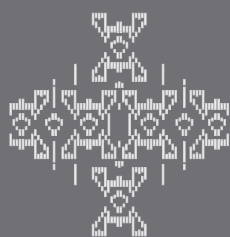




Phatra Capital Public Company Limited  
Annual Report 2011





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Nam Ku pattern



Peacock pattern



Pine tree pattern



Lion pattern

## Patterns on Thai woven fabric

depict the splendid wisdom of Thai craftsmen ingeniously telling the belief in auspiciousness inspired by plants and animals.

<b>Nam Ku pattern</b>	symbolizes benevolence.
<b>Peacock pattern</b>	represents beauty and wealth.
<b>Pine tree pattern</b>	with its shape, portrays the belief in disciplines that lead to a peaceful life.
<b>Lion pattern</b>	reflects power and superiority since it is regarded to be king among wild animals.



## General Information

Name of the Company : Phatra Capital Public Company Limited

Type of Business : Investment business

Head Office : 252/6 Muang Thai-Phatra Office Tower 1,  
9th Floor, Ratchadapisek Road,  
Huaykwang Sub-district,  
Huaykwang District, Bangkok 10310

Branch : None

Company Registration No. : Bor Mor Jor. 0107553000077

Telephone : 0-2305-9000

Facsimile : 0-2693-2535

Website : [www.phatracapital.com](http://www.phatracapital.com)

Type of Securities : Ordinary shares

Total Number of Shares Sold : 210,310,240 shares

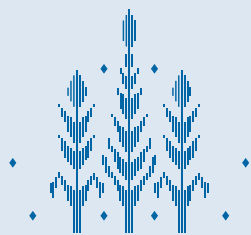
Registered Capital : Baht 1,067,510,000.00

Paid-up Capital : Baht 1,051,551,200.00

### References

Company Registrar : Thailand Securities Depository Company Limited  
62 The Stock Exchange of Thailand Building,  
Ratchadapisek Road, Klongtoey District,  
Bangkok 10110  
Tel. 0-2229-2800 Fax. 0-2359-1259  
Website <http://www.tsd.co.th>

Auditor : Ernst & Young Office Limited  
193/136-137 Lake Rajada Office Complex,  
33rd Floor, New Ratchadapisek Road,  
Klongtoey District, Bangkok 10110  
Tel. 0-2264-0777 Fax. 0-2264-0789-90



## Background

Phatra Capital Public Company Limited is a holding company and was set up as a public company limited under the business restructuring plan of Phatra Securities Public Company Limited ("Phatra Securities") to engage directly in the investment business and hold shares in Phatra Securities. The Company was incorporated on April 1, 2010 with initial registered capital of Baht 10,000.00, comprising 2,000 ordinary shares with par value of Baht 5.00 per share. On September 17, 2010, the Company's extraordinary shareholders' meeting no. 1/2553 approved the increase in registered capital to Baht 1,067,510,000.00, comprising 213,502,000 ordinary shares with par value of Baht 5.00 per share. The Company tendered all outstanding ordinary shares of Phatra Securities and issued new ordinary shares as a consideration to the offeree who accepted the tender offer at a swap ratio of one Phatra Securities ordinary share to one newly issued ordinary share from the Company during October 20 to December 24, 2010. After completion of the tender offer, on December 29, 2010, the Company held 98.51% of Phatra Securities' shares and Phatra Securities became the Company's subsidiary. The Company's ordinary shares have been listed on the Stock Exchange of Thailand ("SET") since January 5, 2011 in the financial industry under the financial and securities sector with the abbreviation of "PHATRA" in place of Phatra Securities' ordinary shares, which was delisted from the SET.

On December 29, 2010, Phatra Securities transferred investment portfolio under the management of the Direct Investment Group at the market price on the date of the transfer to the Company, which would directly operate the investment business. As at December 29, 2010, the value of the portfolio under the management of the Direct Investment Group was Baht 1,430.85 million comprising solely of SET-listed securities. In addition, personnel under the Direct Investment Group and management of Phatra Securities were transferred to the Company. Later, the Company purchased more shares of Phatra Securities from minority shareholders. As a result, the Company is now holding 99.74% shares of Phatra Securities (as of January 17, 2012).

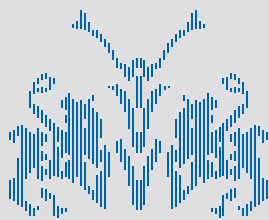
In addition, on December 9, 2011 the Company's Board of Directors approved the Company to enter into the memorandum of agreement on the merger between Kiatnakin Bank Public Company Limited ("Kiatnakin Bank") and the Company as well as certain shareholders of Kiatnakin Bank and the Company, to facilitate the merger between Kiatnakin Bank and the Company with a view to jointly engage in financial businesses, consisting of commercial banking business, securities business and other supporting businesses, for the best interests of both Kiatnakin Bank and the Company. Kiatnakin Bank will make a delisting tender offer to purchase all shares from all of the Company's shareholders for delisting of the shares from the SET, provided that upon expiration of the tender offer period the number of shareholders accepting such tender offer must represent not less than 75% of the total shares sold in the Company. Kiatnakin Bank will pay considerations to the Company's shareholders who accept such tender offer in the form of newly issued ordinary shares in Kiatnakin Bank in accordance with the swap ratio of 1 share in the Company per 0.9135 shares in Kiatnakin Bank. In this regards, under such memorandum of agreement, the Company will hold the shareholders' meeting in order to seek an approval for delisting the Company's shares from the SET.



In the event that the Company's shareholders resolve to approve the delisting of shares of the Company from the SET and the tender offer for the purpose of delisting mentioned above, thereby resulting Kiatnakin Bank to hold shares in the Company amounting to 90% of its total shares sold or more, Kiatnakin Bank will transfer all the shares held by it in Kiatnakin Securities Co., Ltd. ("Kiatnakin Securities") to the Company at the price equivalent to the book value of Kiatnakin Securities, as well as all of the shares held by it in Kiatnakin Fund Management Co., Ltd. at the price equivalent to the acquisition costs of Kiatnakin Bank.

The merger shall take place only upon full satisfaction of the conditions specified in the shareholder agreement between the relevant parties within specified period which in certain cases will include the period when launching a tender offer, unless a waiver, cancellation, revision or amendment is subsequently made in writing by the parties of which details have been disclosed to shareholders, investors and general public via the SET.

Phatra Securities, a subsidiary of the Company, is still operating the same securities business except that some investments have been transferred and managed by the Company. It is a broker member of the SET no.6 and has been granted by the Ministry of Finance the right to operate eight types of securities businesses, namely, securities brokerage, securities dealing, underwriting, securities borrowing and lending, investment advisory, mutual fund management, private fund management and venture capital. At present, Phatra Securities operates five types of securities businesses, namely, securities brokerage, securities dealing, underwriting, securities borrowing and lending and investment advisory. Phatra Securities is during the preparation process to start operating a private fund management business within 2012. Also, Phatra Securities has been granted by the Office of the Securities and Exchange Commission, Thailand ("SEC") to engage in four types of derivatives businesses, namely, derivatives brokerage, derivatives dealing, derivatives advising and derivatives fund manager. At present, Phatra Securities operates two types of derivatives businesses, namely, derivatives brokerage and derivatives dealing. In 2005, Phatra Securities became a member of the Thailand Futures Exchange Public Company Limited ("TFEX"). Besides the aforementioned businesses, Phatra Securities has registered as a financial advisor type A providing financial advisory services with the Ministry of Finance and has been granted by the SEC to act as a financial advisor and selling agent for limited BDU.



## Financial Highlight

### FINANCIAL SUMMARY (Unit : Bt mn)

	After business restructuring plan		Before business restructuring plan
	Consolidated financial statement of Phatra Capital Plc. and its subsidiary		Financial statement of Phatra Securities Plc.
	2011	2010	2009
Total assets	6,356.00	7,567.41	5,822.65
Total liabilities	2,745.30	3,602.41	2,424.25
Registered capital	1,067.51	1,067.51	1,100.00
Paid up capital	1,051.55	1,051.55	1,067.50
Equity attributable to the Company's shareholders	3,602.71	3,905.50	-
Equity attributable to minority shareholders of subsidiary	7.99	59.51	-
Total shareholder's equity	3,610.70	3,965.01	3,398.40
Total revenues	2,322.80	2,449.56	1,385.62
Total expenses	1,151.95	1,094.34	835.40
Total net profit	838.15	1,031.53	425.89
- Attributable to the Company's shareholders	834.73	1,007.56	-
- Attributable to minority shareholders of subsidiary	3.42	23.97	-
Attributable to equity holders of the Company :			
Book value per share (Baht)	17.13	18.57	15.92
Earning per share (Baht)	3.97	4.79	1.99

### REVENUES STRUCTURE

	After business restructuring plan				Before business restructuring plan	
	Consolidated financial statement of Phatra Capital Plc. and its subsidiary				Financial statement of Phatra Securities Plc.	
	2011		2010		2009	
	Bt mn	%	Bt mn	%	Bt mn	%
Revenues						
Brokerage fees	1,079.48	46.47	952.51	38.89	739.63	53.38
Fees and services income	317.73	13.68	407.41	16.63	194.49	14.04
Gain on securities and derivatives trading	745.74	32.11	843.11	34.42	275.46	19.88
Interest and dividend	175.79	7.57	114.51	4.67	123.81	8.93
Impairment loss on investments	-	-	128.37	5.24	50.16	3.62
Other incomes	4.06	0.17	3.65	0.15	2.07	0.15
Total revenues	2,322.80	100.00	2,449.56	100.00	1,385.62	100.00

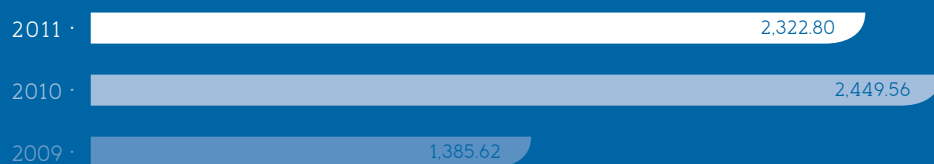
FINANCIAL RATIOS		After business restructuring plan		Before business restructuring plan
		Consolidated financial statement of Phatra Capital Plc. and its subsidiary		Financial statement of Phatra Securities Plc.
		2011	2010	2009
PROFITABILITY RATIOS				
Gross profit margin	(%)	93.56	95.37	94.65
Net profit margin	(%)	36.08	42.11	30.74
Return on equity	(%)	22.24	28.02	13.71
Investment yield	(%)	32.26	36.54	20.04
EFFICIENCY RATIOS				
Return on total assets	(%)	12.04	15.41	8.55
Total assets turnover	(times)	0.37	0.32	0.24
FINANCIAL POLICY RATIOS				
Liquidity assets to total assets	(%)	53.93	57.95	55.20
Earning assets to total assets ratio	(%)	79.11	72.79	71.23
Debt to equity ratio	(times)	0.76	0.91	0.71
Dividend payout ratio	(%)	131.74	0.00	97.75
OTHER RAIOS				
Investment to total assets	(%)	45.31	37.43	41.37
Net liquid capital ratio	(%)	85.67	65.84	144.96
PER SHARE INFORMATION				
Book value per share	(Baht)	17.13	18.57	15.92
Net profit per share	(Baht)	3.97	4.79	1.99
Dividend per share *	(Baht)	5.23	0.00	1.95
Number of paid up shares as at 31 December	(shares)	210,310,240	210,310,240	213,500,000

\* Note : Annual dividend payment of Baht 1.28 per share in 2011 is subjected to shareholders' approval.



## Operating Performance

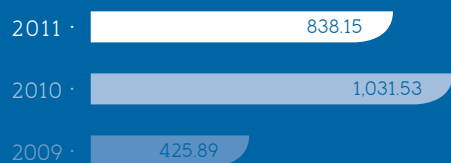
### REVENUES

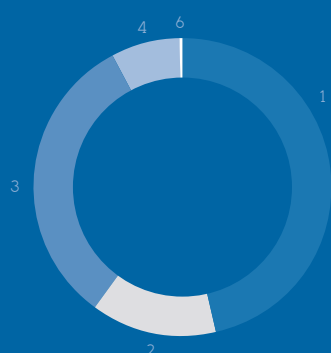


### EXPENSES



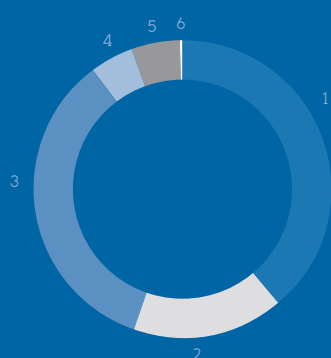
### NET PROFIT





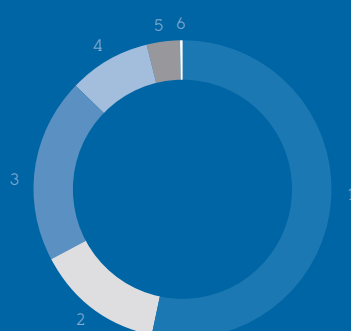
#### REVENUE STRUCTURE IN 2011

	%
1 Brokerage fees	46.47
2 Fees and services income	13.68
3 Gain on securities and derivatives trading	32.11
4 Interest and dividend	7.57
5 Impairment loss on investments	-
6 Other income	0.17
<b>Total</b>	<b>100.00</b>



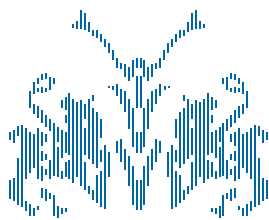
#### REVENUE STRUCTURE IN 2010

	%
1 Brokerage fees	38.89
2 Fees and services income	16.63
3 Gain on securities and derivatives trading	34.42
4 Interest and dividend	4.67
5 Impairment loss on investments	5.24
6 Other income	0.15
<b>Total</b>	<b>100.00</b>



#### REVENUE STRUCTURE IN 2009

	%
1 Brokerage fees	53.38
2 Fees and services income	14.04
3 Gain on securities and derivatives trading	19.88
4 Interest and dividend	8.93
5 Impairment loss on investments	3.62
6 Other income	0.15
<b>Total</b>	<b>100.00</b>



## Message from Chairman

2011 was the year of significant changes and developments of Phatra in many aspects. Such changes and developments, which include organizational restructuring, changes in strategies, new business development, along with the expansion in size and scope of service, are important to Phatra in order to increase its business potential in the future.

In the beginning of 2011, Phatra was restructured as a holding company according to the approval from the shareholders' meeting in 2010. After the restructuring, Phatra Capital Public Company Limited has been listed on the SET in place of Phatra Securities and holds 99.74% share in Phatra Securities.

Throughout 2011, Phatra had been focusing on improving its potential in several business operations. New units - Private Fund Department and Hedge Fund Department - had been set up in order to increase future revenue sources. Phatra also expanded its scope of services provided to clients and increased the number of employees, especially in the Private Wealth Management Department which increased the number of financial consultants to support the business growth.

However, the expansion under the limitations of capital, size and scope of business under the securities business license, along with the development and competition in the country's and region's financial markets, is an essential constraint for the organizational development in the long term which management has to consider and seek for the most suitable way to benefit our clients, employees and shareholders of Phatra. After thorough analysis and careful consideration, the Board of Directors, with the proposal from the management, approved Phatra to enter into the memorandum of agreement on the merger between Kiatnakin Bank Public Company Limited ("Kiatnakin Bank") and the Company on December 9, 2011.

The merger and joint management with Kiatnakin Bank, which utilize the competitive potential of both companies, is a vital opportunity and will benefit clients, employees, shareholders and the country's financial market. Kiatnakin-Phatra platform will allow Phatra to offer a more variety of products and services to meet clients' demands in both investment banking and private client/ wealth management space. More channels for financial products via bank's distribution networks will allow Phatra to expand our scale. Stronger capital base, better access to cheaper funding and being a part of the group will help Phatra to efficiently broaden the scope of our operations into areas which are difficult to access based on the current business model. This transformation of Phatra's business platform will change Phatra from securities firm which has good but volatile financial performance into a business group with larger capital base which will reduce volatility of the income, drive growth in existing and new businesses and enhance value to shareholders. For employees, this will create opportunities to develop their potential and broaden their capabilities. Furthermore, this merger will have positive impacts on the market by promoting more effective competitions.



Phatra will present the merger plan with Kiatnakin Bank to shareholders' meeting for approval.

## ECONOMY AND CAPITAL MARKET

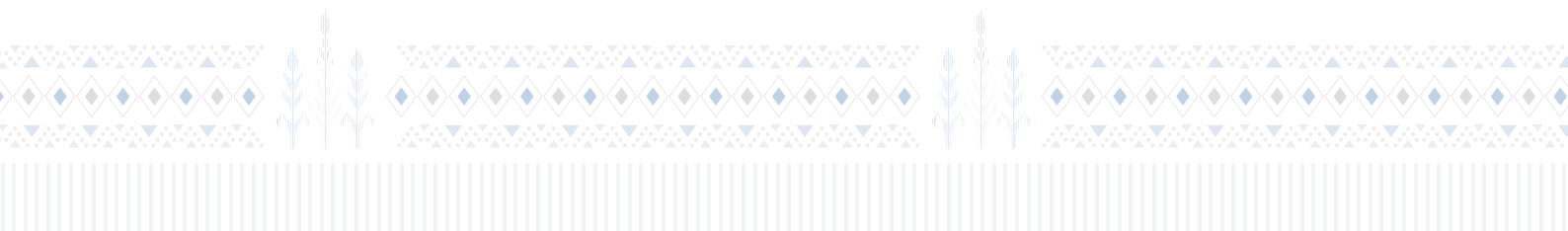
Thailand's capital market in 2011 was highly volatile and faced many difficulties from both domestic and international factors throughout the year. In the first quarter of 2011, the investment in the SET was very active. The SET index in 2011, which started from 1,032.76, went up dramatically as investors viewed that Thailand's economy had strong fundamental and continual potential growth from 2010. Besides, the QE2 of the United States of America had brought momentous fund inflow into Thailand's capital market. In the second quarter, the investment was slowdown as a result of investors' concern on Japan's earthquake and Tsunami impact, domestic politics with the dissolution of the parliament on May 10, 2011 and the downgrading of Greece. In the third quarter, the SET was extremely volatile with the SET index increased to the highest point of 2011 at 1,148.28 after the general election in the country. Yet, the situation changed rapidly when Standard and Poor's announced the credit downgrade of United State of America due to its budget deficit and failure in public debt problem solving. Also, the debt crisis in Europe started to expand. These made investors loss their confidence. In the forth quarter, the domestic flood increased pressure and the SET index dropped to the lowest point of the year at 843.69. After that, when investors realized that the listed companies had not severely been affected from the flood and the debt problem solving in Europe had major improvement, the SET index increased and closed at 1,025.32 as of the end of 2011. Although the SET index as of the end of 2011 decreased on 0.72% from the beginning of the year, the movement of SET index during the year was wide with 305 points. The average daily securities trading in the SET and MAI in 2011 valued Baht 29,473.30 million, increased 1.40% from Baht 29, 065.90 million in 2010.

With the uncertainties in world economy and more liberalization, in 2011 had the highest number of mergers and acquisitions of listed companies in the history. Such transactions valued more than Baht 1,000 trillion.

## PERFORMANCE

As Thailand's capital market faced several crises throughout the year as mentioned earlier, in 2011 Phatra had total revenues in its consolidated statement of Baht 2,322.80 million, decreased 5.17% from 2010. This was because the revenues from investment business decreased 15.14% whereas revenues form agency business increased 2.74%.

Phatra had total expenses in 2011 of Baht 1,151.95 million, increased 5.26% from 2010 as a consequence of the increase in financial cost and operating expense. Therefore, Phatra had net profit in the consolidated statement in 2011 of Baht 838.15 million, decreased 18.75% from 2010 and comprehensive net income in 2011 of Baht 602.08 million.



Apart from its performance in terms of numbers, in 2011 Phatra Securities tried to improve the quality of services offered to clients through implementation of new technologies such as the Direct Market Access (DMA) system. Such endeavors to improve the businesses and services brought several industry awards and better ratings from institutions. (Awards and recognitions in 2011 are shown on page 16 of the annual report.)

### **CORPORATE GOVERNANCE**

The Board of Directors has always been focusing on improving Phatra's corporate governance. In 2011, the Board of Directors appointed the Corporate Governance Committee and amended Phatra's Principles of Corporate Governance in order to further improve its corporate governance to meet international standards, to provide assurance to all shareholders, investors, clients and other stakeholders that Phatra does business in a transparent manner and that all related parties are treated fairly, as well as to contribute towards a firm foundation for Phatra in the long run.

Phatra was assessed by the Thai Institute of Directors (IOD) in terms of corporate governance. The result was that Phatra received a "Very Good" level of recognition with a total average score of 88% which was higher than the total average scores of companies in the SET100 and equal to the total average scores of companies in the SET50.

In addition, Phatra bears in mind its role as part of society, community and environment. Thus, its policy on responsibility for community, society and environment has been clearly stated. Contributing to charitable activities and promoting a healthy environment in communities and the society at large for better living standards are always Phatra's focus.

### **INDUSTRY AND OPERATING PLAN**

For 2012, risk factors including the world economy and trading, the domestic economy, politics, social problems and the preparation for the ASEAN Economic Community by 2015 are challenges for Phatra's business operation. Nonetheless, the corporate income tax reduction from 30% to 23% should be a positive factor for Phatra and draw attention from foreign investors to invest in the country and in the SET.

Phatra will carefully make investments and expand its investment in businesses which have good trends. It will try to maintain its current clients, get more access to new target clients and improve its services to increase client satisfaction. Also, it will continue



improving employees and management, which are important resources, investing in information technology systems to increase efficiency in servicing and supporting business expansion and complexity, improving its research both in terms of quality and quantity to better support client needs as well as developing and offering new financial products with quality as investment alternatives for clients and different types of investors.

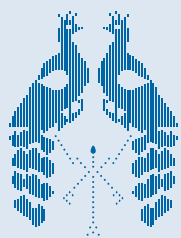
Furthermore, Phatra will proceed on the merger plan with Kiatnakin Bank if approved by shareholders' meeting. Kiatnakin Bank will tender all shares of the Company from all shareholders and the Company's shares will be delisted from the SET (Delisting Tender Offer).

Phatra's philosophy is to combine the benefits of Thailand's economic and capital market development with the benefits of the Company, its clients, employees and shareholders by concentrating on providing international standard services with good Thai traits such as ethics, manners, respect, gratefulness and consideration. This is in accordance with our slogan, "International Best Practice with a Thai Touch" which will carry on after the merger with Kiatnakin Bank.

Phatra's operation benefits from the support and cooperation of all parties including shareholders, clients, business allies and employees. On behalf of the Board of Directors, I would like to take this opportunity to thank you all and wish you happiness and success in your work and family.



Mr. Banyong Pongpanich  
Chairman



## Business Overview and Major Developments

### BUSINESS OVERVIEW

On December 29, 2010, Phatra Securities transferred personnel and investment portfolio under the management of its Direct Investment Group to the Company in order to directly operate the investment business according to the restructuring plan.

Therefore, after the completion of restructuring in the beginning of 2011, the Company directly operates investment business, whereas Phatra Securities, a subsidiary, operates securities brokerage business, investment banking business and securities and derivatives trading business.

The Company operates investment business via its Direct Investment Department, which emphasizes investment in assets, including listed and non-listed securities, with an investment period of 1-5 years.

For the year ended December 31, 2011, the Company had revenue from investment business which was gain from trading securities of Baht 562.88 million, or 24.23% of total revenues. In comparison, for the years ended December 31, 2010 and December 31, 2009, revenue from investment business which was gain from trading securities and derivatives amounted to Baht 708.94 million and Baht 163.14 million, or 28.94% and 11.77% of total revenues, respectively.

In addition, the Company had dividend income from investment in securities of Baht 45.37 million or 1.95% of total revenues in 2011 compared with the dividend income from investment in securities in 2010 and 2009 of Baht 69.16 million and Baht 88.45 million, or 2.82% and 6.38% of total revenues, respectively.

In 2011, Phatra Securities, a subsidiary, has four core business operations as follows:

#### 1. SECURITIES BROKERAGE

Phatra Securities provides securities brokerage services to both domestic and international institutional investors and High Net Worth Individuals<sup>1</sup>. In 2011, Phatra Securities garnered 4.79% of the SET's and MAI's total trading value and ranked 8 in terms of market shares (versus 4.29% of the total trading value on the SET and MAI and tenth-place rank in 2010, and 4.45% of the total trading value on the SET and MAI and sixth-place rank in 2009).

For the year ended December 31, 2011, the Company and its subsidiary generated revenue from brokerage services of Baht 954.75 million or 41.10% of its total revenues. In comparison, for the years ended December 31, 2010 and December 31, 2009, Phatra Securities generated revenue from brokerage services of Baht 860.71 million and Baht 670.05 million, or 35.14% and 48.36% of total revenues, respectively.

<sup>1</sup> High Net Worth Individual means a client who has a tendency or capacity to invest in equity instruments, debt instruments and/or investment units through Phatra Securities in a minimum amount of Baht 30.00 million.

## 2. INVESTMENT BANKING

Phatra Securities provides investment banking services in the form of financial advisory and underwriting services to large Thai organizations, both in the public and private sectors.

For the year ended December 31, 2011, the Company and its subsidiary had revenues from investment banking in the form of financial advisory and underwriting services of Baht 307.81 million or 13.25% of total revenues. In comparison, for the years ended December 31, 2010 and December 31, 2009, Phatra Securities generated revenue from investment banking in the form of financial advisory and underwriting services of Baht 397.80 million and Baht 189.73 million, or 16.24% and 13.29% of total revenues, respectively.

## 3. INVESTMENT

Phatra Securities established two main departments responsible for managing its investments, namely the Equity & Derivatives Trading Department and the Hedge Fund Department. The Equity & Derivatives Trading Department emphasizes on short-term investments of not more than one year in equity and equity-linked securities listed on the SET and TFEX, whereas the Hedge Fund Department focuses on short-term investment of not more than one year in equity and equity-linked securities by using systematic investment strategy together with quantitative analyzing and risk management to get a return rate specified by the Investment Committee.

For the year ended December 31, 2011, the Company and its subsidiary had gains from trading securities and derivatives of Baht 745.74 million or 32.11% of total revenues comparing to gains from trading securities and derivatives of Baht 843.11 million and Baht 275.46 million, or 34.42% and 19.88% of total revenues for the years ended December 31, 2010 and December 31, 2009, respectively.

In addition, the Company and its subsidiary had dividend income from investment in securities of Baht 103.79 million or 4.47% of total revenues in 2011 compared with the dividend income from investment in securities in 2010 and 2009 of Baht 84.93 million and Baht 98.16 million, or 3.47% and 7.08% of total revenues, respectively.

## 4. AGENCY IN FUTURES EXCHANGE MARKET

Phatra Securities has been an agent in the futures exchange market since April 28, 2006 which was the day the TFEX market opened. For the year ended December 31, 2011, the Company and its subsidiary had brokerage fees from derivatives business of Baht 68.55 million or 2.95% of total revenues. In comparison, for the years ended December 31, 2010 and December 31, 2009, Phatra Securities had brokerage fees from derivatives business of Baht 43.38 million and Baht 30.16 million, or 1.77% and 2.18% of total revenues, respectively.

## REVENUE STRUCTURE

As the Company was established pursuant to the restructuring plan of Phatra Securities and the restructuring was considered as a business combination of entities under common control, the operating results of the Company in 2010 and 2011 incorporated the operating result of its subsidiary. While, the revenue structure in 2009 showing below was the revenue structure of Phatra Securities.



	2011		2010		2009	
	(Bt mn)	%	(Bt mn)	%	(Bt mn)	%
<b>REVENUES</b>						
Brokerage fees	1,079.48	46.47	952.51	38.89	739.63	53.38
Fees and service income	317.73	13.68	407.41	16.63	194.49	14.04
Gain (Loss) on securities trading	11.76	0.51	691.48	28.23	(11.76)	(0.85)
Gain on derivatives trading	733.98	31.60	151.63	6.19	287.22	20.73
Interest and dividend	175.79	7.57	114.51	4.67	123.81	8.93
Reversal of impairment loss on investments	-	-	128.37	5.24	50.16	3.62
Other incomes	4.06	0.17	3.65	0.15	2.07	0.15
<b>Total revenues</b>	<b>2,322.80</b>	<b>100.00</b>	<b>2,449.56</b>	<b>100.00</b>	<b>1,385.62</b>	<b>100.00</b>

In addition, Phatra Securities has business support units, namely the Research Group, the Office of General Counsel and Internal Audit (OGC), the Risk Management Department and the Technology Department.

#### MAJOR DEVELOPMENTS OF THE COMPANY AND PHATRA SECURITIES IN 2011

- On January 5, 2011, the Company's ordinary shares was listed on the SET in place of Phatra Securities' ordinary shares, which was delisted from the SET on January 4, 2011 according to the restructuring plan;
- On February 9, 2011, Phatra Securities was approved by the SEC to operate the investment advisory business;
- On February 10, 2011, Phatra Securities issued and offered derivatives warrants on PTT Exploration and Production Public Company Limited which were call warrants (PTTE06CA) through the trading system in the SET (Direct Listing);
- On February 14, 2011, Phatra Securities issued and offered derivatives warrants on Bank of Ayudhya Public Company Limited which were call warrants (BAY06CA) through Direct Listing;
- On March 28, 2011, Phatra Securities issued and offered derivatives warrants on Banpu Public Company Limited which were call warrants (BANP06CA) and put warrants (BANP06PA) through the Direct Listing;
- On March 29, 2011, Phatra Securities issued and offered derivatives warrants on BTS Group Holdings Public Company Limited which were call warrants (BTS06CA) and derivatives warrants on Indorama Ventures Public Company Limited which were call warrants (IVL06CA) through the Direct Listing;
- On March 30, 2011, Phatra Securities issued and offered derivatives warrants on Siam Commercial Bank Public Company Limited which were call warrants (SCB06CA) and put warrants (SCB06PA) through the Direct Listing;
- On March 31, 2011, Phatra Securities issued and offered derivatives warrants on Thai Union Frozen Products Public Company Limited which were call warrants (TUF06CA) and derivatives warrants PTT Exploration and Production Public Company Limited which were put warrants (PTTE06PA) through the Direct Listing;

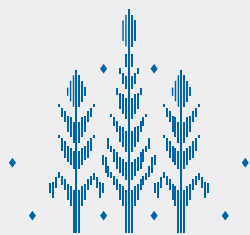
- On May 6, 2011, Phatra Securities issued and offered additional derivatives warrants on Banpu Public Company Limited which were call warrants (BANP06CA) through the Direct Listing;
- On May 26, 2011, Phatra Securities issued and offered additional derivatives warrants on Banpu Public Company Limited which were call warrants (BANP06CA) through the trading system in the SET (Direct Listing);
- On May 30, 2011, Phatra Securities issued and offered derivative warrants on Bangkok Bank Public Company Limited which were call warrants (BBL06CA) and put warrants (BBL06PA), derivatives warrants on PTT Public Company Limited which were call warrants (PTT06CB) and put warrants (PTT06PB), and derivatives warrants on PTT Exploration and Production Public Company Limited which were call warrants (PTTE06CB) through the Direct Listing;
- On May 31, 2011, Phatra Securities issued and offered derivative warrants on Charoen Pokphand Foods Public Company Limited which were call warrants (CPF06CA) and put warrants (CPF06PA), derivatives warrants on Preuksa Real Estate Public Company Limited which were call warrants (PS06CA), and derivatives warrants on Siam Cement Public Company Limited which were call warrants (SCC06CA) and put warrants (SCC06PA) through the Direct Listing;
- On July 11, 2011, Phatra Securities issued and offered derivative warrants on Banpu Public Company Limited which were call warrants (BANP06CB) and put warrants (BANP06PB), derivatives warrants on Siam Commercial Bank Public Company Limited which were call warrants (SCB06CB) and call warrants (SCB06PB), derivatives warrants on Thai Union Frozen Products Public Company Limited which were call warrants (TUF06CB), and derivatives warrants on PTT Exploration and Production Public Company Limited which were put warrants (PTTE06PB) through the Direct Listing;
- On August 11, 2011, Phatra Securities established the Private Fund Department and the Hedge Fund Department;
- On September 1, 2011, Phatra Securities issued and offered additional derivatives warrants on Banpu Public Company Limited which were call warrants (BANP06CB) through the Direct Listing;
- On September 22, 2011, Phatra Securities obtained approval from the SEC for the issuance and offering of short-term structured debentures to High Net Worth investors and/or institutional investors under the Issue and Offer Structured Notes Program no. 1/2554. The total outstanding amount of the structured notes should not exceed Baht 1,500.00 million at any time;
- On September 22, 2011, Phatra Securities issued and offered additional derivatives warrants on Bangkok Bank Public Company Limited which were call warrants (BBL06CA) through the Direct Listing;
- On November 17, 2011, Phatra Securities issued and offered derivative warrants on Bangkok Bank Public Company Limited which were call warrants (BBL06CB) and put warrants (BBL06CB), derivatives warrants on PTT Exploration and Production Public Company Limited which were call warrants (PTTE06CC) and put warrants (PTTE06PC), and derivatives warrants on Land & Houses Public Company Limited which were call warrants (LH06CA) through the Direct Listing;
- On December 9, 2011, the Board of Directors resolved the Company to enter into the memorandum of agreement between the Company, Kiatnakin Bank, and some of the Company's and

Kiatnakin Bank's shareholders for the merger between the Company and Kiatnakin Bank to jointly operate the financial businesses, consisting of commercial banking businesses, securities businesses and other supporting businesses as per details disclosed to shareholders, investors and general public via the SET; and

- On December 28, 2011, Phatra Securities issued and offered additional derivatives warrants on Banpu Public Company Limited which were call warrants (BANP06CB) through the Direct Listing.

#### **AWARDS AND RECOGNITIONS OF PHATRA SECURITIES IN 2011**

- Country Awards for Achievement : Best Investment Bank in Thailand from FinanceAsia
- Country Awards for Achievement : Best Equity House in Thailand from FinanceAsia;
- Country Awards for Achievement : Best Broker Bank in Thailand from FinanceAsia;
- Broker Poll : Best Domestic Equity House in Thailand from Asiamoney
- SAA Awards for Analysts 2011



## Market Condition and Business Trend

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Thai capital market still performed relatively well in 2011, despite various uncertainties from the world economy, including credit downgrading of the United States from AAA to AA+ by Standard & Poor's, and the public debt crisis of the Euro zone. The turnover of SET and MAI was at a satisfactory level with over Baht 30,000.00 million average daily trading value in the first three quarters of the year. Moreover, Thai capital market also experienced a positive outlook after the country wide election in July, which helped easing the political tension. However, the flood situation towards the last quarter, combining with the growing concern over the Euro zone public debt, sent a negative effect onto Thai capital market. This reflected in the SET index tumbling lowest in 2010 at 843.69 points in October. The average daily trading value also decreased significantly to Baht 23,448 million in the forth quarter. After the flood situation recovered, the SET index adjusted up and closed at 1,025.32 at year end.

Overall, these factors are favorable to Thai capital market, promoting activities in both primary and secondary markets. This reflected in high average daily turnover and fund-raising, especially in the secondary market. In addition, a series of financial products (e.g., structured notes and derivatives warrants) were introduced in the market, along with TFEX expanding trading hours to night session for derivatives. Both factors help increase investment alternatives for investors who have diversified risk appetites and expected returns.

With fairly good market conditions in 2011, the company was able to generate satisfactory results for both agency business, operated at Phatra Securities, and investment business. Total revenues of the Company and its subsidiary decreased slightly by 5.17% from 2010 to Baht 2,322.80 million, 60% and 40% of which were revenues from agency and investment businesses respectively.

### **BUSINESS OUTLOOK IN 2012**

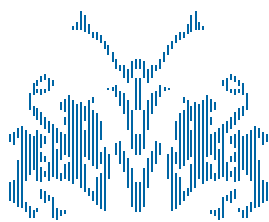
The Company believes the Thai capital market in 2012 will continue to be volatile as a result of global economic uncertainty, especially the effect from the Euro zone public debt, the economic slowdown in China, and the sluggish recovery of US economy despite possible policy to boost the economy. Moreover, 2012 will be the first year to adopt the full liberalization of commission. The Company therefore expects the fierce competition to continue.

Amid economic and political uncertainty, together with intense competition, the Company plans to implement the following measures in order to increase its competitiveness

- Pending the approval from shareholders on the merger plan with Kiatnakin Bank, the Company will seek new business opportunities to capitalize the benefit from the merger, and will ensure successful integration in order to deliver the best value to all our stakeholders.
- The Company will continue to expand into new businesses in order to diversify sources of revenue. In evaluating the business expansion, the Company will carefully consider and try to balance both risk and return opportunity.

- The Company plans to increase its portfolio size. For its short-term portfolio, the Company will launch Systematic Trading Strategies e.g., Market Neutral Strategy, in order to seek more arbitrage trading opportunities under a volatile market. For its long-term investment, the Company will continue to invest in fundamental and value companies in order to capture capital gains.
- The Company will continuously manage its capital more efficiently in order to increase returns to its shareholders.
- Last but not least, the Company aspires to keep employee morale high as its employees are its most valuable asset.





## Risk Factors

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Pursuant to the restructuring plan of Phatra Securities, the Company has been established as a holding company and had tendered all ordinary shares of Phatra Securities. After the completion of the tender offer, the Company has become a major shareholder of Phatra Securities and Phatra Securities has become a subsidiary of the Company. The following risk factors describe the material risks that could materially affect the Company and its subsidiary:

The risk factors below exclude general risk factors which may occur from the Company's and/or Phatra Securities' normal business operation. In addition, there may be other risks that are unknown to the Company while other risks, which are currently believed to be immaterial, could turn out to be material. All of these risks could materially and adversely affect the Company's and/or Phatra Securities' business operations, revenues, profits, assets, liquidity or source of funds.

**1. Fluctuations in the condition of international and domestic economies, money markets and capital markets could materially affect the Company's and/or Phatra Securities' revenues.**

The Company's and Phatra Securities' main revenues – revenues from investment, fees from securities brokerage and investment banking activities – relate to a number of external factors including condition of international and domestic economies, money markets and capital markets. Fluctuation or slowdown of international and domestic economies, money markets and capital markets may affect the volume of securities trading transactions on the SET. As a consequence, this may affect the investment and the volume of trading transactions made through Phatra Securities and the securities brokerage fees received by Phatra Securities. Furthermore, a downturn of the economy, money markets and capital markets may affect the number of transactions involving fund-raisings and the listing of securities on the SET. This may have a material adverse effect on the revenue derived by Phatra Securities from financial advisory fees and underwriting fees.

Fluctuations in international and domestic economies, money markets and capital markets derive from various factors that are beyond the Company's and Phatra Securities' control. The country's economic growth rate and consumers' confidence directly relate to the overall global economy. Moreover, the trend of increasing interest rates in the global market, fluctuations in oil price, recovery of the U.S. economy and public debt problem are factors affecting the confidence of both international and local investors and, as a consequence, may adversely affect the volume of trading transactions on the SET, including the amount of funds raised and the number of new listings of securities on the SET.

**2. Ongoing political volatility, the government's instability and social unrest have further distressed Thailand's capital market and exacerbated economic problems, which adversely affects business operation.**

Meanwhile, domestic political and social unrest has worsened the economic situation. Unclear rules and regulations have made the government unable to effectively and urgently solve the economic problems. The instability of the government, ongoing political assemblies and as-yet unresolved social conflicts have had an impact on the confidence of local and foreign investors, leading to a decrease in the securities price in the SET and the volume of securities trading in the SET, a lower amount of funds raised, and fewer newly listed companies on the SET.

**3. The business of Phatra Securities may be adversely and materially affected if the business alliance between Phatra Securities and Merrill Lynch is changed or terminated.**

Phatra Securities and Merrill Lynch (now part of Bank of America and named as Bank of America Merrill Lynch/ BoAML) have been party to a business alliance under the Amended and Restated Business Services Agreement since Merrill Lynch disposed of its equity interest in Phatra Securities in 2003. The objective is for the parties to co-operate in various business activities, including securities brokerage and investment banking. Apart from such agreement, Phatra Securities and Merrill Lynch have a Research Co-operation Agreement whereby research on Thai companies and Thai securities is jointly produced. This includes research on the Thai economy, politics, capital markets, money markets and industries for further distribution to international investors under Merrill Lynch's name. The agreement is currently on a yearly basis, with either party required to inform the other in writing at least six months in advance if they desire to terminate the agreement. Any material change or termination of any of the two agreements would have a material adverse effect on Phatra Securities' research and revenues from brokerage business and investment banking activities.

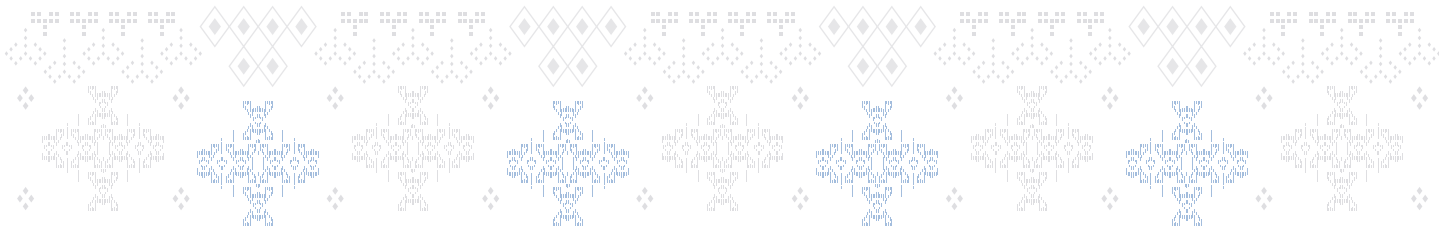
**4. Risks arising from securities business which is a highly competitive business.**

Phatra Securities operates securities business which is a highly competitive business and is likely to become even more competitive. The change of securities brokerage fees imposed by a supervisory governmental authority on a freely negotiated securities brokerage fee with institutional clients and a sliding scale brokerage fee with retail clients, prior to the liberalization of the brokerage fees in 2012, caused higher competition in certain aspects. This is particularly the case given that some of Phatra Securities' competitors have a policy to expand their client bases including institutional investors, Phatra Securities' main clients. In addition, certain competitors of Phatra Securities have improved their technology, increased service efficiency and launched new products in order to add additional value to their existing products and to respond to the needs of their clients. Even though competition in securities brokerage fees for institutional clients was not excessive in 2011, the Company cannot assure that it would not become increasingly competitive in 2012.

**5. Business operation is highly dependent on staff.**

In operating businesses, the Company and Phatra Securities rely on the experience, knowledge and skills of employees in its business operations. To the extent that Phatra Securities is unable to retain these staff members including securities analysts, financial consultants and investment bankers, the Company's and/or Phatra Securities' business continuity may be affected to the detriment of its financial condition and results of operations.

In order to retain such qualified staff members, the Board of Directors has signified a written guideline for employee treatment which focuses on appropriate remuneration and welfare, trainings to develop skills and capabilities of employees, equally and fairly management and treatment, safe and healthy working environment, health care, annual medical checkup and accident and health insurance.



**6. In its securities brokerage business, Phatra Securities is highly dependent on a small number of clients.**

Phatra Securities provides securities brokerage services to both domestic and international institutional investors and to High Net Worth Individuals. In 2011, the top five clients generated Baht 426.13 million, representing 43.39% of Phatra Securities' total securities brokerage fees.

The economic recession (both domestic and global) has resulted in a decrease in the securities trading volume of clients. In addition, the Company cannot ensure that these clients will continue to generate a similar volume of transactions, or will continue to use Phatra Securities for their respective securities brokerage service activities. If any, or several, of Phatra Securities' principal clients decrease the volume of their respective trading transactions or cease to trade through Phatra Securities, the business, financial condition and results of operations of Phatra Securities can be materially and adversely affected.

**7. The Company and Phatra Securities operates its businesses by using more capital.**

In order to compete and gain other revenues besides securities brokerage and investment banking revenues, Phatra Securities has expanded its businesses by investing in securities via its Equity & Derivatives Trading Department and Hedge Fund Department, investing in derivatives in the futures market and engaging in arbitrage business in the SET and TFEX. In 2011, Phatra Securities' investment limit allocated for the Equity & Derivatives Trading Department was Baht 2,900.00 million while its investment limit allocated for the Hedge Fund Department was Baht 1,500.00 million. On December 31, 2011, the Equity & Derivatives Trading Department had net investment of Baht 629.24 million, representing an investment of 21.85% of the shareholders' equity of the Company and Phatra Securities, the Hedge Fund Department had net investment of Baht 502.15 million, representing an investment of 17.44% of the shareholders' equity of the Company and Phatra Securities, and the Direct Investment Department had net investment of Baht 1,215.80 million, representing an investment of 42.22% of the shareholders' equity of the Company and Phatra Securities.

The fluctuations in the global economy and domestic political problems have had a direct effect on Thailand's capital market. Such circumstances and/or a lack of efficiency in doing this business have had an adverse and material effect on the Company's and Phatra Securities' financial status and results of operations. The continuous slump in the economy, political instability as mentioned and other disasters may persist in adversely and materially affecting the Company's and/or Phatra Securities' financial situation and business operations.

In addition, while Phatra Securities is a creditor of the Company as a result of transferring securities pursuant to the restructuring plan, the net capital ratio ("NCR") of Phatra Securities would be reduced. This is because the long-term investment of Phatra Securities has reduced. Even though the NCR of Phatra Securities was higher than the minimum NCR level (i.e. 7.00%) as prescribed by the SEC, the NCR of Phatra Securities might be lower than 7.00% if Phatra Securities expands its business operations or increases the volume of its businesses (e.g. daily securities trading volume or underwriting transaction volume is increased or new financial products are issued). In such case, Phatra Securities is required to correct the NCR level

immediately. During the period in which the NCR level is lower than the minimum requirement, Phatra Securities would be constrained to expand their business operations which include not making additional investment, issuing new financial products or underwriting additional securities. In such event, Phatra Securities might lose potential incomes and this could have an adverse affect on the financial conditions and business operations of Phatra Securities.

8. Risks related to the issuance and offering of structured notes and derivative warrants of Phatra Securities.

In 2011, Phatra Securities issued and offered short-term equity-linked notes (the "ELNs") to institutional investors and/or High Net Worth Individuals who were clients or had business relationship with Phatra Securities pursuant to the Short-term Equity-linked Notes Program no. 2/2553 and no. 1/2554. Also in the same year, Phatra Securities issued and offered thirty-one series of derivative warrants and five series of further issues of derivatives warrants to the public through direct listing. The material characteristics of ELNs are similar to derivatives warrants which are options instruments. Phatra Securities, as the issuer of both options instruments, might involve risks related to price fluctuation which is arising from the change of underlying price and might be leading to possible gain or loss to Phatra Securities. Nevertheless, in order to manage and control the risks, Phatra Securities via the Equity & Derivatives Trading Department would thoroughly consider maintaining dynamic delta hedging to trade underlying securities (as the issuer for the ELNs and as the market maker for derivatives warrants) in order to control gain or loss to be within the return to be paid to ELN holders (in case of the ELNs) or the premium to be received by Phatra Securities (in case of derivative warrants). Besides risk management by using the dynamic delta hedging system of the Equity & Derivatives Trading Department, Phatra Securities has also stipulated a risk management policy which is under the supervision of the Risk Management Department and Risk Management Committee in order to control risks at an appropriate level.

9. Business may be affected by an error or the misconduct of an employee, which is difficult to check and prevent.

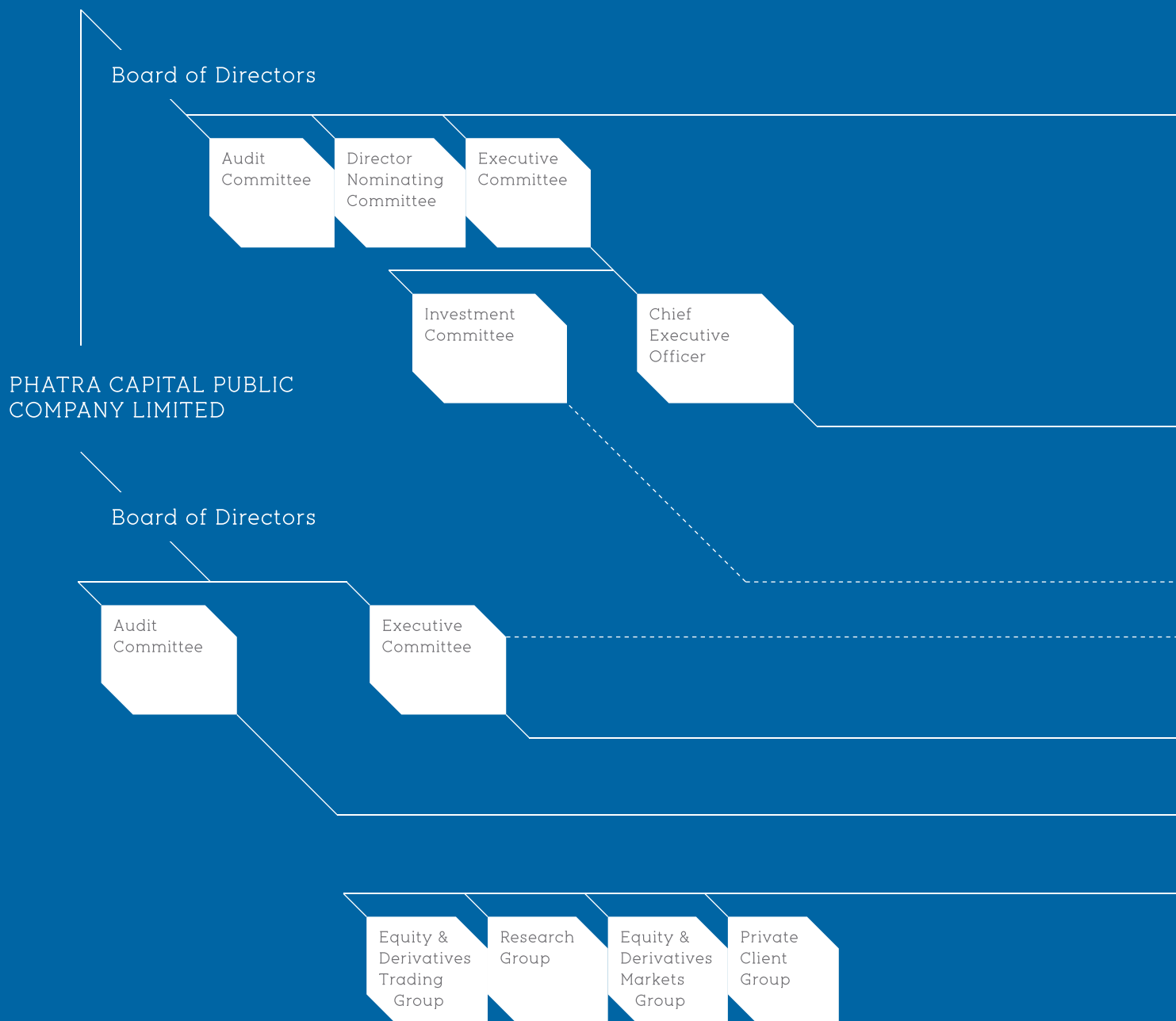
Phatra Securities' business is highly dependent upon its reputation and the trust of its clients. Employees are regularly in direct contact with clients and have knowledge of, or access to, the clients' assets or information. Accordingly, when an employee does not carry out his or her duties in accordance with client's orders, or acts beyond his or her authority or does not act in compliance with Phatra Securities' rules and regulations including its compliance manual, or commits misconduct in managing the client's assets or uses the client's information without permission, or other actions which may harm its clients, Phatra Securities' reputation and the trust of its clients may be adversely affected and Phatra Securities may become liable for losses incurred by the client in question. Moreover, certain actions may be made in breach of relevant laws or regulations and may result in Phatra Securities becoming liable to pay fines, lose its license or be subject to litigation.

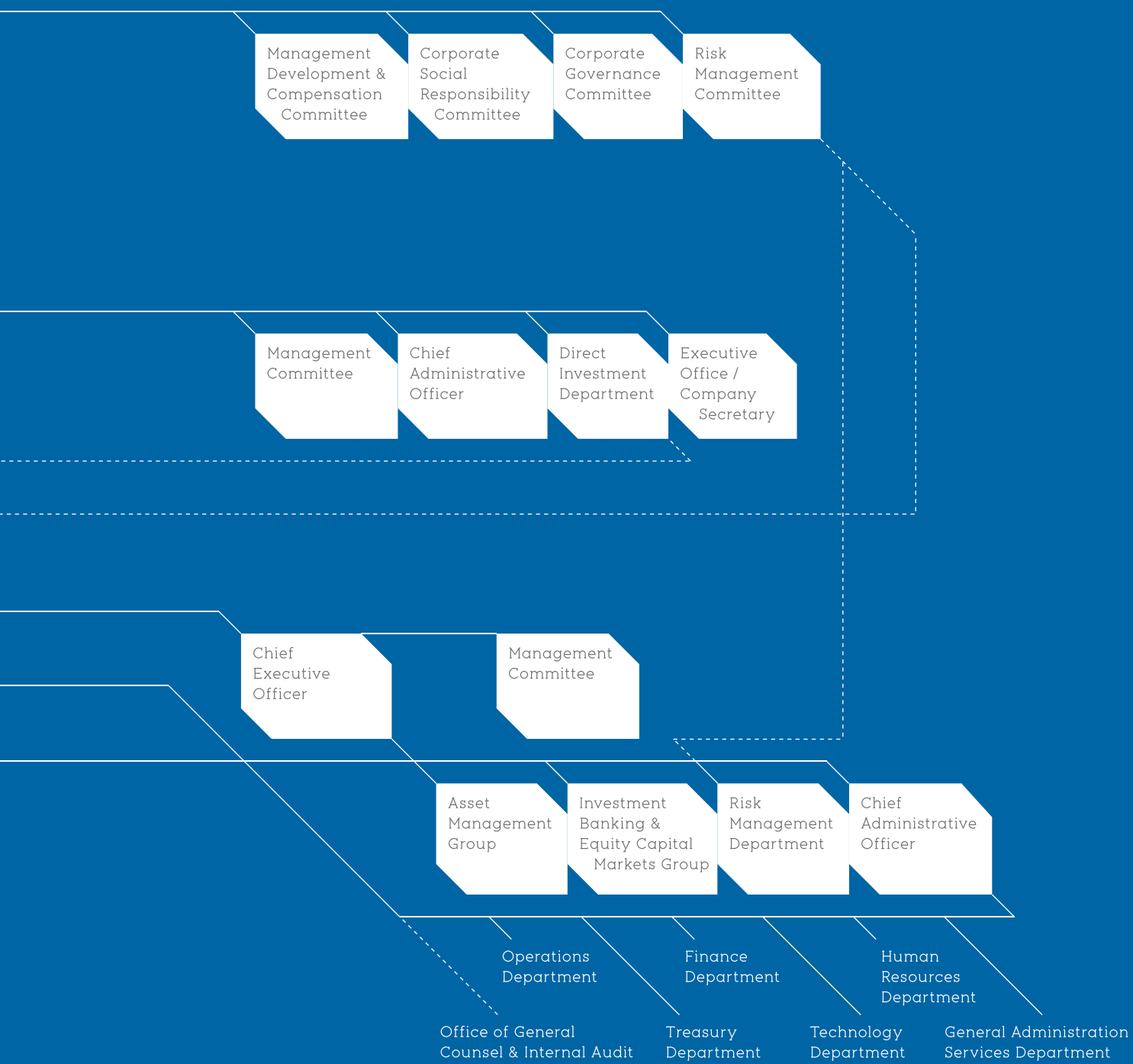


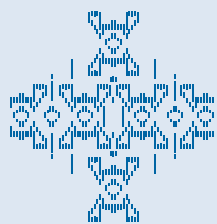


# Organization Structure

PHATRA CAPITAL PUBLIC  
COMPANY LIMITED







## Shareholders Structure

As of September 9, 2011, the Company's shareholders structure was as follows:

The top ten major shareholders were as follows:

No.	List of Shareholders	Number of Shares	Shareholding (%) <sup>(1)</sup>
1.	Credit Suisse, Hong Kong Branch	78,399,997	37.28
2.	Ramkhamhaeng Hospital Public Company Limited	20,818,000	9.90
3.	Thai NVDR Co., Ltd.	10,644,400	5.06
4.	Nortrust Nominees Ltd.	6,892,300	3.28
5.	Mr.Suvit Mapaisansin	5,505,645	2.62
6.	Somers (U.K.) Limited	4,579,800	2.18
7.	Aberdeen Long Term Equity Fund	4,030,100	1.92
8.	Ms.Rukkagee Kanjanapitak	3,637,200	1.73
9.	BNP Paribas Securities Services Singapore Branch	3,509,100	1.67
10.	Aberdeen Growth Fund	3,294,900	1.57

Remark (1) Calculated based on 210,310,240 issued and sold ordinary shares

The shareholding of Credit Suisse, Hong Kong Branch was for Ruamphon Phatra International Corp. which at the end of 2011 had the following group of persons as the principal shareholders.

No.	List of Shareholders	Number of Shares	Shareholding (%)
1.	Mr.Banyong Pongpanich	1,840	10.14
2.	Mr.Suvit Mapaisansin	1,700	9.37
3.	Dr.Supavud Saicheua	1,400	7.71
4.	Mrs.Patchanee Limapichat	1,000	5.51
5.	Mr.Aphinant Klewpatinond	1,000	5.51
6.	Mr.Veravat Chutichetpong	850	4.68
7.	Mr.Norachet Sangruji	800	4.41
8.	Mrs.Patraporn Milindasuta	800	4.41
9.	Mr.Krittiya Veeraburus	600	3.31
10.	Mr.Trairak Tengtrirat	600	3.31
11.	Mr.Therapong Vachirapong	600	3.31
12.	Others	6,960	38.35
	Total	18,150	100.00





## Management Structure

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### BOARD OF DIRECTORS

As of December 31, 2011, the Board of Directors consisted of twelve members including executive directors and independent directors in an appropriate proportion. During 2011, the Company called eight Board of Directors' meetings. Directors' names and attendance records are as follows:

Name	Position	Meetings Attended
1. Mr.Banyong Pongpanich	Chairman	7/8
2. Mr.Suvit Mapaisansin	Director	8/8
3. Mr.Veravat Chutichetpong	Director	8/8
4. Dr.Supavud Saicheua	Director	6/8
5. Mrs.Patchanee Limapichat	Director	7/8
6. Mr.Norachet Sangruji	Director	8/8
7. Dr.Anumongkol Sirivedhin	Director/ Independent Director	8/8
8. Assoc.Prof.Dr.Varakorn Samakoses	Director/ Independent Director	6/8
9. Prof.Dr.Uthai Tanlamai	Director/ Independent Director	8/8
10. Mr.Pongtep Polanun	Director/ Independent Director	7/8
11. Prof.Dr.Anya Khanthavit	Director	8/8
12. Mr.Aphinant Klewpatinond	Director	8/8

### AUTHORIZED DIRECTORS

The authorized directors of the Company who can sign and bind the Company are any two of the following five directors, provided that they jointly sign with the Company's seal affixed: Mr.Suvit Mapaisansin, Dr.Supavud Saicheua, Mrs.Patchanee Limapichat, Mr.Norachet Sangruji and Mr.Aphinant Klewpatinond.

### SCOPE OF DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors shall have duties and responsibilities to conduct the Company's business in accordance with laws, the Company's objectives, Articles of Association, and resolutions of the shareholders' meeting with honesty and due care for the interest of the Company.

The Board of Directors shall convene a meeting at least once every three months.

### PROCESS OF NOMINATING DIRECTORS

The Board of Directors established the Director Nominating Committee to be responsible for selecting and determining appropriate persons with experience, knowledge and capabilities beneficial to the Company to be nominated as the Company's directors, independent directors or Audit Committee members and to propose nominations to the Board of Directors' meeting or shareholders' meeting in accordance with the Company's Articles of Association. The Company provides an opportunity for shareholders to nominate persons to be elected as the Company's directors or independent directors to the Director Nominating Committee via the Company's website. The Company also discloses the Company's director and independent director qualifications on its website so that shareholders can nominate persons with appropriate qualifications to be elected as the Company's directors or independent directors.

In the 2011 Annual General Meeting of Shareholders, the Company appointed directors to replace those retired by rotation. All appointed directors were considered and selected by the Director Nominating Committee and Board of Directors and approved by shareholders. During the year 2011, no additional director was appointed.

### **CRITERIA FOR APPOINTMENT OF THE DIRECTORS**

Composition, appointment, removal or release from the directorship of the Company is stipulated in the Company's Articles of Association. The Board of Directors shall consist of not less than seven directors but not more than thirteen directors. No less than half of the total number of directors shall be domiciled in Thailand. The election of directors by shareholders' meeting shall be in accordance with the following rules and procedures:

- (1) A shareholder shall have one vote for one share.
- (2) Each shareholder shall use all his or her votes under (1) to elect one or several persons as a director. However, he or she may not divide his or her votes among any candidates.
- (3) The persons who receive the most votes in ranking order will be elected as directors up to the number of directors the Company shall have or elect at that meeting. In the event that the persons being elected in subsequent order have equal votes but their election would exceed the number of directors required to be elected in that meeting, the Chairman of the meeting shall have a casting vote.

At every annual general meeting of shareholders, one-third (1/3) of the directors at that time shall retire. If the number of directors is not a multiple of three, the nearest number to 1/3 must retire from office. Directors retiring by rotation can be re-elected as directors. For the first and second year after becoming a registered company, the Company draws lots to select directors who will retire by rotation. In every subsequent year, directors having served the longest term in office retire.

In the case of a director vacancy due to reasons other than retirement as a result of expiration of term, the Board of Directors shall elect a qualified person who does not possess the prohibitive characteristics under the Public Limited Company Act as the replacement director at the next Board of Directors' meeting with the approval from at least three-fourths (3/4) of the number of the remaining board members, unless the remaining term of the departing director is less than two months. However, the replacement director shall serve for the remaining term of the director whom he or she replaces.

In addition, a resolution for any director to leave office prior to his or her term requires approval from at least three-fourths of the number of the shareholders attending the meeting and having the voting rights and holding shares, when combined, amounting to not less than half of the number of shares held by shareholders who attend the meeting and have voting rights.

### **PROCESS OF NOMINATING INDEPENDENT DIRECTORS**

When any independent director retires by rotation or for any necessary reason to appoint additional independent directors, the Director Nominating Committee shall select appropriate persons with experience, knowledge and capabilities beneficial to the Company including having the following criteria. In this regard, nominations shall be proposed to the Board of Directors'

meeting or shareholders' meeting to be considered in accordance with the Company's Articles of Association.

#### **CRITERIA FOR APPOINTMENT OF THE INDEPENDENT DIRECTORS**

- (1) Holding not more than 1% of the total shares with voting rights of the Company, its parent company, its subsidiary, its affiliate, major shareholder or controlling person, therefore, shall be inclusive of the shares held by related persons;
- (2) Not being or having previously been a director who takes part in the management, an employee, a staff member or advisor who receives a regular salary, or a controlling person of the Company, its parent company, its subsidiary, its affiliate, its subsidiary at the same level, major shareholder or controlling persons unless the termination of being in such position had occurred at least two years before an appointment as the Company's independent director. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the Company;
- (3) Not being a person related by blood or registration under laws in the form of fatherhood, motherhood, spouse, brothers, sisters, and children, including spouse of children, of its executives, its major shareholder, its controlling person, or such other person who will be nominated to take up the position of executives or controlling persons of the Company or its subsidiary;
- (4) Having no current or previous business relationship with the Company, its parent company, its subsidiary, its affiliate, major shareholder or controlling person in the manner which may interfere with his or her independent discretion, not being or having previously been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, its subsidiary, its affiliate, major shareholder or controlling person unless the termination of being in such position had occurred at least two years before an appointment as the Company's independent director;  
Such business relationships include normal business transactions, rental or lease of immovable property transactions, asset or service transactions, or giving or taking financial assistance by borrowing or lending money, surety ship, providing assets as collateral, or any other similar actions, which result in the Company or his counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the company or Baht 20.00 million or more, whichever is lower;
- (5) Not being or having previously been an auditor of the Company, its parent company, its subsidiary, its affiliate, major shareholder or controlling person, a significant shareholder, controlling person or partner of the audit office to which the auditor of the Company, its parent company, its subsidiary, its affiliate, major shareholder or controlling person unless the termination of being in such position had occurred at least two years before an appointment as the Company's independent director;
- (6) Not being or having previously been any professional service provider including legal advisor or financial advisor who receives more than Baht 2.00 million annually from the Company, its parent company, its subsidiary, its affiliate, major shareholder or controlling person and not being a significant shareholder, controlling person or partner of the professional service provider unless the termination of being in such position had occurred at least two years before an appointment as the Company's independent director;

- (7) Not being a director appointed as a representative of the Company's directors, a major shareholder or a shareholder who is related to the Company's major shareholder;
- (8) Not undertaking any business in the same nature and in competition to the business of the Company, its subsidiary or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares more than 1% of the total shares with voting rights of other company which having its business in the same nature and in competition to the business of the Company or its subsidiary; and
- (9) Having no characteristics that may affect the giving of independent opinions on the Company's operations.

#### COMPANY SECRETARY

Mrs.Patraporn Milindasuta is company secretary. Her duties include preparing and maintaining register of directors, notices calling for Board of Directors' meetings and shareholders' meetings, minutes of Board of Directors' meetings and shareholders' meetings, and the Company's annual report; maintaining directors' and management's outside interest reports; and performing any other matters as specified in the notification of the Capital Markets Supervisory Board.

#### COMMITTEES

Currently, the Company has seven committees appointed by the Board of Directors, namely the Executive Committee, Audit Committee, Management Development and Compensation Committee, Director Nominating Committee, Risk Management Committee, Corporate Social Responsibility (CSR) Committee and Corporate Governance Committee, details of which are as follows:

##### 1. EXECUTIVE COMMITTEE

The Executive Committee consists of seven members. During 2011, there were eight Executive Committee meetings. Names of the Executive Committee members and their attendance records are as follows:

Name	Position	Meetings Attended
1. Mr.Banyong Pongpanich	Chairman of the Executive Committee	8/8
2. Mr.Suvit Mapaisansin	Member of the Executive Committee	8/8
3. Mr.Veravat Chutichetpong	Member of the Executive Committee	8/8
4. Dr.Supavud Saicheua	Member of the Executive Committee	7/8
5. Mrs.Patchanee Limapichat	Member of the Executive Committee	8/8
6. Mr.Norachet Sangruji	Member of the Executive Committee	8/8
7. Mr.Aphinant Klewpatinond	Member of the Executive Committee	8/8

Mrs.Patraporn Milindasuta is secretary of the Executive Committee.

#### SCOPE OF DUTIES AND RESPONSIBILITIES OF THE EXECUTIVE COMMITTEE

1. Assist the Board of Directors in overseeing management, operation and policies of business and also issuing policies or strategy in order to achieve the targeted budget and strategy as approved by the Board of Directors.

2. Consider and approve the business, operation and annual budget of the Company and its subsidiary before submission to the Board of Directors for approval.
3. Review and approve the Company's consolidated financial statements to be submitted to the SET.
4. Review and approve new business startups in compliance with the Company's and its subsidiary's policy before submission to the Board of Directors for approval.
5. Acknowledge annual matters of the Company and its subsidiary including but not limited to Compliance Audit, Audit Report and Annual Compliance Report.
6. Perform or carry out any assignment that may be, from time to time, assigned by the Board of Directors.

The power and authority as mentioned above granted to the Committee shall exclude the power and/or granting of authority in respect of approval of transaction in which the Committee or assigned persons who may have any conflicts (as defined in the notification of the SEC) of interest or benefit in any manner causing a conflict with the Company or its subsidiary except such transaction is in accordance with the policy and guideline previously approved by the Board of Director's and/or shareholders' meetings (as the case may be).

## 2. AUDIT COMMITTEE

The Audit Committee consists of four independent directors. During 2011, there were six Audit Committee meetings. Names of the Audit Committee members and their attendance records are as follows:

Name	Position	Meetings Attended
1. Dr.Anumongkol Sirivedhin	Chairman of the Audit Committee	6/6
2. Assoc.Prof.Dr.Varakorn Samakoses	Member of the Audit Committee	6/6
3. Prof.Dr.Uthai Tanlamai	Member of the Audit Committee	6/6
4. Mr.Pongtep Polanun	Member of the Audit Committee	6/6

Remark: Prof.Dr.Uthai Tanlamai is the Audit Committee member who has knowledge and experience in reviewing financial statements.

Mrs.Patraporn Milindasuta is secretary of the Audit Committee.

### SCOPE OF DUTIES AND RESPONSIBILITIES OF THE AUDIT COMMITTEE

1. Review the Company's and its subsidiary's financial reporting process to ensure that it is accurate and adequate.
2. Review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment of Head of OGC and key compliance and internal audit personnel as proposed by the management, also to remove, transfer, reduce or cut off salary or wages, or dismissal of Head of OGC and key compliance and internal audit personnel or any other unit in charge of an internal audit.

3. Review the Company's compliance with the law on securities and exchange, the Stock Exchange's regulations, and the laws relating to the Company's business.
4. Consider, select and nominate an independent person to be the Company's auditor, and propose such person's remuneration, as well as attend a non-management meeting with an auditor at least once a year.
5. Review the connected transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the Stock Exchange's regulations, and are reasonable and for the highest benefit of the Company.
6. Prepare, and disclose in the Company's annual report, an Audit Committee's report which must be signed by the Audit Committee's Chairman and consist of at least the following information:
  - (a) an opinion on the adequacy, completeness and creditability of the Company's financial report;
  - (b) an opinion on the adequacy of the Company's internal control system;
  - (c) an opinion on the compliance with the law on securities and exchange, the Stock Exchange's regulations, or the laws relating to the Company's business;
  - (d) an opinion on the suitability of an auditor;
  - (e) an opinion on the transactions that may lead to conflicts of interest;
  - (f) the number of Audit Committee meetings, and the attendance of such meetings by each committee member;
  - (g) an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the bylaws; and
  - (h) other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors, with the approval of the Audit Committee.
7. Perform any other act as assigned by the Board of Directors with the approval of the Audit Committee.

### 3. MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE

The Management Development and Compensation Committee consists of four members. During 2011, there were four Management Development and Compensation Committee meetings. Names of the Management Development and Compensation Committee members and their attendance records are as follows:

Name	Position	Meetings Attended
1. Mr.Banyong Pongpanich	Chairman of the Management Development and Compensation Committee	4/4
2. Mr.Suvit Mapaisansin	Member of the Management Development and Compensation Committee	4/4
3. Mr.Pongtep Polanun	Member of the Management Development and Compensation Committee	4/4
4. Mr.Aphinant Klewpatinond	Member of the Management Development and Compensation Committee	4/4



### SCOPE OF DUTIES AND RESPONSIBILITIES OF THE DIRECTOR NOMINATING COMMITTEE

1. Seek individuals or consider candidates, proposed by management or shareholders, who are qualified to become Board of Director members according to the Board of Directors membership criteria and any applicable laws and regulations for recommendation to the Board of Directors.
2. Make assessment of the candidates' independence and recommend them as independent directors to the Board of Directors.
3. Make recommendations on the numbers of the Board of Directors members and propose to the Board of Directors.
4. Annually conduct an evaluation of the performance of the Board of Directors and, through its Chairman, communicate this evaluation to the Board of Directors.

### 5. RISK MANAGEMENT COMMITTEE

The Risk Management Committee consists of five members. During 2011, there were four Risk Management Committee meetings. Names of the Risk Management Committee members and their attendance records are as follows:

Name	Position	Meetings Attended
1. Prof.Dr.Anya Khanthavit	Chairman of the Risk Management Committee	4/4
2. Mrs.Patchanee Limapichat	Member of the Risk Management Committee	2/4
3. Mr.Norachet Sangruji	Member of the Risk Management Committee	4/4
4. Mr.Aphinant Klewpatinond	Member of the Risk Management Committee	4/4
5. Mr.Therapong Vachirapong	Member of the Risk Management Committee	3/4

Dr.Popanit Poommarapan is secretary of the Risk Management Committee.

### SCOPE OF DUTIES AND RESPONSIBILITIES OF THE RISK MANAGEMENT COMMITTEE

1. Assist the Board of Directors to set out the risk management strategies, policies, standards and limits including the risk profile of the Company and its subsidiary.
2. Review the actual risk exposures of the Company and its subsidiary and their business and operation units and identify the risk appetite and control deficiencies in the Company and its subsidiary.
3. Ensure that the Company and its subsidiary have sufficient policies and procedures in place to govern its risk assessment and risk management activities.
4. Review with management the strategies, policies, frameworks, models and procedures that lead to the identification, measurement, reporting and mitigation of those risks.
5. Monitor the effectiveness of risk management functions throughout the Company and its subsidiary and ensure that infrastructure, resources and systems are in place for risk management and are adequate for maintaining a satisfactory level of risk management discipline.
6. Receive and review reports from management regarding the steps it has taken to monitor, mitigate and control the different types of risk of the Company and its subsidiary.



7. Periodically review corporate risk management systems that cover all activities of the Company and its subsidiary including the assignment of any person or sub-committee to oversee the integration of departmental risk management and control systems and report regularly to the committee.
8. Prepare and report to the Board of Directors the results of an annual performance evaluation of the Committee, which shall compare the performance of the Committee with the requirements of its bylaws, and its objectives for the coming year.
9. Perform any other act as delegated by the Board of Directors with the approval of the Risk Management Committee.

## 6. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (CSR) Committee consists of five members. . During 2011, there was one CSR Committee meeting. Names of the CSR Committee members and their attendance records are as follows:

Name	Position	Meetings Attended
1. Mr.Banyong Pongpanich	Chairman of the CSR Committee	1/1
2. Dr.Anumongkol Sirivedhin	Member of the CSR Committee	1/1
3. Mr.Suvit Mapaisansin	Member of the CSR Committee	1/1
4. Mrs.Patchanee Limapichat	Member of the CSR Committee	1/1
5. Mr.Norachet Sangruji	Member of the CSR Committee	1/1

Mrs.Anchalee Harnhirun is secretary of the CSR Committee.

## SCOPE OF DUTIES AND RESPONSIBILITIES OF THE CSR COMMITTEE

1. Review, oversee and make recommendations to the Board of Directors concerning the effectiveness of the Company's CSR strategies, policies and practices that have the potential to materially affect the Company's business, brand or reputation, including overseeing the Codes of Business Conduct, policies on health care and safety, human rights and promotion of equality of opportunity and diversity.
2. Review, oversee and make recommendations to the Charity Committee concerning the Company's and its subsidiary's charitable contribution policies and practices in all areas.
3. Approve the appointment of the Charity Committee members.
4. Support volunteerism and community engagement among the Company's employees.
5. Oversee the CSR component of directors' training programs to ensure that relevant executive training programs contain an appropriate CSR training.
6. Prepare the Company's CSR report and disclose it in an annual report of the Company.
7. Support the Company's CSR activities.

## 7. CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee consists of four independent directors. During 2011, there was one Corporate Governance Committee meeting. Names of the Corporate Governance Committee members and their attendance records are as follows:

Name	Position	Meetings Attended
1. Dr.Anumongkol Sirivedhin	Chairman of the Corporate Governance Committee	1/1
2. Assoc.Prof.Dr.Varakorn Samakoses	Member of the Corporate Governance Committee	1/1
3. Prof.Dr.Uthai Tanlamai	Member of the Corporate Governance Committee	1/1
4. Mr.Pongtep Polanun	Member of the Corporate Governance Committee	1/1

Mrs.Vararat Satayarak is secretary of the Corporate Governance Committee.

### SCOPE OF DUTIES AND RESPONSIBILITIES OF THE CORPORATE GOVERNANCE COMMITTEE

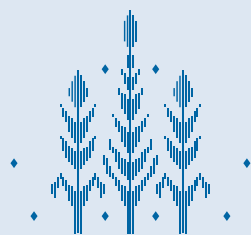
1. Review the Company's corporate governance policy including the guidelines for business conduct, compare with laws, the practice of international and leading companies, and the recommendation of leading institutions, and propose to the Board of Directors for approval.
2. Advise to the Board of Directors regarding the Company's operation and its functioning in order to comply with the Company's corporate governance policy and guidelines for business conduct.
3. Disclose the information of the Company's corporate governance to stakeholders in the annual report.

## MANAGEMENT

The Company had the following management.

Name	Position
1. Mr.Banyong Pongpanich	Chairman
2. Mr.Suvit Mapaisansin	Executive Director
3. Mr.Veravat Chutichetpong	Executive Director
4. Mr.Aphinant Klewpatinond	Executive Director and Chief Executive Officer
5. Dr.Supavud Saicheua	Executive Director
6. Mrs.Patchanee Limapichat	Executive Director
7. Mr.Norachet Sangruji	Executive Director
8. Dr.Anumongkol Sirivedhin	Independent Director/ Chairman of the Audit Committee
9. Assoc.Prof.Dr.Varakorn Samakoses	Independent Director/ Audit Committee member
10. Prof. Dr.Uthai Tanlamai	Independent Director/ Audit Committee member
11. Mr.Pongtep Polanun	Independent Director/ Audit Committee member
12. Prof.Dr.Anya Khanthavit	Director
13. Mrs.Patraporn Milindasuta	Managing Director and Chief Administrative Officer
14. Mr.Krittiya Veeraburus	Managing Director (Head of Direct Investment Department)
15. Mr.Therapong Vachirapong	Managing Director
16. Mr.Trairak Tengtrirat	Managing Director

As Phatra Securities provides advisory and supporting services in relation to accounting and finance to the Company, the Company therefore does not have management in charge of accounting and finance.



## Profiles of the Company's and Phatra Securities' Executives and Controlling Persons

### 1. DETAILS OF EXECUTIVES AND CONTROLLING PERSONS OF THE COMPANY

**MR. BANYONG PONGPANICH**

Age 57

**Position**

Chairman

#### Educational Qualifications

MBA / Sasin Graduate Institute of Business Administration

BA in Economics / Chulalongkorn University

Director Accreditation Program (DAP), 2005 / Thai Institute of Directors Association (IOD)

The Role of the Chairman Program (RCP), 2001 / Thai Institute of Directors Association (IOD)

#### Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake

2,557,467

1.22%

#### Family Relationship Among Executives

None

#### Work Experiences (Past 5 years)

2011 - Present	Director and Executive Director, Buddhadasa Indapanno Archives
2010 - Present	Chairman, Phatra Capital Public Company Limited
2008 - Present	Capital Market Development Committee, Ministry of Finance
2008 - Present	Sub-committee to formulate Capital Market Development Masterplan, Ministry of Finance
2008 - Present	Tax Structure Reform Working Team, Ministry of Finance
2007 - Present	Director, Don Muang Tollway Public Company Limited
2004 - Present	Independent Director, The Erawan Group Public Company Limited
2003 - Present	Chairman, Phatra Securities Company Limited / Phatra Securities Public Company Limited
2003 - Present	Audit Committee and Independent Director, Muang Thai Insurance Public Company Limited
2002 - Present	Member of Advisory Council, Sasin Graduate Institute of Business Administration
2009 - 2011	Director, Thai Airways International Public Company Limited
2003 - 2008	President of Economics Association, Chulalongkorn University

**MR. SUVIT MAPAISANSIN <sup>(1)</sup>**

Age 53

**Position**

Director

#### Educational Qualifications

MBA / Sasin Graduate Institute of Business Administration

BA in Economics / Chulalongkorn University

Director Certification Program (DCP), 2001 / Thai Institute of Directors Association (IOD)

#### Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake

5,505,645 2.62%

#### Family Relationship Among Executives

None

#### Work Experiences (Past 5 years)

2011 - Present	Independent Director, Golden Lime Company Limited
2011 - Present	Executive Director, Phatra Capital Public Company Limited
2010 - Present	Director, Phatra Capital Public Company Limited
2009 - Present	Director, Krungthai Card Public Company Limited
2009 - Present	Executive Director, Phatra Securities Public Company Limited
2003 - Present	Director, Phatra Securities Company Limited / Phatra Securities Public Company Limited
2003 - 2009	Chief Executive Officer, Phatra Securities Company Limited / Phatra Securities Public Company Limited

#### MR. VERA VAT CHUTICHETPONG

Age 51

#### Position

Director

#### Educational Qualifications

MBA / New York University, U.S.A.

BE in Civil Engineering / Chulalongkorn University

Director Accreditation Program (DAP), 2005 / Thai Institute of Directors Association (IOD)

#### Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake

2,550,344 1.21%

#### Family Relationship Among Executives

None

#### Work Experiences (Past 5 years)

2010 - Present	Director, Phatra Capital Public Company Limited
2010 - Present	Director, Alpha Absolute Company Limited
2003 - Present	Director, Phatra Securities Company Limited / Phatra Securities Public Company Limited
2003 - 2009	Executive Director, Phatra Securities Company Limited / Phatra Securities Public Company Limited
2009	Alternative Investment Sub-committee, Social Security Office
2003 - 2010	Sub-committee on Takeovers, Securities and Exchange Commission, Thailand

DR. SUPAVUD SAICHEUA <sup>(1)</sup>

Age 55

Position

Director

**Educational Qualifications**

PhD in Economics / University of Hawaii at Manoa, U.S.A.

MA in Economics / University of the Philippines (Diliman), Philippines

BA in Economics / Victoria University of Wellington, New Zealand

Director Accreditation Program (DAP), 2005 / Thai Institute of Directors Association (IOD)

**Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake**

1,623,717

0.77%

**Family Relationship Among Executives**

None

**Work Experiences (Past 5 years)**

2011 - Present	Committee, Strategic Committee for Reconstruction and Future Development
2011 - Present	Commission Member, Office of the Police Commission
2011 - Present	Managing Director, Phatra Capital Public Company Limited
2010 - Present	Director, Phatra Capital Public Company Limited
2008 - Present	Advisor of Investment Committee, Government Pension Fund
2007 - Present	Director, Loxley Public Company Limited
2006 - Present	Sub-Committee, The National Economic and Social Development Board (NESDB)
2006 - Present	Trustee, Kenan Institute Asia
2003 - Present	Managing Director (Head of Research Group), Phatra Securities Company Limited / Phatra Securities Public Company Limited
2003 - Present	Director, Phatra Securities Company Limited / Phatra Securities Public Company Limited
2007 - 2008	Macro Economic Steering Committee, Office of the Prime Minister
2002 - 2009	Committee, The Economic Society of Thailand

MRS. PATCHANEE LIMAPICHAT <sup>(1)</sup>

Age 49

Position

Director

**Educational Qualifications**

MBA / California State University at Sacramento, U.S.A.

BA in Political Science / Chulalongkorn University

Director Accreditation Program (DAP), 2005 / Thai Institute of Directors Association (IOD)

**Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake**

477,502

0.23%

**Family Relationship Among Executives**

None

#### Work Experiences (Past 5 years)

2011 - Present	Managing Director, Phatra Capital Public Company Limited
2010 - Present	Director, Phatra Capital Public Company Limited
2004 - Present	Managing Director (Head of Equity & Derivatives Markets Group), Phatra Securities Company Limited / Phatra Securities Public Company Limited
2003 - Present	Director, Phatra Securities Company Limited / Phatra Securities Public Company Limited

**MR. NORACHET SANGRUJI** <sup>(1)</sup>  
Age 49

**Position**  
Director

#### Educational Qualifications

MBA / Syracuse University, NY, U.S.A.  
MS in Electrical Engineering / Syracuse University, NY, U.S.A.  
BE in Electrical Engineering / Chulalongkorn University  
Director Accreditation Program (DAP), 2005 / Thai Institute of Directors Association (IOD)

#### Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake

1,712,362 0.81%

#### Family Relationship Among Executives

None

#### Work Experiences (Past 5 years)

2011 - Present	Executive Director, Phatra Capital Public Company Limited
2010 - Present	Director, Phatra Capital Public Company Limited
2009 - Present	Equity Offering Working Team, Association of Securities Companies
2009 - Present	Self-regulatory Organization Working Team, Association of Securities Companies
2009 - Present	Property Fund Working Team, Association of Securities Companies
2009 - Present	Mergers & Acquisition Working Team, Association of Securities Companies
2009 - Present	Chairman of Investment Banking Club, Association of Securities Companies
2007 - Present	Executive Director, Phatra Securities Public Company Limited
2004 - Present	Director, Phatra Securities Company Limited / Phatra Securities Public Company Limited
2004 - 2008	Director, Freewill Solutions Company Limited
2004 - 2007	Managing Director (Head of Investment Banking Department), Phatra Securities Company Limited / Phatra Securities Public Company Limited

**DR. ANUMONGKOL SIRIVEDHIN**  
Age 67

**Position**  
Independent Director

#### Educational Qualifications

PhD in Computer Science / University of Wisconsin at Madison, U.S.A

MSc in Computer Science / University of Wisconsin at Madison, U.S.A.  
 MSc in Mathematics / University of Auckland, New Zealand  
 BSc in Mathematics / University of Auckland, New Zealand  
 Finance for Non-Finance Director (FND), 2007 / Thai Institute of Directors Association (IOD)  
 Audit Committee Program (ACP), 2006 / Thai Institute of Directors Association (IOD)  
 The Role of the Chairman Program (RCP), 2005 / Thai Institute of Directors Association (IOD)  
 Director Certification Program (DCP), 2003 / Thai Institute of Directors Association (IOD)

#### Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake

20,000 0.01%

#### Family Relationship Among Executives

None

#### Work Experiences (Past 5 years)

2010 - Present Independent Director and Chairman of the Audit Committee,  
 Phatra Capital Public Company Limited  
 2006 - Present Chairman of the Board of Directors, Systems Little House Company Limited  
 2005 - Present Independent Director and Chairman of the Audit Committee,  
 Phatra Securities Company Limited / Phatra Securities Public Company Limited  
 2003 - Present Member of Public State Enterprises Evaluation Committee, Ministry of Finance  
 2007 - 2010 President, Dhurakij Pundit University  
 2002 - 2007 Chairman of the Board of Directors and Chairman of the Executive Board,  
 Krungthai Computer Services Company Limited

ASSOC. PROF. DR. VARAKORN SAMAKOSES

Age 64

Position

Independent Director

#### Educational Qualifications

PhD in Economics / The University of Kansas, U.S.A.  
 National Defense College (Wor Por Or, Class 37)  
 MA in Economics / The University of Kansas, U.S.A.  
 BA in Economics / The University of Western Australia, Australia  
 Director Certification Program (DCP), 2002 / Thai Institute of Directors Association (IOD)

#### Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake

31,000 0.01%

#### Family Relationship Among Executives

None

#### Work Experiences (Past 5 years)

2010 - Present Independent Director and Audit Committee, Phatra Capital Public Company Limited  
 2010 - Present President, Dhurakij Pundit University



2010 - Present	Chairman of the Board of Directors, Neighboring Countries Economic Development Cooperation Agency (Public Organization)
2008 - Present	Independent Director and Audit Committee, Phatra Securities Public Company Limited
2005 - Present	Director, Asian Phytochemicals Public Company Limited
1997 - Present	Trustee, Kenan Institute Asia
Present	Advisor to the Office of Chief Executive Officer, CP All Public Company Limited
2009	Advisor to Minister of Education
2007 - 2008	Deputy Minister, Ministry of Education
2001 - 2007	President, Dhurakij Pundit University

#### PROF. DR. UTHAI TANLAMAI

Age 60

#### Position

Independent Director

#### Educational Qualifications

PhD in MIS / University of Illinois at Urbana-Champaign, U.S.A.

MSBA in MIS / University of Illinois at Urbana-Champaign, U.S.A.

BAccy / Chulalongkorn University

Director Accreditation Program (DAP), 2005 / Thai Institute of Directors Association (IOD)

Finance for Non-Finance Director (FN), 2005 / Thai Institute of Directors Association (IOD)

Director Certification Program (DCP), 2005 / Thai Institute of Directors Association (IOD)

#### Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake

40,000

0.02%

#### Family Relationship Among Executives

None

#### Work Experiences (Past 5 years)

2010 - Present Independent Director and Audit Committee, Phatra Capital Public Company Limited

2005 - Present Independent Director and Audit Committee,  
Phatra Securities Company Limited / Phatra Securities Public Company Limited

1994 - Present Professor, Faculty of Commerce and Accountancy, Chulalongkorn University

#### MR. PONGTEP POLANUN

Age 57

#### Position

Independent Director

#### Educational Qualifications

MBA / Sasin Graduate Institute of Business Administration

MA in Economics / National Institute of Development Administration

BE in Economics / Thammasat University

Director Accreditation Program (DAP), 2005 / Thai Institute of Directors Association (IOD)

#### Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake

280,009 0.13%

#### Family Relationship Among Executives

None

#### Work Experiences (Past 5 years)

2010 - Present	Independent Director and Audit Committee, Phatra Capital Public Company Limited
2010 - Present	Chairman, Krung Thai IBJ Leasing Company Limited
2010 - Present	Adivisor to Managing Director, Muang Thai Insurance Public Company Limited
2007 - Present	Audit Committee, Phatra Securities Public Company Limited
2003 - Present	Independent Director, Phatra Securities Company Limited / Phatra Securities Public Company Limited
2002 - Present	Deputy Chairman, Independent Director and Audit Committee, Advanced Information Technology Public Company Limited
2000 - Present	Advisor to Director, The Royal Ceramic Industry Public Company Limited
2010 - 2011	Executive Director, Krung Thai Bank Public Company Limited
2009 - 2010	Independent Director, Phatra Leasing Public Company Limited
2009	Director, Phatra Leasing Public Company Limited

PROF. DR. ANYA KHANTHAVIT

Age 49

Position

Director

#### Educational Qualifications

PhD in International Finance / New York University, U.S.A.

M. Phil. in International Finance / New York University, U.S.A.

MS in Transportation Management / State University of New York Maritime College, U.S.A.

BBA in Accounting / Thammasat University

Director Certification Program (DCP), 2008 / Thai Institute of Directors Association (IOD)

#### Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake

None

#### Family Relationship Among Executives

None

#### Work Experiences (Past 5 years)

2010 - Present	Director, Phatra Capital Public Company Limited
2010 - Present	Advisor (Risk Management), Kiatnakin Bank Public Company Limited
2009 - Present	Appeals Committee, The Stock Exchange of Thailand
2008 - Present	Director, Phatra Securities Public Company Limited
2008 - Present	Advisor, Phatra Securities Public Company Limited
2007 - Present	Advisor, Small Business Credit Guarantee Corporation

2003 - Present	Corporate Advisor, MFC Asset Management Public Company Limited
2003 - Present	Sub-committee Member for Performance Evaluation of State Enterprises (Risk Management Group), Ministry of Finance
2001 - Present	Advisor and Arbitrator, Thai Bond Market Association
1985 - Present	Distinguished Professor, Faculty of Commerce and Accountancy, Thammasat University
2010	Advisor of Risk Management Committee, Thai Airways International Public Company Limited
2009 - 2010	Risk Management Sub-committee, The Stock Exchange of Thailand
2009 - 2010	Advisor, The Office of the Agricultural Futures Trading Commission
2002 - 2010	Committee Member for Performance Evaluation of State Enterprises, Ministry of Finance
2004 - 2009	Advisor (Risk Management), Government Pension Fund
2007 - 2008	Director, Thailand Post Company Limited
2004 - 2008	Director, Thailand Futures Exchange Public Company Limited
1993 - 2008	Corporate Advisor (Financial Engineering Division), KGI Securities (Thailand) Public Company Limited
2004 - 2007	Advisor, Department of Insurance, Ministry of Commerce
2003 - 2007	Advisor, The Office of the Agricultural Futures Trading Commission
2002 - 2007	Academic Advisor, Thailand Securities Institute, The Stock Exchange of Thailand
1994 - 2007	Advisor, The Stock Exchange of Thailand

#### MR. APHINANT KLEWPATINOND <sup>(1)</sup>

Age 42

#### Position

Director and Chief Executive Officer

#### Educational Qualifications

MBA (Finance) / University of Maryland at College Park, U.S.A.

BA in Cost Accounting / Chulalongkorn University

Director Certification Program (DCP), 2010 / Thai Institute of Directors Association (IOD)

#### Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake

1,000,190

0.48%

#### Family Relationship Among Executives

None

#### Work Experiences (Past 5 years)

2011 - Present	Chief Executive Officer, Phatra Capital Public Company Limited
2011 - Present	Independent Director and Audit Committee, Sriracha Construction (1994) Public Company Limited
2010 - Present	Director, Phatra Capital Public Company Limited
2010 - Present	Director, Phatra Securities Public Company Limited

2009 - Present	Chief Executive Officer, Phatra Securities Public Company Limited
2007 - 2009	Managing Director (Head of Investment Banking Department), Phatra Securities Public Company Limited
2005 - 2007	Executive Vice President (Investment Banking Department), Phatra Securities Company Limited / Phatra Securities Public Company Limited

#### MRS. PATRAPORN MILINDASUTA

Age 48

#### Position

Managing Director and Chief Administrative Officer

#### Educational Qualifications

LL.M. / Chulalongkorn University

Barrister-at-Law (Thai Bar)

LL.B. / Thammasat University

Company Secretary Program (CSP), 2005 / Thai Institute of Directors Association (IOD)

#### Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake

250,371

0.12%

#### Family Relationship Among Executives

None

#### Work Experiences (Past 5 years)

2011 - Present	Managing Director and Chief Administrative Officer, Phatra Capital Public Company Limited
2011 - Present	Director of Compliance Club, Association of Securities Companies
2010 - Present	Company Secretary, Phatra Capital Public Company Limited
2010 - Present	Vice Chairperson of Thai Company Secretary Club , Thai Listed Company Association
2009 - Present	Sub-committee on Consideration of Draft Notifications Concerning Equity Instruments and Governance of Publicly Traded Companies, Securities and Exchange Commission, Thailand
2008 - Present	Company Secretary, Phatra Securities Public Company Limited
2007 - Present	Managing Director and Chief Administrative Officer, Phatra Securities Public Company Limited
2005 - Present	Sub-committee on Consideration of Notifications Concerning Business Takeovers, Securities and Exchange Commission, Thailand
2006 - 2009	Sub-committee on Consideration of Draft Notifications Concerning Equity Instruments, Securities and Exchange Commission, Thailand
2007	Founding Committee and Director of Thai Company Secretary Club, Thai Listed Company Association
2004 - 2007	Executive Vice President (Office of General Counsel & Internal Audit), Phatra Securities Company Limited / Phatra Securities Public Company Limited

#### MR. KRITTIYA VEERABURUS

Age 43

#### Position

Managing Director  
(Head of Direct Investment Department)

#### Educational Qualifications

MBA / Golden Gate University, U.S.A.  
BBA in Management / Chulalongkorn University

#### Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake

190 0.00%

#### Family Relationship Among Executives

None

#### Work Experiences (Past 5 years)

2011 - Present	Managing Director (Head of Direct Investment Department), Phatra Capital Public Company Limited
2006 - Present	Director, The Palm Cha Am Co., Ltd
2009 - 2010	Managing Director (Head of Direct Investment Group), Phatra Securities Public Company Limited
2008 - 2010	Director, CS LoxInfo Public Company Limited
2008 - 2009	Executive Vice President (Head of Direct Investment Department), Phatra Securities Public Company Limited
2006 - 2008	Executive Vice President (Direct Investment Department), Phatra Securities Public Company Limited

#### MR. THERAPONG VACHIRAPONG

Age 46

#### Position

Managing Director

#### Educational Qualifications

MBA Finance / Western International University at Arizona, U.S.A.  
BA in Accounting and Finance / Thammasat University

#### Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake

636 0.00%

#### Family Relationship Among Executives

None

#### Work Experiences (Past 5 years)

2011 - Present	Managing Director, Phatra Capital Public Company Limited
2009 - Present	Managing Director (Head of Equity Research Department), Phatra Securities Public Company Limited

2006 - 2009      Executive Vice President (Equity Research Department),  
Phatra Securities Public Company Limited

**MR. TRAIRAK TENGTRIRAT**

Age 43

**Position**

Managing Director

#### **Educational Qualifications**

MBA (Finance) / Seattle University, U.S.A.

BA in Accounting / Chulalongkorn University

#### **Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake**

None

#### **Family Relationship Among Executives**

None

#### **Work Experiences (Past 5 years)**

2011 - Present      Managing Director, Phatra Capital Public Company Limited

2010 - Present      Managing Director (Head of Investment Banking & Equity Capital Markets Group),  
Phatra Securities Public Company Limited

2009 - 2010      Advisor to the Minister of Finance (Political Official)

2006 - 2009      Executive Vice President (Investment Banking Department),  
Phatra Securities Public Company Limited

#### **Note :**

(1) The person is an authorized director, provided that two authorized directors jointly sign with the Company's seal affixed to bind the Company.

## **2. DETAILS OF EXECUTIVES AND CONTROLLING PERSONS OF PHATRA SECURITIES**

Executives and controlling persons of the Company are executives and controlling persons of Phatra Securities (Please see details of persons described in item 1). In addition Phatra Securities have following executives.

**MR. VORAYUT VORASUBIN**

Age 41

**Position**

Assistant Managing Director

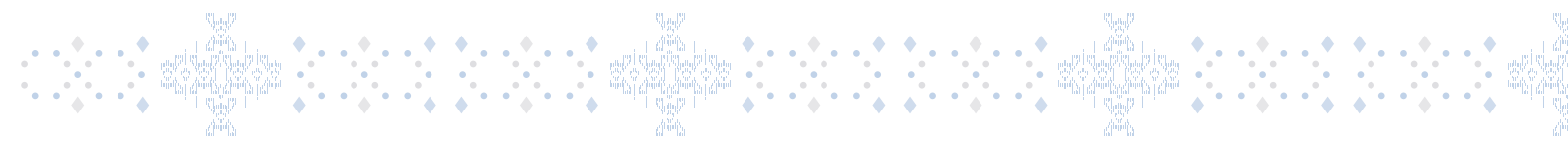
(Acting Head of Private Client Group)

#### **Educational Qualifications**

MBA in International Business Management / George Washington University, U.S.A.

MS in Engineering Management / University of Missouri, Rolla, U.S.A.

BE in Electrical Engineering / Chulalongkorn University



#### Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake

None

#### Family Relationship Among Executives

None

#### Work Experiences (Past 5 years)

2011 - Present	Assistant Managing Director (Acting Head of Private Client Group), Phatra Securities Public Company Limited
2010 - 2011	Assistant Managing Director (Investment Banking & Equity Capital Markets Group), Phatra Securities Public Company Limited
2006 - 2010	Director (Investment Banking Department), Phatra Securities Public Company Limited

#### DR. POPANIT POOMMARAPAN

Age 49

#### Position

Assistant Managing Director  
(Head of Risk Management Department)

#### Educational Qualifications

Ph.D. in Engineering Management / Missouri University of Science and Technology, U.S.A.

MS in Engineering Management / University of Louisiana, U.S.A.

BE in Electrical Engineering / Chulalongkorn University

#### Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake

None

#### Family Relationship Among Executives

None

#### Work Experiences (Past 5 years)

2009 - Present	Assistant Managing Director (Head of Risk Management Department), Phatra Securities Public Company Limited
2006 - Present	Supervisory Committee, ABF Thailand Bond Index Fund
2005 - 2008	Senior Vice President (Risk Support Department), TMB Bank Public Company Limited



**MR. NOPADON NIMMANPIPAK**

Age 40

**Position**Assistant Managing Director  
(Head of Equity & Derivatives Trading Department)**Educational Qualifications**MBA in Finance / Washington State University, U.S.A.  
B.Eng. in Civil / Chiang Mai University**Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake**

None

**Family Relationship Among Executives**

None

**Work Experiences (Past 5 years)**

2011 - Present	Assistant Managing Director (Head of Equity & Derivatives Trading Department), Phatra Securities Public Company Limited
2010 - 2011	Assistant Managing Director (Equity & Derivatives Trading Department), Phatra Securities Public Company Limited
2009 - 2010	Director (Equity & Derivatives Trading Department), Phatra Securities Public Company Limited
2006 - 2009	Vice President (Equity Department), KGI Asia Company Limited, Hong Kong.

**MS. MANLIKA DANAIDUSADEEKUL**

Age 40

**Position**

Vice President (Head of Finance Department and Acting Head of Treasury Department)

**Educational Qualifications**BA. (Accounting), Thammasat University  
MS. (Accounting), Thammasat University**Number of Shares Held (as of September 9, 2011) and Percentage of Shareholding Stake**

30,000

0.01%

**Family Relationship Among Executives**

None

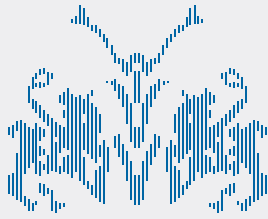
**Work Experiences (Past 5 years)**

2011 - Present	Vice President (Head of Finance Department and Acting Head of Treasury Department), Phatra Securities Public Company Limited
2005 - 2010	Vice President (Finance Department and Treasury Department), Phatra Securities Public Company Limited

**Note :**

(1) The person is an authorized director, provided that two authorized directors jointly sign with Phatra Securities' seal affixed to bind Phatra Securities.





## Remuneration of the Management

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### MONETARY REMUNERATION

(1) Remuneration of the Company's directors

According to the resolution of the 2011 Annual General Meeting of Shareholders dated on April 28, 2011, the meeting resolved to pay remuneration to directors who were not employees in the form of monthly remuneration in the amount of Baht 30,000.00 per person per month and a meeting allowance at Baht 10,000.00 per person per meeting. The Company did not pay any remuneration to directors who were the Company's employees.

For the year ended December 31, 2011, the Company paid remuneration to six directors who were not employees, namely Dr.Anumongkol Sirivedhin (Baht 540,000.00), Assoc.Prof.Dr.Varakorn Samakoses (Baht 500,000.00), Prof.Dr.Uthai Tanlamai (Baht 520,000.00), Mr.Pongtep Polanun (Baht 540,000.00), Prof.Dr.Anya Khanthavit (Baht 480,000.00) and Mr.Veravat Chutichetpong (Baht 520,000.00), totaling Baht 3,100,000.00. Such remuneration excludes year-end bonuses which require approval from the 2012 Annual General Meeting of Shareholders which will be held on April 25, 2012.

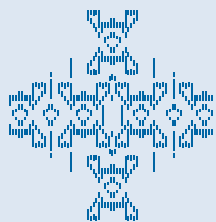
In addition, directors of Phatra Securities, a core business subsidiary of the Company, are the same members of the Company's directors, which received remuneration from the Company only.

(2) Total remuneration of the Company's executive directors and management

For the year ended December 31, 2011, the Company paid the total remuneration to eleven executive directors and management - six executive directors and five management members - in the amount of Baht 171,180,546.00. This amount comprised Baht 57,900,000.00 for salary, Baht 107,298,700.00 for bonus, Baht 5,483,460.00 for provident fund and Baht 498,386.00 for life insurance premium.

#### Remarks

1. Management means top four executives whose ranks are subsequent to the Chief Executive Officer including every person(s) whose rank is equivalent to the 4th level. (This does not include the Chief Financial Officer, in the case that the Chief Financial Officer is not in the same level as or above the 4th executive level.)
2. Eleven executive directors and management include Mr.Tanavatt Bhanijkasem, Managing Director, who resigned from the Company effective November 1, 2011.



## Human Resources Development

The Company and its subsidiary are well aware that human resources is the crucial factor for the success of business and a sustainable competitive advantage in the long run. Therefore, we continuously provide learning opportunities and extensive trainings for all employees to ensure that employees are well equipped and ready to the changes and developments in securities business and are able to effectively serve and respond to clients' needs. The trainings focus on both technical and managerial skills enhancement. Those development programs were designed to be in line with the Company's strategies and directions. In 2011, over 80% of total management and employees participated both internal and external training programs.

In year 2011, the Company and its subsidiary offered an array of thirty-three internal sessions for managements and employees to improve technical knowledge and professional skills related to their work and responsibilities. Those were categorized into two kinds which were trainings and experience sharing sessions. The trainings cover various topics such as presentation and pitching skill, financial modeling and valuation, asset allocations and portfolio management, equity investment strategies, strategies for derivatives investment, financial planning, acquisition and retention of clients, investment and securities analysis in each sector, product knowledge of new financial instruments, performance management, business compliance, risk management, maximizing your talent, realizing your potential, technology system in accordance with business development, etc. Furthermore, the Company and its subsidiary arranged experience-sharing sessions on the best practice in private wealth management business for employees in the Private Client Group. The instructors were management and employees who had in-depth knowledge and direct experiences in each topic and external certified experts. Those programs were carried out as a mixture of practical training, theoretical contents, and project assignment in order to apply with day-to-day responsibilities.

Moreover, the Company and its subsidiary consistently support management and employees to attend outside trainings locally and internationally such as executive development programs relating to their enhancement of managerial and leadership skills as well as technical skill development to strengthen technical knowledge and expertise in each area including such as portfolio management, legal and compliance updates, accounting and financial statement analysis, and specialized knowledge and skills in computer program application.

The Company and its subsidiary always encourage firm-wide learning opportunities and environment by providing both structured trainings and informal learning that benefit to daily work and responsibilities. The exchanging and experience sharing atmosphere have been created among managements and employees to improve working efficiency as well as increase organization capabilities with higher performance in the long term.



## Related Party Transactions

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The relationships between the Company and its related parties are summarized below:

Name of related parties	Relationship with the Company
Phatra Securities Public Company Limited	Subsidiary company

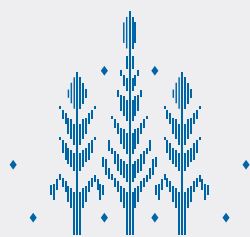
During the years, the Company and its subsidiary had significant business transactions with related parties. Such transactions, which are summarized below, arose in the ordinary course of businesses and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit : Baht)			
	2011	2010	Transfer pricing policy
<b>Transactions with the Company's and the subsidiary's directors</b>			
Brokerage fees from securities business	1,463,765.94	2,158,081.97	Normal rate charged to ordinary clients
Brokerage fees from derivatives business	1,800.00	10,700.00	Normal rate charged to ordinary clients
<b>Transactions with related parties</b>			
Brokerage fees from securities business	278,444.69	478,249.71	Normal rate charged to ordinary clients
Brokerage fees from derivatives business	-	2,250.00	Normal rate charged to ordinary clients

The balances of the accounts as at 31 December 2011 and 2010 between the Company and those related companies are as follows:

(Unit: Baht)		
	2011	2010
<b>The Company's and the subsidiary's directors</b>		
Deposits for clients' accounts	1,421,956.46	3,936,081.15
Securities business payable	-	2,834,304.30
Derivatives business payable	-	4,000.00

In addition to the above transactions on securities and derivatives brokerage businesses, in 2011 the Company paid consultant fee in the form of monthly salary of Baht 150,000.00, totaling Baht 1,800,000.00 and year-ended bonus as a consultant of the Company amounting Baht 250,000.00, altogether Baht 2,050,000.00 to Prof. Dr. Anya Khanthavit, the Company's director. Also, the subsidiary paid Baht 510,000.00 (excluding VAT) to the company which related to the Company's management for the subsidiary's office renovation. These two transactions had been reviewed and approved according to the rules of connected transactions.



## Corporate Governance Report

Realizing the importance of good corporate governance, the Board of Directors has performed its duties with the utmost effort to ensure the Company's operations are in compliance with the Company's principles of corporate governance. It seeks to provide assurance to all shareholders, investors, clients and other stakeholders that the Company does business in a transparent manner and that all related parties are treated fairly, as well as to contribute towards a firm foundation for the Company in the long term.

The Company's implementations according to the corporate governance principles and the SET's Principles of Good Corporate Governance for Listed Companies 2006 are as follows:

### 1. RIGHTS OF SHAREHOLDERS

Recognizing the rights of all shareholders, the Company has taken actions to demonstrate its respect for basic shareholders' rights and encourage shareholders to fully exercise their rights.

The Company's actions showing its commitment to shareholders' rights are as follows:

#### RIGHTS OF SHAREHOLDERS

The Board of Directors has established a corporate governance policy regarding the statutory rights of shareholders. The policy embraces the right to attend shareholders' meetings, the right to appoint a third party as a proxy for attending and voting at meetings, the right to vote on the election or removal of each individual director, the right to vote on directors' remuneration annually, the right to appoint the external auditors and vote on the annual audit fees, and the right to obtain adequate information, participate and vote in shareholders' meetings if there are any significant corporate changes.

In addition, the Company provides shareholders the right to express an opinion and raise questions during shareholders' meetings, the right to propose agenda items for shareholders' meetings, the right to nominate directors, the right to be involved in improving the Company's business performance, the right to share in the Company's profit, and the right to receive sufficient and up-to-date information in a timely manner.

The business and affairs of the Company are managed under the direction of the Board of Directors, which represents its shareholders. The Board of Directors believes that corporate governance is a critical factor in achieving business success. The Company's corporate governance policy seeks to align management and shareholder interests. The Company has instituted corporate governance principles through its various policies and procedures to protect shareholders' interests and transact business in a transparent manner.

Moreover, in order to ensure all stakeholders have received the rights to which they are entitled and directors, management and employees at all levels strictly comply with the corporate governance policy, the Company has established in written form the guidelines for business conduct of which details appear on the Company's website, Intranet and in the Employee Handbook.

## SHAREHOLDERS' MEETING

The Company fully facilitates shareholder participation in the shareholders' meeting as follows:

The Annual General Meeting of Shareholders ("the Meeting") was held on Thursday, April 28, 2011 at 14.00 hrs., within four months of the end of the fiscal year and not on a commercial bank holiday, at the Company's office which offered convenience in transportation. Also, not less than three days prior to the Meeting date, the Company advertised the notice of the Meeting on a daily newspaper for three consecutive days.

On the Meeting day, the Company provided assistance to shareholders as follows. Registration was open at least for two hours before the Meeting commenced, an appropriate venue was selected, ample staff and registration programs were present to help shareholders and proxies register, duty stamps were provided for authorization of proxies, and food and beverages were served throughout the event.

The Company gave those shareholders who showed up after the Meeting commenced the chance to vote on agenda items still under deliberation.

The Company provided a complete agenda and sufficient information for voting on all agenda items, each of which was identified clearly as either for acknowledgement or consideration together with opinions of the Board of Directors on particular issues. For instance, for the dividend agenda, the Company disclosed its dividend payment policy, dividend amount proposed for consideration and complete supporting reasons and information. In case the dividend omission was proposed, the Company provided clear reasons and supporting information. For the director appointment agenda, the Company provided names and profiles of persons proposed to be appointed as directors. For the auditor appointment agenda, the Company provided names of persons proposed to be appointed as auditors, the name of the audit firm, audit fees and other necessary information for shareholders to consider the ability and appropriateness of auditors. The notice of the Meeting clearly informed shareholders of all necessary documents and the Company's Articles of Association relevant to the shareholders' meeting to maintain their legitimate rights for attending the Meeting and proxy forms, allowing shareholders to appoint a third party or the Company's independent director as their proxies. The Company posted the notice of the Meeting on its website ([www.phatracapital.com](http://www.phatracapital.com), Investor Relations/ Shareholders' Meeting section) not less than one month prior to the Meeting date and arranged the delivery of notice of the Meeting to shareholders not less than fourteen days prior to the Meeting date. Moreover, for foreign shareholders' convenience, the Company prepared all meeting documents in English version.

Before the Meeting started, the Company informed all shareholders of the Meeting rules, voting and vote-counting procedures. Ballots were prepared for all voting agendas. The voting and vote-counting procedures were conducted openly in an appropriate time, counting one share as one vote. Each shareholder cast his or her vote on ballots. In addition, the Company invited its auditor to witness the vote-counting procedure.

The Meeting was attended by the Chairman of the Board of Directors, all board members, the Chairmen of all sub-committees, executives, finance management and the Company's independent auditor. The Chairman of the Board of Directors acted as the Chairman of the Meeting. During the Meeting, the Chairman of the Meeting provided the opportunity for shareholders to equally make inquiries and express opinions, which were answered and supplemented with complete information to shareholders. The Chairman of the Meeting allocated an appropriate amount of time for discussion. Apart from related meeting documents, the Company also presented information using a video presentation system for shareholders to use in voting. (Details of this appeared in the minutes of the Meeting displayed on the Company's website ([www.phatracapital.com](http://www.phatracapital.com), Investor Relations/ Shareholders' Meeting section).

The Company allows all shareholders, by not specifying the minimum shareholding, to submit their questions for shareholders' meetings to the Company prior to January 15 of each year. The Company discloses details for sending questions in advance on its website ([www.phatracapital.com](http://www.phatracapital.com), Investor Relations / Shareholders' Meeting section). However, there was no question submitted for the 2011 Annual General Meeting of Shareholders.

During the 2011 Annual General Meeting of Shareholders, the Chairman did not add any agenda item which was not notified to shareholders in advance.

#### MINUTES OF SHAREHOLDERS' MEETING

Comprehensive minutes of the Meeting were recorded. The Company disclosed the resolutions of the 2011 Annual General Meeting of Shareholders via the SET's news portal and disclosed the minutes of the Meeting on its website ([www.phatracapital.com](http://www.phatracapital.com), Investor Relations/ Shareholders' Meeting section) within fourteen days of the Meeting date. The minutes of the Meeting included names of directors and executives attending the Meeting, voting and vote-counting procedures, key discussion issues, questions raised, clarifications, comments by the Meeting, resolution results and complete voting results (for/against/abstaining) of each agenda item.

#### PROXY GRANTING FOR SHAREHOLDERS' MEETING

The Company allows shareholders who cannot attend the shareholders' meetings to appoint proxies and vote on their behalf. The Company provides proxy forms on which shareholders are able to specify their votes together with the notice of the Meeting. Shareholders can also download proxy forms from the Company's website ([www.phatracapital.com](http://www.phatracapital.com), Investor Relations/ Shareholders' Meeting section).

For the Meeting, the Company proposes its independent director as an option for shareholders who cannot attend the shareholders' meetings to appoint as their proxies. For the 2011 Annual General Meeting of Shareholders, Dr.Anumongkol Sirivedhin, the Company's independent director and Chairman of the Audit Committee, was the person it proposed to shareholders for granting proxies. Nine shareholders, representing 6,591,000 shares, appointed Dr.Anumongkol Sirivedhin as their proxies.

## DIRECTORS' REMUNERATION

Shareholders have the right to approve the directors' remuneration annually during the Meeting. The Company informs shareholders about its policy and guidelines for directors' remuneration besides the remuneration amount proposed for consideration. The Company has set up the Management Development and Compensation Committee to be responsible for reviewing directors' remuneration, to be submitted for consideration by the Board of Directors for further submission for approval by the general meeting of shareholders. It considers the appropriateness of remuneration with respect to the obligations and responsibilities of each director, and the Company's financial status, to ensure that remuneration is comparable to other companies in the same industry.

The Company discloses to shareholders the directors' remuneration policy specifying that directors, who are the Company's employees and receive regular remuneration, will not get remuneration for being directors. The directors' remuneration proposed to shareholders for consideration is for directors who are not the Company's employees only. (Details of this appeared in the minutes of the Meeting, agenda 5: To approve the directors' remuneration.)

## DIRECTORS APPOINTMENT

The shareholders are given the choice to vote on individual director nominees. In the notice of the Meeting, for director appointment agenda, the Company provides profiles of persons proposed to be appointed as directors which includes names, types of directors proposed for appointment, educational background, working experience, number of companies in which they perform a director role and the Company's shareholding proportion. In case the Company proposes the retired directors to be re-elected as the Company's directors, the Company reveals their information about meeting attendance in the previous year.

The Company does not use the cumulative voting for electing directors as the Company's Articles of Association states that a shareholder shall have one vote for one share and each shareholder shall use all his or her votes to elect one or several persons as a director. However, he or she may not divide his or her votes among any candidates.

## AUDITOR APPOINTMENT

The Meeting appoints the external auditors and votes on the audit fees annually. The proposed auditors and audit fees proposed to the Meeting have been pre-approved by the Company's Audit Committee and the Board of Directors.

For auditor appointment agenda, in order for shareholders to have complete information to consider the ability and appropriateness of auditors, the Company provides names of persons proposed to be appointed as auditors, name of the audit firm, their experience and independency, and audit fees proposed.

## CONTACT THE COMPANY

The Company sets up channels for shareholders to contact the Company Secretary or Investor Relations directly for information regarding the Company on its website ([www.phatracapital.com](http://www.phatracapital.com), Investor Relations / Shareholders' Meeting section).

## 2. EQUITABLE TREATMENT OF SHAREHOLDERS

The Company values and treats all shareholders fairly and equally through the following actions:

### AGENDA PROPOSAL FOR SHAREHOLDERS' MEETING

The Company has a policy to announce via the SET's new portal and its website three months prior to the end of the Company's accounting period that the Company invites all shareholders to propose agenda items for the next Meeting. However, due to the Company's restructuring at the end of 2010, on December 14, 2010 (via the SET's news portal) the Company invited all shareholders to propose the shareholders' meeting agenda for the Board of Directors' consideration until January 15, 2011. Criteria for proposing agenda items and screening processes were disclosed on the Company's website ([www.phatracapital.com](http://www.phatracapital.com), Investor Relations / Shareholders' Meeting section). However, there was no agenda item proposed by any shareholder for the 2011 Annual General Meeting of Shareholders.

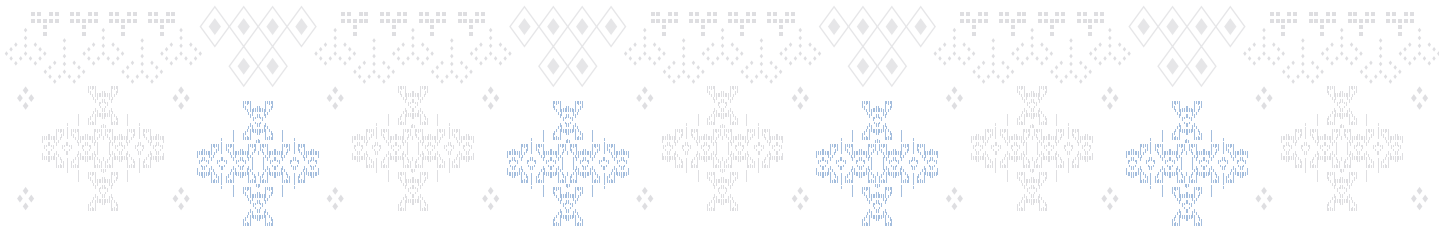
### DIRECTOR NOMINATION

The Company has a policy to announce via the SET's new portal and its website three months prior to the end of the Company's accounting period that the Company invites all shareholders to propose director nominees to the Company's Board of Directors via the Director Nominating Committee until January 15, 2011. However, due to the Company's restructuring at the end of 2011, on December 14, 2010 (via the SET's news portal) the Company invited all shareholders to propose director nominees to the Company's Board of Directors via the Director Nominating Committee until January 15, 2011. Criteria for nominating directors, screening processes and the Company's directorship qualifications were disclosed on its website ([www.phatracapital.com](http://www.phatracapital.com), Investor Relations/ Shareholders' Meeting section). Nevertheless, there was no director nominee from any shareholder in the year 2011.

### NON-PUBLIC INFORMATION

The Company has written policies concerning the misuse of inside information. Directors and management are required to disclose to the Company via the Office of General Counsel and Internal Audit (OGC) the interests of their own and their related persons, e.g. spouse and minor children.





The Company prohibits directors, employees and their related persons from acting upon material non-public information which affects the price of the Company's shares to benefit themselves or others. All directors and management must report their securities holding as required by law to the Company's Board of Directors' meetings on a quarterly basis.

Moreover, the Company prohibits executive directors, management and staff who know its material information and financial statements from trading the Company's shares for a period of five business days before the end of each accounting period until one trading session after the financial statements are disclosed. So far, everyone has strictly complied with this policy.

#### TRANSACTIONS WITH RELATED PERSONS

The Company does not encourage any transaction entered into between the Company and members of the board, management, major shareholders and its related persons ("Related Transaction"). This is to avoid any potential conflict of interest among the Company and those persons. However, from time to time, to the extent permitted by relevant regulations and in connection with operation of the Company's business, the Company may need to engage in Related Transactions.

The Company's directors and management who have an interest in any transaction or matter affecting the Company do not participate in the decision-making process on such issues for the utmost benefit of the Company.

The Company's Audit Committee has the duty to consider its related Transaction or transactions that may result in a conflict of interest and review the disclosure of information and ensure its accuracy, completeness and compliance with laws and regulations. In the previous year, the Company did not violate any regulations regarding related Transaction.

The Company requests its management and employees to maintain their securities trading accounts with Phatra Securities, a subsidiary. The securities trading transaction with management and employees must be on an arm's-length basis without taking unfair advantage of anyone through unethical or illegal means. The transaction must be entered into in the ordinary course of business on substantially the same terms as those prevailing at the time for comparable transactions with other similarly situated clients.

### 3. ROLE OF STAKEHOLDERS

The Company emphasizes the statutory rights of all stakeholders, both internal and external; therefore, it indicates the following guidelines.

#### STAKEHOLDERS' INVOLVEMENT

The Company has developed a mechanism on its website where stakeholders can participate in improving the Company's performance. All stakeholders, including clients, counterparties, competitors,

employees, shareholders and creditors, can send suggestions to the Company's management in order to create wealth, financial stability and sustainability.

Moreover, the Company has procured channels for stakeholders to communicate to the independent directors any concerns regarding illegal or unethical practices, incorrect financial reporting, insufficient internal control, etc. via its website for investigating and reporting to the Company's Board of Directors. The rights of any person who communicates such concerns are protected, e.g. safekeeping of the identity of the person who communicates such concerns.

## STAKEHOLDER TREATMENT GUIDELINES

The Company's Board of Directors ensures all stakeholders are well and fairly treated according to their statutory rights and agreements with the Company. Therefore, it has defined guidelines for treatment with various stakeholders – shareholders, employees, clients, counterparties, competitors, creditors, community, society and environment – in its principles of corporate governance which can be summarized as follows:

### *SHAREHOLDERS*

The Company aims for good business performance, competitive capability and steady growth and takes into account the current and future risks in order to add value to shareholders in the long term. The Company has duties to operate businesses, disclose information transparently and fairly and try its best to protect the assets and reputation of the Company.

### *EMPLOYEES*

All employees of the Company are valued resources and key success factors for its business operation. Therefore, the Board of Directors has defined the guidelines for treating employees on various matters in its principles of corporate governance, i.e. supporting employees' working skills and capabilities, appropriate welfare and compensation, employees' individual rights, information privacy, fair treatment, ensuring a safe and healthy working environment, health insurance and annual physical checkup, etc. Furthermore, the Company has set up a provident fund for its employees.

### *CLIENTS*

The Board of Directors realizes that clients' satisfaction and confidence in the Company are very important; thus, the guidelines for treating clients have been explicitly defined. These guidelines include providing best quality products and services to clients, ensuring that clients are consistently treated in accordance to terms agreed with care and honesty, and respecting clients' information privacy. The Company does not release client information to third parties, except upon a client's authorization or when permitted or required by law and does not sell or rent clients' personal information. In addition, the Company welcomes clients' complaints on products and services. Such complaints are investigated and remedial actions are provided promptly.

### *COUNTERPARTIES*

The Company treats all counterparties equally and fairly. Its procurement policy helps ensure

that vendor, counterparty or counselor selection is based on the utmost benefit for the Company, proceeds transparently with no bias, and is able to be verified. The Company strictly prohibits employees from receiving any benefit from vendors.

The Company protects counterparties' information privacy. The Company does not disclose counterparties' information or illegally use it for business operation. Furthermore, the Company utilizes an appropriate agreement format and monitoring system to make sure that all agreement conditions are followed.

#### *COMPETITORS*

The Company conducts businesses ethically and in accordance with rules and regulations. The Company avoids any search for confidential information of business competitors by dishonest or improper means. Also, the Company refrains from tarnishing competitors' reputation without truth.

#### *CREDITORS*

The Company strictly follows the conditions with creditors.

#### *COMMUNITY, SOCIETY AND ENVIRONMENT*

The Board of Directors bears in mind its role as part of the community, society and environment. Thus, the Company's policy on responsibility for community, society and environment has been clearly stated. Contributing to charitable activities and promoting a healthy environment in communities and the society at large for better living standards are always the Company's focus.

The Company strives to act as a good citizen, being non-partisan and unaligned with any political party. Employees reserve right and freedom in political matters but they are not allowed to support any political party on behalf of the Company.

The Company does not conduct any business harmful to the community, society or environment and does not profit from society's burdens. It persists in aligning the benefits of the Company, employees, clients and shareholders with benefits in the country's economic and capital market development and focuses on its growth along with Thailand's capital market development. It strives to be part of sustainable development of the country's capital market and securities market and supports the use of the Company's and employees' business knowledge and experience in various fields, e.g. management, system setup, legal, etc. to benefit society and social activities.

The Company promotes volunteerism and community engagement among its employees. The Company's social activities are not limited to projects and activities that provide tax benefits.

Although the businesses of the Company do not directly affect the environment, the Company realizes the importance of a healthy environment which leads to safety and happiness in society. Consequently, the Company dictates policy and measures for environmental care which include co-operating and supporting both public and private sectors in campaigning on environmental

conservation, allocating an annual budget for environmental activities, supporting employees to value resources and utilize resources efficiently and providing continuous training and knowledge on the environment to employees.

The CSR Committee has been appointed by the Company's Board of Directors to review and oversee its corporate social responsibility policies, practices and strategies and to oversee and make recommendations to the Charity Committee in relation to initiating projects and activities for the public. The scope and responsibilities of the CSR Committee and the Company's projects and activities in this area in 2011 are shown in the annual report on page 35 and page 91 respectively.

#### INTELLECTUAL PROPERTY

The Company respects the intellectual property of other parties. The unauthorized use of another party's patented, trademarked or copyrighted materials is strictly prohibited, regardless of their sources. This matter is defined in the Company's guidelines for business conduct.

#### ANTI-CORRUPTION AND ANTI-BRIBERY

In order to prevent the appearance of corrupt business practices, the Company has adopted a policy consistent with the U.S. Foreign Corrupt Practices Act (FCPA). The Company's policy forbids bribes, payoffs or payments of any kind by the Company or employee to any person, government official or entity for the purpose of improperly obtaining or retaining business or influencing consideration of any business activity. If any employee suspects that any activity involved in may violate the anti-corruption laws, or if any employee becomes aware of such activity by any Phatra persons, he or she must notify the OGC immediately.

### 4. DISCLOSURE AND TRANSPARENCY

Information disclosure is a vital principle for good corporate governance. The Company places great emphasis on disclosure of information to shareholders. Accurate and complete information is provided to shareholders in a transparent and timely manner through various actions as follows:

The Company ensures that all important information related to the Company, both financial and non-financial, is disclosed correctly, accurately, on a timely basis and in a transparent manner through the SET, its annual report, annual statement (Form 56-1), the Company's website in both Thai and English, as well as through public media (in some circumstances). The Company has not yet received any penalty from either the SEC or the SET regarding information disclosure.

The Company has clear procedures for information disclosure under ordinary and urgent circumstances alike, formats for data presentation, and timeframes for notification to the SET so that shareholders and investors receive financial information quickly and completely. In an effort to make financial information more rapidly available, the Company disclosed unaudited

financial statements for 2010 in early 2011 and also disclosed unreviewed quarterly financial statements in 2011 besides the reviewed versions. Also, the Company disclosed management discussion and analysis along with the performance update presentations on a quarterly basis on its website. The Company has never submitted its financial reports late.

The Company's Audit Committee considers, selects and nominates the auditor to the Board of Directors' and shareholders' meetings. The Company appointed an auditor who was independent and approved by the SEC. In the previous year, the Company's financial statements were unconditionally certified by the auditor and the Company was not ordered by the SEC to make any change to its financial statements.

The CEO and Investor Relations, Ms. Aroonrath Sangalungkarn (Tel. 02-305-9101), serve institutional investors, minor shareholders, analysts, and those who are interested in monitoring the Company's data. In the previous year, the Company arranged two analyst briefings.

All disclosed information, as well as that made public to shareholders and investors, is disseminated through the Company's website which has been upgraded, regularly updated and made bilingual to benefit shareholders.

The Company's Board of Directors provided a statement of its responsibilities concerning the Company's financial reports signed by the Company's Chairman of the Board of Directors and the CEO as shown on page 82 of the annual report.

The Board of Directors ensured that the roles and responsibilities of sub-committees of the Company are disclosed in the Company's annual report as per details shown in the Management Structure section, report of the Audit Committee, report of the Management Development and Compensation Committee, report of the Director Nominating Committee, report of the Risk Management Committee, report of the CSR Committee and report of the Corporate Governance Committee.

The Company disclosed the directors' and executives' remuneration policies of the Management Development and Compensation Committee and remuneration of the directors in 2011 on page 90 and 51 of the annual report.

The CSR Committee of the Company has approved concrete policies on corporate social responsibility. These were disclosed together with its activities for society and environment carried out in 2011 in the report of the committee in the annual report on page 91

The Company clearly and transparently disclosed the shareholder structure including the beneficial owners of the Company. Also, the Company revealed information on directors and management and their shareholdings transparently on page 26 and 38 of the annual report.

The Company disclosed Related Transactions on page 53 of the Company's annual report.

## 5. RESPONSIBILITIES OF THE BOARD

The Company's Board of Directors endorses vision and strategies, and also approves key issues pertaining to its business direction and policies, including the annual business plan and budget. The Board of Directors is also responsible for supervising management actions to ensure that they are consistent with approved policies and business plans, as well as being in compliance with laws and regulations of all relevant government agencies and the resolutions of the shareholders' meetings. The best interest of the Company and all stakeholders is thus assured.

The Board of Directors is responsible for determining and separating duties and responsibilities of its own, committees and management as per details shown on page 24 of the annual report.

The Board of Directors has leadership, vision and independence in making decisions for the best interest of the Company. The Board of Directors continues to value participation in training courses to apply to its job performance while adding to its knowledge and experience. To date, all members of the Board of Directors have attended the Director Certification Program (DCP) or Director Accreditation Program (DAP) held by the Thai Institute of Directors Association (IOD) and are competent, expert and experienced in various fields suitable for its business. Details of their trainings, education and work experiences are shown on page 38 of the annual report.

### 5.1 BOARD STRUCTURE

#### BOARD COMPOSITION

Composition of the board is stipulated in the Company's Articles of Association. The Board of Directors shall consist of not less than seven directors but not more than thirteen directors. No less than half of the total number of directors shall be domiciled in Thailand. The Board of Directors shall have at least one-third of independent directors and not less than three persons.

As of December 31, 2011, the Board of Directors was comprised of twelve members, including seven executive directors (including the Chairman of the Board of Directors) and five non-executive directors. Four of them were independent directors which were equivalent to one-third of the board size.

Reference is made to the Principles of Corporate Governance for Listed Companies in which it is recommended that companies appoint an independent director as the Chairman of the Board of Directors. As the Company's business is complicated, fast-changing and requires flexibility, it believes the Chairman of the Board of Directors should be knowledgeable and capable, have direct experience in its business, and be able to fully commit to the Company. This management structure is similar to those of leading international investment banks. Moreover, the Company believes its high-ranking executives are ethical and that it has good control to protect the best interest of shareholders and stakeholders.

## QUALIFICATIONS OF BOARD MEMBERS

All directors understand their roles and responsibilities and the nature of the Company's business. The Board of Directors consists of those knowledgeable in diverse fields useful for its business. Also, they understand difficulties which may occur in the business operation; are able to demonstrate useful views creating competitive advantages; and can independently express their views on its performance against the given policy in each Board of Directors' meeting.

Directors perform their duties in good faith, with due diligence and care, and commit themselves to their responsibilities. They have qualifications in accordance with the Public Limited Companies Act, Securities Act, notifications of regulators.

The Company's qualifications for independent directors are in compliance with the qualifications specified by the SEC and the SET as per details shown on page 29. of the annual report, its website ([www.phatracapital.com](http://www.phatracapital.com), Investor Relations/ Shareholders' Meeting/ Agenda Proposal for Shareholders' Meeting section) and the notice of the shareholders' meetings.

## TERM OF DIRECTORSHIP

Regarding the term of service of directors, the Company's Articles of Association requires one-third of the directors to retire by rotation in every annual general meeting of shareholders. If the number of directors cannot be a multiple of three, the nearest number to one-third must retire from office. Directors retiring by rotation can be re-elected as directors. However, the Company does not specify a maximum number of years and terms any director can be in office in order for the Company not to lose its opportunity to appoint knowledgeable, capable and experienced directors who are a successful factor in directing the Company. Nevertheless, this matter is under the study of the Company's Corporate Governance Committee.

## PROCESS OF NOMINATING DIRECTORS

The Company provides an opportunity for shareholders to nominate persons to be elected as the Company's directors to the Director Nominating Committee via the Company's website. The Company also discloses the Company's director and independent director qualifications on its website so that shareholders could nominate persons with appropriate qualifications to be elected as the Company's directors or independent directors.

The Director Nominating Committee has responsibilities to select appropriate persons with experience, knowledge and capabilities beneficial to the Company to be appointed as the Company's director, independent directors or Audit Committee members. In this regard, nominations shall be proposed to the Board of Directors' meeting or shareholders' meeting to be considered in accordance with the Company's Articles of Association.

When any independent director retires by rotation or for any necessary reason to appoint additional independent directors, the Director Nominating Committee shall select appropriate persons with

experience, knowledge and capabilities beneficial to the Company including having the criteria specified by the Company to propose to the Board of Directors' meeting or shareholders' meeting to be considered in accordance with the Company's Articles of Association.

In the case of director vacancy due to reasons other than expiration of term, the Director Nominating Committee shall propose a qualified person who does not possess the prohibitive characteristics under the law as the replacement director to the Board of Directors' meeting for approval. The resolution of the Board of Directors on this matter must be passed by vote of not less than three-fourths of the remaining directors. However, the replacement director shall serve for the remaining term of the director whom he or she replaces.

#### OUTSIDE POSITION OF DIRECTOR AND MANAGEMENT

Directors of the Companies may engage in outside business activities. For example, they may serve as partners or stockholders in other businesses, officers in family-owned businesses or directors of other companies. The appropriateness of such activities depends on many factors: the nature and extent of the outside interest, the relationship between the Company and the outside entities and the duties involved. All authorized directors of the Company must report their outside business activities to OGC to consider conflicts of interest which may occur. Prior to serving as a director, officer or employee of any other corporation or business, executive directors of the Company must inform OGC in writing. Prior to serving as a director of a publicly traded company, executive directors of the Company must report to the Executive Committee in order to protect the conflicts of interest.

All new directors are required to disclose their outside business activities and interests once they join the Company. All directors have an obligation to keep the Company apprised of these activities and provide updated information about the outside interests.

As the Company realizes the value of experience the directors gain from being directors for other entities, it does not specify the maximum number of outside positions the directors can hold. However, in order for the executive directors to have sufficient time to effectively work for the Company, the outside positions are held upon the condition that they do not interfere with their duty to the Company. Nevertheless, presently this matter is under study process by the Company's Corporate Governance Committee.

Even though the Company has not yet specified the number of outside positions the directors can hold, all directors fully commit to the interest of the Company by regularly attending the meetings and expressing opinions beneficial to the Company. Also, currently there is no director who holds a position in more than three publicly traded companies. Information on outside positions of each director is shown on page 38 of the annual report.

For the CEO, the Board of Directors specifies that he or she can be directors of not more than three other companies (excluding the group company).





Committee and Risk Management Committee, contain some independent directors. In contrast, the Audit Committee and the Corporate Governance Committee consist of all independent directors. However, the majority of other sub-committee members are not independent directors. Moreover, the Chairmen of the Executive Committee, Management Development and Compensation Committee, Risk Management Committee and CSR Committee are not independent directors.

#### AUDIT COMMITTEE

The Board of Directors has appointed the Audit Committee which consists of all independent directors and at least one member who has knowledge, understanding and experience in finance and accounting. The qualifications for the Audit Committee of the Company are in line with relevant regulations. The Audit Committee's duties, authorities, responsibilities and works in the previous year are shown in the annual report on page 31 and page 81 respectively.

#### MANAGEMENT DEVELOPMENT AND COMPENSATION COMMITTEE

The Management Development and Compensation Committee of the Company consists of one independent director. It has duty and responsibility for reviewing with management its programs and processes for management development and succession plans for the Company and its subsidiary, reviewing the Company's and its subsidiary's compensation programs and policies to align them with its goals and the interests of shareholders, reviewing expense accruals for incentive compensation and incentive compensation pools for the Company and subsidiary and proposing to the Board of Directors for approval prior to the annual determination of incentive compensation, considering and approving the allocation of variable incentive compensation payment (VICP) for each department as proposed by the CEO. Also, it reviews with the Board of Directors for proposing to shareholders' meeting for approval of the salaries or compensation of the Board of Directors members. It reviews the base salaries and compensation for the management who are members of the Management Committee and other senior management. Furthermore, it reviews and approves the promotion of the management at the level of Assistant Managing Director and above proposed by the CEO and all annuity contracts, compensation or special benefit plans for executives and senior management (if any) and employment or severance agreements. Consequently, the Company believes most Management Development and Compensation Committee members should be its own executives as they fully commit themselves to the Company, understand its business, and acknowledge its performance. In addition, the Company specifies the directors' remuneration policy that directors, who are the Company's employees and receive regular remuneration, will not get remuneration for being directors. The directors' remuneration proposed by the Management Development and Compensation Committee and the Board of Directors to shareholders for consideration is for directors who are not the Company's employees only. As a result, it is not appropriate if the majority of the Management Development and Compensation Committee is comprised of independent directors as it will propose the remuneration for itself.

The Management Development and Compensation Committee's duties, authorities, responsibilities and works in the previous year are shown in the annual report on page 32 and page 90 respectively.

## DIRECTOR NOMINATING COMMITTEE

The Board of Directors has appointed the Director Nominating Committee to seek individuals or consider candidates, proposed by management or shareholders, who are qualified to become Board of Directors' members according to the Board of Directors' membership criteria and any applicable laws and regulations for recommendation to the Board of Directors. Furthermore, the Director Nominating Committee has responsibilities to make assessment of the candidates' independence and recommend them as independent directors to the Board of Directors, make recommendations on the change in numbers of the Board of Directors' members and propose to the Board of Directors if necessary and annually conduct an evaluation of the performance of the Board of Directors and, through its Chairman, communicate this evaluation to the Board of Directors.

Presently, the Director Nominating Committee consists of three members and its Chairman is the independent director. However, most directors of the Company are executive directors who fully commit themselves to the Company's businesses, have knowledge and experience in the securities business and have been working for the Company and its subsidiary for a long time. Appropriate persons for the Company's directors normally come from its own staff. Therefore, the Company believes that if most of the Director Nominating Committee consists of independent directors, they may face difficulties in selecting and nominating directors. Nevertheless, the number of independent directors of the Company has been continuously increased which is in line with its policy on increasing the proportion of independent directors.

The Director Nominating Committee's duties, authorities, responsibilities and works in the previous year are shown in the annual report on page 33 and page 86 respectively.

## RISK MANAGEMENT COMMITTEE

The Board of Directors has appointed the Risk Management Committee to assist the Board of Directors to set out the risk management strategies, policies, standards and limits including the risk profile of the Company and its subsidiary. It reviews the actual risk exposures of the Company, its subsidiary and their business and operation units, identifies the risk appetite and control deficiencies in the Company and its subsidiary, ensures that the Company and its subsidiary have sufficient policies and procedures in place to govern its risk assessment and risk management activities, monitors the effectiveness of risk management functions throughout the Company and its subsidiary and ensures that infrastructure, resources and systems are in place for risk management and are adequate for maintaining a satisfactory level of risk management discipline. Additionally, it has a duty to prepare and report to the Board of Directors the results of an annual performance evaluation of the Committee and its objectives for the coming year.

## CSR COMMITTEE

The CSR Committee has been appointed by the Board of Directors to assist the Board of Directors to review and oversee its corporate social responsibility policies, practices and strategies that have the

potential to materially affect the Company's business, brand and reputation including overseeing the codes of business conduct, policies on health care and safety, human rights and promotion of equality of opportunity and diversity. It supports volunteerism and community engagement among the Company's employees, oversees the CSR component of directors' training programs to ensure that relevant executive training programs contain an appropriate CSR training, prepares the Company's CSR report and discloses it in an annual report of the Company. Moreover, it oversees and makes recommendations to the Charity Committee, which consists of the employees of the Company and its subsidiary, in relation to initiating projects and activities for the public.

#### CORPORATE GOVERNANCE COMMITTEE

The Board of Directors has appointed the Corporate Governance Committee to review the Company's corporate governance policy including the guidelines for business conduct; to compare it with laws, the practice of international and leading companies, and the recommendation of leading institutions; and to propose to the Board of Directors for consideration and approval.

The Corporate Governance Committee consists of all independent directors. The Corporate Governance Committee's duties, authorities, responsibilities and works in the previous year are shown in the annual report on page 36 and page 95 respectively.

### 5.3 ROLES, DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors of the Company reviews and approves key business matters such as its vision, strategies, financial targets, risks, major action plans and budget, and monitors implementation by management to ensure effectiveness.

#### PRINCIPLES OF CORPORATE GOVERNANCE

The Company's Board of Directors has set and approved the written principles of corporate governance which are regularly reviewed. The Board of Directors believes corporate governance is a critical factor in achieving success. The Company's corporate governance policy seeks to align management and shareholder interests. The Company has instituted corporate governance principles through various policies and procedures to protect shareholders' interests and transact business in a transparent manner. Furthermore, it instills corporate governance awareness and understanding to employees continuously through various activities, e.g. orientation sessions for new employees and publishing of the principles of corporate governance in the Intranet system.

The Board of Directors has regularly reviewed and amended the Company's principles of corporate governance. The Board of Directors in the meeting no. 4/2554 on April 26, 2011 approved the appointment of the Corporate Governance Committee and reviewed and amended the Company's principles of corporate governance in order to further improve the Company's and its subsidiary's corporate governance to meet international standards, to benefit its competitive capability, and to be consistent with the SET's Principles of Good Corporate Governance for Listed Companies 2006.

## BUSINESS ETHICS

The Board of Directors believes the guidelines for business conduct and business ethics can focus the Board of Directors or management on areas of ethical risk, provide guidance to personnel to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct, help to foster a culture of honesty and accountability, and furnish good corporate governance. Therefore, all employees, management and directors of the Company are subject to the guidelines for business conduct, which they must acknowledge on their first working day and be able to study, review and refer to at all times as it is posted on the Intranet system.

The Company is concerned about ethics, and aims to articulate its policies regarding this in everyday terms, developed with the input of employees from a cross-section of levels and jobs. These principles are the foundation for the Company's actions as a leader in the securities business and status as a good corporate citizen.

Examples of the Company's policies demonstrating how it is committed to upholding the highest ethical standards of business conduct are shown below.

*Client Focus : The client is the driving force behind what we do.*

In doing business, the client's interests must come first. In an increasingly competitive industry, success rests not on sales volume of a certain product or service, but on the degree to which clients value the Company as their trusted adviser. To achieve this, it is not sufficient merely to meet clients' expectations but to constantly strive to exceed them.

*Respect for the Individual : We respect the dignity of each individual, whether an employee, shareholder, client, or the general public.*

Respect for the individual means treating others with dignity and respect – sharing the credit when credit is due, avoiding public criticism of one another, and encouraging an atmosphere in which openness, cooperation and mutual consultation are the norm.

*Teamwork*

It is great teams that win, not loose affiliations of all-stars. Therefore, the Company expects real teamwork, and rewards people for it. The Company is committed to an honest sharing of both risks and rewards with one another, so that when clients achieve their goals, everyone in the Company benefits.

*Responsible Citizenship : We seek to improve the quality of life in communities.*

Responsible citizenship means the Company is committed to giving something back to the communities in which it earns its livelihood. The Company encourages employee volunteerism and community involvement. Both as a corporation and as individuals, the Company supports education, the cultural arts, and the environment and community services.

*Integrity : No one's personal bottom line is more important than the reputation of our Company.*

The Company values its long-standing reputation for integrity in the marketplace. As beneficiaries of this great tradition, the company may be tolerant of minor mistakes made in the course of business. However, it will not tolerate lapses in ethics or integrity.

Regarding confidential information, the Company's policy prohibits employees from acting upon material confidential information to benefit themselves or others. Information is "material" if a reasonable investor would consider it important in making an investment decision, or if it can reasonably be expected to have a substantial effect on the price of an issuer's securities. Also, the Company will not release client information except upon a client's authorization or when required to by law. Third-party service providers with access to client information are required to keep client information confidential and use it only to provide services for the Company. At times, the Company's policies may limit the ability of some employees to enter into transactions. Anyone with ongoing possession of confidential information may be unable to trade personally in the securities of the companies where he or she has information. Employees are required to direct questions concerning the confidentiality or security of client information to their managers or OGC.

The Company has a policy on gifts, gratuities and impermissible payments. Employees and members of their families may not directly or indirectly accept or receive bonuses, fees, gifts, frequent or excessive entertainment, or any similar form of consideration of other-than-nominal value from any person or entity with which the Company directly or indirectly does, or seeks to do, business.

The Company's policy forbids bribes, payoffs or payments of any kind by the company or employee to any person, government official or entity for the purpose of improperly obtaining or retaining business or influencing consideration of any business activity. Special rules may apply to payments or gifts including entertainment to officers, directors, employees or other affiliates of government-owned or controlled entities. Employees are required to consult OGC if they have any specific questions. In order to prevent the appearance of corrupt business practices, the Company has adopted a policy consistent with the U.S. Foreign Corrupt Practices Act (FCPA).

The Company has posted the guidelines for business conduct on its website. It continuously and consistently communicates its ethical standards and requirements to all employees and seeks to ensure compliance.

## CONFLICT OF INTEREST

A conflict of interest occurs when an individual's private interest interferes in any way – or even appears to interfere – with the interests of the Company as a whole. A conflict situation can arise when an employee, officer or director takes actions or has interests that may make them unable to perform their work objectively and effectively. Furthermore, conflicts of interest arise when an employee, officer or director, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Company. Therefore, the Company's policies prohibit such conflicts of interest and requires its employees, officers and directors to disclose the conflict of interest which may occur.

The Company expects each employee, executive or director to avoid activities, interests or associations that might interfere with the independent exercise of their judgment or the best interests of the Company, its clients, its shareholders or the public. Employees, executives and directors are prohibited from using illegal or improper means to influence the actions of others on behalf of themselves or the Company.

The Company's Audit Committee is fully authorized to review and approve any transactions the Company may enter into with any of the Board members, management, major shareholders and related persons. This is to avoid potential conflicts of interest between the Company and those persons. Its policies include specific safeguards against many forms of conflicts of interest, although it is impossible to foresee every potential conflict that can arise during the holding of office of an employee, executive and director. The Company requires employees, executives and directors to try to recognize these conflicts, bring them to the attention of management and avoid them where possible. If a conflict cannot be avoided, it must be managed in an ethical, responsible manner.

The Company seeks to control potential conflicts of interest by establishing various policies and procedures, a few of which are summarized below.

Regarding employees' securities trading accounts, employees and their immediate families must maintain their securities trading accounts at Phatra Securities, the Company's subsidiary, in accordance with its regulations. Certain employees (including investment bankers and staff of Direct Investment Department) must pre-clear transactions with their department or group head and OGC. The Company's policy is intended to prevent employees of the Company and its subsidiary from engaging in any outside business or other activity that might create a conflict of interest or jeopardize its integrity or reputation. The securities trading transaction with management and employees must be on an arm's-length basis without taking unfair advantage of anyone through unethical or illegal means. The transaction must be entered into in the ordinary course of business on substantially the same terms as those prevailing at the time for comparable transactions with other similarly situated clients. However, in doing business, the Company and its subsidiary maintains the principle that clients' benefit comes first. The Company and its subsidiary have regularly reviewed and monitored compliance with such policy.

In addition, employees, executives and executive directors of the Company must disclose and obtain prior approval for certain interests outside the company including outside employment, outside investments, and outside directorships.

Employees, however, may engage in outside business activities. For example, they may serve as partners or stockholders in other businesses, officers in family-owned businesses or outside directors of other companies. The appropriateness of such activities depends on many factors: the nature and extent of the outside interest, the relationship between the Company and the outside entities and the duties involved. Service as an employee, officer or director of any other corporation or business, employees, management and executive directors must be pre-authorized in writing by OGC.

The Company requires that employees, management and executive directors report all outside business activities, including ownership of privately held stocks and limited partnership interests, to OGC so that their activities can be reviewed for potential conflicts of interest.

## RISK MANAGEMENT

The Board of Directors puts emphasis on the risk management of all operations of the Company and its subsidiary. Thus, the Risk Management Committee has been set up to assist the Board of Directors to review the risk management system which covers all activities of the Company and its subsidiary, including the assignment of any person or sub-committee to oversee the integration of departmental risk management and control systems and report regularly to the committee. Details of the Risk Management Committee's duties and responsibilities are shown in the annual report on page 34.

## INTERNAL CONTROL SYSTEM

The Board of Directors places significant emphasis on efficient internal control systems and is bound to maintain the culture which recognizes risk and internal control as important parts of its overall operational activities. A system of effective internal controls is a critical component of its management and a foundation for the safe and sound operation of the Company. It helps to ensure that the goals and objectives of the Company will be met, that the Company will achieve long-term profitability targets, and maintain reliable financial and managerial reporting. Such a system can also help ensure that the Company will comply with laws and regulations and decrease the risk of unexpected losses or damage to its reputation.

The Company maintains a system of internal controls to safeguard and preserve the information and assets of its own, its clients and its shareholders. These controls are designed to ensure that business transactions are properly authorized and carried out, and that all reporting is truthful. All business transactions require authorization at an appropriate management level.

The Company actively promotes compliance with the laws, rules and regulations that govern its business. Obeying both the letter and spirit of the law is one of the foundations of the Company's ethical standards.

Employees must report violations of law, rules, regulations and the code of ethics to their managers, OGC or senior management as appropriate. If they are not comfortable raising an ethical issue or discussing a possible or actual violation with their manager, they must seek assistance elsewhere within the company. The Company has procedures for raising ethical concerns, misconduct or violations in a confidential manner, including concerns regarding internal accounting controls, questionable accounting or auditing matters. Procedures have been established for the receipt, retention and handling of concerns received by OGC regarding accounting, internal accounting controls, or auditing matters.



The Audit Committee of the Company has been established by the Board of Directors to oversee its business to ensure the effectiveness of the internal audit system and good corporate governance. The Audit Committee's meeting shall be held at least once every three months and at least two members of the Audit Committee shall form a quorum. Each member shall have one vote and the Chairman of the Audit Committee has no casting vote. Details of the Audit Committee's work in 2011 are shown on the Audit Committee's Report in the annual report on page 83.

The Board of Directors prepares reports on its operating results and major events over the past year to shareholders for their acknowledgement. Also, the Board of Directors is responsible for risk management and internal control systems to ensure that they are appropriate and effective. In terms of the financial statements, the Board of Directors of the Company takes responsibility for the balance sheet and financial information and is obligated to prepare an efficient internal control system and to ensure that the recording of accounting data is correct, complete and sufficient. This enables the Company to know all weak points and to be protected from any dishonest act or any act that is materially unusual.

Pursuant to this, the Audit Committee, which consists of the non-executive directors who have experience in financial and accounting work, oversees the quality of the Company's financial statements and the internal control system, as well as other related processes in compliance with generally accepted accounting standards. The Audit Committee also ensures that the Company's financial data has been disclosed publicly and transparently.

#### BUSINESS CONTINUITY PLAN

The Company has established a disaster recovery center and has set up a business continuity plan to support the Company's and its subsidiary's business operations in case there is any emergency or damage to the computer system or its offices. In 2011, the Company and its subsidiary rehearsed the business continuity plan on November 5, 2011.

#### 5.4 BOARD MEETING

The Board of Directors sets its yearly schedule of meetings in advance. Normally all directors of the Company attend each Board of Directors' meeting except in cases where they have legitimate and necessary reasons not to attend. Whenever possible, directors inform the Chairman of the Board of Directors if they cannot attend a meeting. Details of attendance at the Board of Directors' meetings and sub-committees' meetings of directors in 2011 are shown below:

Name of Board Members	Board of Directors (times)	Executive Committee (times)	Audit Committee (times)	Management Development and Compensation Committee (times)	Director Nominating Committee (times)	Risk Management Committee (times)	Corporate Social Responsibility Committee (times)	Corporate Governance Committee (times)
Mr.Banyong Pongpanich	7/8 <sup>(2)</sup>	8/8 <sup>(2)</sup>		4/4 <sup>(2)</sup>			1/1 <sup>(2)</sup>	
Mr.Suvit Mapaisansin	8/8	8/8		4/4	1/1		1/1	
Mr.Veravat Chutichetpong	8/8	8/8						
Dr.Supavud Saicheua	6/8	7/8			1/1			
Mrs.Patchanee Limapichat	7/8	8/8				2/4	1/1	
Mr.Norachet Sangruji	8/8	8/8				4/4	1/1	
Dr.Anumongkol Sirivedhin <sup>(1)</sup>	8/8		6/6 <sup>(2)</sup>		1/1 <sup>(2)</sup>		1/1	1/1 <sup>(2)</sup>
Assoc.Prof.Dr.Varakorn Samakoses <sup>(1)</sup>	6/8		6/6					1/1
Prof.Dr.Uthai Tanlamai <sup>(1)</sup>	8/8		6/6					1/1
Mr.Pongtep Polanun <sup>(1)</sup>	7/8		6/6	4/4				1/1
Prof.Dr.Anya Khanthavit	8/8					4/4 <sup>(2)</sup>		
Mr.Aphinant Klewpatinond	8/8	8/8		4/4		4/4		

Remark : (1) Independent director  
(2) Chairman of the Board/ Sub-committees

In 2011, the Board of Directors of the Company met eight times. A typical Board of Directors' meeting takes two hours, with the Company Secretary in attendance to take the minutes including the management's clarification and directors' comments.

Although the Board of Directors did not meet every month, the Company prepared the performance report on a monthly basis and non-executive directors were able to request such report from the management or Company Secretary so that they could monitor management performance continuously and promptly.

The Chairman of the Board of Directors and the CEO jointly set the agenda for the Board of Directors' meetings by considering its importance and necessity. However, each director is free to propose an issue for a meeting agenda.

Meeting documents are sent to each director of the Company at least seven days in advance of the meeting date.

In the Board of Directors' meetings, the Chairman allocates the meeting time for complete management presentation and comprehensive director discussions. Top executives are able to attend the Board of Directors' meetings to present details on issues they are directly responsible for. The Board of Directors can access additional information via the CEO or Company Secretary or executives designated as contact persons.

The Board of Directors realizes the importance of non-executive directors meeting as necessary among themselves without the management team in order to debate their concerns. The meeting outcome is notified to the CEO.

## 5.5 THE BOARD SELF ASSESSMENT

The Director Nominating Committee used the same self-evaluation form as in the previous year to evaluate the Board of Directors' performance as a group. The form covers certain areas including board structure and directors' qualification, directors' scope of work and responsibilities, relationship with management, risk management and internal control, overseeing and supervising in order to avoid any conflicts of interest, follow up on the Company's financial reports and operations, Board of Directors' meeting, seeking qualified individuals to become members of the Board of Directors, remuneration of the management and evaluating CEO's performance with rating scores from 1 to 5, which are 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree and N/A.

The result shows a satisfactory level with an average score of 4.58 out of 5 which is comparable with the score of 4.65 in the previous year.

## 5.6 REMUNERATION

The Company has set up the Management Development and Compensation Committee to be responsible for reviewing director's remuneration, to be submitted for consideration by the Board of Directors for further submission for approval by the general meeting of shareholders. It considers the appropriateness of remuneration with respect to the obligations and responsibilities of each director, and the Company's financial status, to ensure that remuneration is comparable to other companies in the same industry.

Remuneration of management is paid according to policies and criteria set by the Board of Directors. It is tied directly to the performance of the Company and individual performance. The Management Development and Compensation Committee shall propose to the Board of Directors for consideration and approval.

The CEO's performance is also evaluated by the Company's executives and Board members both executive directors and non-executive directors. The Management Development and Compensation Committee uses the result of the evaluation to determine the remuneration for the CEO. The form covers certain areas including leadership, vision and strategic thinking, achievement motivation, systematic planning, proactiveness, problem-solving and decision-making, conceptual thinking, change management, work under pressure, personnel management and development, policies management, developing business strategy, availability to Board members and trustworthiness.

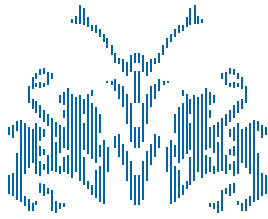
Details of remuneration to directors and management are shown on page 51 of the annual report.

## 5.7 BOARD AND MANAGEMENT TRAINING

The Company has a policy of supporting directors and executives in attending seminars and training courses of the IOD, when it is indicated to be useful to their functions, as well as training at the SET, Thai Listed Companies Association and other independent institutions. The aim is to continuously improve their performance, which will further benefit its business operations.

The Board of Directors has assigned the Management Development and Compensation Committee to review with its management the programs and processes for management development, reviewing succession plans for key senior management positions, and reviewing the promotion of management and employees of the Company.





## Supervision of Usage of Internal Information

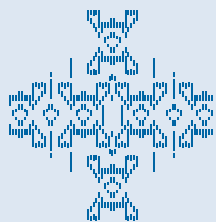
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The Company and its subsidiary have a policy prohibiting directors and executives from using internal information regarding status and results of the Company's operations which are not yet disclosed to the public for trading securities or for their own interest. In addition, the Company and its subsidiary have a policy of limiting disclosure of confidential information to relevant employees on a need-to-know basis and such information must not be circulated to different areas of the Company. The sharing of confidential information between groups is permitted except in certain circumstances, which must be approved by OGC on a case-by-case basis to prevent the misuse of such confidential information.

Rules and procedures for performance of work in regard to the use of internal information to prevent the unlawful use of internal information and to avoid conflicts of interest can be concluded as follows:

1. Department having an opportunity to access inside information both in front office and back office support shall be clearly separated;
2. The structure of supervision, management and reporting of performance of work in each department shall be directly under the management responsible for such matter;
3. Temporary borrowing of personnel between departments (Across the Wall) shall be subject to approval of the most senior supervisor of those departments and OGC;
4. Limitation of access to information (Need-to-Know Basis) such as communication between departments, access to sites, provisions or requests for information between departments shall be subject to approval of the most senior supervisor of that department;
5. Operations with regard to registration or withdrawal of securities names in accounts, such as securities in a Grey List and Restricted List, shall be undertaken and OGC shall be responsible for supervising the preparation of such securities lists and securities trading of staff members and management of the Company.
6. The Company and its subsidiary prohibit executive directors, management and staffs who know the Company or its subsidiary's material information and financial statements from trading the Company's shares for a period of five business days before the end of each accounting period until one trading session after the financial statements are disclosed.





## Dividend Payment Policy and Dividend Payment

The Company has a policy of making dividend payment at the rate of not less than 40% of net profit after deduction of all legal reserves. Interim dividend may be considered from time to time. However, dividend payments are subject to change depending on investment plans, necessities and other reasons in the future as deemed appropriate.

In 2011, the Company made two interim dividend payments to shareholders, as detailed below:

1. Interim dividend payment for the performance in the year 2010 on May 26, 2011 according to the resolution of the Board of Directors' meeting no. 4/2554 dated on April 26, 2011 at the rate of Baht 2.65 per share, totaling Baht 557,322,136.00. The record date on which shareholders had the right to receive dividend was fixed on May 12, 2011 and the closing of share register book for gathering shareholders' names under the Section 225 of the Securities and Exchange Act was on May 13, 2011; and
2. Interim dividend payment on September 9, 2011 according to the resolution of the Board of Directors' meeting no.6/2554 dated on August 11, 2011 from the total comprehensive income in the Company's consolidated statement for the performance in the first half of 2011 at the rate of Baht 1.30 per share, totaling Baht 273,403,312.00. The record date on which shareholders had the right to receive dividend was fixed on August 26, 2011 and the closing of share register book for gathering shareholders' names under the Section 225 of the Securities and Exchange Act was on August 29, 2011.

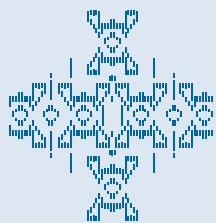


## Auditor's Remuneration

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For the accounting period ended December 31, 2011, the Company paid the auditor's remuneration to Ernst & Young Office Limited in the amount of Baht 300,000.00. This amount comprised of Baht 195,000.00 for auditing the annual financial statement ended December 31, and Baht 105,000.00 for reviewing the financial statements of 1st, 2nd and 3rd quarters.

Also, for the accounting period ended December 31, 2011, Phatra Securities paid the auditor's remuneration to Ernst & Young Office Limited in the amount of Baht 1,200,000.00. This amount comprised of Baht 420,000.00 for auditing the annual financial statement ended December 31, Baht 395,000.00 for auditing the half year financial statement ended June 30 and Baht 385,000.00 for reviewing the financial statements of 1st, and 3rd quarters.



## Responsibility to the Financial Report of the Board of Directors

The Board of Directors is responsible for the arrangement of the Company's financial statement and the financial information appearing in the annual report. The financial statements are prepared in accordance with generally accepted accounting standards and appropriate accounting policies, and are made with careful consideration. They have been duly audited and the independent auditors have provided their unqualified opinions. The financial statements therefore reflect the Company's financial status and operating results in a manner that is factual, reasonable and useful for shareholders, general investors and stakeholders.

The Board of Directors has also established and maintained an appropriate and efficient system of risk management as well as internal control systems. These guarantee accounting accuracy and adequacy in order to protect the Company's assets and prevent corruption and irregularities.

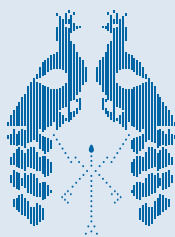
In this matter, the Board of Directors has appointed the Audit Committee which consists of four independent directors who are responsible for the quality of the financial statements and internal control system. Also, the Board of Directors has provided full authority to the Audit Committee and independent auditors in reviewing the internal control system and the accuracy and adequacy of the financial reports. The remarks of the Audit Committee are included in the Company's annual report.

The Board of Directors opines that the overall internal control system is satisfactory and lends credibility to the Company's financial statements as of December 31, 2011.

(Mr. Banyong Pongpanich)  
Chairman

(Mr. Aphinant Klewpatinond)  
Chief Executive Officer





## Audit Committee's Report

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For the period ended December 31, 2011

The Audit Committee ("the Committee") of the Company and Phatra Securities consists of four independent directors. In 2011, the Committee met six and five times respectively, to perform its responsibilities within the scope of duties assigned by the Board of Directors. Names of members and their attendance records are as follows:

Name	Position	Meetings Attended/ Meeting Held	
		Phatra Capital	Phatra Securities
1. Dr.Anumongkol Sirivedhin	Chairman of the Audit Committee	6/6	5/5
2. Assoc.Prof.Dr.Varakorn Samakoses	Member of the Audit Committee	6/6	5/5
3. Prof.Dr.Uthai Tanlamai	Member of the Audit Committee	6/6	5/5
4. Mr.Pongtep Polanun	Member of the Audit Committee	6/6	4/5

The Committee strives to assist the Company and Phatra Securities to operate with efficiency, transparency and in line with the Principles of Corporate Governance in order to create credibility and certainty to shareholders, investors, stakeholders and all other relevant parties. The Committee gives priority to the development of logical management and auditing systems in order to reduce the chance of error from operations, as well as fostering a mutual understanding among staff.

The Committee's works during 2011 are summarized as follows:

### JANUARY 2011

1. Considered and approved the year-end bonus payment to the related person and the information memorandum on connected transaction which had to be disclosed to shareholders via the SET;
2. Discussed with the auditor (Ernst & Young Office Limited) without the presence of the Company's management or representative to exchange opinions regarding the Company's internal control and accounting procedures;
3. Considered and approved Audit Plan of year 2011;
4. Acknowledged the compliance report for the period October – December 2010 performed by OGC; and
5. Acknowledged the 2010 annual compliance report.

### FEBRUARY 2011

1. Considered and approved the Company's separated and consolidated financial reports and statements for the period ended December 31, 2010 which had been audited by the auditor;
2. Considered selecting the external auditor and fixing their remuneration, and proposed this to the Board of Directors' and shareholders' meetings; and
3. Acknowledged the compliance report for the period January 2011 performed by OGC.

**MAY 2011**

1. Considered and approved the Company's interim separated and consolidated financial reports and statements for the three-month period ended March 31, 2011 which had been reviewed by the auditor.

**AUGUST 2011**

1. Considered and approved the Company's interim separated and consolidated financial reports and statements for the six-month period ended June 30, 2011 which had been reviewed by the auditor;
2. Reviewed the Committee's works to report to the Board of Directors in the Board of Directors' meeting and made suggestions on the improvement of information system, work of internal audit and accounting;
3. Acknowledged the internal audit result of the Investment Banking & Equity Capital Markets Group and the Risk Management Department;
4. Acknowledged the surveillance plan of the Equity & Derivatives Markets Group and the Private Client Group. The Committee made suggestion on the surveillance plan of the Equity & Derivatives Markets Group and the Private Client Group to be more consistent; and
5. Acknowledged the compliance report for the period February – May 2011 performed by OGC.

**SEPTEMBER 2011**

1. Acknowledged the result of information technology general controls review;
2. Acknowledged the result of financial consultants' remuneration review; and
3. Acknowledged the compliance report for the period of June 2011 performed by OGC.

**DECEMBER 2011**

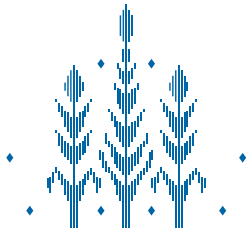
1. Considered and approved the Company's interim separated and consolidated financial reports and statements for the nine-month period ended September 30, 2011 which had been reviewed by the auditor;
2. Discussed with the auditor (Ernst & Young Office Limited) without the presence of the Company's management or representative to exchange opinions regarding the Company's internal control and accounting procedures; and
3. Acknowledged the compliance report for the period July – August 2011 performed by OGC.

For the year 2012, the Committee selected the Company's auditor by considering several factors in terms of their work quality, expense and independence, and resolved to nominate Ms. Rungnapa Lertsuwankul CPA, no.3516 or Mr. Sophon Permsirivallop CPA, no.3182 or Ms. Sumalee Rewarabandith CPA, no. 3970 or Ms. Pimjai Manitkajohnlert CPA, no. 4521 of Ernst & Young Office Limited as the Company's external auditor and propose their remuneration to the Board of Directors in order to propose to the shareholders' meeting for approval.

The Committee is of the opinion that the Company has an appropriate and effective internal control system and has performed in accordance with laws and relevant regulations. The financial statements of the Company were properly prepared with true statement and adequate disclosure of material information in accordance with generally accepted accounting principles.



(Dr. Anumongkol Sirivedhin)  
Chairman of the Audit Committee



## Director Nominating Committee's Report

For the period ended December 31, 2011

The Director Nominating Committee ("the Committee") of the Company, which consists of three directors, namely Dr.Anumongkol Sirivedhin as Chairman, Mr.Suvit Mapaisansin and Dr.Supavud Saicheua, met once to perform its duties and responsibilities within the scope and duties of work assigned by the Board of Directors. Their works are summarized as follows:

1. The Committee considered and proposed the appointment of new directors to replace those retired by rotation to the Board of Directors' meeting and shareholders' meeting. According to the Company's Articles of Association, one-third (1/3) of the directors are required to retire by rotation at every annual general meeting of shareholders. If the number of directors is not a multiple of 3, the nearest number not less than 1/3 must retire from office. Directors retiring by rotation can be re-elected as directors. For the first and second year after becoming a registered company, the Company draws lots to select directors who would retire by rotation. In every subsequent year, directors having served the longest term in office retire. This is in line with the Public Limited Company Act. At that time, the Company had twelve board members so four directors had to retire. Therefore, the Committee drew lots among twelve directors, with Mr.Suvit Mapaisansin, Mr.Norachet Sangruji, Assoc.Prof.Dr.Varakorn Samakoses, and Prof.Dr.Uthai Tanlamai selected as directors to be retired by rotation.

In addition, the Company had invited shareholders to propose director nominees to the Board of Directors via the Committee, but no shareholder proposed any person to be appointed as a director of the Company.

Hence, the Committee considered and agreed to propose to the Board of Director in order to propose to the 2011 Annual General Meeting of Shareholders that Mr.Suvit Mapaisansin, Mr.Norachet Sangruji, Assoc.Prof.Dr.Varakorn Samakoses, and Prof.Dr.Uthai Tanlamai, directors retired by rotation, should be re-elected as the directors of the Company for another term as these directors are knowledgeable, capable and experienced and performed well throughout their terms in office.

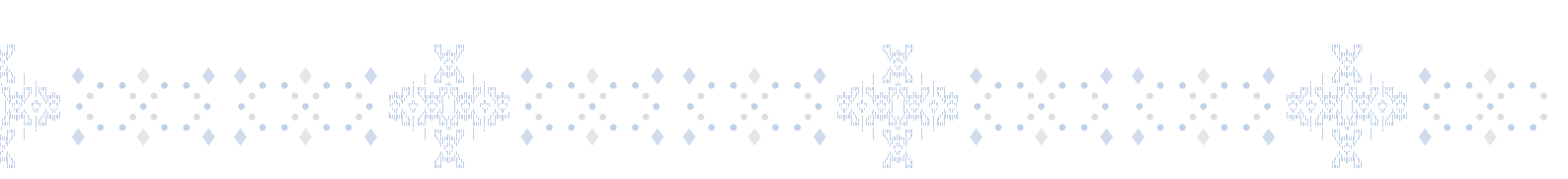


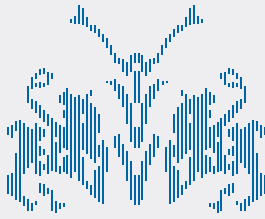
2. The Committee conducted an evaluation of the performance of the Board of Directors as a group for the year 2011. The evaluation form covers many areas including board structure and directors' qualification, directors' scope of work and responsibilities, relationship with management, risk management and internal control, overseeing and supervising in order to avoid any conflict of interest, following up on the Company's financial reports and operations, Board of Director's meeting, seeking qualified individuals to become members of the Board of Directors, remuneration of the management and evaluating the CEO's performance with rating scores from 1 to 5. These are 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5= Strongly Agree and N/A.

The result for the year 2011 shows a satisfactory level with an average score of 4.58 out of 5.0 which is comparable with an average score of 4.65 out of 5.0 of last year.



(Dr. Anumongkol Sirivedhin)  
Chairman of the Director Nominating Committee





## Risk Management Committee's Report

For the period ended December 31, 2011

The Risk Management Committee ("the Committee") consists of five members, namely Prof.Dr.Anya Khanthavit as Chairman, Mrs.Patchanee Limapichat, Mr.Norachet Sangruji, Mr.Aphinant Klewpatinond, and Mr.Therapong Vachirapong, while Dr.Popanit Poommarapan is Secretary of the Committee.

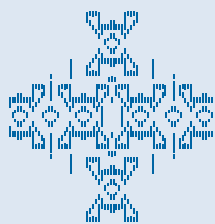
The Committee performed its best duties to assist the Board of Directors in relation to the Company's and Phatra Securities' risk management. During 2011, the Committee met four times and their works are summarized as follows:

1. Considered and approved guidelines for risk calculation method and standard working process to control market risk of Market Neutral Systematic Portfolio for the Hedge Fund Department.
2. Considered and approved adding new securities into Dual Listing Arbitrage strategy for the Equity and Derivatives Trading Department.
3. Considered and approved guidelines for risk calculation method and standard working process to control market risk for being a market maker of single stock futures and option products.
4. Reviewed failed settlement policy for cash and equity to improve work efficiency.
5. Considered and approved guidelines and procedures to review haircut rate for foreign currency collateral.
6. Considered and approved guideline in calculation method for credit conversion factor of structured notes issued by third parties.
7. Reviewed Gamma limit for structured notes to properly suit the size of business.
8. Considered and approved guidelines for risk calculation method and standard working process to control market risk of Long Only Systematic Portfolio for the Hedge Fund Department. Also, approved a market risk management plan under the business continuity plan and for use in times when the market price of securities has dropped significantly.
9. Considered and approved adding new financial products for Out/Under Perform Portfolio and also approved guideline and procedure to control market risk for the Equity and Derivatives Trading Department.

10. Considered and approved a credit conversion factor for new underlying valuation of futures products traded in Thailand Futures Exchange.
11. Considered and approved a credit conversion factor for structured notes issued by third parties.
12. Considered and approved to expand credit exposure for commercial banks in order to support structured notes and the Investment Banking and Equity Capital Markets Group transactions.
13. Considered and approved guidelines and procedures for risk control in case of temporary change in cash limit for the Equity and Derivatives Trading Department.
14. Considered and approved terminating guidelines and procedures for risk control from transaction participating in some securities that are prohibited by the notification of the SEC, Tor Thor.70/2552: Rules, Conditions and Procedures for Securities Underwriting, because the SEC had announced the notification Tor Thor.11/2554: Rules, Conditions and Procedure for Underwriting Securities (no.3); to amend the previous rules and zeroed out the existing risk.
15. Considered and approved guidelines and procedures for risk control when adding new underlying assets or new financial instruments of underlying assets for structured notes.
16. Considered and approved the revision of decision authority matrix for credit limit approval by adding new head of the Online Wealth Management Department in Private Client Group to be able to approve credit line for securities and derivatives to improve efficiency in credit limit approval process.



(Prof. Dr. Anya Khanthavit)  
Chairman of the Risk Management Committee



## Management Development and Compensation Committee's Report

For the period ended December 31, 2011

The Management Development and Compensation Committee, which has been appointed by the resolution of the Company's Board of Director's meeting, consists of four members, namely Mr.Banyong Pongpanich as a Chairman, Mr.Suvit Mapaisansin, Mr.Pongtep Polanun and Mr.Aphinant Klewpatinond as members.

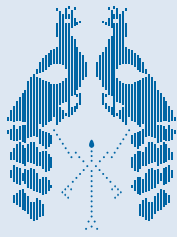
During 2011, the Management Development and Compensation Committee met four times and their works, as assigned by the Board of Directors, are summarized as follows:

1. Proposed to the Board of Directors' meeting and the annual general meeting of shareholders to consider and fix the monthly remuneration and meeting allowance for the board members who are not employees in the amount comparable to other companies in the industry and appropriate to their experiences, duties, roles and responsibilities and also benefits to the Company expected from each director;
2. Fixed the remuneration of Chief Executive Officer in a manner reflecting of the Chief Executive Officer's cross evaluation by the Board of Directors and management.
3. Fixed the remuneration of employees and management of the Company and Phatra Securities in the form of salary and year-end bonus in a manner reflecting the economic situation, the Company's and Phatra Securities' performance and individual performance. Remuneration was also set to ensure management and employees were motivated to work more efficiently and to retain their service in the Company and Phatra Securities; and
4. Set guidelines for succession planning for key management positions and considered and acknowledged succession plans for key management positions in order to ensure that the Company's and Phatra Securities' businesses operate smoothly and effectively.

(Mr. Banyong Pongpanich)

Chairman of the Management Development and Compensation Committee





## Corporate Social Responsibility Committee's Report and Social Activities

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The Corporate Social Responsibility Committee (CSR Committee), which consists of executive and independent directors, has set guidelines and policies on the Company's operation showing its responsibility for society as follows:

1. The Company will not conduct any business harmful to the community, society or the environment and will not profit from society's burdens;
2. The Company will persist in aligning the benefits of the Company, employees, clients and shareholders with benefits in the country's economic and capital market development. The Company focuses on its growth along with Thailand's capital market development;
3. The Company will strive to be part of sustainable development of the country's capital market and securities market;
4. The Company will support the use of the Company's and employees' business knowledge and experience in various fields, e.g. management, system setup, legal, etc. to benefit society and social activities;
5. The Company will promote volunteerism and community engagement among the Company's employees; and
6. The Company's social activities are not limited to projects and activities that provide the Company with tax benefits.

According to the above-mentioned guidelines and policies, the Company has not conducted any business which creates an adverse impact on society. Instead, the Company aims to initiate activities for the benefit of social welfare, and to balance between its return and social responsibilities. It also implements good business practices in realizing its responsibility to provide returns to both shareholders and society at the same time and utilizing shareholders' resources efficiently. Additionally, it has supported and encouraged the management and employees to be involved in many voluntary activities.

Based on the six guidelines above, in 2011 the CSR Committee launched many initiatives to respond to the needs of social welfare via the consideration and approval of the Company's Charity Committee. The Committee consisted of representatives from various departments with an allocated budget of Baht 5.00 million. Furthermore, the Company encouraged employee participation in every charitable project from both internal and external activities, including donations to social welfare projects.

Four aspects of the Company's social welfare activities in 2011 included 1) Education; 2) Arts and culture; 3) Public health and social services; and 4) Environment and endangered animal protection. The following were guidelines and working directions.

1. Supporting continual and sustainable social and charity activities
2. Developing social welfare activities around district areas located near the Company
3. Encouraging employee's participation in social welfare activities on a voluntary basis
4. Launching social welfare activities in response to the current situation.

According to the above guidelines and directions, the Company conducted many social welfare projects in 2011 as follows:

## 1. ONGOING PROJECTS AND ACTIVITIES

### EDUCATION SUPPORT ACTIVITIES

1. Granted six scholarships valued at Baht 600,000.00 for students of the Agriculture Faculty, Khon Kean University.
2. Supported a scholarship project with the Ruamchit Norm Klao Foundation for students from elementary levels to bachelor graduates which was raised and funded by the Company's employees. There were 70 scholarships valued at Baht 363,000.00 in total, of which Baht 211,000.00 was from employees' donations and Baht 152,000.00 was from the Company.

### PUBLIC HEALTH AND SOCIAL SERVICES ACTIVITIES

1. Donated 65 prostheses and wheelchairs, totaling Baht 182,800.00, to disabled persons via hospitals and communities in Khon Khaen province.
2. Donated Baht 291,180.00 for Eye Cataract Operations Project for 300 elderly patients in Chiangrai Province with the coordination of Somdej Yannasangvorn Hospital, Chiangrai Province.
3. Supported scarf and hat knitting donation project "Muak Pee Hai Ai Uun Nong" which was a campaign joined by employees, their families, and their social networks. The Company allocated Baht 11,410.00 for materials, which led to 243 scarves and knit hats being made and distributed to students and monks living in cold areas of northern Thailand.

## 2. SOCIAL AND CHARITABLE PROJECTS AND ACTIVITIES IN YEAR 2011

### EMPLOYEE PARTICIPATION IN SOCIAL WELFARE ACTIVITIES IN AREAS LOCATED NEAR THE COMPANY

1. Arranged "Tam Boon Tak Batr" to perform meritorious deeds and give food offerings to Buddhist monks every last Friday of each month, joined by employees and people working and living around the Company. Some of the food offerings were donated to underprivileged schools and communities near the Company and to flood victims.
2. Organized a blood donation project to assist patients at Siriraj Hospital. The donors were both employees and people working and living around Muang-Thai Phatra Complex. Blood donors will receive special benefits whenever donors or their families need blood transfusions at Siriraj Hospital (i.e. free of charge).
3. Organized weekly Vipassana meditation sessions for employees in which the Buddhadasa Indapanno Archives Foundation and Dhammamata network from Suanmokkh, Surattani supported to conduct and design a meditation framework.

### EDUCATION SUPPORT ACTIVITIES

1. Books and school stationery donation project by the Company and employees to schools affected by severe flooding which were Baan Sob Nong School and Tan Chum Mitraphap School, Nan province, in the amount of Baht 100,000.00.
2. Computer donation project by supporting Baht 141,240.00 to purchase ten computers for Bann Pa Teng School in Phetchaburi province, via Mhom Chao Wuttuvithu Wuttichai Foundation.

#### ENVIRONMENT AND ENDANGERED ANIMAL PROTECTION ACTIVITIES

Donation of Baht 740,000.00 to Seub Nakhasathien Foundation for supporting the general operations of conservation and protection of forest and wildlife in Thailand of which Baht 240,000.00 was for providing medicine and medical equipment to people who are living in the deep jungle and work as volunteers in helping to protect the forests, wildlife, and natural resources of the western forest area in Thailand.

### 3. SOCIAL AND WELFARE ACTIVITIES WITHIN HUAYKWANG DISTRICT PROPOSED BY EMPLOYEES AS A PART OF 2011 PHATRA OFFSITE ACTIVITIES

#### EDUCATION ACTIVITIES

1. Taking students from Wat Utaitharam School to Nitas Rattanakosin Museum for educational field trip.
2. Sponsoring books and shelves for library of Pracharatbumphen School.

#### CULTURAL ACTIVITIES

1. Arranging traditional Thai puppet performance by Kam Nai team to perform at Wat Utaitharam School for secondary students (Mattayom 3-6) to experience the traditional Thai puppet as a unique performance of Thai culture.
2. Taking students from Wat Mai Chong Lom School to explore Ayuthaya historical places and learn Thai traditional arts and crafts at the Support Arts & Craft International Centre of Thailand (SASICT), Ayuthaya province.

#### ENVIRONMENT AND ENDANGERED ANIMAL PROTECTION ACTIVITIES

1. Demonstrating how to make the Enzyme Ionic Plasma to Soi Pattalung communities, Ladprao 48, Bangkok, and pouring into Bangsue canal in Huaykwang district to reduce water pollution.
2. Making Vetiver grass buoy for Huaykwang canal to lessen the water pollution.
3. Sterilization of 30 male dogs around Huaykwang district.

#### PUBLIC HEALTH AND SOCIAL SERVICES ACTIVITIES

1. Renovating nursing care center at Wat Mai Chong Lom School and providing necessary medical equipment such as medicine cupboards, medicines, beds for patients, etc.
2. Providing knowledge about AIDS and drugs to Mattayom 2 students at Chan Hun Bum Phen School by inviting an instructor from Thai Red Cross AIDS Research Center.

### 4. VOLUNTARY ACTIVITIES BY EMPLOYEES

1. The Company supports and encourages management to share knowledge and experience of the capital markets and economics to government and private sectors, including being members of various committees, sub-committees, and working groups relating to capital and securities market development.
2. Supporting Baht 265,413.00 for office construction of Baan Don Moo financial institution, Ubon Ratchathani province, to be a learning model for other communities from various provinces.
3. Teaching basic financial knowledge for students at Mae Fah Luang University and other educational institutions.

4. Joining Satien Thammasathan's activities as student mentors in "Good Behave and Practice in Buddha Quote Program" for 199 students. The Company also gave Baht 100,000.00 to this activity.
5. Raising funds, dried foods and necessary items to flood victims and soldier teams who assisted flood victims in Bangkok and suburban areas. The Company gave Baht 200,000.00 to this project.

## 5. ACTIVITIES IN RESPONSE TO CURRENT SITUATIONS

### DISASTER RELIEF ACTIVITIES

1. Donation of Baht 100,000.00 to purchase flashlights and batteries via Ministry of Foreign Affairs, Thailand, in order to deliver to tsunami victims in Japan for supporting disaster relief efforts.
2. Supported Baht 100,000.00 in helping people affected from floods in the middle part of Thailand via "Friends in Need (of "Pa") Volunteers Foundations Thai Red Cross.
3. Supported "Gen V" activities in assisting flood victims through Buddhadasa Indapanno Archives.
4. Purchased 10 fans for emergency shelter at Chulalongkorn University valued at Baht 26,164.58.

### PROTECT AND CURE ACTIVITIES

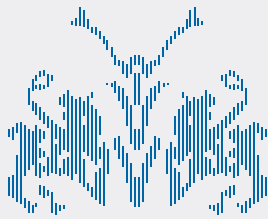
1. Supported Klongpradit Project at Samutsakhon province to protect against floods around the western of Bangkok, especially for the many communities and industries located in those areas.
2. Supported materials for producing beeswax to remedy athletes' feet by volunteers from Pharmacy Faculty, Chaing Mai University in the amount of Baht 300,000.00 and distributed to flood victims across the country.

### RESTORATION ACTIVITIES

Supported Baht 300,000.00 to "Kla...Dee Project" or sustainable flood rehabilitation project to assist flood victims by supporting life start-up kits of seasonings, seedlings, and seeds.



(Mr.Banyong Pongpanich)  
Chairman of the Corporate Social Responsibility Committee



## Corporate Governance Committee's Report

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For the period ended December 31, 2011

The Corporate Governance Committee ("the Committee"), which was appointed by the resolution of the Board of Directors' meeting no. 4/2554 held on April 26, 2011, consists of four independent directors. In 2011, the Committee met one time to perform its responsibilities within the scope of duties assigned by the Board of Directors. Names of members and their attendance records are as follows:

Name	Position	Meetings Attended
1. Dr.Anumongkol Sirivedhin	Chairman of the Corporate Governance Committee	1/1
2. Assoc.Prof.Dr.Varakorn Samakoses	Member of the Corporate Governance Committee	1/1
3. Prof.Dr.Uthai Tanlamai	Member of the Corporate Governance Committee	1/1
4. Mr.Pongtep Polanun	Member of the Corporate Governance Committee	1/1

The Committee endeavors to assist the Company to operate with good governance for the right and benefit of shareholders, investors, clients and other stakeholders. It seeks to provide assurance to all shareholders, investors, clients and other stakeholders that the Company does business in a transparent manner and that all related parties are treated fairly, as well as to contribute towards a competitive competence and a firm foundation for the Company in the long term.

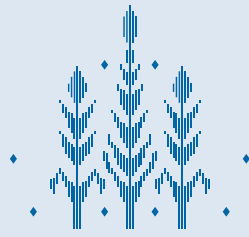
The Committee's works during 2011 are summarized as follows:

1. Acknowledged the result of the corporate governance assessment for listed companies in 2010 in which Phatra Securities, a subsidiary, was appraised as having a good level of corporate governance by receiving a higher average score than other companies in the SET100.
2. Acknowledged the criteria of the corporate governance assessment for listed companies for the year 2011.
3. Compared the Company's current operations versus the criteria of the corporate governance assessment for listed companies for the year 2011 and agreed to propose to the Board of Directors further improvements in its corporate governance in several matters, e.g.:

- For director appointment, if directors are proposed to be re-elected for another term, the Company should disclose number of terms/years they have been in office.
- Improve the working process to accelerate the delivery of the notice of the shareholders' meeting to shareholders, especially for the general meeting of shareholders which has a normal agenda. Presently, the Company sends notice of the shareholders' meeting to shareholders approximately fourteen days prior to the meeting date.
- Define a concrete policy for efficient use of resources and support the arrangement of environmental training for employees.
- Encourage more meetings among non-executive directors.
- Further study on specifying the number of outside positions directors can hold, terms of independent directors, and whether the Chairman should be independent director.



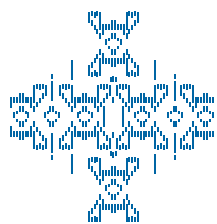
(Dr. Anumongkol Sirivedhin)  
Chairman of the Corporate Governance Committee



## Internal Control

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During the Board of Directors' meeting no. 1/2555 dated on January 13, 2012, the Board of Directors, including the Audit Committee members, had evaluated the Company's and its subsidiary's internal control according to the SEC's evaluation form. This consisted of five parts, which were organization and environment, risk management, management's control, information system and communication and monitoring. The Board of Directors also discussed on internal control systems with the Company's management, and it was concluded that the Company and its subsidiary had sufficient and appropriate internal control systems.



## Management Discussion and Analysis

### FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of operations for the year ended December 31, 2011

#### REVENUES

For the year 2011, total revenues of the Company and Subsidiary was Baht 2,322.80 million, decreased by Baht 126.76 million or 5.17% from Baht 2,449.56 million in 2010. This result was because revenues from investment business decreased by 15.14%.

Proportions of revenues from agency business, investment business and others in 2011 were 60.15%, 39.68% and 0.17% respectively. Compared to the same period of 2010, the proportion of revenues from agency business increased from 55.52%, whereas the proportion of revenues from investment business decreased from 44.33%.

Details of revenues were as follows:

(million baht)	2011	2010
Revenues from Agency Business		
Brokerage fees from securities business	954.75	860.71
Brokerage fees from derivatives business	68.55	43.38
Brokerage fees from selling agent business	56.18	48.42
Fees and services income	317.73	407.41
Total revenues from Agency Business	1,397.21	1,359.92
Revenues from Investment Business <sup>1</sup>		
Gain on trading in securities	11.76	691.48
Gain on trading in derivatives	733.98	151.63
Interest and dividend income	175.79	114.51
Reversal of impairment loss on investment	-	128.37
Total revenues from Investment Business	921.53	1,085.99
Other income	4.06	3.65
<b>Total revenues</b>	<b>2,322.80</b>	<b>2,449.56</b>

In 2010, the Company's subsidiary reversed the impairment loss on investment of Baht 128.37 million, which was a reversal of impairment of investments in available-for-sale securities in SET market, because the Subsidiary considered that there were global economic recovery and significant improvement in the investments fundamental and share prices.

<sup>1</sup> Excluded Change in Unrealized Gain (loss) from Revaluation which presented as other comprehensive income in Statement of Comprehensive Income and Shareholder's Equity in Statement of financial position. Please see detail in "Revenues from Investment Business" section



## REVENUES FROM AGENCY BUSINESS

### Brokerage Fees from Securities Business

Brokerage fees from securities business totaled Baht 954.75 million in 2011, up 10.93% from Baht 860.71 million in 2010. Market share of the Company's subsidiary (excluded securities trading of proprietary account) in 2011 was 4.76%, increased from 4.20% in 2010. The proportion of brokerage fees from foreign institutional investors, domestic institutional investors and high net worth individuals is as follows:

(Unit : Percent)	2011	2010
Foreign institutional investors	31.20	30.25
Domestic institutional investors	30.31	27.19
High net worth individuals	38.49	42.56
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

Principal Operating Statistics of the SET and MAI, Securities Trading Value and Market Share of the Subsidiary

	2011	2010
Average securities trading value per day of the SET and MAI (Bt mn)	29,473.30	29,065.90
Securities trading ratio on the SET and MAI classified by investor group		
Foreign investors	22.81%	18.40%
Local institutional investors	8.80%	7.70%
Local investors	55.20%	61.88%
Proprietary account	13.19%	12.02%
The Subsidiary's average securities trading value per day (Bt mn)	2,825.20	2,494.21
The Subsidiary's market share (included proprietary account)	4.79%	4.29%
Market share – foreign institutional investors	8.31%	7.97%
Market share – local institutional investors	11.82%	12.64%
Market share – High Net Worth clients	2.27%	2.17%
Rank of market share	8	10

### Brokerage Fees from Derivatives Business

Brokerage fees from derivatives business were Baht 68.55 million in 2011, increased from Baht 43.38 million in 2010. Market share measured by number of contract in 2011 was 3.38%.

In 2011, proportion of the brokerage fees from derivatives business from foreign institutional investors, local institutional investors and high net worth individuals were 48.65%, 13.79% and 37.56% respectively.

### Brokerage Fees from selling agent business

Brokerage fees from selling agent business in 2011 was Baht 56.18 million, increased from Baht 48.42 million in the same period of previous year.

### Fee and Service Income

Fees and services income in 2011 was Baht 317.73 million, decreased from Baht 407.41 million in 2010. Total fees and services income in 2011 consisted of Baht 287.74 million in advisory fees, Baht 20.07 million in underwriting fees and Baht 9.92 million in stock borrowing and lending fees.

### REVENUES FROM INVESTMENT BUSINESS

After the restructuring, the Company operates the investment business which will be long-term investment, whereas the Subsidiary operates equity and derivatives trading, which will be short-term investment, and treasury, which will be responsible for liquidity management.

Revenues from investment business were reported in two places. Gain (loss) on securities and derivatives trading and interest and dividend income are accounted for in the statement of comprehensive income, while change in unrealized gain (loss) from revaluation is accounted for in the statement of financial position under shareholder's equity.

Revenues from investment business in 2011 can be classified by accounting method and department as follows:

(Unit : Bt mn)	Direct Investment Department	Equity & Derivative Trading Department	Treasury and others Department	Total
Interest and dividend Income	45.37	58.42	72.00	175.79
Gain (loss) on securities trading	562.88	(552.74)	1.62	11.76
Gain on derivatives trading	-	733.65	0.33	733.98
Total revenues per the statement of comprehensive income from Investment Business	608.25	239.33	73.95	921.53
Change in Unrealized Gain from Revaluation in 2011 (Before the Deferred Tax) <sup>2</sup>	(327.56)	-	1.65	(325.91)
<b>Total revenues from Investment Business</b>	<b>280.69</b>	<b>239.33</b>	<b>75.60</b>	<b>595.62</b>

In 2011, the Company and subsidiary had total revenues from investment, which are accounted for in the statement of comprehensive income, of Baht 921.53 million. This part of revenues is comprised of total gain on securities trading of Baht 11.76 million, an increase of Baht 703.24 million from loss on securities trading of Baht 691.48 million in 2010. Also, gain on derivatives trading of Baht 733.98 million, an increase of Baht 582.35 million from Baht 151.63 million in 2010, and interest

<sup>2</sup> Change in unrealized gain (loss) from revaluation was booked in Shareholders' Equity in Statement of Financial Position and presented as other comprehensive income in Statement of Comprehensive Income.

and dividend income of Baht 175.79 million, an increase of Baht 61.28 million or 53.51% from Baht 114.51 million in 2010.

Details of interest and dividend income are as follows:

(Unit : Bt mn)	2011	2010
Interest	72.00	29.57
Dividend		
Trading securities	58.42	15.77
Available-for-sale securities	45.37	69.17
<b>Total</b>	<b>175.79</b>	<b>114.51</b>

Dividend income of Baht 103.79 million in 2011 increased 22.19% from Baht 84.94 million in 2010. This result was due to the Company and Subsidiary having sold investment in available-for-sale securities in 2011, in addition to an increase in dividend payment of their investments. Interest income of Baht 72.00 million in 2011, up 143.49% from Baht 29.57 million in 2010, was due to an increase in cash amount, together with upper interest rates in 2011 compared with 2010.

Revenue comparison in 2011 and 2010 by department is as follows:

#### 1. DIRECT INVESTMENT DEPARTMENT

In 2011, Direct Investment had gain on securities trading in the amount of Baht 562.88 million, decreased from Baht 708.94 million in 2010. In addition, there was dividend income of Baht 45.37 million and change in unrealized loss from revaluation of Baht 327.56 million. Revenue from Direct Investment could be classified by accounting method as follows:

(Unit : Bt mn)	2011	2010
Dividend Income	45.37	69.16
Gain on securities trading	562.88	708.94
Reversal of impairment loss on investment	-	128.37
<b>Total revenues –per P&amp;L</b>	<b>608.25</b>	<b>906.47</b>
Change in unrealized gain (loss) from revaluation in 2011 (before the deferred tax)	(327.56)	279.16
Less: Reversal of impairment loss on investment booked in P&L	-	(128.37)
Change in unrealized gain (loss) from revaluation in 2011 (before the deferred tax) – net <sup>3</sup>	(327.56)	150.79
<b>Total revenues from Direct Investment</b>	<b>280.69</b>	<b>1,057.26</b>

<sup>3</sup> After account for Deferred Tax, Change in Unrealized Gain (Loss) from Revaluation in 2011 and 2010 would be Baht (237.48) million and Baht 111.08 million respectively.

## 2. EQUITY & DERIVATIVES TRADING DEPARTMENT

(Unit : Bt mn)	2011	2010
Dividend Income	58.42	15.77
Loss on securities trading	(552.74)	(16.62)
Gain on derivatives trading	733.65	152.02
<b>Total revenues from Equity and Derivatives Trading Department</b>	<b>239.33</b>	<b>151.17</b>

Gain (loss) on securities and derivatives trading resulted from Arbitrage trade.

## 3. TREASURY AND OTHERS

In addition to return from investment of Direct Investment Department and Equity and Derivatives Trading Department, the Company and subsidiary also had interest and dividend income from Treasury Department in the amount of Baht 72.00 million which mainly came from investment in government bonds, promissory note and bank deposits. Gain on securities and derivatives trading in the amount Baht 1.95 million was from trading errors.

## EXPENSES

	2011		2010	
	Bt mn	%	Bt mn	%
Finance cost	33.83	2.94	7.83	0.72
Fee and service expenses	115.77	10.05	105.55	9.64
Operating expenses	1,002.35	87.01	980.96	89.64
<b>Total expenses</b>	<b>1,151.95</b>	<b>100.00</b>	<b>1,094.34</b>	<b>100.00</b>

Total expenses in 2011 was Baht 1,151.95 million, increased by Baht 57.61 million or 5.26% from Baht 1,094.34 million in 2010.

## NET EARNINGS

Due to the reasons discussed above, the Company's consolidated net profit for 2011 were Baht 838.15 million, decreased by Baht 193.38 million, or 18.75%, from Baht 1,031.53 million in 2010. Consolidated net profit of Baht 838.15 million in 2011 attributed to equity holders of the Company Baht 834.73 million and non-controlling interests of the Subsidiary Baht 3.42 million. Together with other comprehensive income which was unrealized loss on revaluation of investment in available for sales securities, net amount from deferred tax, of Baht 236.07 million, total comprehensive net income in 2011 was Baht 602.08 million, attributed to equity holders of the Company Baht 598.65 million and non-controlling interests of the Subsidiary Baht 3.43 million.

## FINANCIAL POSITION

### ASSETS

The assets of the Company and Subsidiary consist of cash and cash equivalents, current investments, receivables from clearing houses, securities and derivatives business receivables, other receivables, derivatives assets, other current assets, investments in available-for-sales, other long-term investments, plant and equipment, intangible assets, deferred tax assets and other non-current assets.

As of December 31, 2011, the Company and Subsidiary's total assets were Baht 6,356.00 million, a decrease of Baht 1,211.41 million from Baht 7,567.41 million in 2010. These were mainly due to the decrease in cash and cash equivalents, securities and derivatives business receivables, derivatives assets, investments in available-for-sales and intangible assets.

### Cash and Cash Equivalents

As of December 31, 2011, the Company and Subsidiary's cash and cash equivalents were Baht 548.00 million compared to cash and cash equivalents of Baht 1,552.22 million as of December 31, 2010. The Baht 1,004.22 million decrease in cash and cash equivalents in 2011 was due to the Company paid interim dividend of 2011 in May and September.

### Current Investments

As of December 31, 2011, the subsidiary's current investments were Baht 1,653.36 million, an increase of Baht 254.17 million from Baht 1,399.19 million in 2010. The current investments classified by Department are as follows:

(Unit : Bt mn)	31-Dec-11	31-Dec-10
Investment in securities	1,580.79	528.78
Investment in government bond and others	-	799.51
Other investment	72.57	70.90
<b>Total current investments-net</b>	<b>1,653.36</b>	<b>1,399.19</b>

### Receivables from Clearing House

As of December 31, 2011, the receivables from clearing were Baht 321.21 million, an increase from Baht 129.12 million in 2010.

### Securities and Derivatives Business Receivables

As of December 31, 2011, the subsidiary's securities and derivatives business receivables were Baht 2,148.05 million compared to Baht 2,675.29 million in 2010. The decrease in securities and derivatives business receivables was in accordance with securities trading activities at the end of the fiscal period, of which the amount would be accrued for settlement for three working days of securities business and one day working day for derivatives business.

Details of securities and derivatives business receivables are as follows:

(Unit : Bt mn)	31-Dec-11	31-Dec-10
Securities business receivables	2,147.43	2,669.59
Derivatives business receivables	0.62	5.70
Total	2,148.05	2,675.29

#### Derivatives Assets

As of December 31, 2011, the subsidiary's other derivatives assets were Baht 1.29 million, a decrease from Baht 4.58 million in 2010.

#### Other Receivables and Current Assets

Other receivables and current assets consist of accrued dividend income, accrued fee income, prepaid expense, etc.

As of December 31, 2011, the Company and subsidiary's other receivable and current assets were Baht 113.05 million, an increase of approximately Baht 58.81 million from 2010, which resulted from an increase in accrued fee income.

#### Investments in Available-For-Sales

As of December 31, 2011, the Company and subsidiary's investments in available-for-sales were Baht 1,216.34 million, a decrease of Baht 207.02 million from Baht 1,423.36 million in 2010.

#### Other Long-Term Investments

As of December 31, 2011 and 2010, the Company and subsidiary's other long-term investments were Baht 10.21 million.

#### Plant and Equipment

The subsidiary's plant and equipment as of December 31, 2011 totaled Baht 182.08 million, an increase of Baht 8.37 million from Baht 173.71 million in 2010.

#### Intangible Assets

Intangible assets consist of deferred license fees and application software. As of December 31, 2011, the subsidiary's intangible assets were Baht 36.26 million, a decrease of Baht 31.31 million from Baht 67.57 million in 2010.

#### Deferred Tax Assets

The subsidiary have deferred tax assets at Baht 25.07 million as of December 31, 2011, which resulted from the provision for long-term employee benefits, the impairment of fixed assets and difference in the period of the amortisation of intangible assets between accounting and tax method.



#### Other Payables and Current Liabilities

The Company and subsidiary's other payable and current liabilities primarily consist of accrued employee bonuses, accrued compensation for marketing officers, withholding tax payable and value added tax payable. As of December 2011, other payables and current liabilities were totally Baht 447.00 million, a decrease from Baht 514.42 million in 2010 which was in line with the decrease in net profit.

#### Deferred Tax Liabilities

The Company has deferred tax liabilities at Baht 18.54 million as of December 31, 2011. This deferred tax liabilities was mainly because the stock price of investments in available-for-sale securities significantly increased from its original cost.

#### Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2011 was Baht 80.27 million which is compensations on employees' retirement.

#### Other Non-Current Liabilities

As of December 2011, the subsidiary's other non-current liabilities were Baht 2.88 million.

#### SHAREHOLDERS' EQUITY

As of December 31, 2011, the Company and subsidiary's shareholders' equity were Baht 3,610.70 million, attributable to the Company's shareholders Baht 3,602.71 million and non-controlling to owners of the subsidiary Baht 7.99 million, a decrease from Baht 3,905.50 million in 2010. This is due to the following:

1. Unappropriated retained earnings decreased from Baht 954.95 million as of December 31, 2010 to Baht 835.30 million as of December 31, 2011. The decrease in unappropriated retained earnings was due to lower net profit, which dropped from Baht 1,007.56 million in 2010 to Baht 834.73 million in 2011.
2. The Company and subsidiary had revaluation surplus on investments of Baht 321.02 million as of December 31, 2011, compared with Baht 557.09 million as of December 31, 2010.

The Company's debt to equity ratio as of December 31, 2011 was 0.76, down from 0.91 as of December 31, 2010 as a result of a decrease in total liabilities in 2011. Furthermore, the debt (excluding payables to clearing house and securities and derivatives business payables) to equity ratio as of December 31, 2011 was 0.21 compared to 0.31 as of December 31, 2010. The liabilities and shareholders' equity show that the Company's source of working capital mainly came from long-term funds from shareholders.

The average return of shareholders' equity in 2011 was 22.24%, down from 28.02% in 2010.



#### NET LIQUID CAPITAL RATIO

The subsidiary's net liquid capital ratio as of December 31, 2011 was 85.67%, which was higher than the minimum requirement ratio of 7% set by the SEC.

#### LIQUIDITY

For the year 2011, the Company and subsidiary's cash and cash equivalents were Baht 548.00 million, a decrease of Baht 1,004.22 million from 2010. Details are as follows:

(Unit : Bt mn)	2011
Net cash provided by (paid for) operating activities	(456.59)
Net cash provided by (paid for) investing activities	391.91
Net cash provided by (paid for) financing activities	(939.54)
<b>Net increase (decrease) in cash and cash equivalent</b>	<b>(1,004.22)</b>

#### Cash Flow from Operating Activities

In 2011, the Company and subsidiary had net cash paid for operating activities of Baht 456.59 million, a decrease of Baht 620.35 million from net cash provided by operating activities of Baht 163.76 million in 2010. This was due to a decrease in operating assets, particularly securities and derivatives business receivables, which is considered a normal operation of the Company's securities business.

#### Cash Flow from Investing Activities

Net cash provided by investing activities in 2011 was Baht 391.91 million. This amount consisted of Baht 36.10 million for purchases of fixed assets, Baht 2.73 million for intangible assets, and cash received of Baht 430.74 million for net long-term investment.

#### Cash Flow from Financing Activities

In 2011, the Company and subsidiary's net cash paid for financing activities was Baht 939.54 million. The payment was due to the fact that the Company paid interim dividend of Baht 557.32 million and Baht 273.40 million in May 2011 and September 2011. Also net cash paid from structured notes Baht 97.00 million.





# Report of Independent Auditor

## **REPORT OF INDEPENDENT AUDITOR**

To the Shareholders of Phatra Capital Public Company Limited

I have audited the accompanying consolidated statement of financial position of Phatra Capital Public Company Limited and its subsidiary as at 31 December 2011, and the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the year then ended, and have also audited the separate financial statements of Phatra Capital Public Company Limited for the same period. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated financial statements of Phatra Capital Public Company Limited and its subsidiary for the year ended 31 December 2010 and the separate financial statements of Phatra Capital Public Company Limited for the period as from 1 April 2010 (the Company's incorporation date) to 31 December 2010, as presented herein for comparative purposes, were audited by another auditor of our firm who, under his report dated 25 February 2011, expressed an unqualified audit opinion on those statements and drew attention to the basis of preparation of the consolidated financial statements of the Company after the completion of the business restructuring plan.

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

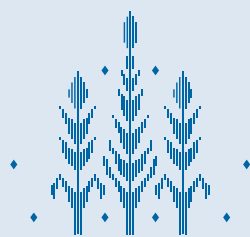
In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Phatra Capital Public Company Limited and its subsidiary and of Phatra Capital Public Company Limited as at 31 December 2011 and the results of their operations, and cash flows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

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



Rungnapa Lertsuwankul  
Certified Public Accountant (Thailand) No. 3516

Ernst & Young Office Limited  
Bangkok: 27 February 2012



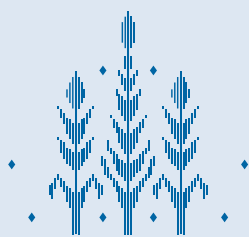
## Statements of financial position

Phatra Capital Public Company Limited and its subsidiary  
As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	9	548,000,671	1,552,220,704	38,925,383	3,004
Current investments	10	1,653,358,255	1,399,191,349	-	-
Receivables from Clearing House Securities and derivatives business receivables	11 12	321,208,953 2,148,051,034	129,115,757 2,675,288,720	- -	- -
Other receivables		98,661,363	46,155,260	89,908,680	-
Derivatives assets	13	1,286,823	4,578,551	-	-
Other current assets	14	14,388,083	12,650,954	1,711,518	-
<b>Total current assets</b>		<b>4,784,955,182</b>	<b>5,819,201,295</b>	<b>130,545,581</b>	<b>3,004</b>
<b>Non-current assets</b>					
Investments in available-for-sales	10	1,216,337,836	1,423,357,934	1,225,271,893	1,422,793,705
Investments in subsidiary	15	-	-	5,187,953,669	5,131,521,056
Other long-term investments	10	10,208,960	10,208,960	-	-
Other receivables		6,847,091	5,289,120	27,487,286	-
Plant and equipment	16	182,077,203	173,706,749	-	-
Intangible assets	17	36,258,915	67,568,369	-	-
Deferred tax assets	27	25,071,185	20,910,754	-	-
Other non-current assets		94,245,702	47,169,183	1,869	-
<b>Total non-current assets</b>		<b>1,571,046,892</b>	<b>1,748,211,069</b>	<b>6,440,714,717</b>	<b>6,554,314,761</b>
<b>Total assets</b>		<b>6,356,002,074</b>	<b>7,567,412,364</b>	<b>6,571,260,298</b>	<b>6,554,317,765</b>

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



# Statements of financial position

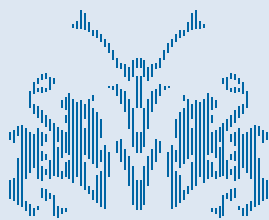
Phatra Capital Public Company Limited and its subsidiary  
As at 31 December 2011 and 2010

111

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Current liabilities</b>					
Payables to Clearing House	18	135,105,764	381,762,832	-	-
Securities and derivatives business payables	19	1,848,056,734	1,997,968,578	-	-
Other payables	20	434,731,961	493,049,356	142,832,928	7,214,641
Derivatives liabilities	14	9,110,133	31,593,502	-	-
Structured notes	21	115,981,406	256,319,893	-	-
Income tax payable		88,354,144	413,528,346	-	-
Other current liabilities		12,264,026	21,367,124	1,460,610	-
<b>Total current liabilities</b>		<b>2,643,604,168</b>	<b>3,595,589,631</b>	<b>144,293,538</b>	<b>7,214,641</b>
<b>Non-current liabilities</b>					
Payables to subsidiary	8	-	-	-	1,430,852,972
Loans from subsidiary	8	-	-	655,852,973	-
Deferred tax liabilities	27	18,543,721	-	18,543,721	-
Provision for long-term employee benefits	22	80,273,799	-	28,597,697	-
Other non-current liabilities		2,880,034	6,815,886	-	-
<b>Total non-current liabilities</b>		<b>101,697,554</b>	<b>6,815,886</b>	<b>702,994,391</b>	<b>1,430,852,972</b>
<b>Total liabilities</b>		<b>2,745,301,722</b>	<b>3,602,405,517</b>	<b>847,287,929</b>	<b>1,438,067,613</b>
<b>Shareholders' equity</b>					
<b>Share capital</b>					
Registered					
213,502,000 ordinary shares of Baht 5 each	23	1,067,510,000	1,067,510,000	1,067,510,000	1,067,510,000
Issued and fully paid-up					
210,310,240 ordinary shares of Baht 5 each		1,051,551,200	1,051,551,200	1,051,551,200	1,051,551,200
Share premium		-	-	4,079,979,856	4,079,979,856
Retained earnings					
Appropriated	24				
Statutory reserve - the Company		67,096,100	-	67,096,100	-
- the subsidiary		110,000,000	110,000,000	-	-
Unappropriated (deficit)		835,301,712	954,954,018	436,876,895	(7,221,637)
Other components of shareholders' equity		1,538,762,725	1,788,997,688	88,468,318	(8,059,267)
Equity attributable to owners of the Company		3,602,711,737	3,905,502,906	5,723,972,369	5,116,250,152
Non-controlling interests of the subsidiary		7,988,615	59,503,941	-	-
<b>Total shareholders' equity</b>		<b>3,610,700,352</b>	<b>3,965,006,847</b>	<b>5,723,972,369</b>	<b>5,116,250,152</b>
<b>Total liabilities and shareholders' equity</b>		<b>6,356,002,074</b>	<b>7,567,412,364</b>	<b>6,571,260,298</b>	<b>6,554,317,765</b>

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



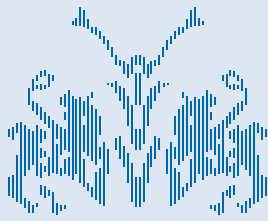
# Statements of comprehensive income

Phatra Capital Public Company Limited and its subsidiary

(Unit: Baht)

	Note	Consolidated financial statement		Separate financial statement	
		For the year ended 31 December 2011	For the year ended 31 December 2010	For the year ended 31 December 2011	For the period as from 1 April 2010 to 31 December 2010
<b>PROFIT OR LOSS:</b>					
<b>Revenues</b>					
Brokerage fees income	25	1,079,478,187	952,513,654	-	-
Fees and services income	26	317,731,656	407,412,007	378,413	-
Gain on securities trading	10.4	11,764,537	691,482,435	114,422,896	-
Gain on derivatives trading		733,982,147	151,625,914	-	-
Interest and dividend income		175,786,285	114,513,804	1,368,646,866	11
Reversal of impairment loss on investments	10.2	-	128,370,762	-	-
Other incomes		4,059,805	3,643,620	128,288,247	-
<b>Total revenues</b>		<b>2,322,802,617</b>	<b>2,449,562,196</b>	<b>1,611,736,422</b>	<b>11</b>
<b>Expenses</b>					
Operating and administrative expenses					
Personnel expenses		777,602,145	783,572,194	219,125,704	-
Premises and equipment expenses		113,027,317	104,012,642	9,539,700	-
Fee and service expenses		115,765,131	105,546,576	-	-
Other expenses		111,711,260	93,382,819	9,150,868	7,221,648
<b>Total operating and administrative expenses</b>		<b>1,118,105,853</b>	<b>1,086,514,231</b>	<b>237,816,272</b>	<b>7,221,648</b>
<b>Total expenses</b>		<b>1,118,105,853</b>	<b>1,086,514,231</b>	<b>237,816,272</b>	<b>7,221,648</b>
<b>Income (loss) before finance cost and corporate income tax</b>		<b>1,204,696,764</b>	<b>1,363,047,965</b>	<b>1,373,920,150</b>	<b>(7,221,637)</b>
Finance cost		(33,835,452)	(7,826,447)	(35,573,429)	-
<b>Income (loss) before corporate income tax</b>		<b>1,170,861,312</b>	<b>1,355,221,518</b>	<b>1,338,346,721</b>	<b>(7,221,637)</b>
Corporate income tax	27	(332,712,795)	(323,687,652)	3,573,359	-
<b>Profit (loss) for the period</b>		<b>838,148,517</b>	<b>1,031,533,866</b>	<b>1,341,920,080</b>	<b>(7,221,637)</b>

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



# Statements of comprehensive income

Phatra Capital Public Company Limited and its subsidiary

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(Unit: Baht)

	Note	Consolidated financial statement		Separate financial statement	
		For the year ended 31 December 2011	For the year ended 31 December 2010	For the year ended 31 December 2011	For the period as from 1 April 2010 to 31 December 2010
<b>Other comprehensive income:</b>					
Gain (loss) on changes in value of available-for-sale investments		(325,900,966)	151,430,597	118,644,665	(8,059,267)
Income tax relating to components of other comprehensive income		89,834,328	(39,913,397)	(22,117,080)	-
<b>Other comprehensive income for the period</b>		<b>(236,066,638)</b>	<b>111,517,200</b>	<b>96,527,585</b>	<b>(8,059,267)</b>
<b>Total comprehensive income for the period</b>		<b>602,081,879</b>	<b>1,143,051,066</b>	<b>1,438,447,665</b>	<b>(15,280,904)</b>
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		834,727,567	1,007,564,437	1,341,920,080	(7,221,637)
Non-controlling interests of the subsidiary		3,420,950	23,969,429		
		838,148,517	1,031,533,866		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		598,654,201	1,119,073,069	1,438,447,665	(15,280,904)
Non-controlling interests of the subsidiary		3,427,678	23,977,997		
		602,081,879	1,143,051,066		
<b>Earnings (loss) per shares</b>	28				
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		3.97	4.79	6.38	(0.03)

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





# Statements of changes in shareholders' equity

Phatra Capital Public Company Limited and its subsidiary  
For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company									
	Retained earnings			Other components of equity			Total equity attributable to shareholders of the Company			Equity attributable to non-controlling interests of the subsidiary
	Share premium	Appropriated statutory reserve	Unappropriated	Other comprehensive income	Gain (loss) on change in value of available-for-sale investments	Adjustment from business combination of entities under common control under business restructuring plan	Total other components of shareholders' equity	Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiary	
Issued and fully paid-up share capital										Total shareholders' equity
Balance as at 31 December 2010	-	110,000,000	954,954,018	557,088,649	1,231,909,039	1,788,997,688	3,905,502,906	59,503,941	3,965,006,847	
Cumulative effect of change in accounting policy for employee benefits (Note 5)	-	-	(56,558,325)	-	-	-	(56,558,325)	(858,361)	(57,416,686)	
Dividend payment (Note 30)	-	-	(830,725,448)	-	-	-	(830,725,448)	-	(830,725,448)	
Subsidiary's dividend payment	-	-	-	-	-	-	-	(11,813,627)	(11,813,627)	
Total comprehensive income for the year	-	-	834,727,567	(236,073,366)	-	(236,073,366)	598,654,201	3,427,678	602,081,879	
Unappropriated retained earnings transferred to statutory reserve	-	67,096,100	(67,096,100)	-	-	-	-	-	-	
Adjustment from business combination of entities under common control under business restructuring plan (Note 2.2)	-	-	-	-	-	(14,161,597)	(14,161,597)	(14,161,597)	(14,161,597)	
Decrease in non-controlling interest in subsidiary	-	-	-	-	-	-	-	(42,271,016)	(42,271,016)	
Balance as at 31 December 2011	-	177,096,100	835,301,712	321,015,283	1,217,747,442	1,538,762,725	3,602,711,737	7,988,615	3,610,700,352	

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

# Statements of changes in shareholders' equity

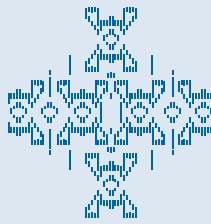
Phatra Capital Public Company Limited and its subsidiary

For the year ended 31 December 2011 and for the period as from 1 April 2010 to 31 December 2010

(Unit: Baht)

	Separate financial statements					
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of equity	
			Appropriated statutory reserve	Unappropriated (deficit)	Other comprehensive income	Total shareholders' equity
					Gain (loss) on change in value of available-for-sale investments	
<b>Balance as at 1 April 2010</b>	-	-	-	-	-	-
Ordinary shares issued during the period (Note 23)	1,051,551,200	4,079,979,856	-	-	-	5,131,531,056
Total comprehensive loss for the period	-	-	-	(7,221,637)	(8,059,267)	(15,280,904)
<b>Balance as at 31 December 2010</b>	1,051,551,200	4,079,979,856	-	(7,221,637)	(8,059,267)	5,116,250,152
<b>Balance as at 31 December 2010</b>	1,051,551,200	4,079,979,856	-	(7,221,637)	(8,059,267)	5,116,250,152
Dividend payment (Note 30)	-	-	-	(830,725,448)	-	(830,725,448)
Total comprehensive income for the year	-	-	-	1,341,920,080	96,527,585	1,438,447,665
Unappropriated retained earnings transferred to statutory reserve	-	-	67,096,100	(67,096,100)	-	-
<b>Balance as at 31 December 2011</b>	1,051,551,200	4,079,979,856	67,096,100	436,876,895	88,468,318	5,723,972,369

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



## Cash flow statements

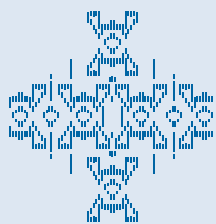
Phatra Capital Public Company Limited and its subsidiary

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(Unit: Baht)

	Note	Consolidated financial statement		Separate financial statement	
		For the year ended 31 December 2011	For the year ended 31 December 2010	For the year ended 31 December 2011	For the period as from 1 April 2010 to 31 December 2010
<b>Cash flows from operating activities</b>					
Profit (loss) before tax		1,170,861,312	1,355,221,518	1,338,346,721	(7,221,637)
Adjustments to reconcile profit (loss) before corporate income tax to net cash provided by (paid from) operating activities: -					
Depreciation and amortisation		55,072,951	60,129,562	-	-
Amortisation of discount on bill of exchanges		(31,375)	(970,982)	-	-
Unrealised loss on revaluation of investments in securities		15,920,135	6,627,037	-	-
Unrealised gain on revaluation of derivatives assets and liabilities		(14,715,441)	(1,632,448)	-	-
Gain on disposal of long-term investments		(563,230,018)	(753,199,319)	(114,422,896)	-
(Gain) loss on derivatives assets and liabilities		(50,931,952)	10,944,021	-	-
Reversal of impairment loss on investments		-	(128,370,762)	-	-
(Gain) loss on disposal of equipment		(5,681)	24,646	-	-
Loss on written off equipment		790,458	-	-	-
Loss on written off intangible assets		5,913,967	-	-	-
Unrealised loss (gain) on exchange		475,454	(264,513)	-	-
Provision for long-term employee benefits		10,145,044	-	3,530,529	-
Interest and dividend income		(175,786,285)	(114,513,804)	(1,368,646,866)	(11)
Interest expenses		33,835,452	7,826,447	35,573,429	-
Income (loss) from operating activities before changes in operating assets and liabilities		488,314,021	441,821,403	(105,619,083)	(7,221,648)
Operating assets (increase) decrease					
Current investments		(238,885,777)	(281,612,851)	-	-
Receivables to Clearing House		(192,093,196)	361,959,388	-	-
Securities and derivatives business receivables		516,827,920	(926,371,844)	-	-
Other receivables		-	-	(92,328,798)	-
Derivatives assets		830,573	(2,280,000)	-	-
Other current assets		(50,223,930)	40,482,098	(285,382)	-
Other non-current assets		(48,673,835)	(10,403,349)	(1,869)	-

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



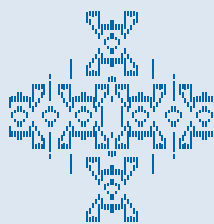
## Cash flow statements

Phatra Capital Public Company Limited and its subsidiary

(Unit: Baht)

	Note	Consolidated financial statement		Separate financial statement	
		For the year ended 31 December 2011	For the year ended 31 December 2010	For the year ended 31 December 2011	For the period as from 1 April 2010 to 31 December 2010
Operating liabilities increase (decrease)					
Payables to Clearing House		(246,657,068)	(219,675,573)	-	-
Securities and derivatives business payables		(166,946,511)	623,826,464	-	-
Derivative liabilities		(7,410,188)	34,444,071	-	-
Other payables		(58,487,873)	174,977,717	135,618,287	7,214,641
Other current liabilities		(11,103,097)	19,621,057	1,460,610	-
Other non-current liabilities		(3,935,851)	235,772	-	-
Cash flows from (used in) operating activities		(18,444,812)	257,024,353	(61,156,235)	(7,007)
Cash received from interest and dividend income		126,422,657	41,019,172	709,792	11
Cash paid for interest expenses		(26,488,271)	(6,193,656)	(35,573,429)	-
Cash paid for corporate income tax		(538,081,202)	(128,088,311)	(1,426,136)	-
<b>Net cash flows from (used in) operating activities</b>		<b>(456,591,628)</b>	<b>163,761,558</b>	<b>(97,446,008)</b>	<b>(6,996)</b>
<b>Cash flows from investing activities</b>					
Cash paid for purchases of investments in subsidiary		(56,432,613)	-	(56,432,613)	-
Cash paid for purchases of long-term investments		(450,562,639)	(414,150,367)	(450,562,639)	-
Cash received from sales of long-term investments		892,361,141	1,313,631,909	881,152,012	-
Dividend received from subsidiary		-	-	1,322,561,374	-
Dividend received from long-term investments		45,375,701	69,166,937	45,375,701	-
Cash paid for purchases of equipment		(36,112,830)	(26,098,620)	-	-
Proceeds from sales of equipment		7,000	3,737	-	-
Cash paid for purchases of intangible assets		(2,726,866)	(15,437,319)	-	-
<b>Net cash flows from investing activities</b>		<b>391,908,894</b>	<b>927,116,277</b>	<b>1,742,093,835</b>	<b>-</b>
<b>Cash flows from financing activities</b>					
Loans from subsidiary		-	-	200,000,000	-
Cash paid for settlement loan from subsidiary		-	-	(975,000,000)	-
Proceeds from issuance in share capital		-	10,000	-	10,000
Cash received from structured notes		2,566,911,105	996,225,955	-	-
Cash paid for structured notes		(2,663,909,329)	(753,651,705)	-	-
Dividend payment		(830,725,448)	(576,450,000)	(830,725,448)	-
Dividend payment to non-controlling interest of the subsidiary		(11,813,627)	-	-	-

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



## Cash flow statements

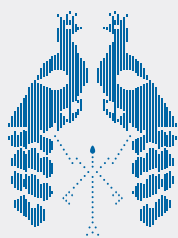
Phatra Capital Public Company Limited and its subsidiary

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(Unit: Baht)

	Note	Consolidated financial statement		Separate financial statement	
		For the year ended 31 December 2011	For the year ended 31 December 2010	For the year ended 31 December 2011	For the period as from 1 April 2010 to 31 December 2010
Net cash flows from (used in) financing activities		(939,537,299)	(333,865,750)	(1,605,725,448)	10,000
Net increase (decrease) in cash and cash equivalents		(1,004,220,033)	757,012,085	38,922,379	3,004
Cash and cash equivalents at beginning of the year		1,552,220,704	795,208,619	3,004	-
Cash and cash equivalents at end of the year (Note 9)		548,000,671	1,552,220,704	38,925,383	3,004
Supplemental cash flows information: -					
Non-cash items					
Purchases of equipment recorded as liabilities		-	430,081	-	-
Purchases of intangible assets recorded as liabilities		-	16,566,016	-	-
Sales of structured notes which have not due		-	10,409,766	-	-
Increase in gain (loss) on changes in value of available-for-sales		(236,073,366)	111,508,633	96,527,585	(8,059,267)
Unsettled purchase of investment		-	-	-	1,430,852,972
Transfer payable to subsidiary from purchase of investment to loans from subsidiary		-	-	1,430,852,972	-
Adjustment of provision for long-term employee benefits with the beginning balance of retained earnings		57,416,686	-	-	-

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



# Notes to Consolidated financial statements

For the year ended 31 December 2011 and 2010  
and for the period as from 1 April 2010 to 31 December 2010

## 1. GENERAL INFORMATION

### 1.1 CORPORATE INFORMATION

Phatra Capital Public Company Limited ("the Company") was incorporated as a public company on 1 April 2010 and domiciled in Thailand. The Company was established under Phatra Securities Public Company Limited ("Phatra Securities" or "the subsidiary")'s Business Restructuring plan to engage directly in the investment business and hold shares in Phatra Securities as discussed in note 1.3 to financial statements. After the business restructuring, the Company's major shareholders were a group of the Company's management and RPIC Pte. Ltd., a company incorporated in Singapore and wholly owned by Ruamphon Phatra International Corp.

On 5 January 2011, the ordinary shares of Phatra Securities was delisted from the Stock Exchange of Thailand (the "SET"), and the ordinary shares of the Company were listed in place of those of Phatra Securities in accordance with the business restructuring plan as discussed in Note 1.3 to the financial statements.

The registered office of the Company is at 252/6 Muang Thai-Phatra Office Tower 1, 9th Floor, Ratchadaphisek Road, Huaykwang, Bangkok.

### 1.2 THE EXECUTION OF THE MEMORANDUM OF AGREEMENT FOR THE MERGER WITH KIATNAKIN BANK

The Board of Directors Meeting of the Company, held on 9 December 2011, approved the Company to enter into the Memorandum of Agreement on the Merger (the "MOA") between Kiatnakin Bank Public Company Limited ("Kiatnakin Bank") and the Company as well as certain shareholders of Kiatnakin Bank and the Company, to facilitate the merger between Kiatnakin Bank and the Company with a view to jointly engage in financial businesses, consisting of commercial banking business, securities business and other supporting businesses, for the best interests of both Kiatnakin Bank and the Company.

In accordance with the Memorandum of Agreement on the Merger, Kiatnakin Bank will make a delisting tender offer to purchase all securities from all of the Company's shareholders for delisting the securities of the Company from the Stock Exchange of Thailand (the "SET"). At the end of the tender offer period, the Company's shareholders accepting the tender offer must represent not less than seventy-five percent (75%) of the total shares sold in the Company. Kiatnakin Bank will pay considerations to the Company's shareholders who accept such tender offer in the form of newly issued ordinary shares in Kiatnakin Bank in accordance with the swap ratio of 1 share in the Company per 0.9135 shares in Kiatnakin Bank.

In the case that the Company's shareholders have approved the delisting of the Company's securities from the SET, and the tender offer will result in the Kiatnakin Bank holding shares in the Company of up to 90 percent or more of the total number of issued shares, Kiatnakin Bank will transfer all the shares held by it in Kiatnakin Securities Co., Ltd. ("Kiatnakin Securities") to the Company at the price equivalent to the book value of Kiatnakin Securities, as well as all of the shares held by it in Kiatnakin Fund Management Co., Ltd. ("Kiatnakin Fund Management") at the price equivalent to the acquisition costs of Kiatnakin Bank.

The execution of the MOA is the primary agreement of the parties to the method and mechanism of the merger. There are various conditions precedent with which the parties must comply. Therefore, the merger will not occur if the mechanism of the merger cannot be completed due to certain limitations, or the Company or other parties cannot completely perform its/their obligations as specified in the MOA.

### 1.3 RESTRUCTURING PLAN

- a) The Annual General Meeting of Phatra Securities's shareholders, held on 22 April 2010, approved the business restructuring plan to separate the agency business and investment business and the delisting of Phatra Securities' shares from the SET and listing shares of the Company in place.

In accordance with the business restructuring plan, the Company made a tender offer for all outstanding ordinary shares of Phatra Securities at a swap ratio of 1 ordinary share of the Company for 1 ordinary share of Phatra Securities. The swap price was Baht 24.40 per share, which was calculated from the weighted average share price of Phatra Securities' shares traded on the SET.

On 27 December 2010 the Company reported that as a result of the tender offer, the Company had acquired 98.51 percent of the total number of paid up shares. Since this was not less than the target 75 percent of the total number of paid up shares, the business restructuring plan of Phatra Securities accomplished and Phatra Securities was the subsidiary of the Company. After completion of the tender offer, Phatra Securities transferred the portfolio under the management of the Direct Investment Group ("DI") to the Company, which will henceforth operate the investment business.

- b) On 25 February 2011, the Management Committee Meeting of the Company approved the acquisition of the remaining 1.49 percent of shares in Phatra Securities from the minority shareholders of Phatra Securities after the completion of the restructuring plan. The cash purchase price is not to exceed the previous swap price.

During the year 2011, the Company acquired the remaining 2,637,038 ordinary shares of Phatra Securities (1.24 percent of Phatra Securities's outstanding shares) at a price of Baht 21.40 per share (purchase price after deduction of dividend payment by Phatra Securities), totaling Baht 56 million, from the minority shareholders. As a result, as at 31 December 2011 the Company's shareholding in Phatra Securities increased to 99.74 percent of Phatra Securities' paid up shares.

### 1.4 GENERAL INFORMATION OF PHATRA SECURITIES PUBLIC COMPANY LIMITED

Phatra Securities Public Company Limited ("Phatra Securities" or "the subsidiary") operates its business in Thailand and undertakes securities businesses licensed, as follows: -

1. Securities brokerage
2. Securities trading
3. Investment advisory

4. Securities underwriting
5. Securities borrowing and lending
6. Financial advisory
7. Derivatives brokerage
8. Derivatives agent

On 23 February 2009 the Ministry of Finance issued a securities business license (type Kor) to Phatra Securities. In addition to businesses mentioned above, Phatra Securities can undertake addition businesses as below.

1. Mutual fund management
2. Private fund management
3. Venture capital management

Phatra Securities will be able to operate the addition businesses when the Securities and Exchange Commission complete an inspection of Phatra Securities's systems and personnel as stipulated in the Ministerial Regulations on Securities Businesses B.E. 2551.

In order to prepare for higher competition and higher business cooperation, during the third quarter of 2010 Phatra Securities agreed with Bank of America Merrill Lynch (BoAML), who is Phatra Securities' exclusive partner, to adjust the structure of commission rate to Revenue Sharing scheme. Under the Revenue Sharing scheme, Phatra Securities will receive 60% of total brokerage revenues from BoAML and Phatra Securities charge to clients, while BoAML will receive 40%. This scheme was effective on 2 July 2010.

## **2. BASIS OF PREPARATION**

2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547, except for the early adoption of accounting standard No.12 "Income Taxes", and in conjunction with the Notifications of the Office of the Securities and Exchange Commission.

The presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

### **2.2 Basis of consolidation**

a) As mentioned in Note 1.3 to the financial statements, the Company and Phatra Securities have



implemented the business restructuring plan and as of 27 December 2010 the Company reported that it had received 210,308,240 ordinary shares, or 98.51% of the securities of Phatra Securities, in exchange for newly issued ordinary shares of the Company. The business restructuring was thus considered to be completed and the Company had recognised investment in Phatra Securities amounting to Baht 5,131 million in the separate financial statements, calculated based on the reference price of Baht 24.40 per share which was determined based on the weighted average market price of Phatra Securities' ordinary shares.

Because the business restructuring was considered to be a business combination of entities under common control and the Company was treated as if it had been the parent company of Phatra Securities since the beginning of the year 2010. In preparing the consolidated financial statements for the year 2010, the Company included the operating results of Phatra Securities, presenting the transaction through shareholders' equity, as if the business combination had taken place at the beginning of the year. The Company presented the net value of share premium and the excess of the purchase price over the net book value of the financial statements of Phatra Securities after adjusting equity transactions, as "Adjustment from business combination of entities under common control under business restructuring plan" in shareholders' equity of the consolidated financial statements for the year 2010.

In addition, according to the acquiring of the remaining ordinary shares of Phatra Securities from the minority shareholders during year 2011, "Adjustment from business combination of entities under common control under business restructuring plan" in other components of shareholders' equity of the consolidated financial statements as at 31 December 2011 and 2010 are as follows:

(Unit: Million Baht)

Share premium on ordinary shares	4,080
Difference between purchase price and the net book value of the financial statements of Phatra Securities after adjusting equity transactions as if the business combination had taken place at the beginning of the year	(2,848)
<b>Balance as at 31 December 2010</b>	<b>1,232</b>
Difference between purchase price and the net book value of the remaining ordinary shares of Phatra Securities from the minority shareholders during the year 2011	(14)
<b>Balance as at 31 December 2011</b>	<b>1,218</b>

- b) The consolidated financial statements include the financial statements of Phatra Capital Public Company Limited ("the Company") and Phatra Securities Public Company Limited ("Phatra Securities" or "the subsidiary"):

Company's name	Nature of business	Country of incorporation	Percentage of Shareholding	
			2011 Percent	2010 Percent
Phatra Securities Plc.	Securities business	Thailand	99.74	98.51

- c) The subsidiary is fully consolidated being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiary is prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary company have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

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

### 3. ADOPTION OF NEW ACCOUNTING STANDARDS

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

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share

TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements, except for the following accounting standard.

#### **TAS 19 Employee Benefits**

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

The Company and its subsidiary have changed this accounting policy in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current year. The change will have the effect of decreasing the profit of the Company and its subsidiary for the year 2011 by Baht 10 million, or Baht 0.048 per share (Separate financial statements: decreasing profit by Baht 3 million, or Baht 0.017 per share). The cumulative effect of the changes in the accounting policy has been presented in Note 5 to the financial statements.

#### **4. NEW ACCOUNTING STANDARDS ISSUED DURING THE YEARS NOT YET EFFECTIVE**

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

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance

TAS 21 (revised 2009)      The Effects of Changes in Foreign Exchange Rates

Accounting Standard Interpretations:

SIC 10      Government Assistance - No Specific Relation to Operating Activities

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

SIC 25      Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

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

## 5. CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW ACCOUNTING STANDARDS

During the current year, the Company made the changes to its significant accounting policies described in Note 3 to the financial statements, as a result of the adoption of revised and new accounting standards. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The cumulative effect of the changes in accounting policy due to adoption of new accounting standard decreased the beginning balance of consolidated retained earnings for 2011 amounting to Baht 57 million.

The amounts of adjustments affecting the financial statement as at 31 December 2011 and for the year ended 31 December 2011 are summarised below.

(Unit: Baht)

	31 December 2011	
	Consolidated financial statements	Separate financial statements
<b>Statements of financial position</b>		
Increase in provision for long-term employee benefits	80,273,799	28,597,697
Decrease in non-controlling interests of the subsidiary	162,931	-
Decrease in unappropriated retained earnings	65,532,721	2,824,423

(Unit: Baht)

	For year ended 31 December 2011	
	Consolidated financial statements	Separate financial statements
<b>Statements of comprehensive income</b>		
Increase in personnel expenses	10,145,044	3,530,529
Decrease in profit attributable to non-controlling interest of the subsidiary	39,440	-
Decrease in profit attributable to equity holders of the Company	10,105,604	-
Decrease in basic earnings per share	0.048	0.017

## 6. SIGNIFICANT ACCOUNTING POLICIES

### 6.1 REVENUE AND EXPENSE RECOGNITION

#### (a) Brokerage fees

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

#### (b) Fees and services income

Fees are recognised as income on an accrual basis. Service income is recognised on the basis of percentage of completion, which is measured based on service performed to date as a percentage of total service to be performed. Revenue is recognised when there is probability that the amount will be collected.

#### (c) Gain (loss) on securities trading

Gain (loss) on securities trading is recognised as income or expense on the transaction dates.

#### (d) Gain (loss) on derivatives trading

Gain (loss) on derivatives trading is recognised as income or expense on the transaction dates.

#### (e) Interest and dividend on investments

Interest on investments is recognised on an accrual basis based on the effective interest rate. Dividends from investments are recognised when the right to receive the dividends is established.

#### (f) Expenses

Expenses are recognised on an accrual basis.

### 6.2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash in hand, all bank deposit accounts with an original maturity less than 3 months and not subject to withdrawal restrictions, promissory notes and term notes with an original maturity less than 3 months and exclude deposits used as collateral.

### 6.3 RECOGNITION AND AMORTISATION CUSTOMERS' DEPOSITS

Cash collateral received from customers for trading in securities of cash balance accounts or placed as margin for derivatives trading is recorded as assets and liabilities of the subsidiary for internal control purposes. As at the end of reporting period, the subsidiary excludes these amounts from both the assets and liabilities and presents only the assets which belong to the subsidiary.

### 6.4 SECURITIES BORROWING AND LENDING

The subsidiary records its obligations to return borrowed securities which it has been sold as short selling or lent as "Securities borrowing payables" in the statements of financial position. At the end of the year, the balance of securities borrowing payables are adjusted by the latest offer price quoted on the Stock Exchange of Thailand on the last working day of the year. Gains or losses arising from such adjustment are included in profit or loss. Securities lent to customers are recorded as "Securities borrowing receivables" in the statements of financial position. Cash paid or received as collateral for securities borrowing and lending is recorded as "Collateral receivables" or "Collateral payables". Fees on securities borrowing and lending are recognised on an accrual basis.

### 6.5 INVESTMENTS

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

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

Loss on impairment (if any) of investments in available-for-sale securities, debt securities expected to be held to maturities and other investments are recognized in profit or loss.

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

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### 6.6 RECEIVABLES FROM CLEARING HOUSE

Receivables from Clearing House comprises the net receivable from Thailand Clearing House (TCH) for settlement of equity securities trading made through the Stock Exchange of Thailand, and the net receivable from TCH from derivatives trades which included cash collateral pledged with TCH for derivatives trades.

#### 6.7 SECURITIES AND DERIVATIVES BUSINESS RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Securities and derivatives business receivables are the net receivables of cash accounts and derivatives after deducting allowance for doubtful accounts (if any).

The subsidiary has provided an allowance for doubtful debts based on a review of debtor's repayment capability, taking into consideration in recovery risk and value of collateral. An allowance will be set aside for doubtful debts that are not fully covered by collateral and/or debtors that cannot be recovered in full amount. Such debt classifications and provisions are in accordance with the following criteria: -

- a) Asset classified as bad debt is defined as the following criteria: -
  - (1) Loan balances which the subsidiary has already made effort to collect, but could not collect.  
The subsidiary has already written off in accordance with tax law.
  - (2) Loan balances which the subsidiary has forgiven them.
- b) Doubtful debt is defined as the uncollateralised portion of the value of a debt which meets the following criteria: -
  - (1) General loans, problem financial institution loans, and other loans which the collateral value is less than the loan balance.
  - (2) Principal or interest is overdue by more than 3 months for installment loans with repayments scheduled less than 3 months for each installment.
  - (3) Installment loans with repayments scheduled more than 3 months for each installment, 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 collateralised 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 100% of the loan balance. These conditions are complied with the guidelines stipulated by the Office of the Securities and Exchange Commission.

#### 6.8 PLANT AND EQUIPMENT AND DEPRECIATION

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

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

Building	30	Years
Building improvement	5	Years
Furniture, fixtures and office equipment	3 - 5	Years
Motor vehicles	5	Years

Depreciation is included in determining income.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

During the current year, the subsidiary adjusted the records of land and condominium units owned before 1 January 2011 to present them correctly in accordance with the Federation of Accounting Professions' notification "Accounting treatment guidance for condominium unit recognition". This adjustment did not have a significant impact on the consolidated financial statements.

#### 6.9 INTANGIBLE ASSETS AND AMORTISATION

Intangible assets are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

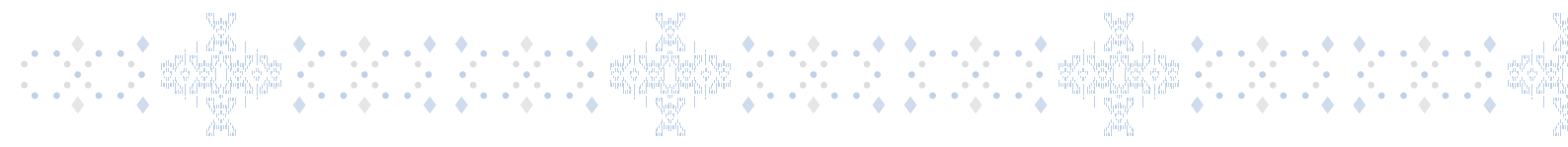
Intangible assets with finite lives are amortised on a systematic basis over the useful economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed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

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

	Useful lives
Deferred license fee	5 Years
Application software	3 Years

#### 6.10 IMPAIRMENT OF ASSETS

At the end of each reporting period, the Company and the subsidiary performs impairment reviews in respect of the plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset should be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value by using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.





In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and the subsidiary could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

#### 6.11 PAYABLES TO CLEARING HOUSE

Payables to Clearing House comprises the net payable to Thailand Clearing House (TCH) for settlement of equity securities trading made through the Stock Exchange of Thailand and the net payable to TCH which is margin required by TCH for derivatives business.

#### 6.12 SECURITIES AND DERIVATIVES BUSINESS PAYABLES

Securities and derivatives business payables are the obligation of the subsidiary in respect to securities and derivatives business with outside parties, such as the net payable of cash accounts, obligation to deliver securities as a result of short sales or securities borrowing and obligation to return assets held by the subsidiary as customers' collateral for securities lending, etc.

#### 6.13 RELATED PARTY TRANSACTIONS

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

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

#### 6.14 LONG-TERM LEASES

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

#### 6.15 PROVISIONS

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

#### 6.16 STRUCTURED NOTES

The subsidiary's structured notes are offered to customers or business associates of the subsidiary, who are institutional investors or high net worth investors, through private placements. The notes are issued under conditions approved by the Office of the Securities and Exchange Commission, and the underlying assets are securities listed on the Stock Exchange of Thailand.



The notes are recorded at amortised cost, adjusted by the discount on the notes. The discount is amortised by the effective rate method with the amortised amount presented as interest expense in profit or loss.

Embedded derivatives are recorded as derivative assets/liabilities at fair value and the changes in fair value are recorded in profit or loss. In determining the fair value of structured notes, the subsidiary uses a valuation technique and theoretical model. The input to the model is derived from observable market and conditions that include liquidity, dividend, interest rate, underlying price and volatility of underlying asset.

#### 6.17 FOREIGN CURRENCIES

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### 6.18 FINANCIAL DERIVATIVES

##### Future contracts

Obligation under derivatives business which the subsidiary enters into for trading purpose are regarded as commitments. Cash collateral amounts pledged as security for derivatives trading are recorded as receivable at Thailand Clearing House and gain (loss) from changes in the value of derivatives are included in profit or loss. The fair value of derivatives is based on the daily settlement price quoted by Thailand Futures Exchange Public Company Limited.

##### Options contracts

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

##### Derivative warrants

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

#### 6.19 EMPLOYEE BENEFITS

##### Short-term employee benefits

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

### Post-employment benefits

#### *Defined contribution plans*

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

#### *Defined benefit plans*

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

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

### 6.20 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 and its subsidiary recognise deferred tax liabilities for all taxable temporary differences while it recognises 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 utilised.

At each reporting date, the Company and its subsidiary review and reduce 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 utilised.

The Company and its subsidiary record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## 7. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make subjective judgments and estimates regarding matters

that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

#### RECOGNITION AND DERECOGNITION OF ASSETS AND LIABILITIES

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

#### IMPAIRMENT OF LONG-TERM DEPOSIT AT FINANCIAL INSTITUTION

The Company and the subsidiary will treat long-term deposits at financial institution as impaired when such financial institution is facing going concern problems and has defaulted on payment. The management uses judgment to estimate the loss reserve for deposit at financial institution, based on considering repayment ability and the financial institution plan to restructure its debts.

#### IMPAIRMENT OF EQUITY INVESTMENTS

The Company and the subsidiary will treat available-for-sale equity investments and non-marketable equity investments as impaired when there has been a significant or prolonged decline in the fair value below their cost, together with investments in businesses that have been severely impacted by the global economic slow down and take time to recover to their fair values or where other evidence of impairment exists. However, the use of different estimates and assumptions could affect the amounts of allowances for impairment of investment in such investments and adjustments to the allowances may be required in the future.

#### ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR SECURITIES AND DERIVATIVES BUSINESS RECEIVABLES

Allowance for doubtful accounts for securities and derivatives business receivables are intended to adjust the values of receivables for probable credit losses. In determining an allowance for doubtful accounts for securities and derivatives business receivables, the management needs to make judgment and estimates based upon, among other things, past collection history, the value of the securities collateral, aging profile of outstanding debts and the prevailing economic condition.

#### PLANT AND EQUIPMENT/DEPRECIATION

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the subsidiary's plant and equipment and to review estimate useful lives and residual values when there are any changes.

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

#### INTANGIBLE ASSETS

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

#### DEFERRED TAX ASSETS

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

#### POST-EMPLOYMENT BENEFITS UNDER DEFINED BENEFIT PLANS

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

#### LEASES

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

#### FAIR VALUE OF FINANCIAL INSTRUMENTS

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

### 8. RELATED PARTY TRANSACTIONS

The relationships between the Company and its related parties are summarised below:

Name of related parties	Relationship with the Company
Phatra Securities Public Company Limited	Subsidiary company

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

(Unit: Baht)

	Consolidated financial statements		Transfer pricing policy
	2011	2010	
<b>Transactions with the Company and the subsidiary's directors</b>			
Brokerage fees from securities business	1,463,766	2,158,082	Normal rate charged to ordinary customers
Brokerage fees from derivatives business	1,800	10,700	Normal rate charged to ordinary customers
<b>Transactions with related parties</b>			
Brokerage fees from securities business	278,444	478,249	Normal rate charged to ordinary customers
Brokerage fees from derivatives business	-	2,250	Normal rate charged to ordinary customers

(Unit: Baht)

	Separate financial statements		Transfer pricing policy
	For the year ended 31 December 2011	For the period as from 1 April 2010 to 31 December 2010	
<b>Transactions with subsidiary company</b> (Eliminate from the consolidated financial statements)			
Purchase investments	-	1,430,852,972	The latest bid price on selling date
Dividend income	1,322,561,374	-	As declared
Other income	128,287,981	-	Per agreement
Securities lending fee	378,413	-	Normal rate charged to ordinary customers
Brokerage fee	2,211,272	-	Normal rate charged to ordinary customers
Service expenses	10,417,534	-	Actual cost plus margin
Interest expenses	35,573,429	-	Per agreement

The balances of the accounts as at 31 December 2011 and 2010 between the Company and those related companies are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Other receivables - related parties (Note 13)</b>				
<b>Subsidiary company</b>				
Collateral receivable	-	-	11,204,568	-
Service charge receivable	-	-	78,687,017	-
Securities lending fee receivable	-	-	17,095	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>89,908,680</b>	<b>-</b>
<b>Other receivables</b>				
<b>Subsidiary company</b>				
Provision for long-term employee benefits (Note 8.1)	-	-	27,487,286	-
<b>Other payables - related parties (Note 20)</b>				
<b>Subsidiary company</b>				
Collateral payable	-	-	11,204,568	-
Payable - service expense	-	-	926,222	-
Advances from subsidiary company	-	-	50,496	6,985,156
<b>Total</b>	<b>-</b>	<b>-</b>	<b>12,181,286</b>	<b>6,985,156</b>
<b>Payable from purchase of investments (Note 8.2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,430,852,972</b>
<b>Loans from subsidiary (Note 8.3)</b>	<b>-</b>	<b>-</b>	<b>655,852,973</b>	<b>-</b>
<b>The Company and the subsidiary's directors</b>				
Deposits for customers' accounts	1,421,956	3,936,081	-	-
Securities business payable	-	2,834,304	-	-
Derivatives business payable	-	4,000	-	-

8.1 Amount due from subsidiary - provision for long-term employee benefits, amounting to Baht 25 million, is provision for long-term employee benefits of employees who worked with the subsidiary until 31 December 2010 and were then transferred to the Company on 1 January 2011. The subsidiary adjusted such amount to the beginning balance of retained earnings as discussed in Note 5 to the financial statements. In addition, Baht 2 million is a sharing of provision for long-term employee benefits for management, charged to the subsidiary. The subsidiary has obligations to the Company in respect of any severance payments that are made to such employees and management in accordance with labor law, when they retire.

8.2 On 29 December 2010 the Company entered into a share purchase agreement with the subsidiary, whereby it was to sell the available for sales investments under the management of the Direct Investment Group to the Company, which would henceforth operate the investment business, in accordance with the business restructuring plan. The selling price was set at Baht 1,431 million, which was equal to the latest bid price on 29 December 2010. The Company recorded this transaction as payables to subsidiary. However, after 6 months, on 1 July 2011, the Company and the subsidiary agreed to convert payable from purchase of investment to a loan from the subsidiary under the revolving credit facility agreement, as discussed in Note 8.3 to the financial statement.

8.3 On 1 January 2011 the Company entered into a revolving credit facility agreement with the subsidiary who grant a credit facility of Baht 1,800 million for use in operations of the Company. The repayment date is 30 September 2021 and interest is charged at the average Minimum Loan Rate. This loan is subordinated to any other liabilities of the Company.

As discussed in note 8.2 to the financial statements, on 1 July 2011 the Company and subsidiary agreed to convert payable to subsidiary from purchase of investment amounting to Baht 1,431 million to a loan from the subsidiary under the above revolving credit facility agreement.

As at 31 December 2011 and 2010, the balance of loans between the Company and its subsidiary and the movement are as follows:

(Unit: Baht)

		Separate financial statements			
		Balance as at 1 January 2011	Increase during the year	Decrease during the year	Balance as at 31 December 2011
Loans	Related by				
Phatra Securities Plc.	Subsidiary company	-	1,630,852,973	(975,000,000)	655,852,973

#### DIRECTORS AND MANAGEMENT'S BENEFITS

During the year ended 31 December 2011 and 2010, the Company and its subsidiary had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)



	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Short-term employee benefits	182	216	182	-
Post-employment benefits	3	-	3	-
<b>Total</b>	<b>185</b>	<b>216</b>	<b>185</b>	<b>-</b>

Post-employment benefits of the Company and its subsidiary for year 2010 were included in the adjustment to the beginning balance of retained earnings for 2011, as discussed in Note 5 to the financial statements.

## 9. CASH AND CASH EQUIVALENTS

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash	21,000	21,000	-	-
Bank deposits	798,347,068	562,138,543	38,925,383	3,004
Promissory notes with maturity less than 3 months	1,550,000,000	1,400,000,000	-	-
Less: Deposits for subsidiary's customers' accounts	(1,800,367,397)	(409,938,839)	-	-
<b>Total cash and cash equivalents - net</b>	<b>548,000,671</b>	<b>1,552,220,704</b>	<b>38,925,383</b>	<b>3,004</b>

As at 31 December 2011, bank deposits in saving accounts and promissory notes carried interests between 0.25 and 3.15 percent per annum (2010: between 0.01 and 1.87 percent per annum).

## 10. INVESTMENTS

### 10.1 Cost and fair value

(Unit: Baht)

	Consolidated financial statements			
	2011		2010	
	Cost/Cost net amortisation	Fair value	Cost/Cost net amortisation	Fair value
<b>Current investments</b>				
<i>Trading securities</i>				
Listed securities	1,566,916,006	1,580,788,227	530,097,875	528,781,200
Add (less): Changes in fair value of securities	13,872,221	-	(1,316,675)	-
Total trading securities - net	1,580,788,227	1,580,788,227	528,781,200	528,781,200
<i>Available-for-sale securities</i>				
Unit trust	70,000,000	72,570,028	70,000,000	70,895,490
Add: Changes in fair value of securities	2,570,028	-	895,490	-
Total available-for-sale securities - net	72,570,028	72,570,028	70,895,490	70,895,490
<i>Debt securities due within 1 year</i>				
Debt securities	32,988,576		1,698,298,240	
Less: Investments for subsidiary's customers' accounts	(32,988,576)		(898,783,581)	
Total debt securities due within 1 year	-		799,514,659	
<b>Total current investments - net</b>	<b>1,653,358,255</b>		<b>1,399,191,349</b>	
<b>Available-for-sales investments</b>				
<i>Available-for-sales securities</i>				
Listed securities	1,103,486,565	1,215,795,973	678,075,032	1,422,793,705
Unit trust	631,108	541,863	641,108	564,229
Total	1,104,117,673	1,216,337,836	678,716,140	1,423,357,934

	Consolidated financial statements			
	2011		2010	
	Cost/Cost net amortisation	Fair value	Cost/Cost net amortisation	Fair value
Add: Changes in fair value of securities	112,220,163	-	744,641,794	-
Total available-for-sales securities - net	1,216,337,836	1,216,337,836	1,423,357,934	1,423,357,934
Total available-for-sales investments - net	1,216,337,836		1,423,357,934	
<b>Other long-term investments</b>				
<i>Non-marketable securities</i>				
Other securities	10,208,965		10,208,965	
Less: Allowance for loss on impairment	(5)		(5)	
Total non-marketable securities - net	10,208,960		10,208,960	
Total other long-term investments - net	10,208,960		10,208,960	
Total investments - net	2,879,905,051		2,832,758,243	

(Unit: Baht)

	Separate financial statements			
	2011		2010	
	Cost/Cost net amortisation	Fair value	Cost/Cost net amortisation	Fair value
<b>Available-for-sale investments</b>				
<i>Available-for-sales securities</i>				
Listed securities	1,114,686,495	1,225,271,893	1,430,852,972	1,422,793,705
Add (less): Changes in fair value of securities	110,585,398	-	(8,059,267)	-
Total available-for-sale investments - net	1,225,271,893	1,225,271,893	1,422,793,705	1,422,793,705

10.2 In the statements of comprehensive income of the year 2010, the subsidiary reversed loss on impairment in investments in available-for-sale securities amounting to Baht 128 million, because the subsidiary considered that there were global recovery and significant improvement in the fundamental of impaired securities. As a result, the fair values of such securities, for which loss on impairment was recognised in the past, have recovered significantly.

## 10.3 Gain (loss) on change in value of available-for-sale investments

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Balance - beginning of the year	557,088,649	445,580,016	(8,059,267)	-
Changes (net of income tax)				
- changes in the applicable tax rate	11,306,618	-	11,058,540	-
- from revaluation	87,061,290	349,758,023	82,582,495	(8,059,267)
- from sales	(334,441,274)	(238,249,390)	2,886,550	-
Balance - end of the year	321,015,283	557,088,649	88,468,318	(8,059,267)

During the current year, the Company and its subsidiaries sold the available-for-sale securities with book values totaling Baht 892 Million (the Company only: Baht 881) and recognised gains (after tax) on the sales amounting to Baht 417 million in profit or loss (the Company only: Baht 80 million). This amount included the gain transferred from the gain on valuation of the available-for-sale securities in other comprehensive income, amounting to Baht 334 million (after tax) (the Company only: Baht 3 million).

## 10.4 Gain on securities trading

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Gain on sales of available-for-sale securities	561,510,019	753,199,319	114,422,896	-
Loss on sales of trading securities	(535,200,368)	(55,089,847)	-	-
Unrealised loss on sales of trading securities	(14,545,114)	(6,627,037)	-	-
<b>Total</b>	<b>11,764,537</b>	<b>691,482,435</b>	<b>114,422,896</b>	<b>-</b>

10.5 Fair value of investments in equity securities which have commitments are as follows:

(Unit: Baht)

	Consolidated financial statements	
	2011	2010
Securities borrowed but has yet to be transferred	3,883,550	-
Total	3,883,550	-

#### 11. RECEIVABLES FROM CLEARING HOUSE

Below are details of receivables from Clearing House as at 31 December 2011 and 2010.

(Unit: Baht)

	Consolidated financial statements	
	2011	2010
Receivables from Clearing House	687,852,346	293,705,141
Less: Receivables from Clearing House for subsidiary's customers' accounts	(366,643,393)	(164,589,384)
Total receivables from Clearing House	321,208,953	129,115,757

## 12. SECURITIES AND DERIVATIVES BUSINESS RECEIVABLES

Below are details of securities and derivatives business receivables as at 31 December 2011 and 2010.

(Unit: Baht)

	Consolidated financial statements	
	2011	2010
<b>Securities business receivables</b>		
Cash accounts	1,437,560,932	1,922,405,394
Collateral receivables	657,332,653	661,114,642
Securities borrowing and lending receivables	52,536,750	75,656,375
Structured notes receivables	-	10,409,767
<b>Total securities business receivables</b>	<b>2,147,430,335</b>	<b>2,669,586,178</b>
<b>Derivatives business receivables</b>		
Derivatives business receivables	620,699	5,702,542
<b>Total derivatives business receivables</b>	<b>620,699</b>	<b>5,702,542</b>
<b>Securities and derivatives business receivables</b>	<b>2,148,051,034</b>	<b>2,675,288,720</b>

12.1 The subsidiary has classified securities business receivables in accordance with the Notification of the Office of the Securities and Exchange Commission governing accounting for doubtful debts of securities companies. As at 31 December 2011 and 2010, securities business receivables are classified as follows: -

(Unit: Million Baht)

	Consolidated financial statement					
	2011			2010		
	Securities business receivables	Allowance for doubtful accounts set up by the subsidiary	Net securities business receivables after allowance for doubtful accounts	Securities business receivables	Allowance for doubtful accounts set up by the subsidiary	Net securities business receivables after allowance for doubtful accounts
Normal debts	2,147	-	2,147	2,670	-	2,670
<b>Total</b>	<b>2,147</b>	<b>-</b>	<b>2,147</b>	<b>2,670</b>	<b>-</b>	<b>2,670</b>

### 13. OTHER RECEIVABLES

The balances as at 31 December 2011 and 2010 consist of: -

(Unit: Baht)

	Consolidated financial statement		Separate financial statement	
	2011	2010	2011	2010
Other receivables - related parties	-	-	89,908,680	-
Accrued fee income	72,929,888	30,500,000	-	-
Accrued interest and dividend income	8,722,255	4,734,330	-	-
Others	17,009,220	10,920,930	-	-
<b>Total</b>	<b>98,661,363</b>	<b>46,155,260</b>	<b>89,908,680</b>	<b>-</b>

### 14. DERIVATIVES ASSETS AND LIABILITIES

(Unit: Baht)

Type of derivatives	Consolidated financial statement			
	Fair value as at 31 December 2011		Notional amount*	
	Assets	Liabilities	Assets	Liabilities
SET 50 Index Options	272,800	436,460	3,760,000	3,664,000
Options	1,014,023	5,327	115,578,267	92,461,902
Derivative warrants - call	-	5,029,886	-	335,756,455
Derivative warrants - put	-	3,638,460	-	54,983,592
<b>Total</b>	<b>1,286,823</b>	<b>9,110,133</b>	<b>119,338,267</b>	<b>486,865,949</b>

(Unit: Baht)

Type of derivatives	Consolidated financial statement			
	Fair value as at 31 December 2010		Notional amount*	
	Assets	Liabilities	Assets	Liabilities
SET 50 Index Options	2,060,000	-	56,800,000	-
Options	2,518,551	4,084	203,304,251	162,671,298
Derivative warrants - call	-	31,474,875	-	151,079,400
Derivative warrants - put	-	114,543	-	694,200
<b>Total</b>	<b>4,578,551</b>	<b>31,593,502</b>	<b>260,104,251</b>	<b>314,444,898</b>

\*Notional amount is exercised price multiplied by number of potential shares that may be exercised

The Annual General Meeting of the subsidiary's shareholders, held on 22 April 2010 passed a resolution to approve the issue and offer of derivative warrants with a combined value not exceeding Baht 300 million at any time (determined by offering price at the issue date). The derivative warrants are to be registered and have a total notional amount at any time (determined by offering price at the issue date) of no more than Baht 1 billion. The underlying assets would be securities or indices, which might be the SET50 Index, SET 100 Index, SET Index, or individual or groups of securities listed on the Stock Exchange of Thailand, or other securities indices. The term of derivative warrants is to be not more than two years from the issue date and payment upon exercise is to be made by delivery of cash and/or underlying securities. The warrants are to be allocated by domestic and/or international offerings to the public, or by private placement.

Delivery method of the above derivative warrants is cash settlement between close price of underlying assets at last trading date and exercise price.

Issuing of derivative warrants exposes the subsidiary to the risk resulting from changes in the values of the underlying securities. The subsidiary manages this risk by using a computer model to monitor the volatility of the price of the underlying securities to help determine its trading strategy. In addition, the subsidiary is exposed to liquidity risk when it wishes to trade the underlying securities. The subsidiary manages this risk by selecting those underlying securities that have sufficiently high liquidity.

## 15. INVESTMENTS IN SUBSIDIARY

Details of investment in subsidiary as presented in separate financial statements are as follows:

(Unit: Million Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2011	2010	2011 (%)	2010 (%)	2011	2010	2011	2010
Phatra Securities Public Company Limited	213	213	99.74	98.51	5,188	5,131	1,323	-

15.1 Since 1 April 2011, the Company has bought additional shares, 2,637,038 shares, totaling Baht 56 million, of Phatra Securities from the minority shareholders of Phatra Securities who did not respond the Company's tender offer within 24 December 2010.

As at 31 December 2011, percentage of shareholding in Phatra Securities is 99.74 percent increased from 98.51 percent as at 31 December 2010.



## 16. PLANT AND EQUIPMENT

(Unit: Baht)

	Consolidated financial statements			
	Building and building improvement	Furniture, fixtures and office equipment	Vehicles	Total
<b>At cost:</b>				
1 January 2010	294,806,543	168,505,130	17,193,506	480,505,179
Acquisitions	9,138,371	17,390,330	-	26,528,701
Disposals	(511,593)	(866,615)	-	(1,378,208)
31 December 2010	303,433,321	185,028,845	17,193,506	505,655,672
Acquisitions	5,900,187	30,212,643	-	36,112,830
Disposals	(790,458)	(4,690)	-	(795,148)
31 December 2011	308,543,050	215,236,798	17,193,506	540,973,354
<b>Accumulated depreciation:</b>				
1 January 2010	144,203,494	142,991,936	14,441,636	301,637,066
Depreciation charged for the year	12,839,052	16,570,497	2,252,133	31,661,682
Depreciation on disposals	(487,122)	(862,703)	-	(1,349,825)
31 December 2010	156,555,424	158,699,730	16,693,769	331,948,923
Depreciation charged for the year	10,843,393	15,607,479	499,726	26,950,598
Depreciation on disposals	-	(3,370)	-	(3,370)
31 December 2011	167,398,817	174,303,839	17,193,495	358,896,151
<b>Net book value:</b>				
31 December 2010	146,877,897	26,329,115	499,737	173,706,749
31 December 2011	141,144,233	40,932,959	11	182,077,203
<b>Depreciation for the year</b>				
2010				31,661,682
2011				26,950,598

As at 31 December 2011, certain plant and equipment items of the subsidiary have been fully depreciated but are still in used. The gross carrying amount (before deducting accumulated depreciation) those assets amounted to approximately Baht 228 million (2010: Baht 193 million).

## 17. INTANGIBLE ASSETS

(Unit: Baht)

	Consolidated financial statements		
	Deferred license fee	Application software	Total
<b>Cost:</b>			
1 January 2010	5,540,745	143,844,605	149,385,350
Acquisition	250,000	31,753,335	32,003,335
31 December 2010	5,790,745	175,597,940	181,388,685
Acquisition	-	2,726,866	2,726,866
Written-off	-	(5,913,967)	(5,913,967)
31 December 2011	5,790,745	172,410,839	178,201,584
<b>Amortisation:</b>			
1 January 2010	4,114,123	81,238,313	85,352,436
Amortisation	1,107,542	27,360,338	28,467,880
31 December 2010	5,221,665	108,598,651	113,820,316
Amortisation	397,667	27,724,686	28,122,353
31 December 2011	5,619,332	136,323,337	141,942,669
<b>Net book value:</b>			
31 December 2010	569,080	66,999,289	67,568,369
31 December 2011	171,413	36,087,502	36,258,915
<b>Amortisation expense for the year</b>			
2010			28,467,880
2011			28,122,353

As at 31 December 2011, certain application software items of the subsidiary have been fully amortised but are still in use. The gross carrying amount (before deducting accumulated amortisation) of these assets amounted to Baht 88 million (2010: Baht 72 million).

## 18. PAYABLES TO CLEARING HOUSE

The balances as at 31 December 2011 and 2010 consist of: -

(Unit: Baht)

	Consolidated financial statements	
	2011	2010
Payables to Clearing House	135,105,764	381,762,832
Less: Payables to Clearing House for subsidiary's customers' accounts	-	-
<b>Total payables to Clearing House</b>	<b>135,105,764</b>	<b>381,762,832</b>

## 19. SECURITIES AND DERIVATIVES BUSINESS PAYABLES

Below are details of securities and derivatives business payables as at 31 December 2011 and 2010.

(Unit: Baht)

	Consolidated financial statements	
	2011	2010
<b>Securities business payables</b>		
Cash accounts	1,168,463,447	1,498,888,209
Collateral payables	56,407,950	82,456,780
Securities borrowing and lending payables	613,946,437	392,967,700
Matured structured notes payable	-	12,757,689
<b>Total securities business payables</b>	<b>1,838,817,834</b>	<b>1,987,070,378</b>
<b>Derivatives business payables</b>		
Derivatives business payables	9,238,900	10,898,200
<b>Total derivatives business payables</b>	<b>9,238,900</b>	<b>10,898,200</b>
<b>Securities and derivatives business payables</b>	<b>1,848,056,734</b>	<b>1,997,968,578</b>

## 20. OTHER PAYABLES

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Other payables - related parties	-	-	12,181,286	6,985,156
Other payables - unrelated parties	22,872,359	26,379,962	-	-
Accrued expenses	411,859,602	466,669,394	130,651,642	229,485
<b>Total other payables</b>	<b>434,731,961</b>	<b>493,049,356</b>	<b>142,832,928</b>	<b>7,214,641</b>

## 21. STRUCTURED NOTES

(Unit: Baht)

	Consolidated financial statements	
	2011	2010
Structured notes	115,981,406	256,319,893

The structured notes comprise a debenture and a put or a call option. The subsidiary issued the structured notes, with terms of no more than 270 days, and the underlying assets are securities included in the SET 50 index. The settlement of principal/payment of a return on the structured notes are to be by cash, by delivery of underlying assets, or securities that are not issued by the subsidiary, and/or by delivery of assets or both cash and securities.

To mitigate volatility in the values of the underlying securities, the subsidiary hedges the risk by holding some of the underlying securities.

## 22. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

Provision for long-term employee benefits as at 31 December 2011, which is compensations on employees' retirement, was as follows:

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
Cumulative effect of change in accounting policy for employee benefits adjusted against beginning balance of retained earnings (Note 5)	72,128,755	25,067,168
Current service cost	7,747,066	2,678,246
Interest cost	2,397,978	852,283
Benefits paid during the year	(2,000,000)	-
Balance at end of year	80,273,799	28,597,697

Long-term employee benefit expenses included in the profit or loss for the year ended 31 December 2011 amounted to Baht 10 million (the Company only: Baht 3 million).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements / Separate financial statements	
	2011	2010
	(% per annum)	(% per annum)
Discount rate	3.4	3.4
Future salary increase rate (depending on age of employee)	4.0 - 12.0	4.0 - 12.0
Staff turnover rate	0.0 - 15.0	0.0 - 15.0

## 23. SHARE CAPITAL

On 1 April 2010, the Company was incorporated with a registered share capital of Baht 10,000, comprising 2,000 ordinary shares with a par value of Baht 5 each. During the year 2010, the Company received payment of the share capital from the shareholders.

On 17 September 2010, the Company's Extraordinary Shareholders' Meeting No. 1/2010 approved a Baht 1,067,500,000 increase in the Company's registered capital, from Baht 10,000 to Baht 1,067,510,000, comprising 213,502,000 ordinary shares with par value of Baht 5 per share, in order to support the share swap with shareholders of Phatra Securities under the business restructuring plan. The Company registered the increase in registered capital with the Ministry of Commerce on 21 September 2010.

From 20 October 2010 to 24 December 2010, the Company made a tender offer for all outstanding ordinary shares of Phatra Securities under the business restructuring plan, as discussed in note 1.3 to the financial statements. On 27 December 2010 the Company reported a result of the tender offer that the Company had acquired 210,308,240 shares, or 98.51% of Phatra Securities' shares. The Company registered the increase in its paid-up share capital to Baht 1,051,541,200 (comprising 210,308,240 ordinary shares with par value of Baht 5 per share) with the Ministry of Commerce on 29 December 2010.

## 24. STATUTORY RESERVE

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

## 25. BROKERAGE FEES INCOME

Brokerage fees for the years ended 31 December 2011 and 2010 are as follows:

(Unit: Baht)

	Consolidated financial statements	
	2011	2010
Brokerage fees from securities business	954,746,567	860,712,369
Brokerage fees from derivatives business	68,546,394	43,381,336
Other brokerage fees	56,185,226	48,419,949
<b>Total</b>	<b>1,079,478,187</b>	<b>952,513,654</b>

## 26. FEES AND SERVICES INCOME

Fees and services income for the years ended 31 December 2011 and 2010 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements
	2011	2010	2011
Underwriting fees	20,070,761	201,027,304	-
Financial advisory fees	287,744,287	196,772,383	-
Borrowing and lending fees	9,916,608	1,661,404	378,413
Others	-	7,950,916	-
<b>Total</b>	<b>317,731,656</b>	<b>407,412,007</b>	<b>378,413</b>

## 27. INCOME TAX

Income tax expenses for the years ended 31 December 2011 and 2010 are made up as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Current income tax:</b>				
Current income tax charge	325,673,375	287,182,391	-	-
Adjustment in respect of current income tax of previous year	(1,854,776)	(893,505)	(2,166,491)	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	1,269,743	37,398,766	(3,175,351)	-
Effects of changes in the applicable tax rates	7,624,453	-	1,768,483	-
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>332,712,795</b>	<b>323,687,652</b>	<b>(3,573,359)</b>	<b>-</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2011 and 2010 are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Deferred tax relating to gain on re-measuring available-for-sale investments	33,919,855	245,584	33,175,620	-
Effects of changes in the applicable tax rates	(11,306,618)	-	(11,058,540)	-
	<b>22,613,237</b>	<b>245,584</b>	<b>22,117,080</b>	<b>-</b>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2011 and 2010.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Accounting profit before tax	1,170,861,312	1,355,221,518	1,338,346,721	(7,221,637)
Applicable tax rate	30%	25%, 30%	30%	30%
Accounting profit before tax multiplied by applicable tax rate	329,584,871	340,610,789	401,504,016	-
Adjustment in respect of current income tax of previous year	(1,854,776)	(893,505)	(2,166,491)	-
Effects of changes in the applicable tax rates	7,624,453	-	1,768,483	-
Effects of:				
Tax exempted revenue	(8,930,683)	(18,430,423)	(404,679,367)	-
Non-deductible expenses	6,288,930	2,400,791	-	-
Total	(2,641,753)	(16,029,632)	(404,679,367)	-
Income tax expenses reported in the statement of comprehensive income	332,712,795	323,687,652	(3,573,359)	-

As of 31 December 2011 and 2010, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements
	2011	2010	2011
<b>Deferred tax assets</b>			
Amortisation of intangible assets	5,220,103	9,041,248	-
Allowance for impairment of fixed assets	6,159,275	9,832,931	-
Provision for long-term employee benefits	16,193,209	-	718,237
Allowance for impairment on investments	1,466,250	2,199,375	-
Unrealised loss from revaluation securities borrowing	6,641,687	1,462,590	-
Carryforward of unused tax losses	2,855,122	-	2,855,122
Total	38,535,646	22,536,144	3,573,359



(Unit: Baht)

	Consolidated financial statements		Separate financial statements
	2011	2010	2011
<b>Deferred tax liabilities</b>			
Gain on change in value of available-for-sale investments	(22,613,237)	(245,584)	(22,117,080)
Unrealised gain on change in value of trading investments	(5,875,169)	(964,842)	-
Unrealised gain on change in derivative assets and liabilities	(3,519,776)	(414,964)	-
<b>Total</b>	<b>(32,008,182)</b>	<b>(1,625,390)</b>	<b>(22,117,080)</b>
<b>Deferred tax assets (liabilities) - net</b>	<b>6,527,464</b>	<b>20,910,754</b>	<b>(18,543,721)</b>

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company reflected the changes in tax rates in its deferred tax calculation, as presented above.

## 28. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

The business restructuring plan of the Company and Phatra Securities are considered to be a business combination of entities under common control, treated as if it had been taken place at the beginning of the year 2010. Therefore, the weighted average number of ordinary shares used in determining earning per share for the year ended 31 December 2010 in the consolidated financial statements and the separate financial statements is calculated from the weighted average number of ordinary shares of the Company and Phatra Securities in issue during the year, less the number of Phatra Securities' shares that minority shareholders did not swap under the business restructuring plan.

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Profit (loss) attributable to equity holders of the Company (Baht)	834,727,567	1,007,564,437	1,341,920,080	(7,221,637)
Weighted average number of ordinary shares (shares)	210,310,240	210,310,240	210,310,240	210,310,240
Earnings (loss) per share (Baht/share)	3.97	4.79	6.38	(0.03)

## 29. PROVIDENT FUND

The Company, its subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees, the Company and its subsidiary contributed to the fund on monthly basis at the rate of a percent of basic salary. The fund, which is managed by a licensed fund manager, will be paid to employees upon termination in accordance with the fund rules. During the year 2011, the Company and its subsidiary contributed Baht 23 million (2010: Baht 21 million) to the fund.

## 30. DIVIDENDS

(Unit: Baht)			
Consolidated financial statement			
Dividends	Approved by	Total dividends	Dividend per share
Final dividends for 2009	Annual General Meeting of the subsidiary's shareholders on 22 April 2010	288,225,000	1.35
Interim dividends for 2010	The subsidiary's Board of Directors' meeting on 24 August 2010	288,225,000	1.35
Total for 2010		576,450,000	2.70

(Unit: Baht)

Consolidated financial statement and Separate financial statements			
Dividends	Approved by	Total dividends	Dividend per share
The first interim dividends for 2011	Board of Directors' meeting on 26 April 2011	557,322,136	2.65
The second interim dividends for 2011	Board of Directors' meeting on 11 August 2011	273,403,312	1.30
Total for 2011		830,725,448	3.95

### 31. COMMITMENTS AND CONTINGENT LIABILITIES

#### 31.1 COMMITMENTS

- 1) The Company had a service agreement with its subsidiary. Under the agreement, the subsidiary had to provide operation support service to the Company. In addition, the Company had an equipment and computer lease agreement with its subsidiary. Under the conditions of the agreements, the Company is to pay monthly service fee as stipulated in the agreement.
- 2) As at 31 December 2011, the subsidiary is required to pay a sub-license fee of approximately USD 87,000 per annum for the use of the software provided by the foreign company for use in the subsidiary's operations. The agreement has an initial term of three years, starting on 1 December 2003 and will be automatically extended by one year following the expiry of the initial term, unless terminated by either party.
- 3) The subsidiary has entered into several lease agreements in respect of the lease of equipment. The terms of the agreements are generally 3 years. Operating lease agreements are non-cancellable.

As at 31 December 2011, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

Payable within year	Million Baht
2012	0.37
2013	0.12

- 4) The subsidiary has commitments to pay the fees related to its securities business to the Stock Exchange of Thailand, Thailand Clearing House Company Limited and Thailand Securities Depository Company Limited. These comprise a monthly fixed amount and/or a percentage of trading volume each month and/or a percentage of net settlements each month.
- 5) The subsidiary has commitment to pay the fees related to its derivatives business to Thailand Futures Exchange Public Company Limited and Thailand Clearing House Company Limited. These comprise a monthly fixed amount and/or at the fixed payment for each purchase or sale of a futures contract transaction.

- 6) The subsidiary has commitments to pay a fee to the Office of the Securities and Exchange Commission in relation to securities business licenses for securities brokerage at the rate of 0.0007 - 0.0018 percent of its trading volume. For commission received from securities trading, underwriting and others which the subsidiary has licenses, the fee is charged at the rate of 1 percent per annum of income from the aforesaid activities. The minimum total fee is Baht 500,000 per annum.
- 7) The subsidiary has commitments to pay certain service fees to Thailand Securities Depository Company Limited (TSD), as its Back Office Service Bureau. These comprise a monthly fixed amount and certain other fees specified in the agreement.
- 8) As at 31 December 2011, the subsidiary had commitments in respect of issuance and offer of derivative warrants in the Stock Exchange of Thailand.
- 9) As at 31 December 2011, the subsidiary has the following commitments in respect of derivative contracts:

#### SET 50 INDEX FUTURES

As at 31 December 2011, the subsidiary has commitments in respect of SET 50 Index Futures contracts traded through the Thailand Futures Exchange for 164 contracts detailed below.

	Long position		Short position	
	Number of contracts	Cost* (Thousand Baht)	Number of contracts	Cost* (Thousand Baht)
Future contracts of March 2012	-	-	164	117,285
Total	-	-	164	117,285

\* Delivery method of SET 50 Index Futures listed in TFEX is cash settlement. Real exposure is a difference between cost of futures and SET 50 Index level on settlement date.

#### SINGLE STOCK FUTURES

As at 31 December 2011, the subsidiary has commitments in respect of Single Stock Futures contracts traded through the Thailand Futures Exchange for 3,662 contracts detailed below.

	Long position		Short position	
	Number of contracts	Cost* (Thousand Baht)	Number of contracts	Cost* (Thousand Baht)
Future contracts of March 2012	-	-	3,662	437,234
Total	-	-	3,662	437,234

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

### SET 50 INDEX OPTIONS

As at 31 December 2011, the subsidiary has commitments in respect of SET 50 Index Options contracts traded through the Thailand Futures Exchange for 58 contracts detailed below.

	Long position		Short position	
	Number of contracts	Cost* (Thousand Baht)	Number of contracts	Cost* (Thousand Baht)
Call options of March 2012	29	194	29	319
Total	29	194	29	319

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

### 31.2 CONTINGENT LIABILITIES - BANK GUARANTEES

As at 31 December 2011, there were outstanding bank guarantees of approximately Baht 1 million (2010: Baht 1 million), issued by the banks on behalf of the subsidiary in respect of certain performance bonds as required in the normal course of business.

## 32. SEGMENT INFORMATION

The Company and the subsidiary's business operations involve 3 principal segments: securities and derivatives brokerage segment, investment banking segment and investments segment. These operations are mainly carried on in Thailand. Below is the financial information for the years ended 31 December 2011 and 2010 of the Company and the subsidiary by segment.



(Unit: Thousand Baht)

	Securities and derivatives brokerage segment		Investment banking segment		Investments segment		Elimination of inter-segment revenues		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenues	1,084,561	987,510	319,235	371,529	1,722,881	1,682,145	(876,688)	(752,778)	2,249,989	2,288,406
Reversal of loss on impairment	-	-	-	-	-	128,371	-	-	-	128,371
Segment income (loss)	753,005	638,687	264,739	312,980	1,637,732	1,736,388	(876,309)	(752,778)	1,779,167	1,935,277
Unallocated income (expense):										
Other income									72,814	32,785
Operating and administrative expenses									(647,284)	(605,015)
Finance cost									(33,835)	(7,826)
Corporate income tax									(332,713)	(323,688)
Profit attributable to non-controlling interests of the subsidiary									(3,421)	(23,969)
Profit attributable to equity holders of the Company									834,728	1,007,564

(Unit: Thousand Baht)

	Securities and derivatives brokerage segment		Investment banking segment		Investments segment		Elimination of inter-segment revenues		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Pant and equipment - net										
- allocated	27,380	24,065	9,556	10,695	7,546	8,983	-	-	44,482	43,743
- unallocated									137,595	129,964
Total									182,077	173,707
Unallocated assets									6,173,925	7,393,705
Total assets									6,356,002	7,567,412

Transfer prices between business segments are set out in Note 8 to the financial statements.

### 33. FINANCIAL INSTRUMENTS

#### 33.1 FINANCIAL RISK MANAGEMENT

The Company and the subsidiary's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, investments, receivables from and payables to Clearing House, securities and derivatives business receivables and payables, derivatives assets and liabilities, other receivables, other payables and structured notes. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit risk

The Company and the subsidiary is exposed to credit risk primarily with respect to deposits at financial institutions, investment in debt securities, receivables from Clearing House, securities

and derivatives business receivables and other receivables. The Company and the subsidiary manages the risk by adopting appropriate trading limit policies and procedures. In addition, to manage risks on debt instruments, the Company and the subsidiary has assigned the list of issuers with maximum credit exposure limits. As a result, the Company and the subsidiary does not expect to incur material financial losses.

In addition, the subsidiary does not have high concentration of credit risk of retail client since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts as follows:

(Unit: Baht)			
	Consolidated financial statements		Separate financial statements
<b>Financial assets</b>			
Cash and cash equivalents - promissory notes with maturity less than 3 months	250,000,000	1,074,600,000	-
Investment in debt securities	-	799,514,659	-
Receivables from Clearing House	321,208,953	129,115,757	-
Securities and derivatives business receivables	2,148,051,034	2,675,288,720	-
Other receivables	105,508,454	51,444,380	117,395,966
Derivative assets	1,286,823	4,578,551	-

#### Interest rate risk

The Company and the subsidiary's exposure to interest rate risk relates primarily to its deposits at financial institutions and investments. However, since most of the Company and the subsidiary's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. In addition, to reduce the interest rate risk, the Company and the subsidiary has determined the maximum limit for investments as appropriate. As a result, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2011 and 2010 classified by type of interest rates and, for those financial assets and liabilities are categorized by the contractual repricing or maturity date (whichever is earlier) are as follows: -

(Unit: Million Baht)

Consolidated financial statements										
	2011									
	Outstanding balances of financial instruments							Interest rate (Percent)		
	Floating interest rate	Repricing or maturity dates					No interest	Total	Floating rate	Fixed rate
		At call	Less 1 year	1 - 5 years	Over 5 years					
Financial instruments - assets										
Cash and cash equivalents	106	250	-	-	-	192	548	0.25 - 1.50	3.15	
Investments	-	-	-	-	-	2,880	2,880	-	-	
Receivables from Clearing House	-	-	-	-	-	321	321	-	-	
Securities and derivatives business receivables	-	-	-	-	-	2,148	2,148	-	-	
Other receivables	-	-	-	-	-	105	105	-	-	
Derivatives assets	-	-	-	-	-	1	1	-	-	
Financial instruments - liabilities										
Payables to Clearing House	-	-	-	-	-	135	135	-	-	
Securities and derivatives business payables	-	-	-	-	-	1,848	1,848	-	-	
Other payables	-	-	-	-	-	435	435	-	-	
Derivative liabilities	-	-	-	-	-	9	9	-	-	
Structured notes	-	-	-	-	-	116	116	-	-	

(Unit: Million Baht)

Consolidated financial statements										
	2010									
	Outstanding balances of financial instruments							Interest rate (Percent)		
	Floating interest rate	Repricing or maturity dates					No interest	Total	Floating rate	Fixed rate
		At call	Less 1 year	1 - 5 years	Over 5 years					
Financial instruments - assets										
Cash and cash equivalents	140	1,075	-	-	-	337	1,552	0.01 - 1.23	1.85 - 1.87	
Investments	-	-	800	-	-	2,033	2,833	-	1.88 - 1.90	
Receivables from Clearing House	-	-	-	-	-	129	129	-	-	
Securities and derivatives business receivables	-	-	-	-	-	2,675	2,675	-	-	
Other receivables	-	-	-	-	-	51	51	-	-	
Derivatives assets	-	-	-	-	-	4	4	-	-	
Financial instruments - liabilities										
Payables to Clearing House	-	-	-	-	-	382	382	-	-	
Securities and derivatives business payables	-	-	-	-	-	1,998	1,998	-	-	
Other payables	-	-	-	-	-	493	493	-	-	
Derivative liabilities	-	-	-	-	-	32	32	-	-	
Structured notes	-	-	-	-	-	256	256	-	-	



(Unit: Million Baht)

Separate financial statements											
	2011										
	Outstanding balances of financial instruments							Interest rate (Percent)			
	Floating interest rate	Repricing or maturity dates					No interest	Total		Floating rate	Fixed rate
		At call	Less 1 year	1 - 5 years	Over 5 years						
Financial instruments - assets											
Cash and cash equivalent	37	-	-	-	-	2	39	0.25	-		
Other receivables	-	-	-	-	-	117	117	-	-		
Investments	-	-	-	-	-	1,225	1,225	-	-		
Financial instruments - liabilities											
Other payables	-	-	-	-	-	143	143	-	-		
Loans from subsidiary	656	-	-	-	-	-	656	7.25	-		

(Unit: Million Baht)

Separate financial statements									
	2010							Interest rate (Percent)	
	Outstanding balances of financial instruments								
	Floating interest rate	Repricing or maturity dates					No interest		
		At call	Less 1 year	1 - 5 years	Over 5 years				
Financial instruments - assets								Floating rate	Fixed rate
Investments	-	-	-	-	-	1,423	1,423	-	-
Financial instruments - liabilities									
Other payables	-	-	-	-	-	7	7	-	-
Payables to subsidiary	-	-	-	-	-	1,431	1,431	-	-

### Liquidity risk

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

The Company and its subsidiary's cash inflow and outflow are monitored by the treasury department in order to prepare daily cash usage plan. The Company and its subsidiary controls size of any business transaction which may increase our risk of incurring unexpected liability to make cash payment and also considers the impact to internal liquidity and net capital ratio of the subsidiary. The subsidiary maintains a net capital ratio in accordance with the rules laid down by the Office of the Securities and Exchange Commission. In addition, the Company and its subsidiary has a policy to manage its liquidity to ensure that it has sufficient liquidity to meet both present and future requirements, under the supervision of the Liquidity Management Committee.

During the current year, the subsidiary was able to maintain a net capital ratio exceeding the requirement laid down by the Office of Securities and Exchange Commission.

The periods of time from the end of reporting period to the maturity dates of financial instruments as of 31 December 2011 and 2010 are as follows: -

(Unit: Million Baht)

	Consolidated financial statements					
	2011					
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
<b>Financial instruments - assets</b>						
Cash and cash equivalents	548	-	-	-	-	548
Investments	-	1,653	-	-	1,227	2,880
Receivables from Clearing House	-	321	-	-	-	321
Securities and derivatives business receivables	-	2,148	-	-	-	2,148
Other receivables	-	99	6	-	-	105
Derivative assets	-	1	-	-	-	1
<b>Financial instruments - liabilities</b>						
Payables to Clearing House	-	135	-	-	-	135
Securities and derivatives business payables	-	1,848	-	-	-	1,848
Other payables	-	435	-	-	-	435
Derivatives liabilities	-	9	-	-	-	9
Structured notes	-	116	-	-	-	116

(Unit: Million Baht)

	Consolidated financial statements					
	2010					
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
<b>Financial instruments - assets</b>						
Cash and cash equivalents	1,552	-	-	-	-	1,552
Investments	-	1,400	-	-	1,433	2,833
Receivables from Clearing House	-	129	-	-	-	129
Securities and derivatives business receivables	-	2,675	-	-	-	2,675
Other receivables	-	46	5	-	-	51
Derivative assets	-	4	-	-	-	4

(Unit: Million Baht)

	Consolidated financial statements					
	2010					
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
<b>Financial instruments - liabilities</b>						
Payables to Clearing House	-	382	-	-	-	382
Securities and derivatives business payables	-	1,998	-	-	-	1,998
Other payables	-	493	-	-	-	493
Derivative liabilities	-	32	-	-	-	32
Structured notes	-	256	-	-	-	256

(Unit: Million Baht)

	Separate financial statements					
	2011					
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
<b>Financial instruments - assets</b>						
Cash and cash equivalents	39	-	-	-	-	39
Other receivables	-	90	-	27	-	117
Investments	-	-	-	-	1,225	1,225
<b>Financial instruments - liabilities</b>						
Other payables	-	143	-	-	-	143
Loans from subsidiary	-	-	-	656	-	656

(Unit: Million Baht)

	Separate financial statements					
	2010					
	Outstanding balances of financial instruments					
	At call	Within 1 year	1 - 5 years	Over 5 years	No maturity	Total
<b>Financial instruments - assets</b>						
Investments	-	-	-	-	1,423	1,423
<b>Financial instruments - liabilities</b>						
Other payables	-	7	-	-	-	7
Payables to subsidiary	-	1,431	-	-	-	1,431

### Foreign currency risk

The subsidiary's exposure to foreign currency risk arises mainly from income and expense transactions that are denominated in foreign currencies. The subsidiary has no forward contracts to reduce the exposure.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2011 and 2010 are summarised below: -

Foreign currency	Consolidated financial statements				Average exchange rate as at	
	Financial assets		Financial liabilities			
	2011	2010	2011	2010	2011	2010
	(Baht per 1 foreign currency unit)					
US dollar	357,007	1,418,726	736,230	332,011	31.6422	30.1022
Hongkong dollar	2,482,096	635,800	118,442	118,442	4.0711	3.8663
Euro	52,134	52,014	-	-	40.9667	39.8737
Singapore dollar	-	-	42,210	-	24.3465	-
JPY	3,440,718	3,440,365	-	-	0.4078	0.369

### Market risk

The Company and its subsidiary's exposure to market risk is the risk that volatility on the Stock Exchange of Thailand and The Thailand Futures Exchange will substantially reduce the value of the Company and its subsidiary's investments. The Company and its subsidiary manages the market risk by analyzing market risk inherent in Company and its subsidiary's business transactions, developing measuring tools, setting market risk limits and assigning risk management department to continuously monitor market risk level and report to the management.

### Financial derivatives instruments

As of 31 December 2011, the fair values of financial derivatives which are the subsidiary's commitments as presented in the subsidiary's accounts are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	Remaining period before maturity date			Total
	1 - 6 months	6 months - 1 year	Over 1 years	
SET 50 Index Futures				
Short position	116.325	-	-	116.325
Single Stock Futures				
Short position	426,606	-	-	426,606

(Unit: Thousand Baht)

### 33.2 FAIR VALUES OF FINANCIAL INSTRUMENTS

Since the majority of the Company and the subsidiary's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The methodology of fair value measurement is depended on the characteristics of the financial instrument. For those financial instruments which are regarded as being traded in an active market, fair value is determined by reference to the market price of the financial instrument. If however the appropriate quoted market price cannot be determined, the fair value is determined by using an appropriate valuation technique such as discounted cash flow.

The Company and the subsidiary has estimated the fair value of financial instruments as follows: -

#### a) Financial assets

The methodology used for determining the fair value is depended on the characteristics of the financial instrument. The fair value of financial assets are presented as the amount stated in the statements of financial position (including cash, deposits at financial institutions) which are considered to be their approximated respective carrying value since the financial instruments are predominantly and subject to market interest rates. Financial instruments that have standard terms and conditions which are traded on an active and liquid market, such as investment in securities and derivatives, have their fair values determined by the quoted market price. The fair value of receivables from Clearing House and securities and derivative business receivables are estimated at their net book value since the maturity date is in the short-term. The fair value of derivatives assets are determined by quoted market price.

#### b) Financial liabilities

Payables to Clearing House and securities and derivative business payables are presented at net book value since the maturity dates occur of short-term. The fair value of structured notes is determined as discussed in Note 6.16 to financial statements. The fair values of derivatives liabilities are determined by quoted market price.

## 34. CAPITAL MANAGEMENT

The primary objectives of the Company and the subsidiary's capital management is to ensure that it has an appropriate financing structure, to preserve the ability to continue its business as a going concern and the subsidiary has to maintain net capital in accordance with the rules laid down by the Office of the Securities and Exchange Commission.

## 35. EVENTS AFTER THE REPORTING PERIOD

35.1 The Meeting of the Company's Board of Directors, held on 27 February 2012, passed the resolution to propose the additional dividend payment for the year 2011 of Baht 1.28 per share or total Baht 269.20 million. This is the additional dividend payment to the interim

dividend payment at Baht 1.30 per share or Baht 273.40 million in total paid on 9 September 2011. Therefore, total dividend payment for the whole year 2011 would be at Baht 2.58 per share. The record date on which shareholders had the right to receive dividend is fixed on 17 May 2012. The Company's Board of Directors will propose this additional dividend payment for approval by the Annual General Meeting of the Company's shareholders, which will be held on 25 April 2012.

- 35.2 The Meeting of the Company's Board of Directors, held on 27 February 2012, approved the Company enter into the merger with Kiatnakin Bank Public Company Limited ("Kiatnakin Bank") in accordance with the Company's restructuring plan, by entering into the Share Purchase Agreement ("SPA") with conditions precedent to be fulfilled between the major shareholders of Kiatnakin Bank, Kiatnakin Bank, the group of major shareholders of the Company, and the Company in accordance with the agreement and conditions mutually agreed upon by all parties and proceed as described in Note 1.2 to the financial statements.

### 36. RECLASSIFICATION

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2.1 and as the result of the adoption of revised and new accounting standards as described in Note 3, certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to conform to the current year's classification, without any effect to the previously reported profit (loss) or shareholder's equity.

In addition, the reclassifications to conform to the current year's classification are as follows:

	Consolidated financial statements	
	As reclassified	As previously reported
Securities business income	-	860,712,369
Derivatives business income	-	43,381,336
Brokerage fees income	952,513,654	-
Fees and services income	407,412,007	455,831,956
Personnel expenses	783,572,194	567,335,632
Managements' benefit expenses	-	216,236,562
Taxes and duties	-	6,342,069
Other expenses	93,382,819	87,040,750

The reclassifications had no effect to previously reported profit (loss) or shareholder's equity.

### 37. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2012.



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