of Derivatives' trading are represented in contracts					

*Supn*

*[Signature]*

Pol. Gen. Somchai Vanichsenee

Independent director and Chairperson of the Audit Committee  
Country Group Public Company limited

February 27, 2014

Mr. Dej Namsirikul

Independent director and Audit Committee member  
Country Group Public Company limited

February 27, 2014

## The Audit Committee Report

The Audit Committee consists of three independent directors (1) Pol. Gen. Somchai Vanichsenee as the chairperson of the committee, (2) Mr. Dej Namsirikul, and (3) Mr. Charn Tulyaphistchai as an audit committee members. Mr. Dej Namsirikul and Mr. Charn Tulyaphistchai have adequate knowledge and experience to audit a reliability of Financial Statement and Mr. Priyong Teerasathian, Vice Managing Director of audit and compliance division, acts as the secretary of audit committee. In addition, the three audit committee members are not an advisor, executive committee or employees or staff of the Company and those have full qualifications as required by the SEC.

The Audit Committee performed their duties independently as enacted by the Charter of Audit Committee and was coordinated by all related parties. The Audit Committee also gave the importance of internal control system, risk management and good corporate governance to ensure that the Company will provide good internal control and appropriate and acceptable risk management including accurate and reliable financial reports.

In 2013, the Audit Committee held 12 meetings. The following are the scope of work of the Committee:

1. Reviewing the work performed by the audit and compliance division, approving the annual audit plan, audit reports, and follow-ups, as well as evaluating and making recommendations to improve the efficiency of the internal audit and compliance functions.
2. Reviewing the good corporate governance policy and encouraging the Company to have good corporate governance and management which can be audited, and disclosing adequate and transparent information to build confidence to investors, regulators and stakeholders, etc. The Audit Committee was of the opinion that the Company had adequate and appropriate good corporate governance and encouraged its stakeholders to join and achieve mutual benefits.
3. Jointly reviewing the appropriation of internal control system with the internal and external auditors and evaluating that the Company's internal control and risk management were appropriate and sufficient to the changing situation.
4. Reviewing the Company's operations to ensure compliance with the regulations of the SEC, SET, TFEX and other relevant laws of the Company's business.
5. Reviewing and approving the quarterly and annual financial statements with internal and external auditors before presenting to the Board of Directors. The Committee agreed with the external auditors that the financial statements of the year 2013 were prepared in accordance with the Generally Accepted Accounting Standards by making recommendations without conditions and accurately and completely disclosing significant transactions in the notes accompanying the financial statements.
6. Proposing to the Board of Directors to appoint Mr.Chavala Theinprasertkit and/or Mr.Perm Sak Wongpatpagorn and /or Mr.Niti Jungnirundr and/or Ms. Nisagorn Songnamee of Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. to act as the auditors of the Company for the year 2013. In addition, the Committee had considered the remuneration for the auditing service to be approved in the Shareholders' Meeting.

7. Attending meetings, discussing and exchanging opinions with the management of the Company and the external auditors to acknowledge remarks and exchange ideas.

8. Consider the disclosure of connected transactions and conflict of interest.

In 2013, the Audit Committee was of the opinion that the directors and management of the Company strictly observed good corporate governance in carrying out their duties, and that the Company had adequate and appropriate internal control system and risk management covering the management and staff levels for business operation. The Committee was also of the opinion that the management was determined to administer the organization under the prescribed code of ethics, oversee operations in compliance with the laws and regulations consistently, present the audit report of the audit and compliance division to the Audit Committee directly, and monitor corrective actions periodically to ensure that they comply with recommendations. In addition, Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. The current auditor of the Company, reported that no important error was found. The operations were performed according to the specified procedures with the efficient internal control system.

In the Board meeting No.2/2014 on February 25, 2014, the Board considered sufficiency of the internal control system approved by the Audit Committee based on the information, reports and explanations given by the management in five major areas, i.e., the organization and operating environment, risk management, management operational control, information and communication system and monitoring system. The Board was of the opinion that the Company had in place an appropriate and sufficient internal control system in the areas concerned.

(Pol. Gen. Somchai Vanichsenee)

Chairperson of the Audit Committee

February 27, 2014

## Financial Status and Performance

### 13. Financial Statement

#### 13.1 Auditor

2013 Mr. Chavala Tienpasertkij, CPA Number 4301  
Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.

#### 13.2 Summary of Auditor opinion in the past three years

2013 Unqualified opinion with an emphasis of matters  
2012 Unqualified opinion with an emphasis of matters  
2011 Unqualified opinion with an emphasis of matters

### Auditor 's Remuneration

#### 1. Audit Fee

In 2013, the Company was approved from the general meeting of shareholders to pay Baht 2.45 million for audit fee.

#### 2. Non Audit Fee

- None -

# Financial Statements of the Company

## COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED

### STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013, 2012 and 2011

Baht

	Financial statements in which equity method is applied					
	As at December 31,					
	2013		2012 (Restated)		2011	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
Cash and cash equivalents	1,073,087,608	22.60	1,443,205,116	26.41	1,334,881,131	35.86
Deposits at financial institutions	569,310,000	11.99	106,380,455	1.95	105,611,739	2.84
Receivables from Clearing House	442,940,349	9.33	252,466,917	4.62	219,115,990	5.89
Securities and derivatives business receivables - net	1,531,023,127	32.25	2,755,683,095	50.43	969,795,439	26.05
Investments - net	237,449,760	5.00	37,998,384	0.70	396,146,720	10.64
Investment in associated company - net	340,153,559	7.16	314,181,134	5.75	318,994,138	8.57
Property, premises and equipment - net	186,622,547	3.93	203,343,149	3.72	188,513,498	5.06
Intangible assets - net	96,575,450	2.04	88,402,206	1.62	83,362,258	2.24
Deferred tax assets	143,055,030	3.01	141,456,906	2.59	-	-
Other assets - net	127,887,922	2.69	121,300,068	2.21	106,311,392	2.85
<b>TOTAL ASSETS</b>	<b>4,748,105,352</b>	<b>100.00</b>	<b>5,464,417,430</b>	<b>100.00</b>	<b>3,722,732,305</b>	<b>100.00</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>						
<b>LIABILITIES</b>						
Payables to Clearing House	25,096,463	0.53	186,522,483	3.41	35,441,443	0.95
Securities business payables	1,129,699,869	23.79	1,624,143,954	29.72	629,364,029	16.91
Derivatives liabilities	57,273	-	456,765	0.01	2,486,789	0.07
Debentures and other borrowing	-	-	338,911,299	6.20	-	-
Payables under finance leases	3,428,712	0.07	5,422,380	0.10	27,177,415	0.73
Employee benefits obligation	46,864,861	0.99	39,664,089	0.73	45,170,124	1.21
Other liabilities	165,355,749	3.48	195,176,462	3.57	145,358,401	3.90
Total liabilities	1,370,502,927	28.86	2,390,297,432	43.74	884,998,201	23.77
<b>OWNERS' EQUITY</b>						
Share capital						
Authorized share capital						
3,189,785,935 ordinary shares of Baht 1.00	3,189,785,935					
Authorized share capital						
3,149,549,316 ordinary shares of Baht 1.00			3,149,549,316		3,149,549,316	
Issued and paid-up share capital						
2,589,743,484 ordinary shares of Baht 1.00	2,589,743,484	54.54				
Issued and paid-up share capital						
2,330,759,812 ordinary shares of Baht 1.00			2,330,759,812	42.65	2,330,759,812	62.61
Premium on share capital	139,078,735	2.93	139,318,081	2.55	139,318,081	3.74
Other component of owners' equity	(8,940,060)	(0.18)	3,712,491	0.07	24,390,632	0.66
Retained earnings						
Appropriated						
Statutory reserve	55,574,679	1.17	39,853,695	0.73	23,767,457	0.64
Unappropriated	602,145,587	12.68	560,475,919	10.26	319,498,122	8.58
Total owners' equity	3,377,602,425	71.14	3,074,119,998	56.26	2,837,734,104	76.23
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>4,748,105,352</b>	<b>100.00</b>	<b>5,464,417,430</b>	<b>100.00</b>	<b>3,722,732,305</b>	<b>100.00</b>

COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED  
STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 and 2011

Baht

	Financial statements in which equity method is applied					
	For the years ended December 31,					
	2013		2012 (Restated)		2011	
	Amount	%	Amount	%	Amount	%
<b>REVENUES</b>						
Brokerage fees	1,695,680,086	81.96	1,269,677,471	78.60	1,240,366,587	80.17
Fees and services income	39,588,808	1.91	18,776,393	1.16	10,842,298	0.70
Gain on investments	66,150,446	3.20	80,900,069	5.01	86,212,308	5.57
Gain on derivatives	19,723,499	0.95	20,810,298	1.29	13,622,124	0.88
Share of profit from investment for using equity method	86,424,302	4.18	50,793,506	3.14	48,195,915	3.12
Interest and dividends	90,959,489	4.40	85,101,807	5.27	73,387,740	4.74
Interest on margin loans	56,604,590	2.74	74,110,923	4.59	59,612,633	3.85
Other income	13,707,904	0.66	15,108,743	0.94	14,961,795	0.97
<b>Total revenues</b>	<b>2,068,839,124</b>	<b>100.00</b>	<b>1,615,279,210</b>	<b>100.00</b>	<b>1,547,201,400</b>	<b>100.00</b>
<b>EXPENSES</b>						
Finance costs	53,583,831	2.59	42,571,603	2.64	20,366,793	1.32
Fee and service expenses	156,610,947	7.57	122,168,959	7.56	114,270,566	7.39
Operating expenses						
Personnel expenses	1,072,167,248	51.82	850,379,711	52.65	854,745,058	55.24
Premises and equipment expenses	194,926,006	9.42	192,260,120	11.90	176,002,648	11.38
Directors' remuneration	11,145,000	0.54	11,255,000	0.70	8,881,000	0.57
Other expenses	144,756,121	7.00	132,697,931	8.21	132,036,948	8.53
Bad debt and doubtful accounts (reversal)	15,931,601	0.77	(63,769,192)	(3.95)	(13,553,772)	(0.88)
<b>Total expenses</b>	<b>1,649,120,754</b>	<b>79.71</b>	<b>1,287,564,132</b>	<b>79.71</b>	<b>1,292,749,241</b>	<b>83.55</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>419,718,370</b>	<b>20.29</b>	<b>327,715,078</b>	<b>20.29</b>	<b>254,452,159</b>	<b>16.45</b>
<b>INCOME TAX</b>	<b>(74,904,818)</b>	<b>(3.62)</b>	<b>(67,326,502)</b>	<b>(4.17)</b>	<b>-</b>	<b>-</b>
<b>NET INCOME</b>	<b>344,813,552</b>	<b>16.67</b>	<b>260,388,576</b>	<b>16.12</b>	<b>254,452,159</b>	<b>16.45</b>

**OTHER COMPREHENSIVE INCOME (LOSS)**

<b>NET INCOME</b>	<b>344,813,552</b>	<b>16.67</b>	<b>260,388,576</b>	<b>16.12</b>	<b>254,452,159</b>	<b>16.45</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>						
Gains (losses) on re-measuring available-for-sale investments	(15,815,602)	(0.76)	4,421,325	0.27	(11,924,106)	(0.77)
Adjustment surplus on re-measuring available-for-sale investments disposed during the years	-	-	(24,391,430)	(1.51)	(71,035,430)	(4.59)
Actuarial gains on defined post-employment benefit plans	-	-	7,365,728	0.46	656,604	0.04
Income tax relating to components of other comprehensive income (loss)	3,163,051	0.15	3,230,654	0.20	-	-
<b>Total other comprehensive income (loss) - net</b>	<b>(12,652,551)</b>	<b>(0.61)</b>	<b>(9,373,723)</b>	<b>(0.58)</b>	<b>(82,302,932)</b>	<b>(5.32)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>332,161,001</b>	<b>16.06</b>	<b>251,014,853</b>	<b>15.54</b>	<b>172,149,227</b>	<b>11.13</b>
<b>BASIC EARNINGS PER SHARE</b>	<b>0.138</b>		<b>0.112</b>		<b>0.109</b>	
<b>WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES</b>	<b>2,491,133,102</b>		<b>2,330,759,812</b>		<b>2,330,759,812</b>	

COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED  
STATEMENTS OF CHANGES IN OWNERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

Baht

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED						Total owners' equity
	Issued and paid-up share capital	Premium on share capital	Other reserves	Retained earnings	Unappropriated		
			Surplus (deficit) on re-measuring investments	Appropriated Statutory reserve			
<b>"Restated"</b>							
Balance as at January 1, 2012 as previously reported	2,330,759,812	139,318,081	24,390,632	23,767,457	319,498,122		2,837,734,104
Cumulative effect of change in accounting policy	-	-	(5,411,836)	-	195,860,065		190,448,229
Balance as at January 1, 2012 as restated	2,330,759,812	139,318,081	18,978,796	23,767,457	515,358,187		3,028,182,333
<u>Change during the year</u>							
Dividend paid	-	-	-	-	(205,077,188)		(205,077,188)
Total comprehensive income (loss)	-	-	(15,266,305)	-	266,281,158		251,014,853
Statutory reserve	-	-	-	16,086,238	(16,086,238)		-
Balance as at December 31, 2012	2,330,759,812	139,318,081	3,712,491	39,853,695	560,475,919		3,074,119,998
<b>Balance as at January 1, 2013 as previously reported</b>	2,330,759,812	139,318,081	4,420,527	39,853,695	418,018,865		2,932,370,980
Cumulative effect of change in accounting policy	-	-	(708,036)	-	142,457,054		141,749,018
Balance as at January 1, 2013 as restated	2,330,759,812	139,318,081	3,712,491	39,853,695	560,475,919		3,074,119,998
<u>Change during the year</u>							
Capital Acquisition	258,983,672	-	-	-	-		258,983,672
Discount on capital stock	-	(239,346)	-	-	-		(239,346)
Dividend paid	-	-	-	-	(287,422,900)		(287,422,900)
Total comprehensive income (loss)	-	-	(12,652,551)	-	344,813,552		332,161,001
Statutory reserve	-	-	-	15,720,984	(15,720,984)		-
Balance as at December 31, 2013	2,589,743,484	139,078,735	(8,940,060)	55,574,679	602,145,587		3,377,602,425

Annual Report 2013

## COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 and 2011

BAHT

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED		
	2013	2012 "Restated"	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	419,718,370	327,715,078	254,452,159
Adjustments			
Depreciation and amortization	64,047,127	68,179,653	55,532,380
Bad debt and doubtful accounts (reversal)	15,931,601	(63,769,192)	(13,553,772)
Unrealized gain on re-measuring trading investments	(78,923)	(412,229)	441,455
Unrealized loss on re-measuring derivatives liabilities	85,797	246,439	(332,262)
Gain from trading in trading investments	(66,072,048)	(46,283,505)	(27,519,043)
Loss (gain) from trading in available-for-sale investments	525	(34,204,335)	(59,134,720)
Reversal of allowance for impairment of investment	-	-	(338,100)
Loss on disposal and written off premises, and equipment and intangible assets	3,032,653	2,542,546	(1,410,014)
Share of profit from investment for using equity method	(86,424,302)	(50,793,506)	(48,195,915)
Gain on finance lease due	-	-	(3,041,247)
Employee benefits expense	12,465,402	13,304,823	11,959,160
Finance costs	53,583,831	42,571,603	20,366,793
Interest and dividends income	(147,564,079)	(159,212,730)	(133,000,373)
Cash received from interest	135,939,639	139,968,975	123,032,606
Cash paid for interest	(53,310,198)	(42,845,236)	(21,158,358)
Cash paid for income tax	(89,950,487)	(2,090,738)	(1,573,463)
<b>Income from operating activities before changes in operating assets and liabilities</b>	<b>261,404,908</b>	<b>194,917,646</b>	<b>156,527,286</b>
(Increase) decrease in operating assets			
Deposits at financial institutions	(462,929,545)	(768,716)	(14,157,125)
Receivables from Clearing House	(190,473,432)	(33,350,927)	245,227,417
Securities and derivatives business receivables	1,208,591,250	(1,722,209,708)	604,882,447
Cash paid for purchases of trading investments	(64,394,949,930)	(57,593,292,933)	(68,018,706,808)
Cash received from sales of trading investments	64,474,955,300	57,680,735,107	67,997,760,442
Other assets - net	97,868,654	(2,991,375)	(6,045,747)
Cash received from tax refundable	1,573,463	1,066,469	925,288
Increase (decrease) in operating liabilities			
Payables to Clearing House	(161,426,020)	151,081,040	35,197,083
Securities business payables	(494,444,085)	994,779,925	(544,631,715)



COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2013, 2012 and 2011

BAHT

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED		
	2013	2012 "Restated"	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES (Continue)</b>			
Increase (decrease) in operating liabilities			
Derivatives liabilities	(485,289)	(2,276,463)	2,819,051
Employee benefits obligation	(5,264,630)	(11,445,130)	(472,570)
Other liabilities	(104,562,933)	34,265,887	(40,031,575)
Net cash flows provided by (used in) operating activities	<b>229,857,711</b>	<b>(309,489,178)</b>	<b>419,293,474</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash paid for purchases of available-for-sale investments	(140,707,432)	(117,000,000)	(275,251,170)
Cash received from sales of available-for-sale investments	1,018	444,334,905	90,800,590
Cash paid for purchases of general investment	-	-	(15,000,000)
Cash paid for purchases of bill of exchange	(150,965,817)	-	-
Cash received from bill of exchange	80,000,000	-	-
Cash received from dividend of investments in securities	249,464	3,866,346	5,987,323
Cash received from dividend of investment in associated company	50,835,950	73,216,000	86,720,150
Cash received from a subsidiary liquidation	-	-	4
Cash paid for purchases of premises and equipment and intangible assets	(60,307,202)	(77,792,648)	(75,025,181)
Cash received from sales of premises and equipment and intangible assets	2,227,523	39,252	5,776,516
Net cash flows provided by (used in) investing activities	<b>(218,666,496)</b>	<b>326,663,855</b>	<b>(175,991,768)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash received from debentures and other borrowing	364,550,018	678,870,140	-
Cash paid for debentures and other borrowing	(715,000,000)	(350,000,000)	-
Cash paid for payables under finance leases	(2,180,166)	(32,643,644)	(24,112,190)
Cash received from capital acquisition	67,111	-	-
Cash paid for dividend	(28,745,686)	(205,077,188)	(256,356,261)
Net cash flows provided by (used in) financing activities	<b>(381,308,723)</b>	<b>91,149,308</b>	<b>(280,468,451)</b>
Net increase (decrease) in cash and cash equivalents	(370,117,508)	108,323,985	(37,166,745)
Cash and cash equivalents as at January 1,	1,443,205,116	1,334,881,131	1,372,047,876
Cash and cash equivalents as at December 31,	<b>1,073,087,608</b>	<b>1,443,205,116</b>	<b>1,334,881,131</b>

### Key Financial Ratio

	Financial Statements in which Equity method is applied		
	For the years ended December 31,		
	2013	2012 "Restated"	2554
<b>Profitability Ratios</b>			
Gross profit (%)	89.32	89.37	90.93
Net profit (loss) (%)	16.67	16.12	16.45
Return on equity (%)	10.69	8.53	8.77
Return on investment (%)	23.73	19.44	16.04
<b>Efficiency Ratio</b>			
Return on asset (%)	6.75	5.55	6.28
Asset Turnover (times)	0.41	0.34	0.38
<b>Financial Ratio</b>			
Liquid assets to borrowing (times)	*	4.31	*
Earning assets to borrowing (times)	*	11.12	*
Liquid assets to total asset ratio (%)	37.70	26.73	45.95
Earning assets to total asset ratio (%) (%)	67.55	68.97	89.47
Debts to equity (times)	0.41	0.78	0.31
Dividend payout (%)	82.62	107.13	70.00
<b>Other Ratios</b>			
Securities investment to total assets (%)	17.34	12.38	28.76
Net capital ratio (NCR) (%)	242.05	106.20	239.10
<b>Per Share</b>			
Net Profit (loss) ** (Baht)	0.138	0.112	0.109
Dividends (Baht)	0.11	0.1233333333	0.088
Book Value (Baht)	1.30	1.32	1.22
<b>Growth Rate</b>			
Total assets (%)	(13.11)	39.64	(15.02)
Total liabilities (%)	(42.66)	170.09	(37.54)
Securities business income (%)	27.06	4.40	(4.81)
Operating expense (%)	19.92	1.27	(9.47)
Net profit (loss) (%)	32.42	2.33***	31.13

**Note:**

- The Company has invested in Local Broker Network Limited (“the subsidiary”), which is a wholly owned subsidiary of Country Group Securities Public Company Limited. The subsidiary has been set up on September 21, 2009 in Hong Kong Special Administrative Region of the People’s Republic of China and the subsidiary has not commenced its operation. Subsequently, the Executive Management meeting on November 10, 2010 has accordingly approved to liquidate the subsidiary. In addition, the Hong Kong Companies Registry has approved its application for deregistering and approved its dissolution of the Company on January 25, 2011 and June 10, 2011, respectively. Therefore, the Company did not prepare the consolidated financial statements for the year ended December 31, 2011.
- The Company has first-time adopted an accounting policy regarding deferred tax for the financial statements for the year ended December 31, 2013 by applying Thai Accounting Standard No. 12 “Income Taxes”. Therefore, the comparative information for the financial statements for the year ended December 31, 2012 has been restated to conform to the new accounting policy. The cumulative effect of change in accounting policy on the financial statements are as follows:

**STATEMENT OF FINANCIAL POSITION**

Unit: Baht

	As at December 31, 2012
Deferred tax assets	
Balance before change in accounting policy	-
Increase of deferred tax assets	141,456,906
Balance after change in accounting policy	<u>141,456,906</u>
Other component of owners’ equity	
Balance before change in accounting policy	4,420,527
Decrease of deferred tax assets	(708,036)
Balance after change in accounting policy	<u>3,712,491</u>
Retained earnings - Unappropriated	
Balance before change in accounting policy	418,018,865
Increase of deferred tax assets	141,451,131
Increase of deferred tax assets of associated company	1,005,923
Balance after change in accounting policy	<u>560,475,919</u>

## STATEMENT OF COMPREHENSIVE INCOME

Unit: Baht

For the year ended  
December 31, 2012

Income tax	
Income tax before change in accounting policy	15,003,795
Increase of income tax	52,322,707
Income tax after change in accounting policy	<u>67,326,502</u>
Income tax relating to components of other comprehensive income (loss)	
Income tax relating to components of other comprehensive income (loss) before change in accounting policy	-
Increase of income tax relating to components of other comprehensive income (loss)	3,230,654
Income tax relating to components of other comprehensive income (loss) after change in accounting policy	<u>3,230,654</u>
Net income	
Net income before change in accounting policy	312,318,441
Decrease of net income	(51,929,865)
Net income after change in accounting policy	<u>260,388,576</u>
Basic Earnings Per Share ("EPS")	
Basic EPS before change in accounting policy	0.134
Decrease of basic EPS	(0.022)
Basic EPS after change in accounting policy	<u>0.112</u>

\* Not applicable as there were no borrowings

\*\* Weighted average method was utilized

\*\*\* Net income for the year ended December 31, 2011 to calculate growth rate of net income for the year 2012 has not been restated to conform to the new accounting policy.

## Management Discussion and Analysis

### 13.2 Management Discussion and Analysis

#### 13.2.1 Overview of Business operation and operating result

In 2013, the Company has set goal and defined target clients in order to specify effective business strategy. Moreover the Company has policy to maintain existing clients and expand client base including offer new products and services such as Securities Borrowing and Lending (SBL) and debenture for a complete securities service provider. Also the Company has enhanced Investment Banking team to be more productive for more revenue and reduce dependency on revenue from commission fee. Information technology system was also improved to be more stabilized and up to dated in order to prepare for higher trading transactions.

In 2013, SET s' average daily trading value (not included Proprietary Trading) was Baht 43,982 million , increased by Baht 15,876 million or 56.49 percent compared with the previous year, which was Baht 28,106 million (not included Proprietary Trading). TFEX's average daily trading was 68,017 contracts which highest since the market opened, increased by 55.21 percent from the previous year.

As a result of plans and policies mentioned earlier, the Company had the operating result in which the equity method is applied for the year ended December 31, 2013, which has net income of Baht 344.81 million, increased by Baht 84.42 million or 32.42% compared with a net income of Baht 260.39 million in the same period last year and recorded the retained earnings as at December 31, 2013 of Baht 657.72 million with the following details:

- **Total revenues** for the year ended December 31, 2013 of Baht 2,068.84 million, increased by Baht 453.56 million or 28.08% compared with Baht 1,615.28 million in the same period last year, with the following details:

Unit : Baht

Securities Business Revenues	For the years ended December 31,		
	2013	2012	2011
Brokerage fees	1,695,680,086	1,269,677,471	1,240,366,587
Fees and services income	39,588,808	18,776,393	10,842,298
Gain on investments	66,150,446	80,900,069	86,212,308
Gain on derivatives	19,723,499	20,810,298	13,622,124
Interest and dividends	90,959,489	85,101,807	73,387,740
Interest on margin loans	56,604,590	74,110,923	59,612,633
<b>Total Securities Business Revenues</b>	<b>1,968,706,918</b>	<b>1,549,376,961</b>	<b>1,484,043,690</b>

1. **Total securities business revenue** was Baht 1,968.71 million increased by Baht 419.33 million or 27.06% compared with Baht 1,549.38 million in the same period last year. The increase mostly resulted from:

1.1 Brokerage fees of Baht 1,695.68 million, increased by Baht 426.00 million or 33.55% compared with Baht 1,269.68 million in the same period last year, This resulted from an increase in the Company's average daily trading volume

of Baht 1,260 million or 40.52% from Baht 3,110 million to Baht 4,370 million in line with the increase in SET's average daily trading volume.

1.2 Fees and services income of Baht 39.59 million, increased by Baht 20.81 million or 110.81% compared with Baht 18.78 million in the same period last year mainly due to an increase in income from underwriting fees and financial advisory fees of Baht 15.20 million following higher customers.

1.3 Gain on investments and derivatives of Baht 85.87 million, decreased by Baht 15.84 million or 15.57% compared with Baht 101.71 million in the same period last year. This was mainly due to a decrease in gain from securities trading of Baht 14.42 million because the Company sold investment of available-for-sale securities to make a profit in the same period last year.

1.4 Interest and dividends income and interest on margin loans of Baht 147.57 million, decreased by Baht 11.64 million or 7.31% compared with Baht 159.21 million in the same period last year. This mainly resulted from a decrease in interest on margin loans of Baht 17.50 million following lower average margin loans, while dividends decreased by Baht 17.03 million because the Company sold investment of available for-sale securities and had no additional investments in the same period last year. Meanwhile, interest income increased by Baht 22.88 million due to higher average bank deposit.

2. **Share of profit from investment for using equity method** of Baht 86.42 million, increased by Baht 35.63 million or 70.15% compared with Baht 50.79 million in the same period last year due to a 72.27% rise in the associate's profit.

- **Total expenses** for the year ended December 31, 2013 of Baht 1,649.12 million, increased by Baht 361.56 million or 28.08% compared with Baht 1,287.56 million in the same period last year, which mainly resulted from:

1. **Finance costs** of Baht 53.58 million, increased by Baht 11.01 million or 25.86% compared with Baht 42.57 million in the same period last year due to an increase in interest expenses for collateral to Baht 10.52 million following higher customer average deposits.

2. **Fee and service expenses** of Baht 156.61 million, increased by Baht 34.44 million or 28.19% compared with Baht 122.17 million in the same period last year which varied in line with the increase in securities and derivatives trading volume.

3. **Operating expenses** of Baht 1,423.00 million, increased by Baht 236.41 million or 19.92% compared with Baht 1,186.59 million in the same period last year due mainly to an increase in personnel expenses which varied according to the increase in securities and derivatives trading volume i.e. marketing incentives and profit sharing from branches/marketing team management, etc. In addition, the increase was due to the Company's equities business expansion since the second half of 2012, especially number of branches, in which the Company had employed more executives and staff.

4. **Bad debt and doubtful accounts** was Baht 15.93 million. This was because the company's existing debtors' collateral value has decreased. However, the Company had been repaid by the debtors under litigation.

- **Summary of Net profit** : The statement in which equity method is applied for the year ended December 31, 2013 has net profit of Baht 344.81 million (net profit Baht 0.138 per share) increased by 84.42 million or 32.42 percent compared with the same period last year which was Baht 260.39 million (net profit Baht 0.112 per share). Furthermore the Company's net profit ratio was 16.67 percent which slightly improved from last year with net profit ratio of 16.12 percent. Total revenue for the year 2013 was increased by Baht 453.56 million or 28.08 percent because in 2012 there was a reversal of allowance for doubtful accounts amounting of Baht 63.77 million, resulting from receivables under litigation of Baht 15.24 million and increased in value of remaining account receivables of Baht 47.63 million. These items could be deducted under expense that made the expense lower. However if the net profit ratios in 2013 and 2012 were recalculated without allowance for doubtful accounts (reverse), the Company's net profit ratio was 21.06 percent in 2013 and 15.32 percent in 2012. Net profit ratio in 2013 was significantly improved from the previous year. As the result of net profit increased, return on equity ratio was 10.69 percent compared with the previous year which was 8.53 percent.

### 13.2.2 Asset Management

#### Asset

As of December 31, 2013, total assets of the Company were Baht 4,748.11 million, decreased by Baht 716.31 million or 13.11 percent from last year which was Baht 5,464.42 million. The Company's total asset consist of cash and cash equivalents were 22.60 percent, Deposits at financial institutions was 11.99 percent, Receivables from Clearing House was 9.33 percent, Net securities and derivatives business receivables were 32.25 percent, Net investment was 5.00 percent, Net investment in associated company was 7.16 percent, Net property, premises and equipment were 3.93 percent and the remaining of 7.74 percent were net intangible assets, deferred tax assets, and other assets.

The changes in assets can be summarized as follows:

1. **Cash and cash equivalents and Deposits at financial institutions as of December 31, 2013** were Baht 1,642.40 million, decreased by Baht 92.81 million or 5.99 percent compared with Baht 1,549.59 million in the previous year. Most of Cash and cash equivalents and Deposits at financial institutions were in form of in form of cash, short-term deposits and promissory notes with maturities not later than 3 months for high liquidation, which convenience to utilize as working capital for daily operations.
2. **Receivables from Clearing House** as of December 31, 2013 was 442.94 million increased by Baht 190.47 million or 75.44 percent compared with the previous year which was Baht 252.47 million. Receivables from Clearing House had direct relationship with trading value of clients and the Company's account during the three last trading days before the end of year.
3. **Net securities and derivatives business receivable** as of December 31, 2013 were Baht 1,531.02 million, decreased by Baht 1,224.66 million or 44.44 percent compared with Baht 2,755.68 million last year. Net securities and derivatives business receivable were decreased, mainly due to a decrease in receivable of Customers' cash accounts was Baht 529.32 million and receivable of margin loan was Baht 673.93 million. Net securities and derivatives business receivable had direct relationship with trading value of the last 3 days before the end of year.

In relation to the Company's policy on allowance for doubtful accounts, the Company has provided an allowance based on a review of debtor's repayment capability, taking into consideration risk in recovery and value of collateral. Additionally, the Company has conservatively set the allowance for doubtful accounts based on a high of degree of uncertainty that principal and interest will be received and the doubtful debts are not fully covered by collateral. The

allowance for doubtful accounts is classified by SEC's notifications No. Gor Thor.33/2543 and Kor Thor. 5/2544 dated August 25, 2000 and February 15, 2001, respectively.

The details of the allowance for doubtful of the Company as at December 31, 2013 are as follows:

Period of overdue	Number	Debts Amount (Million Baht)	Collateral (Million Baht)	Net Debts (Million Baht)	Allowance for doubtful (Million Baht)	Result of collection
<b>Cash accounts</b>						
1- 3 months	-	-	-	-	-	
> 3 <= 6 months	1	0.45	-	0.45	0.45	under follow-up
> 6 <= 12 months	-	-	-	-	-	
> 12 <= 24 months	-	-	-	-	-	
More than 24 months	38	13.54	-	13.54	13.54	26 accounts are under follow-up and 12 accounts are under litigations process
<b>Sub-Total</b>	<b>39</b>	<b>13.99</b>	<b>-</b>	<b>13.99</b>	<b>13.99</b>	
<b>Other receivables</b>						
1- 3 months	-	-	-	-	-	
> 3 <= 6 months	-	-	-	-	-	
> 6 <= 12 months	-	-	-	-	-	
> 12 <= 24 months	-	-	-	-	-	
More than 24 months	9	383.66	44.70	338.96	338.96	under litigations process
<b>Sub-Total</b>	<b>9</b>	<b>383.66</b>	<b>44.70</b>	<b>338.96</b>	<b>338.96</b>	
<b>Total</b>	<b>48</b>	<b>397.65</b>	<b>44.70</b>	<b>352.95</b>	<b>352.95</b>	

4. **Net investment as at December 31,2013** was Baht 237.45 million, increased by Baht 199.45 million or 524.87 percent compared with Baht 38.00 million last year. Net investment was increased because the Company invested more in short-term bill of exchange of Baht 76.40 million, available for sale investments of Baht 37.06 million and units trusts of Baht 100.00 million. Net investment consisted of trading investment of 0.50 percent, debt instrument maturity within 1 year of 32.17 percent, available for sale investment of 16.42 percent, and general investment of 50.91 percent. Most of investments are in form of listed securities and unit trust that in need of the market.

The Company has set up investment committee to monitor and establish guidelines for equity securities investment of the Company account. Also The Company has realized the allowance for diminution in value of investments and allowance for impairment according to accounting standard and announcement of SEC.



5. **Net property, premise and equipment, and intangible asset** amounted to Baht 283.20 million as at December 31, 2013, decreased by Baht 8.55 million or 2.93 percent compared with Baht 291.75 million in the previous year. Net property, premise and equipment, and intangible asset were decreased due to sale of unused vehicles and relocated many branches for cost reduction.

#### Liabilities

As at December 31, 2013, the Company had total liabilities of Baht 1,370.50 million, decreased by Baht1, 019.80 million or 42.66 percent compared with the previous which was Baht 2,390.30 million. Total liabilities were decreased mainly due to a decrease in securities business payable of Baht 494.44 million and decreased in Payables to Clearing House of Baht 161.43 million as the result of securities trading value during the last 3 days before the end of year. Furthermore, total liabilities were decreased because a decrease in Debentures and other borrowing of Baht 338.91 million as the Company had repaid the due debentures, and a decline in trading volume in the latter half of the year.

#### Owner's equity

As at December 31, 2013, the owner's equity of Baht 3,377.60 million, increased by Baht 303.48 million or 9.87 percent compared with the previous year which was Baht 3,074.12 million, mainly due to dividend payment in form of shares and cash at 258,936,143 ordinary shares, amounted of Baht 28,745,686, respectively. Moreover, the Company had an increase in retained earnings of Baht 344.81 million as at December 31, 2013.

#### Liquidity and Sources of Funds

Sources of funds are mainly from self-financed, credit line with commercial bank, and issuance of debenture in order to support working capital of the Company.

The Company's net liquid capital ratio (NCR) was 242.05 percent as at December 31, 2013. This NCR is considered high compared to the minimum NCR required by the SEC at 7 percent.

Net liquid capital ratios (NCR) of the Company can be summarized as follows:

	As at December 31		
	2013	2012	2011
Country Group Securities PCL			
- Net liquid capital (Million Baht)	2,970.28	2,190.97	1,969.73
- Liabilities and collateral (Million Baht)	1,227.14	2,063.10	823.81
- Net liquid capital ratio (NCR)	242.05%	106.20%	239.10%

#### Liquidity

As of December 31, 2013, the Cash Flow Statement of the Company exhibited that net cash flow from operating activities was Baht 229.86 million as the result of change in receivables from and payable to Clearing house, and securities business receivable and payable.

As of December 31, 2013, net cash flows used in investing activities was Baht 218.67 million. Since the Company still had enough liquidity, the amount of funds were invested in bill of exchange of Baht 70.97 million, paid for purchases of

available for sale investments of Baht 140.71 million, and paid for purchases of premises and equipment and intangible assets of Baht 60.31 million, which being used to improved the structure of information technology to be more stable.

Net cash flows used in financing activities was Baht 381.31 million as of December 31, 2013. Main transaction in financing activities was cash paid for debentures and other borrowing.

Overall, the Company has a strong financial status and high liquidity with NCR at 242.05 % (as of December 31, 2013) which was relatively high compare to 7% NCR requirement setting by SEC. Furthermore, the Company had cash and cash equivalent equal to Baht 1,073.09 million (22.60 percent of total asset), a high liquid assets to total asset ratio equal to 37.70 percent, and debts to equity ratio equal to 0.41 times which decreased when compared with the end of previous year. As of December 31, 2013, total shareholders' equity was Baht 3,377.60 million and unallocated retained earnings were Baht 657.72 million. As a result, return on equity ratio increased from 8.53 percent in 2012 to 11.69 percent in 2013; and return on investment increased from 19.44 percent in 2012 to 23.73 percent in 2013.

### Key Factors Affecting the Company's Future Operations and Financial Performance

Factors that affect on the economy and securities business in 2014 are the following :

- Reduction of the United States 's Quantitative Easing 3 (QE 3). If the reduction is high or QE3 policy is cancelled to early, it could affect the investment in SET especially capital investment from foreigner.
- Internal political issue builds anxiety toward investment in every section. If the problem still occurs, it will directly affect securities business.
- Bank of Thailand has projected the expansion of Thailand economic in 2014 that growth rate is 4 -4.5 percent . If the projected growth rate is lower than stated, it may affect the investment in SET.

Details of the Board of Directors and Management

List of Directors and Management as of December 31, 2013

Name/Position	Age (Years)	Education	Stakes (%)	Family Relationship	Work Experience in the past 5 years			Mgt. Authority
					Period	Position	Business	
Prof. Prayoon Chindapradist Chairperson	85	- Higher Diploma in Accountancy (Equivalent to Master's Degree), Thammasat University and Bachelor of Law/ Thammasat University  <u>Training</u> - Director Accreditation Program	-		2006 - Present	Chairperson	Country Group Securities Plc.	Yes
					2004 - Present	Chairperson of Audit Committee	Asian Insulators Plc.	
					1993 – Present	Chairperson of the University Activities Committee	Burapha University	
Mr. Dej Namsirikul Independent Director, Audit Committee Member and Vice Chairperson	78	- High School Diploma, Assumption Bangrak	-		2006 - Present	Independent Director , Audit Committee Member and Vice Chairperson	Country Group Securities Plc.	-
					1987 - 2002	Director	Thai Textile Plc.	
					1987 - 2002	Director	United Flourmill Plc.	
					1979 – Present	Chairperson	Dast Alloysteel Co., Ltd.	
					1987 - 2001	Advisor to the board	Bangkok Bank Plc.	

Name/Position	Age (Years)	Education	Stakes (%)	Family Relationship	Work Experience in the past 5 years			Mgt. Authority
					Period	Position	Business	
General Wattana Sanphanich Independent Director and Vice Chairperson	76	- Higher Diploma in Public Law and Management, King Prajadhipok's institute - Master of Political Science, Ramkhamhaeng University - Bachelor of Law Ramkhamhaeng University - National Defense College - Bachelor of Social Science, Chulachomklao Royal Military Academy <u>Training</u> - Director Accreditation Program	-		2006 - present	Independent Director and Vice Chairperson	Country Group Securities Plc.	-
					2006 - present	Vice Chairperson	Phuket Fantasy	
					1991 - 2006	Independent Director	Safari World Plc.	
					2004 - 2005	Vice Chairperson	Apex Securities Co., Ltd	
					2000 - 2006	Senator (Kanchanaburi Province)	Parliament	
					2000 - 2006	Vice Chairman of Military Committee	Parliament	
						Vice Chairman of Committee for Independent Organizations	Parliament	
					1995 - 1999	Senator and Committee of transportation	Parliament	
					1991 - 2000	Senator	Parliament	
					1998 - 1999	Judge/ Military Supreme Court	Royal Thai Army	
Pol. Gen. Somchai Vanichsenee Independent Director and Chairperson of the Audit Committee	71	- Master of Public Administration, Chulalongkorn University - Bachelor of Public Administration, Police Cadet Academy <u>Training</u> - Director Accreditation Program - Director Certification Program - Audit Committee Program - Finance for Non – Finance Director	-		2006 - present	Independent Director and Chairperson of Audit Committee	Country Group Securities PCL.	-
					2005 - 2006	Independent director and Audit Committee	Phuket Fantasy	
					2006 - present	Independent Director and Audit Committee	Apex Securities Co., Ltd.	
					2003 - 2005	Director	Country Group Securities PCL.	
					2003 - 2003	Director	Royal Thai Police	
					2000 - 2002	Deputy Commissioner-General		

Name/Position	Age (Years)	Education	Stakes (%)	Family Relationship	Work Experience in the past 5 years			Mgt. Authority
					Period	Position	Business	
Mr. Charn Tulyaphisitchai Independent Director and Audit Committee Member	61	- High School Diploma, Assumption Siracha and Saint Dominic School	-		2008 - present	Independent Director and Audit Committee	Country Group Securities PCL	-
					2008 - 2008	Director		
					2004 - present	Chairperson	CK Diamond Co., Ltd.	
					1985 - 1988	Manager	Rajah Palace Hotel	
					1981 - 1985	Manager	Sinchaloen Investment Co., Ltd	
Mr. Sadawut Taechaubol Executive Chairperson	62	- Honorable Degree (Business Administration), Kensington University, California, USA - Commerce Diploma, Davis School, Brighton, UK - BA (Political Science), Ramkhamhaeng University Training - Director Accreditation Program - Capital Market Academy Class 12	11.05	Father of Mr., Tommy Taechaubol/ Director	2013 - present	Executive Director	China Trade Promotion Association	yes
					2009 - present	Executive Chairperson	Country Group Securities PCL	
					2007 – present	Chief Executive Officer and President		
					2006 - 2007	Chief Executive Officer and Acting President		
					2012 - present	Director and Executive Chairperson	MFC Asset Management PCL	
					2009 - present	Director and Executive Director		
					1987 - present	Chairperson	Country Group Co., Ltd	
					2010 - present	President	Thai Chamber of Commerce and Industry	
					2010 - present	Chairperson	Sing Sian Yit Pao., Ltd	
					2010 – present	Vice Chairperson	Country Group Development PCL	
					2006 – present	Director	Profit Venture Co., Ltd	
					2006 – present	Director	Taechaubol Farm Co., Ltd	
					2005 - present	Director	Bangkok Development Co., Ltd	
					2004 - present	Director	Landmark Group Co., Ltd	
					Past	President	Public Warehouse Organization/ Ministry of Commerce	
						Vice Chairperson	Thai Commerce Association	
						Consultant to Minister of Commerce (Mr. Utai Pimjaichon)	Ministry of Commerce	

Name/Position	Age (Years)	Education	Stakes (%)	Family Relationship	Work Experience in the past 5 years			Mgt. Authority
					Period	Position	Business	
Mr. Sawut Taechaubol Executive Chairperson (cont.)						Consultant to Minister of Interior (General Chavalit Yongchaiyudh)	Ministry of Interior	
						Consultant to Minister of Finance (Mr. Chaiyos Sasomsab)	Ministry of Finance	
						Consultant to Minister of Interior (Mr. Kiatchai Chaichaowarat)	Ministry of Interior	
						Honorary Consultant to Minister of Prime Minister's office (Mr. Swat Khumprakob)	Prime Minister's office	
						Committee	AFET Committee	
Mr. Surabhorn Kwunthachit Director and Vice Executive Chairperson	63	- MBA (Finance), University of Washington - BSIE, University of Washington, U.S.A., Scholarship Student - BSEE, University of Washington, U.S.A. <u>Training</u> - Director Accreditation Program - Director Certification Program - Capital Market Academy Class 11 - Securitization, Fannie Mae of U.S.A. - Finance and Banking HSBC, Hong Kong	-		2011 - present	Director, Executive Director, and Corporate governance committee	MFC Asset Management PCL	yes
					2006 - present	Director and Vice Executive Chairperson	Country Group Securities PCL	
					2003 - present	Chairperson of Audit Committee	Tycoons Worldwide Group Plc.	
					2012 - present	Director	Thai Chamber of Commerce and Industry	
					2010 - 2012	Director	Stock Exchange of Thailand	
					2010 - 2012	Discipline subcommittee	Stock Exchange of Thailand	
						Chairperson of Risk Management subcommittee	Stock Exchange of Thailand	
					2010 - 2012	Director	Thailand Futures Exchange PCL (TFEX)	
					2004 - 2010	Chairperson of Audit Committee	Prinsiri PCL	
					1997- 2002	Managing Director	Secondary Mortgage Corporation (Government owned corporation/ Ministry of Finance)	

Name/Position	Age (Years)	Education	Stakes (%)	Family Relationship	Work Experience in the past 5 years			Mgt. Authority
					Period	Position	Business	
Mr. Sim Hong Chye Director	56	-High School Diploma, St. Joseph Institution, Singapore	-		2007 - present 2000 - present 1999 - present	Director Chairman Chairman	Country Group Securities PCL Penrose International Co., Ltd. Thai Real-Venture Co., Ltd.	-
Mr. Litti Kewkacha Director	31	- Master of Science in Management and Regulation of Risk, The London School of Economics and Political Science, London, UK - Bachelor of Engineering in Information Systems (Honors), Imperial College of Science, Technology and Medicine, London, UK <u>Training</u> - Director Accreditation Program - Director Certification Program - Audit Committee Program - Finance for Non – Finance Director - Director Diploma Examination, The Australian Institute of Directors Association, Australia	4.96		2007 - present 2009- present 2008 - present 2006 - present	Director Vice MD/ Marketing Director Managing Director	Country Group Securities PCL Safari World Co.,Ltd Phuket Fantasy Co., Ltd Kacha Brothers Co., Ltd	-
Mr. Somkad Sueptrakul Director	61	- MPA, Public Administration (Public Policy and Strategic Management), NIDA - Bachelor of Law, Ramkhamhaeng University	-		2013 - present 2008 - present 2009 - present 2010 - present	Vice Chairperson Chairperson of Audit Committee Director Chairperson of Investment Committee Director	Electronic IndustryPCL Country Group Securities PCL Thai Rubber Latex Corporation (Thailand) PCL	yes



Name/Position	Age (Years)	Education	Stakes (%)	Family Relationship	Work Experience in the past 5 years			Mgt. Authority
					Period	Position	Business	
Mr. Somkad Sueprakul Director (cont.)		<u>Training</u> - Democratic Politics and Governance for High-Level Administrators, King Prajadhipok's Institute (Class 10) - Director Accreditation Program - Director Certification Program			2002 - present	Legal Consultant	Areeya Properties Plc.	
					2002 - 2003	Consultant	President of House of Representatives (General Manookrit Roopkachachorn)	
					2001 – 2001	Judicial Selection Commission of the Constitutional Court	Parliament	
					2000 – 2006	Consultant to the member of budget committee of senator	Parliament	
					1998 – 1999	Consultant to the Chairperson of the Executive Committee of Telephone Organization of Thailand	Telephone Organization of Thailand (Mr. Mechai Viravaidya)	
					1996 – 2000	Secretary of Bangkok Governor (Dr. Pichit Rattakul)	Bangkok	
					1992 - 1996	Academician - Expertise and consultant to committee of justice and human rights	Parliament	
Pol.Maj.Gen. Werapong Chuenpagdee Director	56	- GSPA/NIDA - Master of Public Administration/ Chulalongkorn University  <u>Training</u> - Director Accreditation Program class 86/2010	-		2011 - present	Director	Country Group Securities PCL Sing	-
					2010 - present	Independent director and Chairperson of Audit Committee	Sian Yit Pao Co.,Ltd	
					2010 - present	Deputy Commissioner of Police Region 1	Royal Thai Police	
					2009 - present	Independent Director	Country Group Development PCL	
					Present	Director	Thai Hua Co., Ltd	
					Present	Director	Fusin Mining Industry (Thailand) Co., Ltd	
					2006 - 2011	Consultant	Country Group Securities PCL	
					2009 - 2010	Deputy Commissioner/ Office of Budget and Finance	Royal Thai Police	
					2008 - 2009	Deputy Commissioner	Royal Thai Police	

Name/Position	Age (Years)	Education	Stakes (%)	Family Relationship	Work Experience in the past 5 years			Mgt. Authority
					Period	Position	Business	
Pol.Maj.Gen. Werapong Chuenpagdee Director (cont.)					2008 – 2008  2007 - 2008	Commander/provincial police- Saraburi province Commander/provincial police, Nakhonnayok province	Royal Thai Police  Royal Thai Police	
Mr. Nipon Wisiyuthasart Independent Director	74	- GSPANIDA - Bachelor of Law/ Thammasat University  Training - Top Management Course/Capital Market Academy Class 12 - Director Accreditation Program	-		2011 - present 2011 - present 2010 - present  1991 - present	Director Parliament representative - Party list Independent Director, Audit Committee, and Chairperson of nomination and remuneration committee Independent director and Chairperson of Audit committee	Country Group Securities PCL Parliament Grand Canal Land PCL  Vanachai Group PCL	-
Ms. Sudthida Chirapatsakul Director/ Executive Director/ CEO (Manager)	60	- Master degree, Krirk University - Bachelor degree, Kasetsart University  Training - Director Accreditation Program	-		2013 - present 2013 - present 2013 - 2013 2010 - present 2009 - 2013 2007- 2009 2005 - 2007 2004 - 2005	CEO (Manager) Executive Director President Director Managing Director Managing Director Managing Director President	Country Group Securities PCL    Fast East Securities Co., Ltd. United Securities PCL Apex Securities Co., Ltd	Yes
Mr. Tommy Taechaubol Director	30	- Master of Business Administration (Honor) Sasin Graduate Institute of Business Administration , Chulalongkorn University - Bachelor of Law, University of New South Wales	3.88	Son of Mr.Sadawut Taechaubol /Executive Chairperson	2012 - present Present Present	Director Executive Chairperson Vice Managing Director /Business Development	Country Group Securities PCL Sing Sian Yit Pao., Ltd MFC Asset Management PCL	Yes

Name/Position	Age (Years)	Education	Stakes (%)	Family Relationship	Work Experience in the past 5 years			Mgt. Authority
					Period	Position	Business	
Mr. Tommy Taechaubol Director (cont.)		- Bachelor of Commerce Finance Major (Honor) <u>Training</u> - Director Accreditation Program - Real estate development Class 40						
Mr. Chanachai Junjiraporn Director/ Executive Director/ CEO	48	- Master of Business Administration for Executives, Ramkhamhaeng University - Master of Political Science, Ramkhamhaeng University - Bachelor of Finance, Dhurakij Pundit University	-		2013 - present 2013 - present 2013 - 2013 2012 - present 2012 - present 2011- 2012	Director CEO President Executive Director Managing Director/Retail Brokerage Vice Managing Director CEO Executive Director	Country Group Securities PCL     Seamico Securities PLC Globlex Securities Co., Ltd Finansia Syrus Securities PCL	-
Mr. Suwit Ratanayanont President	50	- The University of Southern Mississippi, Hattiesburg, U.S.A. , M.B.A. in Management - Chulalongkorn University, Bangkok, Thailand , B.A. Economics, International Economics Major	-		2013- present 2009 - 2013 2007 – 2009 2004 - 2006	President Managing Director/Retail Brokerage Consultant to Managing Director Managing Director	Country Group Securities PCL  BFIT Securities PCL	-

Name/Position	Age (Years)	Education	Stakes (%)	Family Relationship	Work Experience in the past 5 years			Mgt. Authority
					Period	Position	Business	
Mrs. Punnee Thakengkait Managing Director / Retail Brokerage	60	- MINI MBA, Thammasat University class 43 - BA in Finance, Thai Chamber of Commerce University	-		2009 - present	Managing Director/Retail Brokerage	Country Group Securities PCL	-
					2004 - 2009	Managing Director	BF IT Securities PCL	
					2001 - 2004	Assistant Managing Director	Seamico Securities PCL	
					1999 - 2001	Vice President/Securities	Yuantia Securities Co., Ltd. (Thailand)	
					1998 - 1999	Vice President/Securities	United Securities PCL	
					1995 - 1997	Vice President/Securities	Siam City Trust Fund Co., Ltd	
					1989 - 1995	Assistant VP/Securities	ITF Trust Fund Co., Ltd	
Mr. Decha Pangkum Managing Director / Retail Brokerage	44	- Bachelor in Science, Kasetsart University	-		1979 - 1989	Head of Securities Unit	Oversea Trust Fund Co., Ltd	-
					2009 - present	Managing Director/Retail Brokerage	Country Group Securities PCL	
					2007 - 2009	Managing Director	BFIT Securities PCL	
					2005 - 2006	Vice Managing Director	Asia Plus Securities PCL	
					2001 - 2004	Vice President/Securities	Seamico Securities PCL	
					1997 - 2000	Senior manager/Securities		
Mr. Chupong Tanasettakom Managing Director IB Division	56	MBA , University of Detroit, USA	-		2007 - present	Managing Director	Country Group Securities PCL	-
					2007 - 2007	Managing Director	KTB Securities Co., Ltd.	
					2006 - 2007	Deputy Managing Director	Seamico Securities Plc.	
					1999 - 2000	Director	Philip Securities (Thailand) Plc.	
Mr. Supakrit Choksukthanapong Managing Director/ Retail Brokerage	35	Faculty of Education, Songkhla Rajabhat University	-		2013 - present	Managing Director/Retail Brokerage	Country Group Securities PCL	-
					2011 - 2013	Vice Managing Director/Retail Brokerage 4		
					2009 - 2011	Vice President Retail Brokerage 4		
					2005 - 2009	Assistant to Vice President	BFIT Securities PCL	

Name/Position	Age (Years)	Education	Stakes (%)	Family Relationship	Work Experience in the past 5 years			Mgt. Authority
					Period	Position	Business	
Ms. Netchanok Anawan Head and Vice Managing Director, Accounting and Finance Division	43	- M.S. in Accounting, Thammasat University - BA in Accounting, Thammasat University	-		2011 - present	Head and Vice Managing Director of Accounting and Finance	Country Group Securities PCL	-
					2010 - 2011	Acting Head and Senior Vice President of Accounting and Finance		
					2010 - 2010	Senior Vice President		
					2007 - 2010	Vice President/ Account and Finance Assistant Vice President		
					2006 - 2007	Vice President/ Strategy and Budget		
Ms. Sasiwimol Singha-Ngoen Secretary of the Company	33	- Certificate of International Trading Law and Settlement class 1, The Thai Bar - Bachelor of Law, Thammasat University Training Corporate Secretary Development Program class 1, Thai Listed Companies Association, the Stock Exchange of Thailand			2010 - present	Secretary of the Company Vice President /Law department Secretary of the Company Manager	Country Group Securities PCL  BFIT Securities PCL	
					2005 - 2010			

Directors and Management of Country Group Securities PCL (as of December 31, 2013)

Name	Country Group Securities PCL	Associate
		MFC Asset Management PCL
Mr. Prayoon Chindapradist, Prof	A	
Mr. Dej Namsirikul	B/C/E	
General Wattana Sanphanich	B/C	
Pol. General Somchai Vanichsenee	C/D	
Mr. Charn Tulyaphisitchai	C/E	
Mr. Sadawut Taechaubol	F/G	F/G
Mr. Surabhon Kwunchaithunya	F/H	F/I
Mr. Sim Hong Chye	F	
Mr. Litti Kewkacha	F	
Mr. Somkad Sueptrakul	F	
Pol.Maj.Gen. Werapong Chuenpagdee	F	
Mr. Nipon Wisityuthasart	C	
Ms. Sudthida Chirapatsakul	F/I/J*	
Mr. Tommy Taechaubol	F	
Mr. Chanachai Junjiraporn	F/I/J	
Mr. Suwit Ratanayanont	K	
Mr. Chupong Tanasettakorn	L	
Mrs. Punnee Thakerngkait	L	
Mr. Decha Pangkum	L	
Mr. Supakrit Choksukthanapong	L	
Ms. Netchanok Anawan	M	

Remarks: \* Highest Management of the Company

A	=	Chairperson
B	=	Vice Chairperson
C	=	Independent Director
D	=	Chairperson of Audit Committee
E	=	Audit committee member
F	=	Director
G	=	Executive Chairperson
H	=	Vice Executive Chairperson
I	=	Executive Director
J	=	Chief Executive Officer
K	=	President
L	=	Managing Director
M	=	Head and Vice Managing Director of Account and Finance

## REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS

COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED

We have audited the financial statements in which equity method is applied and the separate financial statements of Country Group Securities Public Company Limited, which comprise the statement of financial position in which equity method is applied and the separate statement of financial position as at December 31, 2013, and the related statements of comprehensive income, changes in owners' equity and cash flows in which equity method is applied and the related separate statements of comprehensive income, changes in owners' equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Thai Standards on Auditing. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Opinion

In our opinion, the aforementioned financial statements in which equity method is applied and the separate financial statements present fairly, in all material respects, the financial position of Country Group Securities Public Company Limited as at December 31, 2013, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## Emphasis of matter

Without modifying our opinion, as discussed in Note 4 to the financial statements, the Company has adopted Thai Accounting Standard No. 12 "Income Taxes" for the first time and restated the financial statements in which equity method is applied and the separate financial statements as at December 31, 2012, the beginning balance as at January 1, 2012 and for the year ended December 31, 2012 to be in accordance with the new accounting policy.



Chavala Tienpasertkij

Certified Public Accountant (Thailand)

Registration No. 4301

BANGKOK

February 20, 2014

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

## COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

BAHT

	Notes	FINANCIAL STATEMENTS			SEPARATE		
		IN WHICH			FINANCIAL STATEMENTS		
		EQUITY METHOD IS APPLIED					
		As at	As at	As at	As at	As at	As at
		December 31,	December 31,	January 1,	December 31,	December 31,	January 1,
		2013	2012	2012	2013	2012	2012
			"Restated"	"Restated"		"Restated"	"Restated"
ASSETS							
Cash and cash equivalents	6	1,073,087,608	1,443,205,116	1,334,881,131	1,073,087,608	1,443,205,116	1,334,881,131
Deposits at financial institutions	7	569,310,000	106,380,455	105,611,739	569,310,000	106,380,455	105,611,739
Receivables from Clearing House	8	442,940,349	252,466,917	219,115,990	442,940,349	252,466,917	219,115,990
Securities and derivatives business							
receivables - net	9	1,531,023,127	2,755,683,095	969,795,439	1,531,023,127	2,755,683,095	969,795,439
Investments - net	11	237,449,760	37,998,384	396,146,720	237,449,760	37,998,384	396,146,720
Investment in associated company - net	12	340,153,559	314,181,134	319,775,617	326,977,310	326,977,310	326,977,310
Property, premises and equipment - net	13	186,622,547	203,343,149	188,513,498	186,622,547	203,343,149	188,513,498
Intangible assets - net	14	96,575,450	88,402,206	83,362,258	96,575,450	88,402,206	83,362,258
Deferred tax assets	15	143,055,030	141,456,906	189,666,750	145,690,285	138,897,675	188,226,412
Other assets - net	16	127,887,922	121,300,068	106,311,392	127,887,922	121,300,068	106,311,392
TOTAL ASSETS		4,748,105,352	5,464,417,430	3,913,180,534	4,737,564,358	5,474,654,375	3,918,941,889

COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED  
STATEMENT OF FINANCIAL POSITION (CONTINUED)  
AS AT DECEMBER 31, 2013

BAHT

	Notes	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED			SEPARATE FINANCIAL STATEMENTS		
		As at December 31, 2013	As at December 31, 2012 "Restated"	As at January 1, 2012 "Restated"	As at December 31, 2013	As at December 31, 2012 "Restated"	As at January 1, 2012 "Restated"
LIABILITIES AND OWNERS' EQUITY							
LIABILITIES							
Payables to Clearing House		25,096,463	186,522,483	35,441,443	25,096,463	186,522,483	35,441,443
Securities business payables		1,129,699,869	1,624,143,954	629,364,029	1,129,699,869	1,624,143,954	629,364,029
Derivatives liabilities	17	57,273	456,765	2,486,789	57,273	456,765	2,486,789
Debentures and other borrowing	18	-	338,911,299	-	-	338,911,299	-
Payables under finance leases	19	3,428,712	5,422,380	27,177,415	3,428,712	5,422,380	27,177,415
Employee benefits obligation	20	46,864,861	39,664,089	45,170,124	46,864,861	39,664,089	45,170,124
Other liabilities	21	165,355,749	195,176,462	145,358,401	165,355,749	195,176,462	145,358,401
Total liabilities		<u>1,370,502,927</u>	<u>2,390,297,432</u>	<u>884,998,201</u>	<u>1,370,502,927</u>	<u>2,390,297,432</u>	<u>884,998,201</u>
OWNERS' EQUITY							
Share capital	22						
Authorized share capital							
3,189,785,935 ordinary shares of Baht 1.00		<u>3,189,785,935</u>			<u>3,189,785,935</u>		
Authorized share capital							
3,149,549,316 ordinary shares of Baht 1.00			<u>3,149,549,316</u>	<u>3,149,549,316</u>		<u>3,149,549,316</u>	<u>3,149,549,316</u>
Issued and paid-up share capital							
2,589,743,484 ordinary shares of Baht 1.00		2,589,743,484			2,589,743,484		
Issued and paid-up share capital							
2,330,759,812 ordinary shares of Baht 1.00			2,330,759,812	2,330,759,812		2,330,759,812	2,330,759,812
Premium on share capital	23	139,078,735	139,318,081	139,318,081	139,078,735	139,318,081	139,318,081
Other component of owners' equity	11.3	(8,940,060)	3,712,491	18,978,796	(2,179,721)	856,902	19,542,219
Retained earnings							
Appropriated							
Statutory reserve	27	55,574,679	39,853,695	23,767,457	55,574,679	39,853,695	23,767,457
Unappropriated		<u>602,145,587</u>	<u>560,475,919</u>	<u>515,358,187</u>	<u>584,844,254</u>	<u>573,568,453</u>	<u>520,556,119</u>
Total owners' equity		<u>3,377,602,425</u>	<u>3,074,119,998</u>	<u>3,028,182,333</u>	<u>3,367,061,431</u>	<u>3,084,356,943</u>	<u>3,033,943,688</u>
TOTAL LIABILITIES AND OWNERS' EQUITY							
		4,748,105,352	5,464,417,430	3,913,180,534	4,737,564,358	5,474,654,375	3,918,941,889

Notes to the financial statements form an integral part of these financial statements

COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2013

		BAHT			
	Notes	FINANCIAL STATEMENTS		SEPARATE	
		IN WHICH EQUITY		FINANCIAL STATEMENTS	
		METHOD IS APPLIED			
		2013	2012	2013	2012
			"Restated"		"Restated"
<b>REVENUES</b>					
Brokerage fees	28	1,695,680,086	1,269,677,471	1,695,680,086	1,269,677,471
Fees and services income	29	39,588,808	18,776,393	39,588,808	18,776,393
Gain on investments	11.4	66,150,446	80,900,069	66,150,446	80,900,069
Gain on derivatives		19,723,499	20,810,298	19,723,499	20,810,298
Share of profit from investment for using equity method		86,424,302	50,793,506	-	-
Interest and dividends	11.5	90,959,489	85,101,807	141,795,439	144,908,807
Interest on margin loans		56,604,590	74,110,923	56,604,590	74,110,923
Other income	30	13,707,904	15,108,743	13,707,904	15,108,743
Total revenues		<u>2,068,839,124</u>	<u>1,615,279,210</u>	<u>2,033,250,772</u>	<u>1,624,292,704</u>
<b>EXPENSES</b>					
Finance costs		53,583,831	42,571,603	53,583,831	42,571,603
Fee and service expenses		156,610,947	122,168,959	156,610,947	122,168,959
Operating expenses					
Personnel expenses		1,072,167,248	850,379,711	1,072,167,248	850,379,711
Premises and equipment expenses		194,926,006	192,260,120	194,926,006	192,260,120
Directors' remuneration	32	11,145,000	11,255,000	11,145,000	11,255,000
Other expenses	33	144,756,121	132,697,931	144,756,121	132,697,931
Bad debt and doubtful accounts (reversal)		15,931,601	(63,769,192)	15,931,601	(63,769,192)
Total expenses		<u>1,649,120,754</u>	<u>1,287,564,132</u>	<u>1,649,120,754</u>	<u>1,287,564,132</u>
INCOME BEFORE INCOME TAX		<u>419,718,370</u>	<u>327,715,078</u>	<u>384,130,018</u>	<u>336,728,572</u>
INCOME TAX	35	<u>(74,904,818)</u>	<u>(67,326,502)</u>	<u>(69,710,333)</u>	<u>(68,445,394)</u>
NET INCOME		<u>344,813,552</u>	<u>260,388,576</u>	<u>314,419,685</u>	<u>268,283,178</u>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
Gains (losses) on re-measuring					
available-for-sale investments		(15,815,602)	4,421,325	(3,795,778)	120,105
Adjustment surplus on re-measuring					
available-for-sale investments disposed					
during the years		-	(24,391,430)	-	(24,391,430)
Actuarial gains on defined					
post-employment benefit plans		-	7,365,728	-	7,365,728
Income tax relating to components of					
other comprehensive income (loss)		3,163,051	3,230,654	759,155	4,112,862
Total other comprehensive income (loss) - net		<u>(12,652,551)</u>	<u>(9,373,723)</u>	<u>(3,036,623)</u>	<u>(12,792,735)</u>
TOTAL COMPREHENSIVE INCOME		<u>332,161,001</u>	<u>251,014,853</u>	<u>311,383,062</u>	<u>255,490,443</u>
<b>BASIC EARNINGS PER SHARE</b>					
	Baht	0.138	0.112	0.126	0.115
<b>WEIGHTED AVERAGE NUMBER</b>					
OF ORDINARY SHARES	22	Shares	2,491,133,102	2,491,133,102	2,330,759,812

Notes to the financial statements form an integral part of these financial statements

COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED  
STATEMENT OF CHANGES IN OWNERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT

	Notes	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED					
		Issued and paid-up share capital	Premium on share capital	Other reserves Surplus (deficit) on re-measuring investments	Retained earnings Appropriated Statutory reserve	Unappropriated	Total owners' equity
<b>"Restated"</b>							
Balance as at January 1, 2012 as previously reported		2,330,759,812	139,318,081	24,390,632	23,767,457	319,498,122	2,837,734,104
Cumulative effect of change in accounting policy	4	-	-	(5,411,836)	-	195,860,065	190,448,229
Balance as at January 1, 2012 as restated		2,330,759,812	139,318,081	18,978,796	23,767,457	515,358,187	3,028,182,333
<u>Change during the year</u>							
Dividend paid	26	-	-	-	-	(205,077,188)	(205,077,188)
Total comprehensive income (loss)		-	-	(15,266,305)	-	266,281,158	251,014,853
Statutory reserve		-	-	-	16,086,238	(16,086,238)	-
Balance as at December 31, 2012		2,330,759,812	139,318,081	3,712,491	39,853,695	560,475,919	3,074,119,998
<b>Balance as at January 1, 2013 as previously reported</b>							
Balance as at January 1, 2013 as previously reported		2,330,759,812	139,318,081	4,420,527	39,853,695	418,018,865	2,932,370,980
Cumulative effect of change in accounting policy	4	-	-	(708,036)	-	142,457,054	141,749,018
Balance as at January 1, 2013 as restated		2,330,759,812	139,318,081	3,712,491	39,853,695	560,475,919	3,074,119,998
<u>Change during the year</u>							
Capital Acquisition		258,983,672	-	-	-	-	258,983,672
Discount on capital stock		-	(239,346)	-	-	-	(239,346)
Dividend paid	26	-	-	-	-	(287,422,900)	(287,422,900)
Total comprehensive income (loss)		-	-	(12,652,551)	-	344,813,552	332,161,001
Statutory reserve		-	-	-	15,720,984	(15,720,984)	-
Balance as at December 31, 2013		2,589,743,484	139,078,735	(8,940,060)	55,574,679	602,145,587	3,377,602,425

Notes to the financial statements form an integral part of these financial statements

COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED  
STATEMENT OF CHANGES IN OWNERS' EQUITY (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT

SEPARATE FINANCIAL STATEMENTS

	Notes	Issued and paid-up share capital	Premium on share capital	Other reserves Surplus (deficit) on re-measuring investments	Appropriated Statutory reserve	Unappropriated	Total owners' equity
<b>"Restated"</b>							
Balance as at January 1, 2012 as previously reported		2,330,759,812	139,318,081	25,122,452	23,767,457	326,749,474	2,845,717,276
Cumulative effect of change in accounting policy	4	-	-	(5,580,233)	-	193,806,645	188,226,412
Balance as at January 1, 2012 as restated		2,330,759,812	139,318,081	19,542,219	23,767,457	520,556,119	3,033,943,688
<u>Change during the year</u>							
Dividend paid	26	-	-	-	-	(205,077,188)	(205,077,188)
Total comprehensive income (loss)		-	-	(18,685,317)	-	274,175,760	255,490,443
Statutory reserve		-	-	-	16,086,238	(16,086,238)	-
Balance as at December 31, 2012		2,330,759,812	139,318,081	856,902	39,853,695	573,568,453	3,084,356,943
<b>Balance as at January 1, 2013 as previously reported</b>							
Balance as at January 1, 2013 as previously reported		2,330,759,812	139,318,081	851,127	39,853,695	434,676,553	2,945,459,268
Cumulative effect of change in accounting policy	4	-	-	5,775	-	138,891,900	138,897,675
Balance as at January 1, 2013 as restated		2,330,759,812	139,318,081	856,902	39,853,695	573,568,453	3,084,356,943
<u>Change during the year</u>							
Capital Acquisition		258,983,672	-	-	-	-	258,983,672
Discount on capital stock		-	(239,346)	-	-	-	(239,346)
Dividend paid	26	-	-	-	-	(287,422,900)	(287,422,900)
Total comprehensive income (loss)		-	-	(3,036,623)	-	314,419,685	311,383,062
Statutory reserve		-	-	-	15,720,984	(15,720,984)	-
Balance as at December 31, 2013		2,589,743,484	139,078,735	(2,179,721)	55,574,679	584,844,254	3,367,061,431

Notes to the financial statements form an integral part of these financial statements

**COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

BAHT

	FINANCIAL STATEMENTS		SEPARATE	
	IN WHICH EQUITY METHOD IS APPLIED		FINANCIAL STATEMENTS	
	2013	2012	2013	2012
		"Restated"		"Restated"
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax	419,718,370	327,715,078	384,130,018	336,728,572
Adjustments				
Depreciation and amortization	64,047,127	68,179,653	64,047,127	68,179,653
Bad debt and doubtful accounts (reversal)	15,931,601	(63,769,192)	15,931,601	(63,769,192)
Unrealized gain on re-measuring trading investments	(78,923)	(412,229)	(78,923)	(412,229)
Unrealized loss on re-measuring derivatives liabilities	85,797	246,439	85,797	246,439
Gain from trading in trading investments	(66,072,048)	(46,283,505)	(66,072,048)	(46,283,505)
Loss (gain) from trading in available-for-sale investments	525	(34,204,335)	525	(34,204,335)
Loss on disposal and written off premises, and equipment and intangible assets	3,032,653	2,542,546	3,032,653	2,542,546
Share of profit from investment for using equity method	(86,424,302)	(50,793,506)	-	-
Employee benefits expense	12,465,402	13,304,823	12,465,402	13,304,823
Finance costs	53,583,831	42,571,603	53,583,831	42,571,603
Interest and dividends income	(147,564,079)	(159,212,730)	(198,400,029)	(219,019,730)
Cash received from interest	135,939,639	139,968,975	135,939,639	139,968,975
Cash paid for interest	(53,310,198)	(42,845,236)	(53,310,198)	(42,845,236)
Cash paid for income tax	(89,950,487)	(2,090,738)	(89,950,487)	(2,090,738)
Income from operating activities				
before changes in operating assets and liabilities	261,404,908	194,917,646	261,404,908	194,917,646
(Increase) decrease in operating assets				
Deposits at financial institutions	(462,929,545)	(768,716)	(462,929,545)	(768,716)
Receivables from Clearing House	(190,473,432)	(33,350,927)	(190,473,432)	(33,350,927)
Securities and derivatives business receivables	1,208,591,250	(1,722,209,708)	1,208,591,250	(1,722,209,708)
Cash paid for purchases of trading investments	(64,394,949,930)	(57,593,292,933)	(64,394,949,930)	(57,593,292,933)
Cash received from sales of trading investments	64,474,955,300	57,680,735,107	64,474,955,300	57,680,735,107
Other assets - net	97,868,654	(2,991,375)	97,868,654	(2,991,375)
Cash received from tax refundable	1,573,463	1,066,469	1,573,463	1,066,469
Increase (decrease) in operating liabilities				
Payables to Clearing House	(161,426,020)	151,081,040	(161,426,020)	151,081,040
Securities business payables	(494,444,085)	994,779,925	(494,444,085)	994,779,925
Derivatives liabilities	(485,289)	(2,276,463)	(485,289)	(2,276,463)
Employee benefits obligation	(5,264,630)	(11,445,130)	(5,264,630)	(11,445,130)
Other liabilities	(104,562,933)	34,265,887	(104,562,933)	34,265,887
Net cash flows provided by (used in)				
operating activities	229,857,711	(309,489,178)	229,857,711	(309,489,178)

COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED  
STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2013

BAHT

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED		SEPARATE FINANCIAL STATEMENTS	
	2013	2012 "Restated"	2013	2012 "Restated"
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash paid for purchases of available-for-sale investments	(140,707,432)	(117,000,000)	(140,707,432)	(117,000,000)
Cash received from sales of available-for-sale investments	1,018	444,334,905	1,018	444,334,905
Cash paid for purchases of bill of exchange	(150,965,817)	-	(150,965,817)	-
Cash received from bill of exchange	80,000,000	-	80,000,000	-
Cash received from dividend of investments in securities	249,464	3,866,346	249,464	3,866,346
Cash received from dividend of investment in associated company	50,835,950	73,216,000	50,835,950	73,216,000
Cash paid for purchases of premises and equipment and intangible assets	(60,307,202)	(77,792,648)	(60,307,202)	(77,792,648)
Cash received from sales of premises and equipment and intangible assets	2,227,523	39,252	2,227,523	39,252
Net cash flows provided by (used in) investing activities	(218,666,496)	326,663,855	(218,666,496)	326,663,855
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash received from debentures and other borrowing	364,550,018	678,870,140	364,550,018	678,870,140
Cash paid for debentures and other borrowing	(715,000,000)	(350,000,000)	(715,000,000)	(350,000,000)
Cash paid for payables under finance leases	(2,180,166)	(32,643,644)	(2,180,166)	(32,643,644)
Cash received from capital acquisition	67,111	-	67,111	-
Cash paid for dividend	(28,745,686)	(205,077,188)	(28,745,686)	(205,077,188)
Net cash flows provided by (used in) financing activities	(381,308,723)	91,149,308	(381,308,723)	91,149,308
Net increase (decrease) in cash and cash equivalents	(370,117,508)	108,323,985	(370,117,508)	108,323,985
Cash and cash equivalents as at January 1,	1,443,205,116	1,334,881,131	1,443,205,116	1,334,881,131
<b>Cash and cash equivalents as at December 31,</b>	<b>1,073,087,608</b>	<b>1,443,205,116</b>	<b>1,073,087,608</b>	<b>1,443,205,116</b>

Notes to the financial statements form an integral part of these financial statements



COUNTRY GROUP SECURITIES PUBLIC COMPANY LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

1. GENERAL INFORMATION

Country Group Securities Public Company Limited, ("the Company"), is incorporated in Thailand and was listed on the Stock Exchange of Thailand ("SET") in 1993. The Company converted the status to be a Public Limited Company in accordance with the Public Limited Companies Act on February 17, 1994. The head office is located at 132, Sindhorn Tower 1, 2<sup>nd</sup> Floor, Wireless Road, Lumpini, Pathumwan, Bangkok 10330.

As at December 31, 2013 and 2012, the Company has 50 branches.

On October 22, 2008, the Ministry of Finance had approved the securities business license type Kor No. Lor Kor-0002-01 and cancelled the old securities business licenses No. 51/2517 and No. 18/2547. The securities business license type Kor is the license that undertakes securities business in various categories consisting of

1. Securities Brokerage
2. Securities Trading
3. Securities Underwriting
4. Investment Advisory Service
5. Mutual Fund Management
6. Private Fund Management
7. Securities Borrowing and Lending
8. Venture Capital Management.

The Office of the Securities and Exchange Commission has approved the Company to act as the financial advisory from March 21, 2012 to March 20, 2017.

The Company was granted a license No. 0007/2551 on August 13, 2008 to undertake the derivatives agent from the Office of the Securities and Exchange Commission which has been effective since July 31, 2008.

The Company was granted a license on July 12, 2010 to undertake the securities borrowing and lending business as the Principal from the Office of the Securities and Exchange Commission.

The mutual fund management, the private fund management and the venture capital management shall be commenced only after the Company is granted the approval from the Office of the Securities and Exchange Commission.

## 2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

- 2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in Thai language in conformity with Thai Financial Reporting Standards and practices generally accepted in Thailand and in accordance with the Notifications of the Office of the Securities and Exchange Commission.

The presentation of the financial statements has been made in compliance with requirement of Thai Account Standard No. 1 (Revised 2009) "Presentation of Financial Statements", and also the Notification of the Office of the Securities and Exchange Commission ("SEC") No. SorTor/Kor/Nor. 53/2553, dated December 15, 2010, regarding "The Form of Financial Statements for Securities Companies".

- 2.2 Adoption of new and revised Thai Financial Reporting Standards

Since January 1, 2013, the Company has adopted the new and revised Thai Financial Reporting Standards issued by the Federation of Accounting Professions, which are effective for the financial statements for the accounting periods beginning on or after January 1, 2013 onwards, as follows:

### Thai Accounting Standards (TAS)

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

### Thai Financial Reporting Standard (TFRS)

TFRS 8	Operating Segments
--------	--------------------

### Thai Accounting Standard Interpretation (TSI)

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

### Guideline On Accounting

Guideline on Accounting regarding Transferring and Accepting Transfer of Financial Assets

## 2.3 New and revised Thai Financial Reporting Standards issued but not effective yet

The Federation of Accounting Professions issued the Notifications regarding Thai Financial Reporting Standards (TFRS), Thai Accounting Standard Interpretations (TSI) and Thai Financial Reporting Standard Interpretations (TFRI) which have been announced in the Royal Gazette as follows:

	TAS/TFRS /TSI/ TFRI	Effective date
<b>Thai Accounting Standards (TAS)</b>		
TAS 1 (Revised 2012)	Presentation of Financial Statements	January 1, 2014
TAS 7 (Revised 2012)	Statement of Cash Flows	January 1, 2014
TAS 12 (Revised 2012)	Income Taxes	January 1, 2014
TAS 17 (Revised 2012)	Leases	January 1, 2014
TAS 18 (Revised 2012)	Revenue	January 1, 2014
TAS 19 (Revised 2012)	Employee Benefits	January 1, 2014
TAS 21 (Revised 2012)	The Effects of Changes in Foreign Exchange Rates	January 1, 2014
TAS 24 (Revised 2012)	Related Party Disclosures	January 1, 2014
TAS 28 (Revised 2012)	Investments in Associates	January 1, 2014
TAS 31 (Revised 2012)	Interests In Joint Ventures	January 1, 2014
TAS 34 (Revised 2012)	Interim Financial Reporting	January 1, 2014
TAS 38 (Revised 2012)	Intangible Assets	January 1, 2014
<b>Thai Financial Reporting Standard (TFRS)</b>		
TFRS 2 (Revised 2012)	Share-based Payment	January 1, 2014
TFRS 3 (Revised 2012)	Business Combinations	January 1, 2014
TFRS 4	Insurance Contracts	January 1, 2016
TFRS 5 (Revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2014
TFRS 8 (Revised 2012)	Operating Segments	January 1, 2014
<b>Thai Accounting Standard Interpretation (TSI)</b>		
TSI 15	Operating leases - Incentives	January 1, 2014
TSI 27	Evaluating the substance of transactions in the legal form of a lease	January 1, 2014
TSI 29	Disclosure - Service Concession Arrangements	January 1, 2014
TSI 32	Intangible Assets-Web Site Costs	January 1, 2014
<b>Thai Financial Reporting Standard Interpretation (TFRI)</b>		
TFRI 1	Changes in Existing Decommissioning Restoration and Similar Liabilities	January 1, 2014
TFRI 4	Determining whether an Arrangement Contains a Lease	January 1, 2014
TFRI 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	January 1, 2014
TFRI 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	January 1, 2014
TFRI 10	Interim Financial Reporting and Impairment	January 1, 2014
TFRI 12	Service Concession Arrangements	January 1, 2014
TFRI 13	Customer Loyalty Programmes	January 1, 2014
TFRI 17	Distributions of Non-cash Assets to Owners	January 1, 2014
TFRI 18	Transfers of Assets from Customers	January 1, 2014

The Company's management anticipates that the Company will adopt the above Thai Financial Reporting Standards relevant to the Company in the preparation of financial statements of the Company when they become effective. The Company's management is in the process of assessing the impact of these standards on the financial statements for the period in which they are initially applied.

#### 2.4 The financial statements in which equity method is applied

Share of profit from investment for using equity method expressed as a percentage of total revenues of the Company presented in the financial statements in which equity method is applied as follows:

	For the years ended December 31,	
	2013	2012 "Restated"
MFC Asset Management Public Company Limited (audited by other auditors)		
- Share of profit from investment for using equity method (Baht)	86,424,302	50,793,506
- Percentage of total revenues of the Company	4.2	3.1

### 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies.

Significant accounting policies adopted by the Company are summarized below:

#### 3.1 Revenue recognition

##### Brokerage fees

Brokerage fees from securities business and derivatives business are recognized as income on the transaction date.

##### Fees and services income

Fees income is recognized on an accrual basis and services income is recognized on the basis of percentage of completion, as specified in the service agreement.

##### Gain (loss) on investments and derivatives

Gain (loss) on investments and derivatives are recognized as income or expenses on trading date.

##### Interest on margin loans

Interest is recognized on an accrual basis, but where there is uncertainty as to the collectability of loans and interest, the Company stops using an accrual basis.

In the following cases, collectability of loans and interest is held to be uncertain.

- 1) Loans which are not fully collateralized.
- 2) Installment loans with repayments scheduled less frequently than every 3 months and for which principal or interest is overdue by more than 3 months.
- 3) Installment loans with repayments scheduled over than every 3 months, unless there is clear evidence and a high degree of certainty that full repayment will be received.
- 4) Problem financial institution.
- 5) Other receivables from which interest payment is overdue for 3 months or more.

These conditions are based on the guidelines stipulated by the Office of the Securities and Exchange Commission.

Interest and dividend on investments

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

### 3.2 Expenses recognition

Expenses are recognized on an accrual basis.

Operating leases

Lease in which substantially all the risks and rewards of ownership of assets remain with the lessor, payments made under operating leases are recognized in the statements of comprehensive income on a straight - line basis over the term of the lease. Lease incentives received are recognized in the statements of comprehensive income as an integral part of the total lease payments made. Contingent rentals are charged to the statements of comprehensive income in the accounting period in which they are incurred.

### 3.3 Recognition and amortization of customer deposits

Money which customers have placed with the Company in cash accounts, cash balance and credit balance for securities trading and derivatives trading is recorded as the asset and liability of the Company. As at the statement of financial position date, the Company writes these amounts off from both assets and liabilities and presents only assets and liabilities which belong to the Company.

#### 3.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, current deposit accounts, saving deposit accounts, time deposit with maturities not later than 3 months from acquisition date, and without commitments, call notes receivables and term promissory notes with maturities within 3 months from acquisition date. This accords with the Notification issued by the Office of the Securities and Exchange Commission.

#### 3.5 Deposits at financial institutions

Deposits at financial institutions include fixed deposit accounts, promissory notes with maturities over 3 months from acquisition date, deposit used as collateral and certificate of deposit with maturities within 3 months from acquisition date which the Company intends to hold to roll over it.

#### 3.6 Receivables and payables from/to Clearing House

Net balances of receivable and payable incurred from settlement of securities and derivatives trading each day through Thailand Securities Depository Co., Ltd., and net balances of receivable and payable included from settlement of foreign securities trading each day through foreign securities companies, are presented as net balance receivables or payables from/to Clearing House in accordance with the Notification of the Office of the Securities and Exchange Commission No. SorTor/Kor/Nor. 53/2553 regarding "The Forms of Financial Statements for Securities Companies" dated December 15, 2010.

#### 3.7 Securities and derivatives business receivables

Securities and derivatives business receivables are the net balance after deducting allowance for doubtful accounts.

Securities business receivables comprise 3 categories which are receivables from securities businesses of cash accounts, margin loans and other receivables. Receivables from securities businesses of cash accounts are the receivables that were derived from cash settlements within 3 working days, after the securities purchasing date. Margin loans are accounts that debtors are granted loans for securities purchasing with collaterals at the rate which is not lower than the rate required by the Stock Exchange of Thailand. Other receivables include overdue securities and derivatives receivables of cash accounts and securities and derivatives receivables which are the subject of legal proceedings, are undergoing restructuring or are settling in installments.

The allowance for doubtful accounts is based on the assessment of the status of individual debtor and overall debtors as well as the requirements as stated in the Office of the Securities and Exchange Commission's Notifications No. KorThor. 33/2543 and KorThor. 5/2544 dated August 25, 2000 and February 15, 2001, respectively. Such assessment takes into consideration various factors including the risks involved and the value of collateral. Allowance is made for the estimated losses that might be incurred where the debts are not fully secured and/or there exists a possibility that principal and interest cannot be recovered in full. Such debt classifications and provisions are in accordance with guidelines by the Office of the Securities and Exchange Commission as follows:

- a) Assets classified as bad debt are to satisfy the following criteria:
  - 1) Loans balances which the Company has already made every effort to collect, but which remain unpaid and which the Company has already written off in accordance with tax law.
  - 2) Loans balances which the Company has forgiven.
- b) Doubtful debt is defined as the uncollateralized portion of the value of a debt which meets the following criteria:
  - 1) General loans, problem financial institution loans, and other loans for which the collateral value is less than the loan balance.
  - 2) Installment loans with repayments scheduled less frequently than every 3 months and for which principal or interest is overdue by more than 3 months.
  - 3) Installment loans with repayments scheduled over than every 3 months, unless there is clear evidence and a high degree of certainty that full repayment will be received.
- c) Sub-standard debt is defined as the collateralized portion of loans which meet the criteria in b).

Loans classified as bad debt will be written off when identified. Provision will be set aside for loans classified as doubtful at not less than 100% of the doubtful debt balance.

### 3.8 Investments

Investments in marketable securities held for trading are stated at fair value, with any resultant gain or loss on re-measuring investments recognized in the statements of comprehensive income.

Investments in debt securities that the Company intends and is able to hold to maturity are stated at amortized cost less impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

Investments in debt securities and marketable equity securities other than those securities held for trading or intended to be held to maturity, are classified as being available-for-sale investments and are stated at fair value, with any resultant gain or loss on re-measuring investments being recognized as other component of owners' equity in owners' equity. The exception is impairment losses, which is recognized in the statements of comprehensive income. When these investments are disposed, the cumulative gain or loss previously recognized directly in other component of owners' equity in owners' equity is recognized in the statements of comprehensive income. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in the statements of comprehensive income.

Investments in equity securities which are not marketable are stated at cost, net allowance for impairment (if any).

The fair value of marketable security 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 unit trusts of closed - end fund is determined from their net asset value. The fair value of debentures is calculated by using the latest bid yield as quoted by the Thai Bond Market Association.

The weighted average method is used for computation of the cost of investments in equity securities. The first in - first out method is used for computation of the cost of investments in derivatives.

#### Impairment

Loss on impairment (if any) of investments is recognized in the statements of comprehensive income when the carrying amount exceeds its recoverable value.

### 3.9 Investment in associated company

Investment in associated company is accounted for in the financial statements in which equity method is applied using the equity method.

Investment in associated company is accounted for in the separate financial statements using the cost method.

Any excess of the cost of acquisition over the carrying amount of the identifiable assets, liabilities and contingent liabilities of an associated company recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment.

Loss on impairment (if any) of investment in associated company is recognized in the statements of comprehensive income.



### 3.10 Property, premises and equipment

Property is stated at cost. Premises and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation is charged to the statements of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item from the date that premises and equipment are available to use.

The estimated useful lives are as follows:

Premises	20 years
Premises/leasehold improvement	5 years
Furniture and office equipment	3 - 5 years
Vehicles	5 years

#### Leased assets

Leases in terms of which the Company assumes substantial the risk and rewards of ownership other than legal title are classified as finance leases. Leased asset acquired by way of finance leases is capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses (if any). Lease payments are apportioned between the finance charges and reduction of the lease liability. Finance charges are charged directly to the statements of comprehensive income.

#### Impairment

Premises and equipment are tested for impairment when indicators of impairment are identified.

Gain and loss on disposals are determined by comparing proceeds with carrying amount and are included in the statements of comprehensive income.

### 3.11 Intangible assets

Intangible assets with definite useful life are stated at cost less accumulated amortization and allowance for impairment (if any).

Amortization is charged to the statements of comprehensive income on a straight-line basis over the estimated useful lives of an item from the date that intangible assets with definite useful life are available for use.

The estimated useful lives are as follows:

Using derivatives business fee	1 - 5 years
Computer software	5 years

Intangible assets with indefinite useful life are tested for impairment when indicators of impairment are identified, and allowance for impairment is recognized (if any).

3.12 Assets classified as held for sale

Assets are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, the Company's management anticipates the sale is highly probable and the assets are available for immediate sale in its present condition.

Assets held for sale consist of immovable properties which is stated at the lower of cost amount or fair value after deducting costs of sales.

3.13 Leasehold right

Leasehold right is stated at cost less accumulated amortization and allowance for impairment (if any).

Amortization is charged to the statements of comprehensive income on a straight-line basis over the period of the lease term.

3.14 Investment property

Investment property is stated at cost less accumulated depreciation and allowance for impairment (if any).

3.15 Securities business payables

Securities business payables are the obligations of the Company in respect of its securities and derivatives businesses with outside parties.

3.16 Derivatives liabilities

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

3.17 Borrowings

Borrowings are recognized initially at fair value of proceeds received. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds and the redemption value is recognized in the statements of comprehensive income over the period of borrowings.

3.18 Provision for liabilities

The Company recognizes provision as liabilities in the financial statements when the amount of the liability can be reliably estimated and as commitments when it is likely that loss of resources which are of economic benefit to the Company will result from settlement of such commitments.

### 3.19 Financial instruments

Financial instruments carried in the statement of financial position include cash and cash equivalents, deposits at financial institutions, receivables from Clearing House, securities and derivatives business receivables, investments, investment in associated company, payables to Clearing House, securities business payables, derivatives liabilities, debentures and other borrowing and payables under finance lease. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

### 3.20 Employee benefits

#### 3.20.1 Provident fund

The contribution for employee provident fund is recorded as expense when incurred.

#### 3.20.2 Employee benefits obligation

The Company calculated the post-employment benefits obligation under the Thai Labor Protection Act based on actuarial assumptions at the end of reporting period using Projected Unit Credit Method, which is estimated based on the present value of expected cash flows of benefits to be paid in the future taken into account the actuarial assumptions, including salaries, turnover rate, mortality rate, years of service and other factors. Discount rate which calculates the post-employment benefit obligation based on yield rate of government bond.

The expenses for the defined post-employment benefits plan are recognized as personnel expenses in the statement of comprehensive income.

Actuarial gains on defined post-employment benefits are recognized in other comprehensive income (loss).

### 3.21 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

#### Current tax

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

#### Deferred tax

Deferred income tax is 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 period.

The Company recognizes deferred tax liabilities for all taxable temporary differences while they recognize deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized.

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

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

3.22 Basic earnings per share

Basic earnings per share is determined by dividing net income for the year by the weighted average number of ordinary shares held by outside parties outstanding during the year.

3.23 Foreign currency transactions

Transactions during the year denominated in foreign currencies are translated into Baht at rates of exchange on transaction dates. Monetary assets and liabilities in foreign currencies at the date of the financial statements are converted at the reference exchange rates established by the Bank of Thailand at that date. Gains or losses on exchange arising on translation and settlement is recognized as income or expense in the statements of comprehensive income.

3.24 Use of accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles also requires the Company's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. Accounting estimates are as follows:

Fair value of financial instrument

The fair value of financial instrument disclosures, considerable judgement is necessarily required in estimation of fair value. Accordingly, the estimated fair value presented herein is not necessarily indicative of the amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value.

#### 4. CHANGE IN ACCOUNTING POLICY

The Company has first-time adopted an accounting policy regarding deferred tax for the financial statements for the year ended December 31, 2013 by applying Thai Accounting Standard No. 12 "Income Taxes". Therefore, the comparative information for the financial statements for the year ended December 31, 2012 and as at January 1, 2012 have been restated to conform to the new accounting policy. The cumulative effect of change in accounting policy on the financial statements are as follows:

##### STATEMENT OF FINANCIAL POSITION

		BAHT
		FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED
	As at December 31, 2012	As at January 1, 2012
<b>Deferred tax assets</b>		
Balance before change in accounting policy	-	-
Increase of deferred tax assets	141,456,906	189,666,750
Balance after change in accounting policy	<u>141,456,906</u>	<u>189,666,750</u>
<b>Other component of owners' equity</b>		
Balance before change in accounting policy	4,420,527	24,390,632
Decrease of deferred tax assets	(708,036)	(5,411,836)
Balance after change in accounting policy	<u>3,712,491</u>	<u>18,978,796</u>
<b>Retained earnings - Unappropriated</b>		
Balance before change in accounting policy	418,018,865	319,498,122
Increase of deferred tax assets	141,451,131	195,246,983
Increase of deferred tax assets of associated company	1,005,923	613,082
Balance after change in accounting policy	<u>560,475,919</u>	<u>515,358,187</u>

##### STATEMENT OF COMPREHENSIVE INCOME

		BAHT
		FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED
		For the year ended December 31, 2012
<b>Income tax</b>		
Income tax before change in accounting policy		15,003,795
Increase of income tax		<u>52,322,707</u>
Income tax after change in accounting policy		<u>67,326,502</u>
<b>Income tax relating to components of other comprehensive income (loss)</b>		
Income tax relating to components of other comprehensive income (loss) before change in accounting policy		-
Increase of income tax relating to components of other comprehensive income (loss)		<u>3,230,654</u>
Income tax relating to components of other comprehensive income (loss) after change in accounting policy		<u>3,230,654</u>

## STATEMENT OF COMPREHENSIVE INCOME

BAHT

FINANCIAL STATEMENTS  
IN WHICH EQUITY METHOD  
IS APPLIED  
For the year ended  
December 31, 2012

## Net income

Net income before change in accounting policy	312,318,441
Decrease of net income	(51,929,865)
Net income after change in accounting policy	<u>260,388,576</u>

## Basic Earnings Per Share ("EPS")

Basic EPS before change in accounting policy	0.134
Decrease of basic EPS	(0.022)
Basic EPS after change in accounting policy	<u>0.112</u>

## STATEMENT OF FINANCIAL POSITION

BAHT

SEPARATE FINANCIAL STATEMENTS  
As at  
December 31,  
2012

As at  
January 1,  
2012

## Deferred tax assets

Balance before change in accounting policy	-	-
Increase of deferred tax assets	138,897,675	188,226,412
Balance after change in accounting policy	<u>138,897,675</u>	<u>188,226,412</u>

## Other component of owners' equity

Balance before change in accounting policy	851,127	25,122,452
Increase (decrease) of deferred tax assets	5,775	(5,580,233)
Balance after change in accounting policy	<u>856,902</u>	<u>19,542,219</u>

## Retained earnings - Unappropriated

Balance before change in accounting policy	434,676,553	326,749,474
Increase of deferred tax assets	138,891,900	193,806,645
Balance after change in accounting policy	<u>573,568,453</u>	<u>520,556,119</u>

## STATEMENT OF COMPREHENSIVE INCOME

BAHT

SEPARATE  
FINANCIAL STATEMENTS  
For the year ended  
December 31, 2012

**Income tax**

Income tax before change in accounting policy	15,003,795
Increase of income tax	53,441,599
Income tax after change in accounting policy	<u>68,445,394</u>

**Income tax relating to components****of other comprehensive income (loss)**

Income tax relating to components of other comprehensive income (loss)	
before change in accounting policy	-
Increase of income tax relating to components of	
other comprehensive income (loss)	4,112,862
Income tax relating to components of other comprehensive income (loss)	
after change in accounting policy	<u>4,112,862</u>

**Net income**

Net income before change in accounting policy	321,724,777
Decrease of net income	(53,441,599)
Net income after change in accounting policy	<u>268,283,178</u>

**Basic Earnings Per Share ("EPS")**

Basic EPS before change in accounting policy	0.138
Decrease of basic EPS	(0.023)
Basic EPS after change in accounting policy	<u>0.115</u>

**5. SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION**

Non-cash items are as follows:

5.1 Finance lease agreements for equipment and vehicles, are as follows:

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS For the years ended December 31,	
	2013 Baht	2012 Baht
Finance lease payables brought forward	5,422,380	27,177,415
<u>Add</u> Purchase	-	12,384,421
<u>(Less)</u> Finance lease due	-	(1,762,500)
<u>(Less)</u> Cash payments	(2,180,166)	(32,643,644)
<u>Add</u> Interest expense	186,498	266,688
Finance lease payables carried forward	<u>3,428,712</u>	<u>5,422,380</u>

- 5.2 During the years ended December 31, 2013 and 2012, the Company recognized loss on re-measuring available-for-sale investments and adjustment surplus on re-measuring available-for-sale investments disposed during the years, which were presented as deduction from other component of owners' equity in the financial statements in which equity method is applied amounting to approximately Baht 12.7 million and approximately Baht 15.3 million, respectively, and the separate financial statements amounting to approximately Baht 3.0 million and approximately Baht 18.7 million, respectively.

## 6. CASH AND CASH EQUIVALENTS

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS As at December 31,	
	2013	2012
	Baht	Baht
Cash, short-term deposits and promissory notes with maturities not later than 3 months from acquisition date	1,747,942,993	2,203,273,437
(Less) Deposits for customers' account*	(674,855,385)	(760,068,321)
Total	<u>1,073,087,608</u>	<u>1,443,205,116</u>

(\* Deposit accounts for the customers are not shown as assets and liabilities in the financial statements according to the Notification of the Office of the Securities and Exchange Commission.)

## 7. DEPOSITS AT FINANCIAL INSTITUTIONS

- 7.1 As at December 31, 2013 and 2012, the Company has deposits at financial institutions as follow:

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS As at December 31, 2013			As at December 31, 2012		
	Not later than 3 months  Baht	Later than 3 months but not later than 1 year  Baht	Total  Baht	Not later than 3 months  Baht	Later than 3 months but not later than 1 year  Baht	Total  Baht
Fixed deposits	1,350,000,000	300,000,000	1,650,000,000	720,000,000	400,000,000	1,120,000,000
Deposits with restriction	-	69,310,000	69,310,000	37,070,455	69,310,000	106,380,455
(Less) Deposits in customers' account *	<u>(850,000,000)</u>	<u>(300,000,000)</u>	<u>(1,150,000,000)</u>	<u>(720,000,000)</u>	<u>(400,000,000)</u>	<u>(1,120,000,000)</u>
Total	<u>500,000,000</u>	<u>69,310,000</u>	<u>569,310,000</u>	<u>37,070,455</u>	<u>69,310,000</u>	<u>106,380,455</u>

(\* Deposit accounts for the customers are not shown as assets and liabilities in the financial statements according to the Notification of the Office of the Securities and Exchange Commission.)



- 7.2 As at December 31, 2013 and 2012, deposits at financial institutions of the Company have been pledged as collateral to banks as follows:

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS As at December 31,	
	2013	2012
	Baht	Baht
Bank guarantee in compliance with requirement of Apex Securities Co., Ltd.'s share purchase/sale agreement (see Note 36.2)	15,070,000	15,070,000
Pledged as collateral for over-draft credit limit and borrowing	54,000,000	91,070,455
Others	240,000	240,000
Total	<u>69,310,000</u>	<u>106,380,455</u>

#### 8. RECEIVABLES FROM CLEARING HOUSE

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS As at December 31,	
	2013	2012
	Baht	Baht
Receivables from Clearing House	519,888,196	316,805,638
Receivables from foreign securities companies	40,023,256	14,202,603
(Less) Receivables from Clearing House for the customers*	<u>(116,971,103)</u>	<u>(78,541,324)</u>
Total	<u>442,940,349</u>	<u>252,466,917</u>

(\* Receivables from Clearing House accounts for the customers are not shown as assets and liabilities in the financial statements according to the Notification of the Office of the Securities and Exchange Commission.)

#### 9. SECURITIES AND DERIVATIVES BUSINESS RECEIVABLES - NET

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS As at December 31,	
	2013	2012
	Baht	Baht
<u>Securities business receivables</u>		
Customers' cash accounts	888,615,382	1,417,938,038
Margin loans	597,706,948	1,271,641,012
Other receivables		
- Receivables under litigation	396,739,119	402,529,185
- Past due and other receivables	<u>912,648</u>	<u>457,113</u>
Total securities business receivables	1,883,974,097	3,092,565,348
(Less) Allowance for doubtful accounts (see Note 10)	<u>(352,950,970)</u>	<u>(336,882,253)</u>
Total	<u>1,531,023,127</u>	<u>2,755,683,095</u>

Customers' cash accounts are classified as normal receivables with term of payment within 3 days from trading date.

As at December 31, 2013 and 2012, the Company has ceased to recognize the interest income from securities business receivables amounting to approximately Baht 397.7 million and approximately Baht 403.0 million, respectively, for financial statements in which equity method is applied and the separate financial statements of which the allowance for doubtful accounts was fully set up for doubtful status in accordance with the Notification of the Office of the Securities and Exchange Commission No. Kor Thor. 33/2543, regarding "The accounting preparation for sub-standard receivables of securities companies" dated August 25, 2000, which is updated by the Notification No. Kor Thor. 5/2544 dated February 15, 2001.

The Company has classified securities business receivables including related accrued interest receivables according with the Notification of the Office of the Securities and Exchange Commission regarding "The accounting preparation for sub-standard receivables of securities company". Securities business receivables are classified as follows:

Unit : Million Baht

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS					
	As at December 31, 2013			As at December 31, 2012		
	Securities Business receivables and accrued interest Receivables	Allowance for doubtful accounts	Securities business receivables - net	Securities business receivables and accrued interest receivables	Allowance for doubtful accounts	Securities business receivables - net
Normal debts	1,486.3	-	1,486.3	2,689.6	-	2,689.6
Substandard debts	44.7	-	44.7	66.1	-	66.1
Doubtful of loss debts	353.0	(353.0)	-	336.9	(336.9)	-
Total	<u>1,884.0</u>	<u>(353.0)</u>	<u>1,531.0</u>	<u>3,092.6</u>	<u>(336.9)</u>	<u>2,755.7</u>

#### 10. ALLOWANCE FOR DOUBTFUL ACCOUNTS

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS As at December 31,	
	2013	2012
	Baht	Baht
Balance at beginning of the years	336,882,253	400,560,201
(Less) Allowance for doubtful accounts (reversal)	<u>16,068,717</u>	<u>(63,677,948)</u>
Balance at end of the years	<u>352,950,970</u>	<u>336,882,253</u>

## 11. INVESTMENTS - NET

### 11.1 Cost and fair value

FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS					
As at December 31, 2013			As at December 31, 2012		
	Cost/ Amortized cost/ Carrying amount	Fair value	Cost/ Amortized cost/ Carrying amount	Fair value	
	Baht	Baht	Baht	Baht	
Trading investments					
Equity securities:					
Listed securities	1,173,880	1,173,000	15,107,202	15,027,400	
(Less) Allowance for revaluation	(880)	-	(79,802)	-	
Total trading investments - net	1,173,000	1,173,000	15,027,400	15,027,400	
Debt instruments maturity within 1 year					
Bill of exchange	219,000,000	76,395,664	139,000,000	-	
(Less) Unearned discount	(3,604,336)	-	-	-	
Allowance for loss on impairment	(139,000,000)	-	(139,000,000)	-	
Total debts instruments maturity within 1 year - net	76,395,664	76,395,664	-	-	
Available-for-sale investments					
Equity securities:					
Unit trusts	1,000,000	872,557	1,000,000	1,046,171	
Listed securities	46,420,754	38,117,824	5,713,322	880,000	
Add (Less) Allowance for revaluation	(2,717,051)	-	926,171	-	
(Less) Allowance for loss on impairment	(5,713,322)	-	(5,713,322)	-	
Total available-for-sale investments - net	38,990,381	38,990,381	1,926,171	1,926,171	
General investments					
Unit trusts	100,629,565	100,401,965	631,107	556,063	
Equity securities	41,605,192	21,570,036	41,605,192	21,840,320	
(Less) Allowance for loss on impairment	(21,344,042)	-	(21,191,486)	-	
Total general investments - net	120,890,715	121,972,001	21,044,813	22,396,383	
Total	237,449,760	238,531,046	37,998,384	39,349,954	

The above investments excluded customer's securities which are deposited with the Company for customers' securities brokerage purpose.

11.2 Investments in debt instruments by remaining period

FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS			
As at December 31, 2013			
	Less than 1 year	1 - 5 years	Over 5 years
	Baht	Baht	Baht
Debt instruments maturity	76,395,664	-	-
Total	76,395,664	-	-

As at December 31, 2012, the Company has investment in debt instrument amounting to Baht 139.0 million which the Company has fully provided allowance for loss on impairment.

11.3 Unrealized gain (loss) on re-measuring available-for-sale investments recognized in other component of owners' equity in owners' equity

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED		SEPARATE FINANCIAL STATEMENTS	
	As at December 31,		As at December 31,	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Balance at beginning of the year	3,712,491	18,978,796	856,902	19,542,219
Change in the years				
- From re-measuring of investments	(12,652,551)	9,125,125	(3,036,623)	5,706,113
- Adjustments relating to the disposal of surplus on re-measuring investments*	-	(24,391,430)	-	(24,391,430)
Balance at end of the years	(8,940,060)	3,712,491	(2,179,721)	856,902

(\* The above transactions were previously recognized gain from re-measuring of investments in other comprehensive income in the prior years. Such investments were sold and recognized as gain or loss on investments in the statements of comprehensive income for the year ended December 31, 2013 and 2012.)

11.4 Gain on investments

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS	
	For the years ended	
	December 31,	
	2013	2012
Unrealized gain on re-measuring trading investments	78,923	412,229
Gain on sale of trading investments	66,072,048	46,283,505
Gain (loss) on sale of available-for-sale investments	(525)	34,204,335
Total	66,150,446	80,900,069

## 11.5 Interest and dividends

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED		SEPARATE FINANCIAL STATEMENTS	
	For the years ended		For the year ended	
	December 31,		December 31,	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Interest income	90,710,025	67,826,461	90,710,025	67,826,461
Dividends	249,464	17,275,346	51,085,414	77,082,346
Total	90,959,489	85,101,807	141,795,439	144,908,807

11.6 As at December 31, 2013 and 2012, the Company has investments in companies that have financial position and performance problems as follows:

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS					
	As at December 31, 2013			As at December 31, 2012		
	Cost/ Carrying amount	Fair Value	Allowance for loss on impairment	Cost/ Carrying amount	Fair Value	Allowance for loss on impairment
	Baht	Baht	Baht	Baht	Baht	Baht
Ordinary shares	21,116,442	-	21,116,442	21,116,442	-	21,116,442

## 12. INVESTMENT IN ASSOCIATED COMPANY - NET

As at December 31, 2013 and 2012, the Company has investment in associated company as follows:

Company's name	Equity method		Cost method		Dividend	
	As at		As at		For the years ended	
	December 31,		December 31,		December 31,	
	2013	2012	2013	2012	2013	2012
	"Restated"					
MFC Asset Management						
Public Company Limited	340.2	314.2	532.6	532.6	50.8	59.8
(Less) Allowance for impairment	-	-	(205.6)	(205.6)	-	-
Total	340.2	314.2	327.0	327.0	50.8	59.8

Details and summarized financial information of the associated company are as follows:

	Unit : Million Baht	
	As at December 31,	
	2013	2012
		"Restated"
MFC Asset Management Public Company Limited		
Nature of business: mutual fund		
Country of incorporation: Thailand		
Shareholding (percentage)	24.9	24.9
Carrying amounts based on equity method	340.2	314.2
Carrying amounts based on cost method - net	327.0	327.0
Paid-up share capital	120.0	120.0
Total assets	1,638.6	1,462.6
Total liabilities	286.1	208.4

	Unit : Million Baht	
	For the years ended	
	December 31,	
	2013	2012
		"Restated"
Total revenues	1,179.1	829.1
Net income	340.8	197.8
Total comprehensive income	302.2	211.6

As at December 31, 2011, the above investment in associated company, totaling 26 million shares, are registered the pledge with the Thailand Securities Depository Co., Ltd., as collateral for borrowing from a financial institution in the credit facility limit Baht 120.0 million. The value of such investment should not less than 2 times of the credit facility. In addition, the Company also transferred the rights to receive dividends of such investment until the cumulated dividends received provide cover for 30% of the facility, as collateral.

Subsequently, on March 20, 2012, the Company has redeemed the above investment in associated company, which were pledged as collateral for the credit facility from financial institution, totaling 10 million shares. The outstanding balance of investment in associated company pledged as collateral remains 16 million shares that the terms and conditions have not been changed.

However, on June 20, 2013, the Company cancelled the above credit facility limit together with the redemption of the collateral.

As at December 31, 2012, the facility is not currently being used.

13. PROPERTY, PREMISES AND EQUIPMENT - NET

FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS					
	Balance as at December 31, 2012 Baht	Additions Baht	Decreases Baht	Transfer in/ (Transfer out) Baht	Balance as at December 31, 2013 Baht
<b>Cost :</b>					
Property	30,293,000	-	-	-	30,293,000
Premises	19,572,300	-	-	-	19,572,300
Premises/leasehold improvement	253,829,655	5,009,890	(13,869,749)	24,528,145	269,497,941
Furniture and office equipment	387,760,357	23,150,392	(14,255,814)	-	396,654,935
Vehicles	49,518,697	-	(6,806,834)	-	42,711,863
Leasehold improvement during construction	1,720,560	23,704,293	-	(24,528,145)	896,708
Total cost	<u>742,694,569</u>	<u>51,864,575</u>	<u>(34,932,397)</u>	<u>-</u>	<u>759,626,747</u>
<b>Accumulated depreciation :</b>					
Premises	(15,501,327)	(660,372)	-	-	(16,161,699)
Premises/leasehold improvement	(152,079,559)	(30,201,380)	9,324,798	-	(172,956,141)
Furniture and office equipment	(325,203,031)	(30,389,283)	14,128,765	-	(341,463,549)
Vehicles	(44,574,700)	(2,073,966)	6,175,808	-	(40,472,858)
Total accumulated depreciation	<u>(537,358,617)</u>	<u>(63,325,001)</u>	<u>29,629,371</u>	<u>-</u>	<u>(571,054,247)</u>
Allowance for impairment	<u>(1,992,803)</u>	<u>-</u>	<u>42,850</u>	<u>-</u>	<u>(1,949,953)</u>
Total	<u>203,343,149</u>				<u>186,622,547</u>

FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS						
	Balance as at December 31, 2011 Baht	Additions Baht	Decreases Baht	Transfer in/ (Transfer out) Baht	Adjust Baht	Balance as at December 31, 2012 Baht
<b>Cost :</b>						
Property	30,293,000	-	-	-	-	30,293,000
Premises	19,572,300	-	-	-	-	19,572,300
Premises/leasehold improvement	200,115,275	1,034,332	(7,724,405)	60,404,453	-	253,829,655
Furniture and office equipment	379,017,006	37,363,890	(30,440,223)	1,671,954	147,730	387,760,357
Vehicles	49,518,697	-	-	-	-	49,518,697
Leasehold improvement during construction	17,505,200	46,291,767	-	(62,076,407)	-	1,720,560
Total cost	<u>696,021,478</u>	<u>84,689,989</u>	<u>(38,164,628)</u>	<u>-</u>	<u>147,730</u>	<u>742,694,569</u>
<b>Accumulated depreciation :</b>						
Premises	(14,519,658)	(981,669)	-	-	-	(15,501,327)
Premises/leasehold improvement	(132,116,716)	(25,242,850)	5,280,007	-	-	(152,079,559)
Furniture and office equipment	(311,717,250)	(36,674,216)	23,188,435	-	-	(325,203,031)
Vehicles	(40,047,167)	(4,527,533)	-	-	-	(44,574,700)
Total accumulated depreciation	<u>(498,400,791)</u>	<u>(67,426,268)</u>	<u>28,468,442</u>	<u>-</u>	<u>-</u>	<u>(537,358,617)</u>
Allowance for impairment	<u>(9,107,189)</u>	<u>-</u>	<u>7,114,386</u>	<u>-</u>	<u>-</u>	<u>1,992,803</u>
Total	<u>188,513,498</u>					<u>203,343,149</u>

Depreciation for the years ended December 31,

2013	Baht	<u>63,325,001</u>
2012	Baht	<u>67,426,268</u>

As at December 31, 2013 and 2012, certain premises and equipment items have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those premises and equipment amounted to totaling approximately Baht 356.0 million and approximately Baht 345.0 million, respectively.

As at December 31, 2013 and 2012, the Company had finance lease for vehicles with a local leasing company. As at December 31, 2013 and 2012, the carrying amount of leased vehicles is totaling approximately Baht 2.2 million and approximately Baht 3.0 million, respectively.

#### 14. INTANGIBLE ASSETS - NET

FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS								
	Remaining useful lives	Balance as at December 31, 2012 Baht	Additions Baht	Decreases Baht	Transfer in/ (Transfer out) Baht	Amortization Baht	Allowance for impairment Baht	Balance as at December 31, 2013 Baht
Using derivatives business fee - net	-	76,869	-	-	-	(76,865)	-	4
Computer software - net	0 - 2 years	68,064,929	2,838,630	-	982,725	(192,518)	-	71,693,766
Securities license	-	2,657,500	-	-	-	-	-	2,657,500
Derivatives business membership	-	15,945,000	-	-	-	-	-	15,945,000
Computer software in progress	-	1,657,908	5,603,997	-	(982,725)	-	-	6,279,180
Total		88,402,206	8,442,627	-	-	(269,383)	-	96,575,450

FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS									
	Remaining useful lives	Balance as at December 31, 2011 Baht	Additions Baht	Decreases Baht	Transfer in/ (Transfer out) Baht	Adjust Baht	Amortization Baht	Allowance for impairment Baht	Balance as at December 31, 2012 Baht
Using derivatives business fee - net	0 - 1 years	183,430	-	-	-	-	(106,561)	-	76,869
Computer software - net	0 - 3 years	63,272,657	1,597,570	-	3,387,543	-	(192,841)	-	68,064,929
Securities license	-	2,657,500	-	-	-	-	-	-	2,657,500
Derivatives business membership	-	15,945,000	-	-	-	-	-	-	15,945,000
Computer software in progress	-	1,303,671	3,889,510	-	(3,387,543)	(147,730)	-	-	1,657,908
Total		83,362,258	5,487,080	-	-	(147,730)	(299,402)	-	88,402,206

Amortization for the years ended December 31,

2013	Baht	269,383
2012	Baht	299,402

As at December 31, 2013 and 2012, certain intangible assets have been fully amortized but are still in use. The original cost, before deducting accumulated amortization, of those intangible assets amounted to totaling approximately Baht 10.5 million.



## 15. DEFERRED TAX ASSETS

Deferred tax assets as at December 31, 2013 and 2012 are as follows:

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED		SEPARATE FINANCIAL STATEMENTS	
	As at December 31,		As at December 31,	
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Deferred tax assets	143,055,030	141,456,906	145,690,285	138,897,675
	<u>143,055,030</u>	<u>141,456,906</u>	<u>145,690,285</u>	<u>138,897,675</u>

Movements in Deferred tax assets during the years are as follows :

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED			
	Balance at January 1, 2013	Items as recognized into Income or Loss	Items as Recognized into Other Comprehensive Income	Balance at December 31, 2013
	Baht	Baht	Baht	Baht
Temporary differences				
Allowance for doubtful accounts	62,702,132	3,120,261	-	65,822,393
Allowance for impairment on Investment in associated company	43,677,228	(5,194,486)	-	38,482,742
Allowance for impairment on investments	27,800,000	-	-	27,800,000
Assets under finance leases	475,807	(237,862)	-	237,945
Employee benefits obligation	6,459,672	2,913,300	-	9,372,972
Surplus on re-measuring investments	5,775	-	759,156	764,931
Others	336,292	237,755	-	574,047
Total	<u>141,456,906</u>	<u>838,968</u>	<u>759,156</u>	<u>143,055,030</u>

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED			
	Balance at January 1, 2012	Items as recognized into Income or Loss	Items as Recognized into Other Comprehensive Income (loss)	Balance at December 31, 2012
	Baht	Baht	Baht	Baht
Temporary differences				
Allowance for doubtful accounts	77,284,951	(14,582,819)	-	62,702,132
Allowance for impairment on investment in associated company	42,558,335	1,118,893	-	43,677,228
Allowance for impairment on investments	27,800,000	-	-	27,800,000
Assets under finance leases	932,732	(456,925)	-	475,807
Employee benefits obligation	9,377,379	(1,444,561)	(1,473,146)	6,459,672
Surplus on re-measuring investments	(5,580,233)	-	5,586,008	5,775
Accumulated tax loss	37,125,642	(37,125,642)	-	-
Others	167,944	168,348	-	336,292
Total	<u>189,666,750</u>	<u>(52,322,706)</u>	<u>4,112,862</u>	<u>141,456,906</u>

	SEPARATE FINANCIAL STATEMENTS			
	Balance at	Items as	Items as	Balance at
	January 1,	recognized	recognized	December 31,
	2013	into	into Other	2013
		Income or Loss	Comprehensive	
	Baht	Baht	Income	Baht
			Baht	
Temporary differences				
Allowance for doubtful accounts	62,702,132	3,120,261	-	65,822,393
Allowance for impairment on				
investment in associated company	41,117,997	-	-	41,117,997
Allowance for impairment on				
investments	27,800,000	-	-	27,800,000
Assets under finance leases	475,807	(237,862)	-	237,945
Employee benefits obligation	6,459,672	2,913,300	-	9,372,972
Surplus on re-measuring				
investments	5,775	-	759,156	764,931
Others	336,292	237,755	-	574,047
Total	138,897,675	6,033,454	759,156	145,690,285

	SEPARATE FINANCIAL STATEMENTS			
	Balance at	Items as	Items as	Balance at
	January 1,	recognized	recognized	December 31,
	2012	into	into Other	2012
		Income or Loss	Comprehensive	
	Baht	Baht	Income (loss)	Baht
			Baht	
Temporary differences				
Allowance for doubtful accounts	77,284,951	(14,582,819)	-	62,702,132
Allowance for impairment on				
investment in associated company	41,117,997	-	-	41,117,997
Allowance for impairment on				
investments	27,800,000	-	-	27,800,000
Assets under finance leases	932,732	(456,925)	-	475,807
Employee benefits obligation	9,377,379	(1,444,561)	(1,473,146)	6,459,672
Surplus on re-measuring				
investments	(5,580,233)	-	5,586,008	5,775
Accumulated tax loss	37,125,642	(37,125,642)	-	-
Others	167,944	168,348	-	336,292
Total	188,226,412	(53,441,599)	4,112,862	138,897,675

The Company used a tax rate of 20% for calculation of deferred tax for the years ended December 31, 2013 and 2012.

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS	
	As at December 31,	
	2013	2012
	Baht	Baht
Withholding tax	1,293,644	1,573,463
Prepaid expenses	6,616,664	8,287,939
Clearing fund	41,047,484	36,035,231
Advance receivables and loan to employees	8,533,060	12,509,769
Leasehold right - net	1,452,499	1,905,241
Investment property - net	24,066,779	24,066,779
Deposits	26,638,047	26,286,618
Accrued income	16,457,553	9,080,918
Others	1,782,192	1,554,110
Total	<u>127,887,922</u>	<u>121,300,068</u>

17. DERIVATIVES LIABILITIES

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS			
	As at December 31, 2013		As at December 31, 2012	
	Fair Value	Notional amount	Fair Value	Notional amount
	Baht	Baht	Baht	Baht
<u>Trading derivatives</u>				
Derivatives warrants	57,273	247,379	456,765	3,349,610

As at December 31, 2012, debentures and other borrowing consists of:

Annual Report 2013

## 19. PAYABLES UNDER FINANCE LEASES

As at December 31, 2013 and 2012, the Company leases vehicle under the long-term finance leases. The aggregate minimum rental commitment under the finance leases, are as follows:

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS			
	Minimum payments		Present value of minimum payments	
	As at December 31,		As at December 31,	
	2013 Baht	2012 Baht	2013 Baht	2012 Baht
Not later than 1 year	481,848	2,180,166	317,741	1,993,668
Later than 1 year but not later than 5 years	3,218,340	3,700,188	3,110,971	3,428,712
	3,700,188	5,880,354	3,428,712	5,422,380
(Less) Deferred interest	(271,476)	(457,974)	-	-
Total	3,428,712	5,422,380	3,428,712	5,422,380

## 20. EMPLOYEE BENEFITS OBLIGATION

The Company operates post-employment benefits plan under the Thai Labor Protection Act, which are considered as unfunded defined benefit plans.

Amounts recognized in the statements of comprehensive income for post-employment benefits are as follows:

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS	
	For the years ended	
	December 31,	
	2013 Baht	2012 Baht
Current service cost	11,032,262	11,831,631
Interest cost	1,433,140	1,473,192
Total	12,465,402	13,304,823

Movements in the present value of the post-employment benefits obligation are as follows:

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS For the years ended December 31,	
	2013 Baht	2012 Baht
Beginning balance of employee benefits obligation	39,664,089	45,170,124
Current service cost	11,032,262	11,831,631
Interest cost	1,433,140	1,473,192
Actuarial gains on defined post-employment benefits plan	-	(7,365,728)
(Less) Employee benefits paid during the years	(5,264,630)	(11,445,130)
Balance at end of the years	46,864,861	39,664,089

The principle actuarial assumptions used to calculate the obligation under the defined benefits plan as at December 31, 2013 and 2012 are as follows:

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS As at December 31,	
	2013 (% p.a.)	2012 (% p.a.)
Financial assumptions		
Discount rate	3.6	3.6
Employee turnover	0 - 22.0	0 - 22.0
	Subject to the range of age of employees	Subject to the range of age of employees
Expected rate of salary increase	0 - 4.0	0 - 4.0

## 21. OTHER LIABILITIES

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS As at December 31,	
	2013 Baht	2012 Baht
Accrued bonuses	50,993,350	41,297,213
Accrued marketing incentive	2,729,837	15,228,967
Accrued profit sharing from branches/ marketing teams management	29,951,252	32,562,229
Withholding tax and specific business tax payable	8,831,718	14,016,904
Value-added-tax payable	3,935,444	9,009,854
Other payables	16,229,712	15,613,611
Accrued corporate income tax	-	12,913,057
Accrued other expenses	52,684,436	53,719,559
Accrued interest expense	-	815,068
Total	165,355,749	195,176,462

## 22. SHARE CAPITAL

On January 19, 2010, the Company had allocated new ordinary shares and warrants to purchase the ordinary shares of the Company No. 5 approximately of 464,393,602 shares at the price of Baht 1.30 per share to the existing shareholders who subscribe for new ordinary shares and the warrants of 464,393,602 units are allocated at the ratio of 1 new ordinary share per 1 unit of warrant for free, by 1 unit of warrant will be entitled to purchase 1 new ordinary share at the price of Baht 1.50 per share. The Company received totaling Baht 603,711,683 from this new ordinary shares allocation. The tenor of warrants is 3 years from the issuance date of warrants. In this regard, the conditions of the exercise were as stipulated in the warrants.

Warrant holders can exercise the right to purchase ordinary shares of the Company after 6 months since the date of issue of the warrants and for the subsequent period, the warrant holders can exercise the rights to purchase ordinary shares of the Company every 3 months on the last business day of March, June, September and December of each year. The first exercise date is on September 30, 2010 and the last exercise date is on January 18, 2013, which is the third anniversary of the date of issue of warrants.

On January 25, 2010, the Company registered the increase of the issued and paid-up share capital amounting Baht 464,393,602 at the Department of Business Development of the Ministry of Commerce. Subsequently, the Stock Exchange of Thailand acknowledged the increase of the issued and paid-up share capital and warrants to purchase the ordinary shares of the Company No. 5, and has allowed to be traded on the Stock Exchange of Thailand from February 3, 2010 onwards.

On April 8, 2011, the Annual General Shareholders' Meeting for the year 2011 passed a resolution to distribute the dividend to shareholders, which higher than the dividend payment ratio as stipulated in warrants covenants of rights and duties and holders of warrants to purchase new ordinary shares of the Company No. 5. Therefore, the Company has to adjust the exercise ratio and exercise price of warrant to comply with the terms and condition of warrant, by 1 unit of warrant will be entitled to purchase 1.0625 new ordinary share at the price of Baht 1.412 to be in effective on April 18, 2011 onwards.

On January 18, 2013, warrants to purchase the ordinary shares of the Company No. 5 of 464,393,602 units were due to be last exercised. There were 44,738 warrants exercised for 47,529 ordinary shares at Baht 1.412 per share, amounting in total to Baht 67,110.95. As a result, the Company had the issued and paid-up share capital increasing from Baht 2,330,759,812 to Baht 2,330,807,341. The Company registered the increase in the issued and paid-up share capital with the Ministry of Commerce on January 25, 2013. Subsequently, the Stock Exchange of Thailand acknowledged such increase of the issued and paid-up share capital to be traded on the Stock Exchange of Thailand from January 30, 2013 onwards.

On April 22, 2013, the Annual General Shareholders' Meeting for the year 2013 passed a resolution to approve the decrease of the Company's registered capital of 818,741,975 shares by eliminating unsubscribed shares and on May 3, 2013, the Company registered the decrease in the Company's registered capital at the Department of Business Development of the Ministry of Commerce. The Company's registered capital were 2,330,807,341 shares at the par value of Baht 1.00 per share, amounting in total to Baht 2,330,807,341.

Moreover, the Annual General Shareholders' Meeting for the year 2013 passed a resolution to increase the registered capital of the Company from Baht 2,330,807,341 to Baht 3,189,785,935 by issuing of 858,978,594 new ordinary shares at the par value of Baht 1.00 per share to reserve for stock dividend of 258,978,594 shares and the exercise of ESOP Warrants Program No. 2 amounting to 600,000,000 shares and on May 7, 2013, the Company registered the increase in registered capital at the Department of Business Development of the Ministry of Commerce. The Company's registered capital were 3,189,785,935 shares at the par value of Baht 1.00 per share, amounting in total to Baht 3,189,785,935.

Also, the Annual General Shareholders' Meeting for the year 2013 passed a resolution to allocate 858,978,594 new ordinary shares at a par value of Baht 1.00 per share from Baht 2,330,807,341 to Baht 3,189,785,935 by allocation of 258,978,594 new ordinary shares at a par value of Baht 1.00 to reserve for stock dividend and allocation of 600,000,000 new ordinary shares at a par value of Baht 1.00 to reserve for the exercise of warrant holders of the Company under the ESOP No. 2.

On May 20, 2013, the Company paid the stock dividend at the ratio of 9 existing share to 1 stock dividend, totaling 258,936,143 shares. And on May 21, 2013, the Company registered the increase in issued and paid-up share capital of 258,936,143 shares with the Department of Business Development of the Ministry of Commerce. Subsequently, the Stock Exchange of Thailand acknowledged the increase of the issued and paid-up share capital and has allowed to be traded on the Stock Exchange of Thailand since May 23, 2013.

As at December 31, 2013 and 2012, the weighted average number of ordinary shares is calculated as follows:

FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS For the years ended December 31,		
	2013 Shares	2012 Shares
Number of ordinary shares outstanding as at January 1,	2,330,759,812	2,330,759,812
Weighted average number of increased shares during the years	160,373,290	-
<b>Weighted average number of ordinary shares for the years ended December 31,</b>	<b>2,491,133,102</b>	<b>2,330,759,812</b>

## 23. PREMIUM ON SHARE CAPITAL

The premium on share capital account is set up under the provisions of Section 51 of the Public Companies Act B.E. 2535, which requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("premium on share capital"). Premium on share capital is not available for dividend distribution.

## 24. WARRANT GRANTED UNDER THE EMPLOYEE STOCK OWNERSHIP PROGRAM

On December 28, 2009, the Company issued and offered of warrants, are named and non-transferable to purchase the ordinary shares of the Company under the Employee Stock Ownership Program (“ESOP”) No. 1 in the amount 350,000,000 units to directors, management, employees, and/or advisors of the Company for free according to the resolution of the Extraordinary Meeting of Shareholders No. 2/2552, by 1 unit of warrant will be entitled to purchase 1 new ordinary share at the price of Baht 1.50. Warrant holders can exercise the right to purchase ordinary shares of the Company after 6 months since the issuance date of the warrants and for the subsequent period, the warrant holders can exercise the right to purchase ordinary shares of the Company every the last business day of end month, until the last exercise date as follow:

The first year, the warrant holders can exercise not more than 33% of all rights to purchase ordinary shares, which be allocated by the Company. In additional, they can be exercised until the last exercise date.

The second year, the warrant holders can exercise not more than 67% of all rights to purchase ordinary shares, which be allocated by the Company. In additional, they can be exercised until the last exercise date.

The third year, the warrant holders can exercise all rights to purchase ordinary shares, which be allocated by the Company.

The first exercise date (“First Exercise Date”) is on June 30, 2010 and the last exercise date (“Last Exercise Date”) is on December 27, 2012. In addition, these warrants are not registered to be traded on the Stock Exchange of Thailand (“SET”) but the new share capital from exercised warrants will be registered to be traded on the SET. As of December 27, 2012, the last day of right exertion, all of warrants has not been exercised by the warrant holder.

On April 8, 2011, the Annual General Shareholders’ Meeting for the year 2011 passed a resolution to distribute the dividend to shareholders, which higher than the dividend payment ratio as stipulated in warrant covenants of rights and duties and holders of warrants to purchase the ordinary shares of the Company under the Employee Stock Ownership Program (“ESOP”) No. 1. Therefore, the Company has to adjust the exercise ratio and exercise price of warrant to comply with the terms and condition of warrant, by 1 unit of warrant will be entitled to purchase 1.0625 new ordinary share at the price of Baht 1.412 to be in effective on April 18, 2011 onwards.

On April 22, 2013, the Annual General Shareholders’ Meeting for the year 2013 passed a resolution to approve the issuance and offering warrants to purchase the ordinary shares of the Company under the Employee Stock Ownership Program (“ESOP”) No. 2 in the amount not exceeding 600,000,000 units to directors, management, employees, and/or advisors of the Company for free. The tenors of warrants is not over 3 years from the issuance date of warrants. Also, 1 unit of warrant will be entitled to purchase 1 new ordinary share at the price of Baht 1.3.



Thai Financial Reporting Standard (TFRS) 2 “Share-based Payment” is effective for annual periods beginning on or after January 1, 2011. For this transitional provisions, the Company has not required to apply for this TFRS for warrant granted under the employee stock ownership program approved by the General Shareholders' Meeting on before January 1, 2011. The Company shall nevertheless disclose the information required by such TFRS.

## 25. CAPITAL MANAGEMENT

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure.

## 26. DIVIDEND PAID

On April 5, 2012, the Annual General Shareholders' Meeting for the year 2012 passed a resolution to distribute dividend from its retained earnings for the year 2011 at the rate of Baht 0.088 per share, totaling Baht 205.1 million. Such dividend was already paid on April 27, 2012.

On April 22, 2013, the Annual General Shareholders' Meeting for the year 2013 passed a resolution to approve the profit allocation Baht 39,853,695 as the statutory reserve and approve the stock and cash dividend payment as follow:

- The stock dividend at the ratio of 9 existing share to 1 stock dividend, totaling 258,978,594 shares with the par value of Baht 1, or equivalent to Baht 258,978,594 or Baht 0.111 per share. In case that any shareholders hold the indivisible share remaining after such allocation, the cash dividend will be paid at the rate of Baht 0.111 per share; and
- The cash dividend at Baht 0.012 per share, totaling Baht 28,775,399 to reserve for withholding tax under the law rate.

On May 20, 2013, the Company paid the stock and cash dividend payment as follow:

- The stock dividend, totaling 258,936,143 shares.
- The cash dividend totaling Baht 28,745,686.

## 27. STATUTORY RESERVE

The Company is required to set aside a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any) until the reserve reaches 10% of the authorized share capital according to the Public Limited Companies Act B.E. 2535, section 116. The statutory reserve could not be used for dividend payment.

28. BROKERAGE FEES

FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS		
For the years ended December 31,		
	2013 Baht	2012 Baht
Brokerage fees from securities business	1,617,009,051	1,187,306,837
Brokerage fees from derivatives business	78,671,035	82,370,634
Total	<u>1,695,680,086</u>	<u>1,269,677,471</u>

29. FEES AND SERVICES INCOME

FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS		
For the years ended December 31,		
	2013 Baht	2012 Baht
Underwriting fee	22,813,000	13,400,046
Financial advisory fee	8,790,000	3,000,000
Investment advisory fee	912,517	1,245,545
Others	7,073,291	1,130,802
Total	<u>39,588,808</u>	<u>18,776,393</u>

30. OTHER INCOME

FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS		
For the years ended December 31,		
	2013 Baht	2012 Baht
Gain on disposal assets	1,596,470	36,250
Income from the overdue payment charge	1,086,486	328,992
Others	11,024,948	14,743,501
Total	<u>13,707,904</u>	<u>15,108,743</u>

### 31. KEY MANAGEMENT BENEFIT EXPENSES

The Company records the expense of salaries, remunerations, other monetary benefits and post-employment benefits paid to the Company's management, in accordance with the Notification of the definitions of the Office of the Securities and Exchange Commission, management under such definition includes a chief executive officer, the next four executive levels immediately below the chief executive officer and all persons in positions comparable to these fourth executive levels as follow:

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS For the years ended December 31,	
	2013 Baht	2012 Baht
Short term employee benefits	158,443,963	156,837,160
Post-employment benefits	1,948,287	2,437,158
Total	<u>160,392,250</u>	<u>159,274,318</u>

### 32. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to directors who hold executive position. Directors' remuneration was approved by the ordinary shareholders' meeting of the Company.

### 33. OTHER EXPENSES

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS For the years ended December 31,	
	2013 Baht	2012 Baht
Taxes and duties	5,207,999	4,476,708
Professional and other fees	26,292,891	21,339,051
Entertainment expenses	24,033,413	19,112,854
Gasoline and travelling expenses	14,186,304	12,790,609
Information and communication expenses	37,305,654	35,883,038
Stationery and office supplies	5,828,561	5,437,308
Advertising and promotion expenses	6,462,680	9,123,846
Others	25,438,619	24,534,517
Total	<u>144,756,121</u>	<u>132,697,931</u>

#### 34. PROVIDENT FUND

On November 1, 2002, the Company set up a provident fund for those employees who elected to participate. The contributions from the employees are deducted from their monthly salaries, and the Company matches the individuals' contributions. At the present, the provident fund is managed by MFC Asset Management Public Company Limited, authorized financial institution in accordance with the Provident Fund Act B.E. 2530 (1987).

For the years ended December 31, 2013 and 2012, the Company has contributed approximately Baht 14.4 million and Baht 13.3 million, respectively, to the fund.

#### 35. INCOME TAX

Reconciliation of effective tax rate

	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED				SEPARATE FINANCIAL STATEMENTS			
	For the year ended December 31,				For the year ended December 31,			
	2013		2012		2013		2012	
			"Restated"				"Restated"	
	(Thousand Baht)	Rate (%)	(Thousand Baht)	Rate (%)	(Thousand Baht)	Rate (%)	(Thousand Baht)	Rate (%)
Income before income tax	<u>419,718</u>	20	<u>327,715</u>	23	<u>384,130</u>	20	<u>336,729</u>	23
Income tax at the domestic tax rate	83,944		75,374		76,826		77,448	
Tax effect of income and expenses that are not taxable and not deductible for tax purpose	<u>(9,039)</u>		<u>(8,047)</u>		<u>(7,116)</u>		<u>(9,003)</u>	
Income tax as statements of comprehensive income	<u>74,905</u>		<u>67,327</u>		<u>69,710</u>		<u>68,445</u>	

According to Royal Decree No. 555 B.E. 2555 issued under the Revenue Code regarding the corporate income tax rate reduction effective on December 27, 2012, the corporate income tax was reduced from 30% to 23% of net profit for accounting periods beginning on or after January 1, 2012 but not later than December 31, 2012 and reduced to 20% of net profit for the accounting periods beginning on or after January 1, 2013 but not later than December 31, 2014.

Therefore, the Company used tax rate of 20% and 23% for the corporate income tax calculation for the years ended December 31, 2013 and 2012, respectively.

Income tax recognized in component of other comprehensive income (loss)

Baht

FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED

For the years ended December 31,

	2013			2012		
	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount
Deficit on re-measuring investment	15,815,602	(3,163,051)	12,652,551	19,970,105	(4,703,800)	15,266,305
<b>Total</b>	<b>15,815,602</b>	<b>(3,163,051)</b>	<b>12,652,551</b>	<b>19,970,105</b>	<b>(4,703,800)</b>	<b>15,266,305</b>

Baht

SEPARATE FINANCIAL STATEMENTS

For the years ended December 31,

	2013			2012		
	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount	Before-tax Amount	Tax (expense) Benefit	Net-of-tax Amount
Deficit on re-measuring investment	3,795,778	(759,155)	3,036,623	24,271,325	(5,586,008)	18,685,317
<b>Total</b>	<b>3,795,778</b>	<b>(759,155)</b>	<b>3,036,623</b>	<b>24,271,325</b>	<b>(5,586,008)</b>	<b>18,685,317</b>

36. COMMITMENTS AND CONTINGENT LIABILITIES

- 36.1 As at December 31, 2013 and 2012, the Company had operating lease commitments for office building and vehicles as follows:

Unit : Million Baht

FINANCIAL STATEMENTS  
IN WHICH EQUITY METHOD  
IS APPLIED AND SEPARATE  
FINANCIAL STATEMENTS

As at December 31,

	2013	2012
Not later than 1 year	70.2	69.5
Later than 1 year but not later than 5 years	56.6	102.4
<b>Total</b>	<b>126.8</b>	<b>171.9</b>

- 36.2 On December 20, 2013, the Company had entered into the agreement with a domestic bank to issue the bank guarantee amounting to approximately Baht 15.1 million in compliance with requirement of Apex Securities Co., Ltd.'s share purchase/sale agreement regarding Apex Securities Co., Ltd.'s contingent liability to make any payment pursuant to a court decision, and the long-term deposit was pledged. (see Note 7.2)
- 36.3 As at December 31, 2013 and 2012, the Company has the outstanding commitment in respect of benefit paid to employees which the Company had already entered of Baht 0.3 million and Baht 25.8 million, respectively.

### 37. RELATED PARTY TRANSACTIONS

Related parties are those parties linked to the Group and Company by common shareholders or directors. Transactions with related parties are conducted at the pricing policy based on the normal course of business conditions.

The pricing policies for particular types of transactions are explained further below:

Pricing policies	
Brokerage fees	At market price which is the same rate as general client
Fees and services income	At agreed price which approximates market value
Expenses	At market price

Significant balances with related parties as at December 31, 2013 and 2012 are as follows:

	Relationship	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED AND SEPARATE FINANCIAL STATEMENTS As at December 31,	
		2013	2012
		Baht	Baht
<b>Deposits for customers' account</b>			
Related persons	Related persons	4,747,247	275,942
Country Group Development Public Company Limited	Related company	26,622	26,192
Total		<u>4,773,869</u>	<u>302,134</u>
<b>Securities business receivables - net</b>			
Related persons	Related persons	3,163,658	-
<b>Investment - net</b>			
Mutual fund managed by associate	Associate	100,401,965	556,063
Country Group Development Public Company Limited	Related company	76,395,664	-
Total		<u>176,797,629</u>	<u>556,063</u>
<b>Accrued income</b>			
Country Group Development Public Company Limited	Related company	-	428,000
<b>Debentures and other borrowing</b>			
MFC Asset Management Public Company Limited	Associate	-	49,864,700
Mutual fund managed by associate	Associate	-	179,478,742
Total		<u>-</u>	<u>229,343,442</u>
<b>Accrued expenses</b>			
Sing Sian Yit Pao Company Limited	Related company	48,150	224,700

Significant transactions with related parties for the years ended December 31, 2013 and 2012 are as follows:

	Relationship	FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED		SEPARATE FINANCIAL STATEMENTS	
		For the years ended December 31,		For the years ended December 31,	
		2013 Baht	2012 Baht	2013 Baht	2012 Baht
Brokerage fees from securities business					
Related persons	Related persons	4,697,493	2,679,351	4,697,493	2,679,351
Mutual fund managed by associate	Associate	70,976,457	45,943,727	70,976,457	45,943,727
Country Group Development Public Company Limited	Related company	-	56,554	-	56,554
Total		75,673,950	48,679,632	75,673,950	48,679,632
Brokerage fees from derivatives business					
Related person	Related person	18,530	148,600	18,530	148,600
Ongoing fee					
MFC Asset Management Public Company Limited	Associate	343,334	308,603	343,334	308,603
Fees and services income					
Related person	Related person	-	300,000	-	300,000
MFC Asset Management Public Company Limited	Associate	284,917	241,035	284,917	241,035
Country Group Development Public Company Limited	Related company	-	400,000	-	400,000
Total		284,917	941,035	284,917	941,035
Dividend income					
MFC Asset Management Public Company Limited	Associate	-	-	50,835,950	59,807,000
Mutual fund managed by associate	Associate	-	13,409,000	-	13,409,000
Total		-	13,409,000	50,835,950	73,216,000
Interest income					
Related persons	Related persons	817,232	-	817,232	-
Finance costs					
Related persons	Related persons	162,424	9,528	162,424	9,528
Country Group Development Public Company Limited	Related company	434	57,931	434	57,931
Total		162,858	67,459	162,858	67,459
Premises and equipment expenses					
EDP Enterprise Company Limited	Related company	1,210,337	1,125,895	1,210,337	1,125,895
Other expenses - Advertising expenses					
Sing Sian Yit Pao Company Limited	Related company	1,043,250	781,100	1,043,250	781,000
Dividend paid					
Related persons	Directors	44,229,385	29,700,241	44,229,385	29,700,241
Related persons	Related persons	18,149,880	19,221,401	18,149,880	19,221,401
Mutual fund managed by associate	Associate	8,632,312	3,304,171	8,632,312	3,304,171
Total		71,011,577	52,225,813	71,011,577	52,225,813

### 38. OPERATING SEGMENT INFORMATION

The Company discloses operating segments information in accordance with the Thai Financial Reporting Standard No. 8 “Operating Segments” and under the same basis as internal management reports presented to the Company’s chief operating decision maker for resources allocation to and performance evaluation of various segments.

The Company’s business operations involve 3 principal segments: securities and derivatives brokerage segment, investment banking segment and securities and derivatives trading segment. These operations are carried on in Thailand. Below is the operating segment of the Company information for the years ended December 31, 2013 and 2012.

Unit : Thousand Baht

FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED									
For the years ended December 31,									
	Securities and derivatives brokerage segment		Investment banking segment		Securities and derivatives trading segment		Other		Total
	2013	2012	2013	2012	2013	2012	2013	2012	2013 2012
Revenues:									
Brokerage fees	1,695,680	1,269,677	-	-	-	-	-	-	1,695,680 1,269,677
Fees and services income	9,779	8,529	29,810	10,247	-	-	-	-	39,589 18,776
Gain on investments and derivatives	1,267	9,659	-	-	84,607	92,051	-	-	85,874 101,710
Share of profit from investment for using the equity method	-	-	-	-	-	-	86,424	50,794	86,424 50,794
Interest and dividends	-	-	-	-	249	17,275	90,710	67,827	90,959 85,102
Interest on margin loans	56,605	74,111	-	-	-	-	-	-	56,605 74,111
Other income	-	-	-	-	-	-	13,708	15,109	13,708 15,109
Total revenues	1,763,331	1,361,976	29,810	10,247	84,856	109,326	190,842	133,730	2,068,839 1,615,279
Expenses									(1,649,121) (1,287,564)
Income before income tax									419,718 327,715
Income tax									(74,905) (67,326)
Net income for the years									344,813 260,389



Unit : Thousand Baht

SEPARATE FINANCIAL STATEMENT

For the years ended December 31,

	Securities and derivatives brokerage segment		Investment banking segment		Securities and derivatives trading segment		Other		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenues:										
Brokerage fees	1,695,680	1,269,677	-	-	-	-	-	-	1,695,680	1,269,677
Fees and services income	9,779	8,529	29,810	10,247	-	-	-	-	39,589	18,776
Gain on investments and derivatives	1,267	9,659	-	-	84,607	92,051	-	-	85,874	101,710
Interest and dividends	-	-	-	-	249	17,275	141,546	127,634	141,795	144,909
Interest on margin loans	56,605	74,111	-	-	-	-	-	-	56,605	74,111
Other income	-	-	-	-	-	-	13,708	15,109	13,708	15,109
Total revenue	1,763,331	1,361,976	29,810	10,247	84,856	109,326	155,254	142,743	2,033,251	1,624,292
Expenses									(1,649,121)	(1,287,564)
Income before income tax									384,130	336,728
Income tax									(69,710)	(68,445)
Net income for the years									314,420	268,283

Assets classified by segment

Unit: Baht

Assets by segment	Securities and derivatives brokerage segment	Investment banking	Securities and derivatives trading segment	Total segments	Unallocated assets	Total
As at December 31, 2013	2,142,902,339	2,366,083	205,514,398	2,350,782,820	2,397,322,532	4,748,105,352
As at December 31, 2012	3,186,035,239	2,520,653	71,736,273	3,260,292,165	2,204,125,265	5,464,417,430

## 39. RISK MANAGEMENT

### 39.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to fulfill an obligation causing the Company to incur a financial loss. The financial assets of the Company are not subject to significant concentration of credit risk. The maximum credit risk exposure is the carrying amount of the financial assets, less provision for losses, as stated in the statements of financial position.

### 39.2 Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates and it will affect the operation results of the Company and its cash flows.

Unit : Million Baht

#### FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED

As at December 31, 2013

Outstanding balances of net financial instruments

Repricing or maturity dates

	Floating rate	Less than 1 year	1-5 years	Over 5 years	Non- performing receivables	No interest	Total	Interest rate (%)	
								Floating rate	Fixed rate
<b>Financial assets</b>									
Cash and cash equivalents	955.7	-	-	-	-	117.4	1,073.1	0.13 - 2.35	-
Deposits at financial institutions	-	569.3	-	-	-	-	569.3	-	1.90 - 2.40
Receivables from Clearing house	-	-	-	-	-	442.9	442.9	-	-
Securities business receivables - net	597.7	-	-	-	-	933.3	1,531.0	5.75 - 18.00	-
Investments - net	-	76.4	-	-	-	161.0	237.4	-	7.00
Investment in associated company - net	-	-	-	-	-	340.2	340.2	-	-
<b>Financial liabilities</b>									
Payables to Clearing House	-	-	-	-	-	25.1	25.1	-	-
Securities business payables	-	-	-	-	-	1,129.7	1,129.7	-	-
Derivatives liabilities	-	-	-	-	-	0.1	0.1	-	-
Payables under finance leases	-	0.3	3.1	-	-	-	3.4	-	7.33

Unit : Million Baht

## FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED

As at December 31, 2012

Outstanding balances of net financial instruments

Repricing or maturity dates

	Floating rate	Less than 1 year	1-5 years	Over 5 years	Non- performing receivables	No interest	Total	Interest rate (%)	
								Floating rate	Fixed rate
<b>Financial assets</b>									
Cash and cash equivalents	1,296.1	-	-	-	-	147.1	1,443.2	0.13 - 2.50	-
Deposits at financial institutions	-	106.4	-	-	-	-	106.4	-	1.95 - 2.80
Receivables from Clearing house	-	-	-	-	-	252.5	252.5	-	-
Securities business receivables - net	1,271.6	-	-	-	-	1,484.1	2,755.7	5.75 - 18.00	-
Investments - net	-	-	-	-	-	38.0	38.0	-	-
Investment in associated company - net	-	-	-	-	-	314.2	314.2	-	-
<b>Financial liabilities</b>									
Payables to Clearing House	-	-	-	-	-	186.5	186.5	-	-
Securities business payables	-	-	-	-	-	1,624.1	1,624.1	-	-
Derivatives liabilities	-	-	-	-	-	0.5	0.5	-	-
Debentures and other borrowing	-	338.9	-	-	-	-	338.9	-	4.85 - 5.50
Payables under finance leases	-	0.3	3.4	-	-	1.7	5.4	-	7.33

Unit : Million Baht

## SEPARATE FINANCIAL STATEMENTS

As at December 31, 2013

Outstanding balances of net financial instruments

Repricing or maturity dates

	Floating rate	Less than 1 year	1-5 years	Over 5 years	Non- performing receivables	No interest	Total	Interest rate (%)	
								Floating rate	Fixed rate
<b>Financial assets</b>									
Cash and cash equivalents	955.7	-	-	-	-	117.4	1,073.1	0.13 - 2.35	-
Deposits at financial institutions	-	569.3	-	-	-	-	569.3	-	1.90 - 2.40
Receivables from Clearing house	-	-	-	-	-	442.9	442.9	-	-
Securities business receivables - net	597.7	-	-	-	-	933.3	1,531.0	5.75 - 18.00	-
Investments - net	-	76.4	-	-	-	161.0	237.4	-	7.00
Investment in associated company - net	-	-	-	-	-	327.0	327.0	-	-
<b>Financial liabilities</b>									
Payables to Clearing House	-	-	-	-	-	25.1	25.1	-	-
Securities business payables	-	-	-	-	-	1,129.7	1,129.7	-	-
Derivatives liabilities	-	-	-	-	-	0.1	0.1	-	-
Payables under finance leases	-	0.3	3.1	-	-	-	3.4	-	7.33

Unit : Million Baht

## SEPARATE FINANCIAL STATEMENTS

As at December 31, 2012

Outstanding balances of net financial instruments

	Repricing or maturity dates							Interest rate (%)	
	Floating	Less than	1-5	Over	Non-	No	Total	Floating	Fixed
	rate	1 year	years	5 years	performing	interest			
receivables									
Financial assets									
Cash and cash equivalents	1,296.1	-	-	-	-	147.1	1,443.2	0.13 - 2.50	-
Deposits at financial institutions	-	106.4	-	-	-	-	106.4	-	1.95 - 2.80
Receivables from Clearing house	-	-	-	-	-	252.5	252.5	-	-
Securities business receivables - net	1,271.6	-	-	-	-	1,484.1	2,755.7	5.75 - 18.00	-
Investments - net	-	-	-	-	-	38.0	38.0	-	-
Investment in associated									
company - net	-	-	-	-	-	327.0	327.0	-	-
Financial liabilities									
Payables to Clearing House	-	-	-	-	-	186.5	186.5	-	-
Securities business payables	-	-	-	-	-	1,624.1	1,624.1	-	-
Derivatives liabilities	-	-	-	-	-	0.5	0.5	-	-
Debentures and other borrowing	-	338.9	-	-	-	-	338.9	-	4.85 - 5.50
Payables under finance leases	-	0.3	3.4	-	-	1.7	5.4	-	7.33

The average yields on the average financial asset balances and the average cost of funds on average financial liabilities for interest bearing financial instruments are presented in the following table:

Unit : Million Baht

FINANCIAL STATEMENTS IN WHICH  
EQUITY METHOD IS APPLIED

As at December 31, 2013

	Average balance	Interest income/expenses	Average yield (%)
<b>Financial assets</b>			
Cash and cash equivalents	1,372.5	46.2	3.4
Deposits at financial institutions	359.9	7.9	2.2
Securities business receivables - net	782.6	56.6	7.2
Investments - net	77.7	5.4	8.8
Investment in associated company - net	343.1	50.8	14.8
<b>Financial liabilities</b>			
Debentures and other borrowing	301.9	12.8	5.1
Payables under finance leases	4.1	0.2	4.6

Unit : Million Baht

FINANCIAL STATEMENTS IN WHICH  
EQUITY METHOD IS APPLIED

As at December 31, 2012

	Average balance	Interest income/expenses	Average yield (%)
<b>Financial assets</b>			
Cash and cash equivalents	982.4	36.5	3.7
Deposits at financial institutions	106.1	2.5	2.4
Securities business receivables - net	1,099.9	74.1	6.7
Investment in associated company - net	301.6	59.8	19.8
<b>Financial liabilities</b>			
Debentures and other borrowing	299.8	11.6	5.2
Payables under finance leases	5.3	0.3	5.1

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

As at December 31, 2013

	Average balance	Interest income/expenses	Average yield (%)
<b>Financial assets</b>			
Cash and cash equivalents	1,372.5	46.2	3.4
Deposits at financial institutions	359.9	7.9	2.2
Securities business receivables - net	782.6	56.6	7.2
Investments - net	77.7	5.4	8.8
Investment in associated company - net	327.0	50.8	15.5
<b>Financial liabilities</b>			
Debentures and other borrowing	301.9	12.8	5.1
Payables under finance leases	4.1	0.2	4.6

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

As at December 31, 2012

	Average balance	Interest income/expenses	Average yield (%)
<b>Financial assets</b>			
Cash and cash equivalents	982.4	36.5	3.7
Deposits at financial institutions	106.1	2.5	2.4
Securities business receivables - net	1,099.9	74.1	6.7
Investment in associated company - net	327.0	59.8	18.3
<b>Financial liabilities</b>			
Debentures and other borrowing	299.8	11.6	5.2
Payables under finance leases	5.3	0.3	5.1

### 39.3 Liquidity risk

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

Under the Notification of the Office of the Securities and Exchange Commission No. KorTor 18/2549 regarding “Net Capital Ratio - NCR”, the securities company has to maintain its net capital requirement at the end of the day not less than Baht 15.0 million and not less than 7% of general liabilities.

The Company was granted securities business licenses of derivatives agent under the Derivative Act. The Company has to maintain its net liquid capital at the end of working day at least Baht 25.0 million and at least 7% of general liabilities and assets held as collateral except in case the Company discontinued its derivatives agent business and notified to the Office of the Securities and Exchange Commission, the Company has to maintain its net liquid capital as mentioned in the second paragraph.

Additionally, in accordance with the regulation of Thailand Clearing House Co., Ltd. (“TCH”) chapter 300 “Members” regarding the “Qualification of an Associated Member”, the Associated Member is required to have total owners’ equity of not less than Baht 150.0 million and/or have a financial condition in accordance with the criteria prescribed by an agency in charge of overseeing the business operations of such juristic person under relevant law.

As at December 31, 2013 and 2012, the Company has net capital per requirement of approximately Baht 2,970.3 million and approximately Baht 2,191.0 million, respectively or 242.1% and 106.2%, of general liabilities and assets held as collateral, respectively.

The periods of time from the statement of financial position date to the maturity dates of financial instruments as of December 31, 2013 and 2012 are as follows:

Unit: Million Baht

FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED As at December 31, 2013							
Outstanding balances of net financial instruments							
	At call	Within 1 year	1-5 years	Over 5 years	No maturity	Non-performing receivables	Total
<b>Financial assets</b>							
Cash and cash equivalents	-	400.0	-	-	673.1	-	1,073.1
Deposits at financial institutions	500.0	-	-	-	69.3	-	569.3
Receivables from Clearing House	-	442.9	-	-	-	-	442.9
Securities business receivables - net	597.7	888.6	-	-	44.7	-	1,531.0
Investments - net	-	77.5	159.9	-	-	-	237.4
Investment in associated company - net	-	-	-	-	340.2	-	340.2
<b>Financial liabilities</b>							
Payables to Clearing House	-	25.1	-	-	-	-	25.1
Securities business payables	-	1,129.7	-	-	-	-	1,129.7
Derivatives liabilities	-	0.1	-	-	-	-	0.1
Payables under finance leases	-	0.3	3.1	-	-	-	3.4

Unit: Million Baht

FINANCIAL STATEMENTS IN WHICH EQUITY METHOD IS APPLIED As at December 31, 2012							
Outstanding balances of net financial instruments							
	At call	Within 1 year	1-5 years	Over 5 years	No maturity	Non-performing receivables	Total
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	-	1,443.2	-	1,443.2
Deposits at financial institutions	-	-	-	-	106.4	-	106.4
Receivables from Clearing House	-	252.5	-	-	-	-	252.5
Securities business receivables - net	1,271.6	1,417.9	-	-	66.2	-	2,755.7
Investments - net	-	15.0	23.0	-	-	-	38.0
Investment in associated company - net	-	-	-	-	314.2	-	314.2
<b>Financial liabilities</b>							
Payables to Clearing House	-	186.5	-	-	-	-	186.5
Securities business payables	-	1,624.1	-	-	-	-	1,624.1
Derivatives liabilities	-	0.5	-	-	-	-	0.5
Debentures and other borrowing	-	338.9	-	-	-	-	338.9
Payables under finance leases	-	2.0	3.4	-	-	-	5.4

Unit: Million Baht

SEPARATE FINANCIAL STATEMENTS

As at December 31, 2013

Outstanding balances of net financial instruments

	At call	Within 1 year	1-5 years	Over 5 years	No maturity	Non-performing receivables	Total
<b>Financial assets</b>							
Cash and cash equivalents	-	400.0	-	-	673.1	-	1,073.1
Deposits at financial institutions	500.0	-	-	-	69.3	-	569.3
Receivables from Clearing House	-	442.9	-	-	-	-	442.9
Securities business receivables - net	597.7	888.6	-	-	44.7	-	1,531.0
Investments - net	-	77.5	159.9	-	-	-	237.4
Investment in associated company - net	-	-	-	-	327.0	-	327.0
<b>Financial liabilities</b>							
Payables to Clearing House	-	25.1	-	-	-	-	25.1
Securities business payables	-	1,129.7	-	-	-	-	1,129.7
Derivatives liabilities	-	0.1	-	-	-	-	0.1
Payables under finance leases	-	0.3	3.1	-	-	-	3.4

Unit : Million Baht

SEPARATE FINANCIAL STATEMENTS

As at December 31, 2012

Outstanding balances of net financial instruments

	At call	Within 1 year	1-5 years	Over 5 years	No maturity	Non-performing receivables	Total
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	-	1,443.2	-	1,443.2
Deposits at financial institutions	-	-	-	-	106.4	-	106.4
Receivables from Clearing House	-	252.5	-	-	-	-	252.5
Securities business receivables - net	1,271.6	1,417.9	-	-	66.2	-	2,755.7
Investments - net	-	15.0	23.0	-	-	-	38.0
Investment in associated company - net	-	-	-	-	327.0	-	327.0
<b>Financial liabilities</b>							
Payables to Clearing House	-	186.5	-	-	-	-	186.5
Securities business payables	-	1,624.1	-	-	-	-	1,624.1
Derivatives liabilities	-	0.5	-	-	-	-	0.5
Debentures and other borrowing	-	338.9	-	-	-	-	338.9
Payables under finance leases	-	2.0	3.4	-	-	-	5.4

39.4 Market risk

The Company's exposure to market risk is the risk that volatility on the stock price and derivatives price that will substantially reduce the value of the Company's investments. However, the Company manages such risk at acceptable levels through risk management policies, and establishment of proper risk limits and parameters, as well as a market risk monitoring function.



39.5 Foreign exchange risk

As at December 31, 2013 and 2012, the Company does not have any material financial instruments in foreign currencies.

39.6 Fair value

The estimated fair values of most financial assets and financial liabilities are based on the amounts recognized in statements of financial position as they are short-term and non-interest sensitive except for the estimated fair values of investments. For trading and available-for-sale investments, fair values are based on the latest bid price of the last working day as of the year as quoted on the Stock Exchange of Thailand. For the unit trusts of closed-end fund and general investments in non-listed equity securities, fair values are estimated from net asset value. For held-to-maturity debt securities, fair values are estimated by using discounted cash flows analyzes based on current interest rates and remaining years to maturity. The fair value of derivative warrants is based on the latest offer price of the last working day of the year as quoted on the Stock Exchange of Thailand.

40. APPROVAL OF FINANCIAL INFORMATION

The financial statements for the year ended December 31, 2013 have been approved for issuing by the authorized directors of the Company on February 20, 2014.

The Company's branches as of December 31,2013 are as follows

Branch	Address
<b>Bangkok and Vicinity</b>	
Lardprao	1693 Central Plaza Building (Lardprao) 7 <sup>th</sup> Floor, Paholyothin Rd., Ladyao, Chatuchak, Bangkok 10900 Tel. 0-2937-1290-9, 0-2937-1292
Bangkae	275 The Mall Building (Bangkae) 6 <sup>th</sup> Floor, Petkasem Rd., North Bangkae, Bangkae, Bangkok 10160 Tel. 0-2454-9088-94,0-2454-7933-4, and 0-2454-9322 Fax. 0-2454-9095
Ngamwongwan	30/39-50 The Mall Building (Ngamwongwan) 12 <sup>th</sup> Floor, Ngamwongwan Rd., Bangkhen, Muang, Nonthaburi 11000 Tel. 0-2550-0522-8 and 0-2550-1156-7 Fax. 0-2550-0529
Samrong 1 Samrong 2	1293 Carrefour Building (Samrong) 2 <sup>nd</sup> Floor, Moo 4 Sukhumvit Rd., Theparak, Muang, Samutprakarn 10270 Tel. 0-2380-0333 Fax. 0-2757-7100 Tel. 0-2380-1161-2 Fax, 0-2380-1168
Pinklao 1	7/129-221 Room No. 2601, Central Pinklao Department Store, 6th Floor, Boromrajachonnane Road, Arunamarin, Bangkoknoi, Bangkok 10700 Tel. 0-2884-7054-9 Fax.0-2884-7053
Pinklao 1 (Operation closed on July 1,2013)	7/3 Room No. 41101, 41108, Central Pinklao Department Store, 11th Floor Boromrajachonnane Road, Arunamarin, Bangkoknoi, Bangkok 10700 Tel. 0-2884-5301-9 Fax. 0-2884-8957
Silom 1	191 Room C, Silom Complex Building 19th Floor, Silom Rd., Bangrak, Silom, Bangkok 10500 Tel. 0-2231-8600 Fax. 0-2231-8695
Silom 2	191 Room C, Silom Complex Building 14th Floor, Silom Rd., Bangrak, Silom, Bangkok 10500 Tel. 0-2231-8700 Fax. 0-2231-8791
Silom 3	191 Room C, Silom Complex Building 12th Floor, Silom Rd., Bangrak, Silom Bangkok 10500 Tel. 0-2231-8900 Fax. 0-2231-8997
Sermmit (Operation closed on November 23,2012)	159 Sermmit Tower 14 <sup>th</sup> Soi Asoke, Sukumvit Rd., North Klongtae, Wattana, Bangkok 10110 Tel. 0-2627-2400 Fax. 0-2627-2427
Central World	999/9 The Offices at Central World 28 <sup>th</sup> Floor, Room MH 2807, Rama 1 Rd., Patumwan, Bangkok 10330 Tel. 0-2613-1199 Fax. 0-264-5421
Ploenchit	540 Mercury Building 14 <sup>th</sup> floor, Ploenchit Rd., Lumpini, Patumwan Bangkok 10330 Tel. 0-2264-8555 Fax 0-2658-5919
Phaholyothin (was Phayathai Plaza)	408/59 Phaholyothin Place 412/44-45 3 <sup>rd</sup> Floor Phaholyothin Rd., <a href="#">Samsen Nai</a> , Phayathai, Bangkok 10400 Tel 0-2619-0600-2 Fax 0-2619-0599

Branch	Address
Bangbuatong	101/549 M.Chonlada Bangbuatong, Bangkrugtrinoi Rd., Sonloe, Bangkrugtrinoi, Nonthaburi 11110 Tel. 0-2571-1199 Fax. 0-2571-3119
Bangna	1093/73 Central City Tower14 <sup>th</sup> floor, Bangna-Trad Rd.,Bangna-Trad ,Bangna, Bangkok 10260 Tel. 0-2745-6813-16 Fax. 0-2745-6718
Chaengwattana	99, 99/9 Moo 2 Chaengwattana Rd., Bangtalard, Pakkred Nonthaburi Tel. 0-2193-8170-74 Fax. 0-2193-8176
Park Ventures	57 Park Ventures Building Ecoplex 57 Room No: 1607B –1608,16 <sup>th</sup> Floor WirelessRd., Lumpini, Pathumwan, Bangkok 10330 Tel 02-263-8500 Fax 02-263-8555-6
Empire Tower	195 Empire Tower Room No: 1406 ,14th Tower 3 South Sathorn Rd., Yanawa, Sathorn, Bangkok 10120, Tel 02-627-7888 Fax.02-627-7899
Phetchaburi Tat Mai Business open November 18,2013)	2884 Manoopol Tower1,6 <sup>th</sup> floor Phetchaburi Tat Mai Road, Bang Kapi, Huai Khwang , Bangkok 10310 Tel.0-2716-5700 Fax.0-2716-5713
<b>Northern Region</b>	
Chiang Mai 1 Chiang Mai 2 Ched Yod 1 - Chiang Mai Ched Yod 2 - Chiang Mai	50/147-157 Hillside Plaza and Condotel 4 <sup>th</sup> floor, Chang Phuek, Muang Chiang Mai 50300 Tel. 0-5322-4766-9 Fax. 0-5322-4775 Tel. 0-5340-5242-6 Fax. 0-5340-4390 Tel. 0-5322-3377-9 Fax. 0-5322-3378 Tel. 0-5322-3663-4 Fax. 0-5322-3378
Chiang Mai 3	2/9-10 Nakormping Condominium1 <sup>st</sup> floor, Chang Phuek,Muang Chiang Mai, Chiang Mai 50300 Tel. 0-5321-2350 Fax. 0-5321-2349
Chiang Mai 4	224/1, 1 <sup>st</sup> and 2 <sup>nd</sup> floor, Moo 2 , Maehae, Muang, Chiang Mai Tel. 0-5380-6044 Fax . 0-5311-1262
Chiang Rai 1 Chiang Rai 2	591/5-1 Phaholyothin Road, Wiang, Muang, Chiang Rai 57000 Tel. 0-5360-0828-30 Fax. 0-5360-0833 Tel. 0-5374-0480-3 Fax. 0-5374-0484
Lampang	500/1-3 Prasanmaitee, Sob Tui, Muang, Lampang 52100 Tel : 0-5423-1740-8 Fax.0-5423-1749
Nakhonsawan	919/112 Moo10 Nakhonsawan Tok, Muang Nakhonsawan, Nakhonsawan 60000 Tel. 0-5622-7241-3 Fax. 0-5622-9899
Phitsanulok	228/28-30 Baromtrilokkanard Rd., Nai Muang, Muang, Phitsanulok 65000 Tel. 0-5523-1981-7 Fax. 0-5523-1980
Phayao	3/5 Chaikaw Rd., Viang, Muang, Phayao 56000 Tel. 0-5441-0930-1 Fax. 0-5441-0905

Branch	Address
Lampoon	12/5 Mukda Rd., Nai Muang, Muang, Lampoon 51000 Tel. 0-5351-0500 Fax. 0-5356-1511
<b>Southern Region</b>	
Juldis - Hadyai	200 Chuladis Hat Yai Plaza Shopping Complex, 4 <sup>th</sup> Floor, Nipatuthit 3Rd., Hat Yai, Songkhla 90110 Tel. 0-7435-4699-705 Fax. 0-7423-0176
Nakhon Si Thammarat 1 Nakhon Si Thammarat 2 Nakhon Si Thammarat 3	62, 64, 66, 68 Soi Wandeekosithkullapom, Pattanakamkukwang, Nai Muang, Muang, Nakhon Si Thammarat 80000 Tel. 0-7543-2021-9 Fax. 0-7543-2031 Tel. 0-7543-2360-4 Fax. 0-75322-605 Tel. 0-7543-2504-11 Fax. 0-7543-2504
Trang	59/5-7 Huaiyod Rd., Tubtieng, Muang, Trang 92000 Tel. 0-7521-6000-3 Fax. 0-7521-6007
Muang – Phuket	154/14-16 Phangnga Rd., Taladyai, Muang, Phuket 83000 Tel. 0-7623-2482-90 Fax. 0-7623-2491
Songkla	467 Saiburi Road, Bo Yang, Muang, Songkla 90000 Tel. 0-7443-7500 Fax. 0-7443-6666
Chumporn	1/9 Taweessinka Road, Tatapao, Muang, Chumporn 86000 Tel. 0-7751-2114-6 Fax. 0-7751-2122
Lee Garden Plaza - Hadyai	29 Lee Garden Plaza Hotel 6 <sup>th</sup> floor, Prachatipat Rd., Hadyai, Hadyai Songkhla 90110 Tel. 0-7435-2905-6 Fax. 0-7435-2909-10
<b>Northeastern Region</b>	
Surin	7/8 Sirirath Road, Nai Muang, Muang, Surin 32000 Tel. 0-4453-5033-35 Fax. 0-4453-5045
Sisaket	1036, 1036/1-4 Wanlooksue Road, Muangtai, Muang, Sisaket 33000 Tel. 0-4562-0860-66 Fax. 0-4562-0867
Udonthani	232/6 Udon Phone Tech Building 2 <sup>nd</sup> Floor, Udondussadee Rd., Markhaeng, Muang, Udonthani 41000 Tel. 0-4223-0555 Fax. 0-4223-0515
Khonkaen	238/8 Ozone village Room 17-19, 2 <sup>nd</sup> floor, Theparak Raod, Nai Muang, Muang, Khonkaen 4000 Tel. 0-4333-4755 Fax. 0-4323-8322
Nakornratchasima	166/1-2 Chompol Rd., Nai Muang, Muang, Nakornratchasima 30000 Tel. 0-4426-9802-11 Fax. 0-4424-8990
The Mall - Nakornratchasima	1242/2 the Mall Nakornratchasima 6 <sup>th</sup> floor Room A3, Mitraparp Rd., Nai Muang, Muang, Nakornratchasima Tel. 0-4428-8057-66 Fax. 0-4428-8065
Sunee Tower - Ubon Ratchathani	512/8 Sunee Tower Room No: 4C-1 4 <sup>th</sup> Floor, Chayangkul Rd. Nai Muang, Muang, Ubon Ratchathani 34000

Branch	Address
	Tel. 0-4535-5125 Fax. 0-4531-6232
Buriram	8/47-48 Palad Muang Rd., Nai Muang, Muang, Buriram 31000 Tel. 0-4462-5606-7 Fax. 0-4460-1953
<b>Central Region</b>	
Petchaburi	399 Moo 1 Petkasem Rd., Raisom, Muang, Petchaburi 76000 Tel. 0-3240-0941 Fax. 0-3241-1744
Nakhonpathom	99 Pipitprasart Rd., Prapathomjedi, Muang Nakhonpathom, Nakhonpathom 7300 Tel. 0-3427-2800-6 Fax. 0-3427-2807
Kanchanaburi	321 Sangchuto Rd., Bannua, Muang, Kanchanaburi 71000 Tel. 0-3462-4908-09 Fax. 0-3462-5099
Saraburi	591/19 Phaholyothin Rd., Pakpure, Muang, Saraburi 18000 Tel. 0-3631-8481-7 Fax. 0-3631-8488
Banpong - Ratchaburi	99/49-50 Songpol Road, Banpong, Banpong, Ratchaburi 70110 Tel. 0-3230-1201-3 Fax. 0-3230-1209
<b>Eastern Region</b>	
Rayong	115 Star Plaza Building, 1 <sup>st</sup> Floor, Soi Soonkankasai 5 Sukhumvit Rd. Cheong-nern, Muang, Rayong 21000 Tel. 0-3886-1153-8 Fax. 0-3886-1160
Pattaya	3/222 Moo 6, Chalermpraiat Road, Nakuae, Banglamung Chonburi 20150 Tel. 0-3837-1430-31 Fax. 0-3837-1434
Chachoengsao	16 CIMB Bank 2 <sup>nd</sup> floor 16, New Srisothorn Rd., Na Muang, Muang Chachoengsao 24000 Tel. 0-3881-0671-3 Fax. 0-3881-0690
Chaichana-Chonburi	838/1A-838/1B Chaichana Rd, Bang Prasoi, Muang, Chonburi 20000 Tel. 0-3879-2556-7 Fax. 0-3879-2569