

THAILAND FUTURES EXCHANGE PUBLIC COMPANY LIMITED

STATUTORY FINANCIAL STATEMENTS

31 DECEMBER 2006

AUDITOR'S REPORT

To the Shareholders of Thailand Futures Exchange Public Company Limited

I have audited the accompanying balance sheets as at 31 December 2006 and 2005, the related statements of income, changes in shareholders' equity and cash flows for the year ended 31 December 2006 and 2005 of Thailand Futures Exchange Public Company Limited. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2006 and 2005, and the results of its operations and its cash flows for the year ended 31 December 2006 and 2005 of Thailand Futures Exchange Public Company Limited in accordance with generally accepted accounting principles.

Unakorn Phruithithada
Certified Public Accountant (Thailand) No. 3257
PricewaterhouseCoopers ABAS Limited

Bangkok
28 February 2007

Thailand Futures Exchange Public Company Limited
Balance Sheets
As at 31 December 2006 and 2005

	<u>Notes</u>	<u>2006 Baht</u>	<u>2005 Baht</u>
Assets			
Current Assets			
Cash and cash equivalents	3	8,916,065	30,462
Short-term investments	4	76,562,198	88,491,033
Accounts receivable and accrued income	5	3,070,882	-
Accrued interest receivable		1,224,400	326,714
Loans to parent company	10	87,000,000	-
Other current assets		6,260,595	285,029
Total Current Assets		<u>183,034,140</u>	<u>89,133,238</u>
Non-Current Assets			
Long-term investments	6	166,700	11,204,886
Equipment, net	7	671,307	-
Total Non-Current Assets		<u>838,007</u>	<u>11,204,886</u>
Total Assets		<u>183,872,147</u>	<u>100,338,124</u>
Liabilities and Shareholders' Equity			
Current Liabilities			
Accounts payable and accrued expenses		2,287,951	50,000
Amounts due to related parties	10	693,851	-
Unearned revenue		89,412,689	-
Income tax payable		-	30,401
Other current liabilities		1,947,861	5,500
Total Current Liabilities		<u>94,342,352</u>	<u>85,901</u>
Total Liabilities		<u>94,342,352</u>	<u>85,901</u>
Shareholders' Equity			
Share capital			
Authorised, issued and fully paid-up			
10,000,000 ordinary shares of Baht 10 each	8	100,000,000	100,000,000
Retained earnings (deficits)		(10,470,205)	252,223
Total Shareholders' Equity		<u>89,529,795</u>	<u>100,252,223</u>
Total Liabilities and Shareholders' Equity		<u>183,872,147</u>	<u>100,338,124</u>

The notes to the financial statements on pages 6 to 14 form an integral part of these financial statement.

Statements of Income
For the years ended 31 December 2006 and 2005

	Note	2006 Baht	2005 Baht
Revenues			
Membership fees		21,295,048	1,600,000
Trading fees		13,241,494	-
Interest income		5,985,043	2,277,802
Other revenues		3,074,823	-
Total Revenues		<u>43,596,408</u>	<u>3,877,802</u>
Expenses			
Administrative expenses		54,318,836	3,300,850
Total Expenses		<u>54,318,836</u>	<u>3,300,850</u>
Profit (loss) before income tax		(10,722,428)	576,952
Income tax		-	121,759
Net profit (loss) for the year		<u>(10,722,428)</u>	<u>455,193</u>
Basic earning (loss) per share			
Net profit (loss) for the year	9	<u>(1.07)</u>	<u>0.05</u>

The notes to the financial statements on pages 6 to 14 form an integral part of these financial statements.

Thailand Futures Exchange Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended 31 December 2006 and 2005

	Share capital	Retained	
	Baht	earnings	
	Baht	(deficit)	Total
	Baht	Baht	Baht
Beginning balance as at 1 January 2006	100,000,000	252,223	100,252,223
Net loss for the year	-	(10,722,428)	(10,722,428)
Ending balance as at 31 December 2006	<u>100,000,000</u>	<u>(10,470,205)</u>	<u>89,529,795</u>
Beginning balance as at 1 January 2005	100,000,000	(202,970)	99,797,030
Net profit for the year	-	455,193	455,193
Ending balance as at 31 December 2005	<u>100,000,000</u>	<u>252,223</u>	<u>100,252,223</u>

The notes to the financial statements on pages 6 to 14 form an integral part of these financial statements.

Thailand Futures Exchange Public Company Limited
Statement of Cash Flows
For the years ended 31 December 2006 and 2005

	2006	2005
	Baht	Baht
Cash flows from operating activities		
Net profit (loss) for the year	(10,722,428)	455,193
<u>Add</u> Income tax	-	121,759
Profit (loss) from operations before tax	(10,722,428)	576,952
Adjustment for:		
Depreciation	50,633	-
Interest income	(5,985,043)	(2,277,802)
	(16,656,838)	(1,700,850)
Changes in operating assets and liabilities		
(Increase) in operating assets		
Accounts receivable and accrued income	(3,070,882)	-
Other current assets	(5,975,566)	(284,310)
Increase in operating liabilities		
Accounts payable and accrued expenses	2,237,951	-
Amounts due to related parties	693,851	-
Unearned revenue	89,412,689	-
Other current liabilities	1,942,361	5,500
Cash from (used in) operating activities	68,583,566	(1,979,660)
<u>Less</u> Income tax paid	(30,401)	(91,358)
Net cash from (used in) operating activities	68,553,165	(2,071,018)
Cash flows from investing activities		
Interest received	6,315,665	1,308,300
Cash received from short-term investments	250,699,221	277,466,916
Purchases of short-term investments	(228,960,508)	(266,238,824)
Purchases of long-term investments	-	(11,536,335)
Loans to parent company	(87,000,000)	-
Purchases of equipment	(721,940)	-
Net cash from (used in) investing activities	(59,667,562)	1,000,057
Net increase (decrease) in cash and cash equivalents	8,885,603	(1,070,961)
Cash and cash equivalents at the beginning of the year	30,462	1,101,423
Cash and cash equivalents at the end of the year	8,916,065	30,462
Supplementary information for cash flows:		
Cash paid during the year		
Income tax paid	3,964,223	91,358

The notes to the financial statements on pages 6 to 14 form an integral part of these financial statements.

Thailand Futures Exchange Public Company Limited
Notes to the Financial Statements
For the years ended 31 December 2006 and 2005

1. General information

Thailand Futures Exchange Public Company Limited (“the Company”) was incorporated on 17 May 2004 to be the center and advisor for the purchase and sale of derivatives or other financial instruments including any related services connected to such activities.

The address of its registered office is as follows:

62 The Stock Exchange of Thailand Building, Ratchadaphisek Road, Kwaeng Klongtoey, Khet Klongtoey, Bangkok 10110.

As at 31 December 2006 the Company employed 16 employees (2005: None).

These financial statements have been approved for issue by the management on 28 February 2007.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

2.1 Basis of preparation

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported period. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

An English version of the financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2. Summary of significant accounting policies (Cont'd)

2.2 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash on hand and cash at banks held for working capital and short-term commitment payment purposes with maturities of three months or less.

2.3 Accounts receivable and accrued income

Accounts receivable represent amounts due from securities companies and other companies. Accrued income represent unbilled fees and service revenue. Accounts receivable and accrued income are presented at the anticipated net recoverable amount.

2.4 Investments

Investments in fixed deposit and promissory notes at financial institutions with maturities of three months or more are classified as general investments and stated in balance sheet at cost.

Investments in debt securities classified as held-to-maturities securities are carried at amortised cost.

A test for impairment is carried out when there is a factor indicating that such investment might be impaired. If the carrying value of the investment is less than its recoverable amount, impairment loss is charged to the statement of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of income.

When disposing part of a particular investment in debt securities, the carrying amount of the disposed part is determined from the weight average carrying amount of the total holding of the investments.

2.5 Equipment

Equipment is stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis to write off the cost of each asset to its residual value over its estimated useful life of 5 years.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

2. Summary of significant accounting policies (Cont'd)

2.5 Equipment (Cont'd)

Repairs and maintenance are charged to the statement of income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in the statement of income.

2.6 Revenue recognition

Revenues are recognised on the following basis:

- i) Membership fees comprise initial fees and annual fees. The initial fees are recognised as revenue on the straight-line basis of 5 years started from the first day of service rendered and annual fees are recognised upon performance of services.
- ii) Trading fees are recognised upon performance of services.
- iii) Interest income is recognised on a time proportion basis taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company.
- iv) Other revenues are recognised on an accrual basis.

2.7 Employee benefits

The Company participates a provident fund with The Stock Exchange of Thailand which is the major shareholder. The provident fund is a defined contribution plan. The assets of which are held in a separate trustee-administered fund. The provident fund is funded by payments from employees and by the Company. The Company's contributions to the provident fund are charged to the statement of income in the year to which they relate.

2.8 Directors' remuneration

Directors' remuneration comprises the benefits paid to the Company's directors (not included salaries, bonus and related benefits payable to management).

Thailand Futures Exchange Public Company Limited
Notes to the Financial Statement
For the years ended 31 December 2006 and 2005

3. Cash and cash equivalents

	2006	2005
	Baht	Baht
Cash on hand	10,000	-
Cash at banks		
Current and saving deposit accounts	8,906,065	30,462
	<u>8,916,065</u>	<u>30,462</u>

Saving deposit accounts bear interest of 0.125% - 0.50% per annum (2005: 0.25% - 1.00% per annum).

4. Short-term investments

	2006	2005
	Baht	Baht
General investments		
Fixed deposit accounts	61,100,000	-
Promissory notes	5,000,000	16,800,000
Debt securities due within one year	10,462,198	71,691,033
	<u>76,562,198</u>	<u>88,491,033</u>

Fixed deposit accounts represent fixed deposit at banks which have maturity not more than 6 months and interest rates of 3.50% - 5.50% per annum (2005: none).

Promissory notes represents the promissory notes at financial institutions which have maturity not more than 9 months (2005: not more than 3 months) and interest rates of 3.25% - 5.25% per annum (2005: 3.00% - 4.00% per annum).

Debt securities due within one year represent debentures, treasury bills and the Bank of Thailand bonds, coupon rates of 3.67% - 5.60% and yields of 4.97% - 5.44% per annum (2005: 3.25% - 3.55% per annum). The aggregated market value as at 31 December 2006 was Baht 10.36 million (2005: 71.59 million).

5. Accounts receivable and accrued income

	2006	2005
	Baht	Baht
Accounts receivable	21,516	-
Accrued income	3,049,366	-
	<u>3,070,882</u>	<u>-</u>

Thailand Futures Exchange Public Company Limited
Notes to the Financial Statement
For the years ended 31 December 2006 and 2005

6. Long-term investments

	2006	2005
	Baht	Baht
Debt securities held to maturity	<u>166,700</u>	<u>11,204,886</u>

Debt securities held to maturity represent debentures, treasury bills and the Bank of Thailand bonds which have maturity more than one year, coupon rates of 3.67% per annum (2005: 3.67% - 5.60% per annum) and yields of 5.44% per annum (2005: 4.90% - 5.78% per annum). The aggregated market value as at 31 December 2006 was Baht 0.16 million (2005: 10.89 million).

7. Equipment, net

	Computer	Furniture, fixtures and equipment	Total
	Baht	Baht	Baht
Year ended 31 December 2006			
Opening net book amount	-	-	-
Additions	197,950	523,990	721,940
Depreciation charge	(16,887)	(33,746)	(50,633)
Net book amount	<u>181,063</u>	<u>490,244</u>	<u>671,307</u>
As at 31 December 2006			
Cost	197,950	523,990	721,940
<u>Less</u> Accumulated depreciation	(16,887)	(33,746)	(50,633)
Net book amount	<u>181,063</u>	<u>490,244</u>	<u>671,307</u>

8. Share capital

	Number of shares	Ordinary shares Baht
As at 31 December 2006 and 2005	<u>10,000,000</u>	<u>100,000,000</u>

The total authorised number of ordinary shares is 10,000,000 shares (2005: 10,000,000 shares) with a par value of Baht 10 per share (2005: Baht 10 per share). All issued shares are fully paid.

Thailand Futures Exchange Public Company Limited
Notes to the Financial Statement
For the years ended 31 December 2006 and 2005

9. Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net profit (loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	<u>2006</u>	<u>2005</u>
Net profit (loss) attributable to shareholders (Baht)	(10,722,428)	455,193
Weighted average number of ordinary shares in issue during the year (Number of shares)	10,000,000	10,000,000
Basic earnings (loss) per share (Baht)	(1.07)	0.05

10. Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The following significant transactions were carried out with related parties:

a) Purchases of services

	<u>Related parties</u>	<u>2006</u> <u>Baht</u>	<u>2005</u> <u>Baht</u>
Service expenses	Family Know-how Co., Ltd.	16,378,836	-
	The Stock Exchange of Thailand	321,195	2,750,000
		<u>16,700,031</u>	<u>2,750,000</u>

The Company pays for service rendered from related parties according to an agreed rate.

Thailand Futures Exchange Public Company Limited
Notes to the Financial Statement
For the years ended 31 December 2006 and 2005

10. Related party transactions (Cont'd)

b) Outstanding balances arising from purchases/sales of services

	<u>Related parties</u>	<u>2006 Baht</u>	<u>2005 Baht</u>
Other current assets			
- Prepaid expenses	Family Know-how Co., Ltd.	477,250	-
- Other receivables	SETTRADE.COM Co., Ltd.	650,309	-
	Thailand Securities Depository Co., Ltd.	325,154	-
		<u>975,463</u>	-
		<u>1,452,713</u>	-
Amounts due to related parties			
- Payables	Family Know-how Co., Ltd.	574,624	-
	The Stock Exchange of Thailand	42,153	-
		<u>616,777</u>	-
- Accrued expenses	The Stock Exchange of Thailand	77,074	-
		<u>693,851</u>	-
Other current liabilities	The Stock Exchange of Thailand	7,907	-

c) Loans to parent company and interest receivable

In 2006, the parent company has a policy to centralise the investments of the Group and managed by the parent company in order to increase the efficiency and enhance the overall returns. The parent company will borrow from its subsidiaries in the form of promissory notes which have maturity within 1 year and interest rate of 3.25% - 4.50% per annum. The interest rate may be reviewed, where appropriate. The Company records interest income as part of interest income in the statement of income.

As at 31 December 2006, the outstanding balance of loans to parent company was Baht 87 million and interest income during 2006 was Baht 2.1 million.

d) Directors and management's remuneration

The Directors' remuneration, which represented director fees, for the year 2006 approximated Baht 0.9 million (2005: None).

The management's remuneration, which represented salary and other benefits of executive management for the year 2006 approximated Baht 9.17 million (2005: None).

11. Financial instruments

a) Key objectives and condition

The Company's investments are used as working capital. The Company has no policy to seek outside funding in the near future but to maintain its liquidity.

b) Credit risk

The Company has no significant concentration of investments or deposits at financial institutions. The Company, however, is exposed to market risks as the investor of financial instruments. The Company, however, has a policy to diversify its investments and deposits to high credit financial institutions according to the investment policy prescribed by Board of Directors' resolution.

In 2006, the Board of Directors approved an investment policy to invest its working capital in high liquidity securities and the excess of its liquidity are granted to the parent company for borrowing in order to enhance the overall returns and flexibility of investment management.

In 2006 and 2005, the investment policies framework on types and proportion of investments are as follows:

<u>Type of investments</u>	<u>Proportion of investments</u>
<ul style="list-style-type: none"> - Government bonds, debentures or bonds of state enterprise or entities incorporated by specific laws 	<p>Unlimited amount</p>
<ul style="list-style-type: none"> - Time deposits at commercial banks and promissory notes at finance companies or financial institutions incorporated by specific laws 	<p>Not more than 15% of total investments per institution</p>
<ul style="list-style-type: none"> - Bills of exchange, debentures and/or warrants of debentures (not included convertible bonds) 	<p>Not more than 10% of total investments per issuer and not more than 5% per issue size</p>
<ul style="list-style-type: none"> - Investment units or warrants of investment units in mutual funds those invested in debt securities 	<p>Not more than 10% of total investments per mutual fund and not more than 20% of total investments per asset management company</p>

Thailand Futures Exchange Public Company Limited
Notes to the Financial Statement
For the years ended 31 December 2006 and 2005

11. Financial instruments (Cont'd)

c) Fair value

The carrying amounts of these financial assets and financial liabilities are approximate to their fair values: cash and cash equivalents, short-term investments, accounts receivable and accrued income, accrued interest receivable, accounts payable and accrued expenses and amounts due to related parties.

12. Operating lease commitment

The future minimum lease payment commitment under operating lease in respect of motor vehicles, which could not be ceased, are as follows:

	2006	2005
	Baht	Baht
Up to 1 year	442,980	-
1-3 years	258,405	-
	<u>701,385</u>	<u>-</u>