

Thailand Futures Exchange

Annual Report 2007



Not just an option, but a smart move as well.

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1. Company Information

The Thailand Futures Exchange PCL (TFEX), a subsidiary of The Stock Exchange of Thailand (SET), was established on May 17, 2004 as a derivatives exchange. TFEX is governed by the Derivatives Act B.E. 2546 (2003) allowing it to act as a derivatives exchange since February 11, 2005, under the supervision of the Securities and Exchange Commission (SEC).

By law, TFEX is allowed to trade futures, options and options on futures. Permitted underlying products include:

- Equities and other securities' indices
- Debt instruments and interest rates
- Non-agricultural commodities and other financial indices (e.g., gold, crude oil and foreign currencies)

TFEX launched its first product, SET50 Index Futures, on April 28, 2006 and SET50 Index Options, its second product, on October 29, 2007. The exchange will launch gold and stock futures in 2008.

Our Mission

To be a world class derivatives exchange in Asian region.

Our Vision

To be a derivatives exchange offering market participants varied products with high liquidity and at a superior standard.

Numbers of Employees

18 persons (as of December 31, 2007)

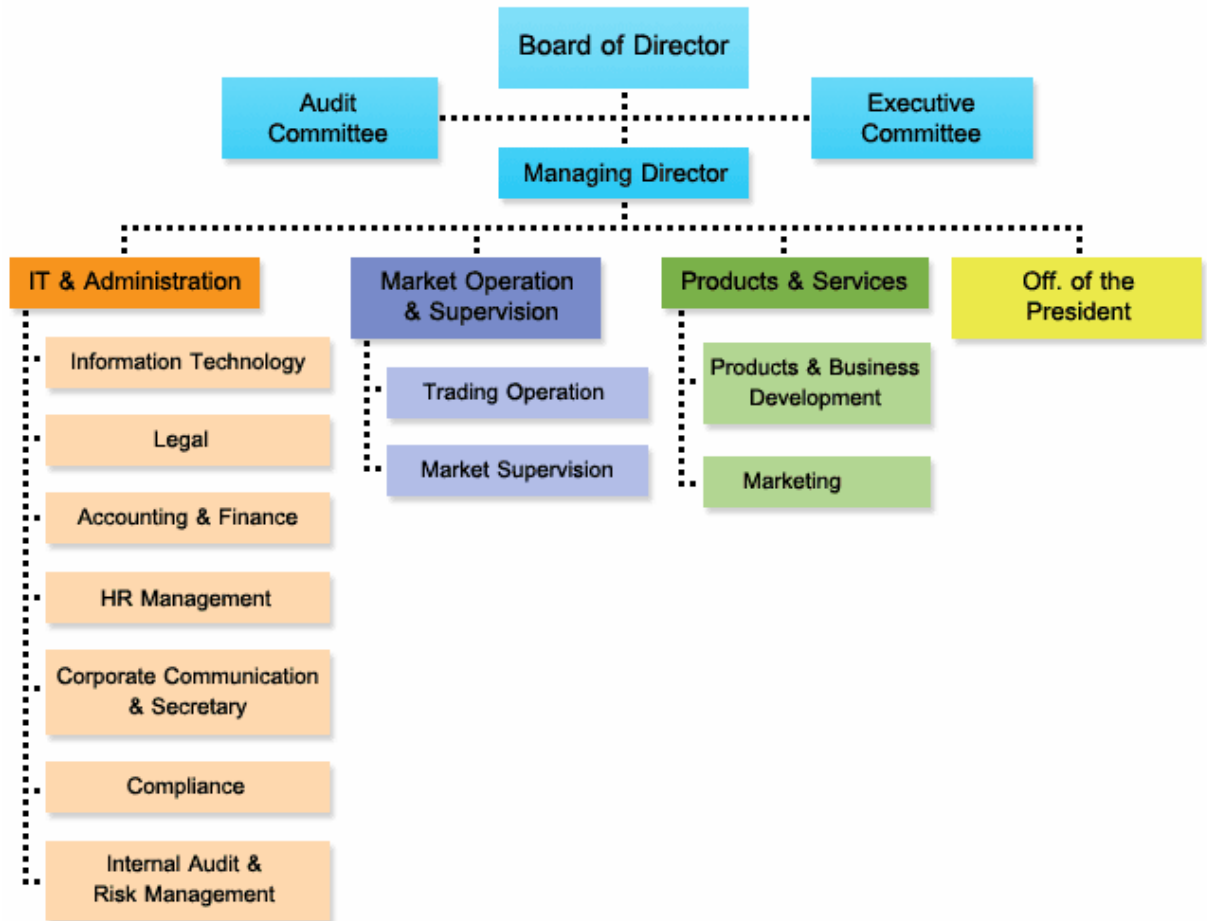
Auditor

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



Thailand Futures Exchange Public Company Limited
The Stock Exchange of Thailand Building
62 Ratchadaphisek Road, Klongtoey, Bangkok 10110
Tel: 0-2229-2222 Fax: 0-2654-5213

2. TFEX Organizational Structure



3. Statistical Highlights 2007

	2007	2008	% Change
Turnover			
<u>Futures</u>			
Volume (Contracts)	198,737	1,228,238	518.02%
Value (M.Baht)	97,898.96	706,286.01	621.44%
Open Interest (Contracts)	7,601	13,609	79.04%
<u>Options</u>			
Volume (Contracts)		8,646	
Call		5,626	
Put		3,020	
Value (M.Baht)		32.54	
Open Interest (Contracts)		181	
Daily Average Turnover			
<u>Futures</u>			
Volume (Contracts)	1,204	5,013	316.36%
Value (M.Baht)	593.33	2,882.80	385.87%
<u>Options</u>			
Volume (Contracts)		206	
Call		134	
Put		72	
Value (M.Baht)		0.77	
Investor Type			
- Local Institutions	27.86%	25.33%	-9.08%
- Local Investors	52.94%	54.98%	3.85%
- Foreign Investors	19.20%	19.69%	2.55%
No. of Accounts.			
- Local Institutions	243	424	74.49%
- Local Customers	4,146	8,873	114.01%
- Foreign Investors	124	234	88.71%
Total	4,513	9,531	111.19%

The numbers of account ratio of TFEX Members

No.	2006		2007	
	Company	Ratio	Company	Ratio
1	KGI Securities (Thailand) Public Company Limited	(16.53 %)	KGI Securities (Thailand) Public Company Limited	(13.55 %)
2	Bualuang Securities Public Company Limited	(9.75 %)	Trinity Polaris Futures Company Limited	(13.41 %)
3	Trinity Polaris Futures Company Limited	(9.24 %)	Kim Eng Securities (Thailand) Public Company Limited	(10.97 %)
4	Kim Eng Securities (Thailand) Public Company Limited	(8.85 %)	Phillip Securities (Thailand) Public Company Limited	(9.18 %)
5	Credit Suisse Securities (Thailand) Company Limited	(8.37 %)	Bualuang Securities Public Company Limited	(7.09 %)
6	Phillip Securities (Thailand) Public Company Limited	(7.59 %)	Ayudhya Derivatives Company Limited	(5.19 %)
7	Ayudhya Derivatives Company Limited	(5.99 %)	Phatra Securities Public Company Limited	(4.51 %)
8	ACL Securities Company Limited	(5.81 %)	UBS Securities (Thailand) Company Limited	(3.83 %)
9	Asia Plus Securities Public Company Limited	(4.87 %)	Capital Nomura Securities Public Company Limited	(3.78 %)
10	Capital Nomura Securities Public Company Limited	(4.2 %)	Credit Suisse Securities (Thailand) Company Limited	(3.5 %)
11	Phatra Securities Public Company Limited	(3.95 %)	Asia Plus Securities Public Company Limited	(3.49 %)
12	TISCO Securities Company Limited	(2.64 %)	JPMorgan Securities (Thailand) Company Limited	(3.39 %)
13	JPMorgan Securities (Thailand) Limited	(1.96 %)	Seamico Securities Public Company Limited	(2.93 %)
14	Kiatnakin Securities Company Limited	(1.66 %)	Kiatnakin Securities Company Limited	(2.48 %)
15	Seamico Securities Public Company Limited	(1.64 %)	SICCO Securities Public Company Limited	(2.25 %)
16	UBS Securities (Thailand) Company Limited	(1.55 %)	Thanachart Securities Public Company Limited	(2 %)
17	DBS Vickers Securities (Thailand) Company Limited	(1.37 %)	SCB Securities Company Limited	(1.91 %)
18	Thanachart Securities Public Company Limited	(1.17 %)	ACL Securities Company Limited	(1.57 %)
19	SCB Securities Company Limited	(1.11 %)	DBS Vickers Securities (Thailand) Company Limited	(1.37 %)
20	SICCO Securities Public Company Limited	(1.01 %)	Siam City Securities Company Limited	(1.17 %)
21	Siam City Securities Company Limited	(0.52 %)	TISCO Securities Company Limited	(1.16 %)
22	BT Securities Company Limited	(0.15 %)	Merchant Partners Securities Company Limited	(0.61 %)
23	CLSA Securities (Thailand) Company Limited	(0.08 %)	BT Securities Company Limited	(0.28 %)
24			CLSA Securities (Thailand) Company Limited	(0.25 %)
25			UOB Bullion and Futures (Thai) Company Limited	(0.11 %)

4. Overview of TFEX in 2007

In 2007, TFEX developed and improved its operations in the following areas:

- SET50 Index Options

As part of its aim to become a world-class exchange for the trading and hedging of a variety of derivative products, on October 29, 2007, TFEX launched SET50 Index Options as its second product. In preparation for trading this instrument, the company revised relevant regulations and practices, readied the trading system and improved its operations to ensure all related parties of the transparency and efficiency of its trading system and market surveillance.



In addition, TFEX provided training about the trading system for traders and back office staff.

- Liquidity

To boost liquidity and reassure domestic and foreign investors of the efficiency of the derivatives market, the exchange appointed KGI Securities (Thailand) PCL and Trinity Polaris Futures Co., Ltd. as market-makers to monitor the liquidity of SET 50 Index Futures and SET 50 Index Options.

- Trading channels

Members Recruitment

TFEX members act as important intermediaries between trading demand and the derivatives trading system. Therefore, the members are an important channel for approaching investors. In 2007, TFEX raised total membership to 25 with the addition of two members, UOB Bullion and Futures (Thai) Co., Ltd. and Merchant Partners Securities Co., Ltd.

Direct Market Access

In 2007, TFEX offered an additional trading channel, Direct Market Access, to market participants. This efficient and convenient mechanism will attract more investors to the derivatives market and increase trading transactions.

- Marketing campaigns

Training Programs

TFEX is aware of the importance of strengthening the derivatives knowledge base through training for investors and related parties. In cooperation with Thailand Securities Institute (TSI), the company organized ongoing SET50 Index Futures and SET50 Index Options education for members' officers in Bangkok and other provinces. In 2007, the training reached 9,642 investors and 7,859 officers.



Furthermore, the exchange disseminated various publications, such as articles in newspapers and magazines, TV and radio documentaries and a trading program CD.

Public relations and marketing campaign



TFEX undertook a range of domestic and international marketing campaigns participating in events, such as *Options Day* in Bangkok, *Money Expo* in Bangkok, Chiangmai and Khon Kaen, *Futures Industry Association Exhibition (FIA Exhibition)* in the USA.

In addition, there were ongoing campaigns promoting SET50 Index Options as follows:

- *TFEX Futures Camp Challenge* is an online derivatives trading competition. The three rounds for investors attracted 5,121 people and a fourth round for TFEX marketing members drew 450 participants.
- *LUCKY with TFEX* offered prizes to the best gainers who traded SET50 Options on its first trading day, October 29, 2007.
- *Top 20 Futures Icon* gave awards to those TFEX marketing members who most increased the customer base.



Corporate social responsibility (CSR)

TFEX exercised its ongoing commitment to social responsibility by contributing to Thailand's social well-being through activities such as fund-raising for the Thai Red Cross Society and *Fight AIDS Mini-Marathon 2007* program. The exchange supported education financially and through the Bann-Ta-Kiab school.

Cooperation with Foreign Derivatives Exchange

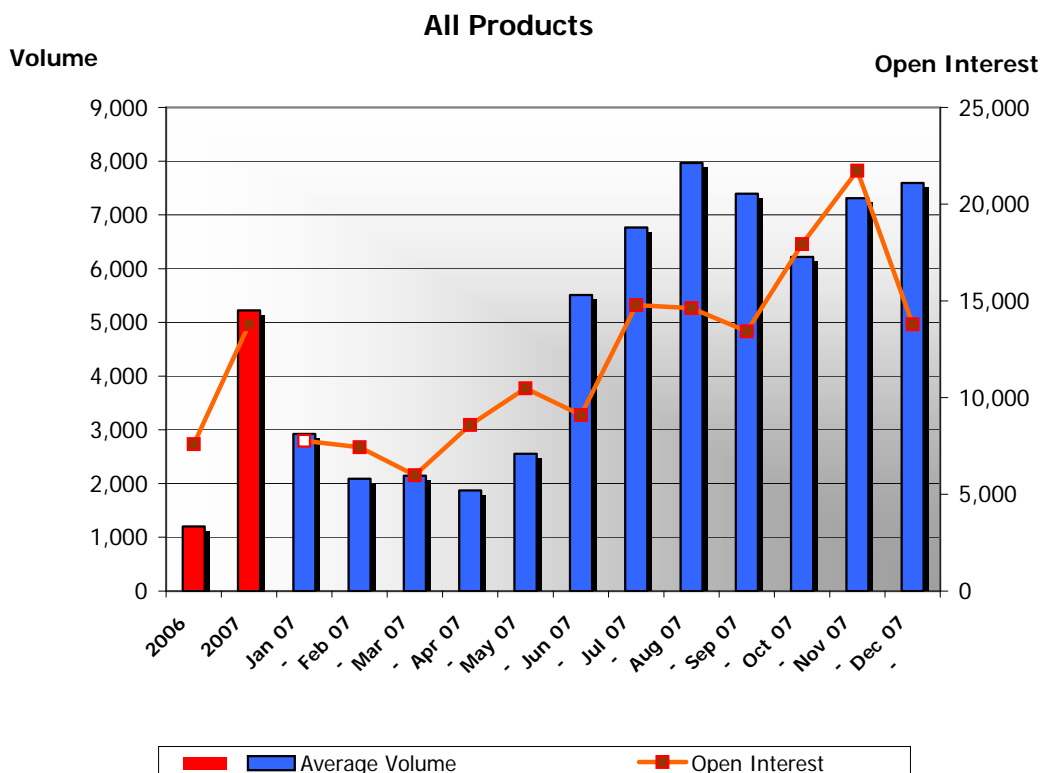
In April 2007, TFEX signed the contract with Taiwan Futures Exchange (TAIFEX) for information exchange and mutual market development. The two exchanges hosted training programs for Thai participants, *Index Options: TAIFEX's Experience and Preparation for Index Options Trading: Taiwan FCM's Perspectives*, from June 4-June 6.



- Summary of the 2007 derivatives trading

In 2007, TFEX's average daily volume was 5,219 contracts, 316% more than the 1204 in the previous year. Average daily derivatives trading value was THB 2,883.57 million (approximately USD 90.11 million), an increase of 386% on the previous year, which saw THB 593.33 million (approximately USD 18.54 million).

Trading Volume and Open Interests in TFEX

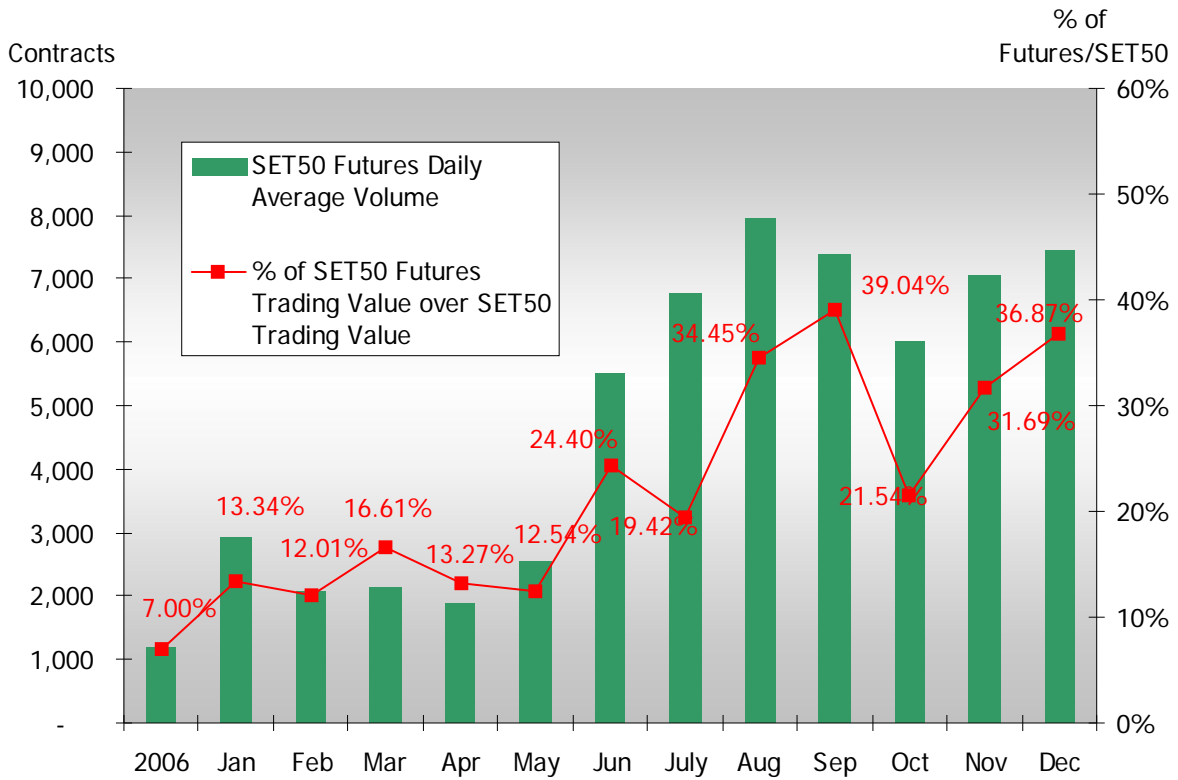


The average daily trading volume in SET50 Index Futures was 5,013 contracts, or about THB 2,882.80 million (approximately USD 90.09 million) and, in SET50 Index Options, the daily average was 206 contracts, or about THB 774,674 (approximately USD 24,208.56). The highest volume occurred on September 26 at 13,701 contracts and the lowest volume, on March 21, was 967 contracts.

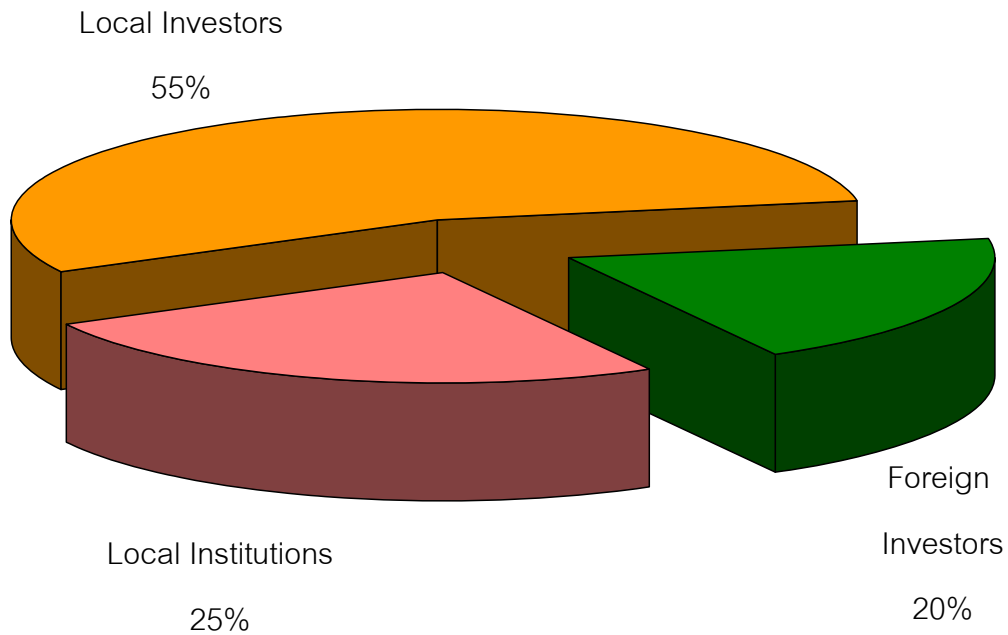
As of December 2007, total open interest was 13,790 contracts, up by 79% on 2006. These were made up of 13,609 SET50 Index Futures contracts and 181 SET50 Index Options contracts. There were 9,531 new derivatives accounts by end-2007, up about 111% on the 4,513 in 2006.

In 2007, TFEX accounted for 23.88% of the total trading value of the SET50 Index. The top five trading TFEX members were, in descending order, KGI Securities (Thailand) PCL, Trinity Polaris Futures Co., Ltd., Kim Eng Securities (Thailand) PCL, Phillip Securities (Thailand) PCL and Bualuang Securities PCL.

Total trading volume of SET50 Index Futures versus Total trading volume of SET50 Index



Proportion of investors in TFEX



5. TFEX Board of Directors

● TFEX Board of Directors *

1.	Pakorn	Malakul Na Ayudhya	Chairman
2.	Patareeya	Benjapolchai	Vice chairman
3.	Anya	Khanthavit	Director
4.	Champangorn	Jotikasthira	Director
5.	Kampanart	Lohacharoenvanich	Director
6.	Nongram	Wongwanich	Director
7.	Patcharavalai	Jayapani	Director
8.	Pattera	Dilokrunghthirapop	Director
9.	Sopawadee	Lertmanaschai	Director
10.	Somjin	Sornpaisarn	Director
11.	Kesara	Manchusree	TFEX managing director

Remarks *

1. Pakorn Malakul Na Ayudhya was appointed to replace Vijit Supinij as SET President at the committee's meeting on October 9, 2007.
2. Pattera Dilokrunghthirapop and Somjin Sornpaisarn were appointed directors because of their specialized expertise at the meeting of December 26, 2007. Their terms are from January 1 – December 31, 2008.
3. Niphat Jitprasong's term ended on August 15, 2007.
4. Adisorn Sermchaiwong's term ended on December 31, 2007.

- Background of Directors

Pakorn Malakul Na Ayudhya	Chairman
Education	Other Current Position (s)
<ul style="list-style-type: none"> ● BSc, Economics, The Queen's University of Belfast, Northern Ireland ● Diploma of the Joint State-Private Sectors Course (Class 8), The National Defence College of Thailand ● Certificate, Capital Market Academy Leadership Program, Class 4 	<ul style="list-style-type: none"> ● Chairman, The Stock Exchange of Thailand ● Chairman, Thailand Securities Depository Co., Ltd. ● Deputy Chairman and Member, Audit Committee, Standard Chartered Bank (Thai) PCL ● Chairman, The Thai Bond Market Association ● Expert Member, Board, Government Pension Fund ● Director, Thai Prosperity Advisory Co., Ltd. ● Chairman, Thai Cardif Life Assurance Co., Ltd. ● Director, The Agricultural Futures Trading Commission
	Past Experience (s)
	<ul style="list-style-type: none"> ● Chairman, Professional Waste Technology PCL ● Second Vice-Chairman, IRPC PCL ● Plan Administrator, Thai Petrochemical Industry PCL ● Chairman, Export-Import Bank of Thailand ● Deputy Governor, Bank of Thailand ● Secretary-General, Securities and Exchange Commission ● Member, Board of Directors, Thai Institute of Directors Association ● Member, Board of Directors, Krung Thai Bank PCL ● Assistant Governor, Bank of Thailand ● President, First Bangkok City Bank PCL

Patareeya Benjapolchai	Vice Chairman
Education	Other Current Position (s)
<ul style="list-style-type: none"> ● MBA, Thammasat University ● BA, Accountancy, Chulalongkorn University ● Certificate, Advanced Accounting and Auditing, Chulalongkorn University ● Certificate, Executive Program, University of Michigan, USA ● Certificate, Capital Market Academy Leadership Program, Class 1 	<ul style="list-style-type: none"> ● President, The Stock Exchange of Thailand ● Director and Board Secretary, Federation of Thai Capital Market Organizations ● Director, Professor Sangvian Indaravijaya Foundation ● Director, Thai Institute of Directors Association ● Director, State own Enterprise Awards 2008 ● Director, Bond Market Development Steering Committee ● Director, Subcommittee on Investors Education and Public Relations and on Corporate Governance in Thailand, National Corporate Governance Committee
	Past Experience (s)
	<ul style="list-style-type: none"> ● Member, National Legislative Assembly ● Member, Committee on Finance, Banking and Financial Institutions, National Legislative Assembly ● Honorary Advisor, Senate Standing Committee on Economics, Commerce and Industry ● Director, Ethics Committee, Federation of Accounting Professions ● Director, TRIS Rating Committee ● Member, Board of Directors, Institute of Certificated Accountants and Auditors of Thailand

Kampanart Lohacharoenvanich	Director
Education	Other Current Position (s)
<ul style="list-style-type: none"> MS, Economics, Pittsburg State University, Kansas, USA BA, Economics, Thammasat University Certificate, Capital Market Academy Leadership Program, Class 1 	<ul style="list-style-type: none"> Vice Chairman, The Stock Exchange of Thailand President, Trinity Securities Co., Ltd. Director, Trinity Wattana PCL Chairman, Disciplinary Committee, The Stock Exchange of Thailand Member, Executive Committee, The Stock Exchange of Thailand Member, Remuneration Committee, The Stock Exchange of Thailand Chairman, Association of Securities Companies Vice Chairman, The Federation of Thai Capital Market Organizations Chairman, Audit Committee, Inoue Rubber (Thailand) PCL
	Past Experience (s)
	<ul style="list-style-type: none"> Managing Director, KGI Securities PCL Deputy Managing Director, Thai Financial Trust Co., Ltd. President, Association of Members of SET and the Association of Finance Companies President, Thai Finance and Securities Association Vice President, Operation Department, The Stock Exchange of Thailand Division Chief, Computer Center, Krung Thai Bank PCL Economist, Office of Agricultural Economics, Ministry of Agriculture and Co-Operatives

Nongram Wongwanich	Director
Education	Other Current Position (s)
<ul style="list-style-type: none"> MM, Sasin Graduate Institute of Business Administration, Chulalongkorn University BBA, Banking and Finance, Chulalongkorn University Columbia Senior Executive Program, Columbia University, USA Certificate, Capital Market Academy Leadership Program, Class 3 	<ul style="list-style-type: none"> Executive Vice President, Corporate Affairs, The Stock Exchange of Thailand Director, Thailand Securities Depository Co., Ltd. Director, Thailand Clearing House Co., Ltd. Director, Thai NVDR Co., Ltd. Director, Siam DR Co., Ltd. Director and Audit Committee, TSFC Securities Ltd. Director, TRIS Rating Co., Ltd. Director, Thai Rating and Information Services Co., Ltd. Director, Thailand - United States Educational Foundation (Fulbright) President, Corporate Social Responsibility Institute (CSRI)
	Past Experience (s)
	<ul style="list-style-type: none"> President, Thailand Securities Depository Co., Ltd. Director, Settrade.com Co., Ltd. Director, Family Know-how Co., Ltd. Fund Manager, Clearing Fund Member, Bond Electronic Exchange Development Committee Senior Vice President, The Stock Exchange of Thailand Vice President, Floor and Trading Supervision Department, The Stock Exchange of Thailand Vice President, Administration, The Stock Exchange of Thailand Vice President, Share Registration Department, The Stock Exchange of Thailand

Sopawadee Lertmanaschai	Director
Education	Other Current Position (s)
<ul style="list-style-type: none"> ● MS, Accounting, Thammasat University ● BS, Accounting and Bachelor of Law, Thammasat University ● Advanced Management Program (AMP), Wharton School, University of Pennsylvania, USA ● Certificate, Director Certification Program (DCP), Thai Institute of Directors. ● Capital Market Academy Leadership Program, Capital Market Academy, class 2 	<ul style="list-style-type: none"> ● Managing Director, Thailand Securities Depository Co., Ltd. ● Director, Thailand Clearing House Co., Ltd. ● Director, Thai Trust Fund Management Co., Ltd. ● Director, Thai NVDR Co., Ltd. ● Director, SIAM DR Co., Ltd. ● Director, Securities Analysts Association ● Director, Federation of Accounting Professions Under the Royal Patronage of His Majesty The King ● Director, Corporate Governance Course, Faculty of Commerce and Accountancy, Thammasat University ● Director and Treasurer, Thammasat Association ● Director, Responsibilities Steering Group, Securities and Exchange Commission ● Vice President, Association of Provident Funds
	Past Experience (s)
	<ul style="list-style-type: none"> ● Chairman, Capital Market Opportunity Center, The Stock Exchange of Thailand ● Executive Vice President, The Stock Exchange of Thailand ● Chairman Advisory Committee, Market for Alternative Investment ● Director, Settrade.com Co., Ltd. ● Director, Family Know-how Co., Ltd. ● Member, Bond Electronic Exchange Development Committee, The Stock Exchange of Thailand ● Director, CG Report of Thai Listed Companies, Thai Institute of Directors ● Advisor, Thailand CSR Index, The Thailand Research Fund ● Advisor, World Wide Fund for Nature (WWF), Thailand

Charamporn Jotikasthira	Director
Education	Other Current Position (s)
<ul style="list-style-type: none"> ● MBA, Harvard Graduate School of Business Administration, USA ● BS, Electrical Engineering and Computer Science, Massachusetts Institute of Technology, USA 	<ul style="list-style-type: none"> ● Executive Vice president, Business Cash Management Group, Siam Commercial Bank PCL ● Director, Imperial Technology Management Services PCL ● Director, Thai Obayashi Corp., Ltd. ● Director, Nantawan-Marusei Co., Ltd. ● Director, Siam Commercial Leasing PCL
	Past Experience (s)
	<ul style="list-style-type: none"> ● President and Chief Executive Officer, SCB Securities Co., Ltd. ● President, Thai Thamrong Finance & Securities Co., Ltd. ● Managing Director, SCB Asset Management Co., Ltd. ● Assistant Manager, Information Systems Department, Siam Commercial Bank PCL

Patcharavalai Jayapani, DBA	Director
Education	Other Current Position (s)
<ul style="list-style-type: none"> ● DBA, (Finance), Chulalongkorn University ● MBA, University of Wisconsin-Madison, USA ● BA, Accounting (2nd Honors), Chulalongkorn University 	<ul style="list-style-type: none"> ● Head, Department of Banking and Finance, Chulalongkorn University ● Master of Business Administration Committee, Chulalongkorn University ● Master of Science Program in Information Technology in Business Committee, Chulalongkorn University ● Bachelor of Business Administration (International Program) Committee, Chulalongkorn University ● Property Management Bureau of Thai Red Cross Committee ● Financial Mediator, Alternative Dispute Resolution Office, Judiciary of Thailand
	Past Experience (s)
	<ul style="list-style-type: none"> ● Subcommittee for Information System Development and Securitization Database, Department of Land Assets Capitalization Office ● Thai Red Cross's Land Planning and Development Subcommittee

Pattera Dilokrunthirapop	Director
Education	Other Current Position (s)
<ul style="list-style-type: none"> ● MS, Engineering Science, University of Queensland, Brisbane, Australia ● BS, Engineering, Monash University, Melbourne, Australia. ● Certificate, Capital Market Academy Leadership Program, Class 1 	<ul style="list-style-type: none"> ● Governor, The Stock Exchange of Thailand ● Director, Thailand Securities Depository Co., Ltd. ● Chief Executive Officer, DBS Vickers Securities (Thailand) Co., Ltd. ● Executive Director, Association of Securities Companies (ASCO) ● Director, Settrade.com Co., Ltd. ● Chairman, Futures Industry Club ● Director, Securities Analysts Association ● Director, Thai Financial Planners Association
	Past Experience (s)
	<ul style="list-style-type: none"> ● Managing Director, SG Asia Credit Securities Co., Ltd. ● Director, Asia Credit Finance PCL ● Thailand Representative, SG Securities Research Co., Ltd. ● Head of Research, Socgen - Crosby Research Co., Ltd.

Somjin Sornpaisarn, DBA, CFA	Director
Education	Other Current Position (s)
<ul style="list-style-type: none"> ● DBA , Finance, Joint Doctoral Program in Business Administration, National Institute of Development Administration and Thammasat and Chulalongkorn Universities ● MS, Japanese Business Studies, Sponsored by Fujitsu Asian Scholarship Program, Chaminade University of Honolulu ● MBA, Thammasat University ● BE, Industrial Engineering, Chulalongkorn University ● Certificate, Capital Market Academy Leadership Program, Class 4 	<ul style="list-style-type: none"> ● President, One Asset Management Ltd. ● Member, Disciplinary Committee, Thailand Futures Exchange PCL ● Member, Risk Management Committee, Thailand Clearing House Co., Ltd. ● Committee on Consideration of Draft Notifications Concerning Securities Businesses, Securities and Exchange Commission, Thailand ● Arbitrator, Securities and Exchange Commission Thailand ● Director, CFA Society of Thailand ● Executive Board, Thai Financial Planners Association ● Director, Securities Analysts Association ● Director, Academic and Business Information, Association of Investment Management Companies (AIMC) ● Advisor, Derivatives Act Drafting Committee, Senate ● Member, Derivatives Market Development Committee ● Member, Derivatives Warrant Committee, IB Club, Association of Securities Companies (ASCO)
	Past Experience (s)
	<ul style="list-style-type: none"> ● Senior Vice President, Head of Derivatives Department, Kim Eng Securities (Thailand) PCL ● Senior Vice President, Venture Capital Fund Management Department, One Asset Management Ltd. ● Lecturer, Graduate School of Business Administration, National Institute of Development Administration (NIDA) ● Deputy General Manager, Research and Development Department, Bond Dealers Club (current name : Thai Bond Dealing Center) ● Assistant Manager, Foreign Bond Department, Kankaku Securities Co., Ltd. Tokyo

Anya Khanthavit	Director
Education	Other Current Position (s)
<ul style="list-style-type: none"> ● PhD, International Finance, New York University, USA ● M. Phil., International Finance, New York University, USA ● MS (Hons.), Transportation Management, State University of New York, USA ● BBA, Accounting, Thammasat University 	<ul style="list-style-type: none"> ● Distinguished Professor of Finance and Banking, Level 11, Department of Finance, Faculty of Commerce and Accountancy, Thammasat University ● Advisor, Thai Bond Market Association ● Advisor, Port Authority of Thailand ● Advisor, Small Business Credit Guarantee Corporation ● Advisor, Government Pension Fund ● Founding Member, The Professor Sangvian Indravijaya Foundation
	Past Experience (s)
	<ul style="list-style-type: none"> ● Advisor, Office of the Insurance Commission, Ministry of Commerce ● Advisor, The Stock Exchange of Thailand ● Advisor, Provincial Electricity Authority ● Advisor, Securities and Exchange Commission ● Advisor, Financial Institutions Policy Group, Bank of Thailand ● Financial Advisor, Bank for Agriculture and Agricultural Co-operatives ● Advisor, Agricultural Futures Exchange of Thailand ● Advisor, Office of the Agricultural Futures Trading Commission

Kesara Manchusree	Managing Director
Education	Other Current Position (s)
<ul style="list-style-type: none"> ● MS, Finance, Golden Gate University, San Francisco, CA, USA ● BA, Economics, Thammasat University, Bangkok ● Certificate, Capital Market Academy Leadership Program, Class 4 	<ul style="list-style-type: none"> ● Director, Thailand Clearing House Co., Ltd.
	Past Experience (s)
	<ul style="list-style-type: none"> ● Vice President, Financial Instruments Market Project, The Stock Exchange of Thailand ● Executive Vice President, Thai Bond Dealing Center ● Vice President, SG Asia Credit Securities Co., Ltd.

- **Remuneration of the Board of Directors**

In 2007, the total remuneration paid to the seven external committee members was THB 900,000 (TFEX directors who were also SET, TFEX and TSD executives did not receive any remuneration).

- **TFEX Subsidiary shareholders**

None (TFEX does not have any subsidiary companies)

- **Shareholding change**

No changes in 2007

6. Corporate Governance

- **Corporate governance policy**

TFEX's mission is to observe good corporate governance (CG) practices. The Board of Directors articulates the company's mission, goals, strategy and policies and directs its operations, ensuring effective and efficient implementation. In addition, the exchange puts a high priority on internal audit, conflict of interest prevention, employee discipline and the transparent disclosure of information. Its committees advise on and supervise operations to ensure full compliance with the principles of good CG.

- **Rights of shareholders and stakeholders**

To be a world-class exchange for trading and hedging Thai derivatives products, TFEX emphasizes the interests of all stakeholders, including the exchange's members, institutional investors, retail investors and other related parties, such as customers, employees, government and other relevant organizations. Therefore, TFEX's committees have principles which mandate high quality service to all clients and stakeholders. In addition, in determining regulations and policies, committees must incorporate the principles of good CG and the opinions and interests of stakeholders.

- **TFEX Board of Directors**

TFEX's BoD consists of experts whose qualifications are in accord with the 68th code of the Public Company Limited Act (1992) and 61st and 60th codes of the Derivatives Act (2003). Consequently, one director is responsible for the interests of all stakeholders and two directors must be involved in the futures market, as required in the SEC's regulations. All members of TFEX's BoD possess the qualifications mandated by the regulations.

- **TFEX Board of Directors Meeting**

TFEX BoD's regular meetings are scheduled one year in advance on a monthly and quarterly basis, to ensure that directors and executives have ample notice and can attend as many as possible. Special meetings may be convened as deemed appropriate. From January 1 to December 31, 2007, there were six regular meetings. The attendance of members was as follows* :

Committees		Numbers of Attendance / Numbers of meetings
1. Pakorn	Malakul Na Ayudhya	2/2
2. Patareeya	Benjapolchai	4/6
3. Kampanart	Lohacharoenvanich	6/6
4. Nongram	Wongwanich	6/6
5. Sopawadee	Lertmanaschai	5/6
6. Charamporn	Jotikasthira	5/6
7. Patcharavalai	Jayapani	5/6
8. Anya	Khanthavit	5/6
9. Kesara	Manchusree	6/6
10. Vijit	Supinij	4/4
11. Prof.Niphat	Jitprasong	4/4
12. Adisorn	Sermchaiwong	4/6

Remarks *

1. Pakorn Malakul Na Ayudhya was appointed to replace Vijit Supinij as SET President at the committee's meeting on October 9, 2007.
2. Vijit Supinij's term ended on August 15, 2007.
3. Niphat Jitprasong's term ended on August 15, 2007.
4. Adisorn Sermchaiwong's term ended on December 31, 2007.

- **Committees**

TFEX's BoD appoints committees and expert members to assist in carrying out each specialized task. In 2007, there were two such committees and one appeals committee operating.

On October 9, 2007, TFEX's BoD appointed the Membership Recruitment Committee, whose responsibilities are to provide advice and recommendations to the BoD on ways to increase membership.

Members Recruitment Committee including the following members

No.	Name	Surname	Position
1.	Patareeya	Benjapolchai	Chairman
2.	Nongram	Wongwanich	Member
3.	Anya	Khanthavit	Member
4.	Patcharavalai	Jayapani	Member
5.	Kesara	Manchusree	Member
6.	Supakit	Jirapraditkul	Member
7.	Rinjai	Chaiyasut	Member

On April 3, 2006, TFEX's BoD appointed the Disciplinary Committee to examine any misconduct and penalize individuals violating, or associating with others violating, TFEX's rules and regulations. The committee members each have a two-year term and cannot hold office for more than two sequential terms (except for the managing director and his/her trustees).

Disciplinary Committee including the following members:

No.	Name		Position
1.	Charamporn	Jotikasthira	Member
2.	Suparb	Vongkiatkachorn	Member
3.	Pattera	Dilokrunghthirapop	Member
4.	Somjin	Sompaisarn	Member
5.	Kesara	Manchusree	Member

On April 3, 2006, the TFEX BoD established the Appeals Committee to review appeals against penalties handed down by the Board of Governors. Appeals Committee members each have a two-year term and cannot hold office for more than two sequential terms (except for the managing director and trustees).



Appeal Committee including the following members:

No.	Name		Position
1.	Seri	Jintanaseri	Member
2.	Sukri	Kaewcharoen	Member
3.	Anya	Khanthavit	Member

- **Business ethics and conflicts of interest**

Business ethics are fundamental to sustainable growth. TFEX has established ethical principles for directors, committees, consultants and employees as follows:

- General principles
 - Principles applying to individuals
 - Principles for investors, clients, stakeholders and the public.
 - Principles for the company
- Principles applied among colleagues
- Principles applying to unusual situation

The exchange established principles to guide the buying and selling of derivatives contracts which include barring company employees from involvement, on their own or another's behalf, in any transactions processed by the exchange.

- **Internal control system and internal audit**

TFEX's BoD, in promoting efficient internal control systems at both the management and operational level, has defined the duties, management powers, operations, financial responsibilities and performance supervision for each level of the organization. The company published a manual delineating limitations to the power of executives and departments, as approved by the BoD.

TFEX seeks to ensure that its operations comply with the rules, regulations, good CG guidelines, policies, agreements and other principles acknowledged by the company, and that these operations run efficiently and achieve their objectives. To this end, SET's Corporate Affairs Division, responsible for improving corporate governance in the bourse, helps ensure that TFEX's operations do comply and works with the internal audit and risk management department to examine, supervise and evaluate them.

- **Relations with the investors and stakeholders**

TFEX puts a high priority on information disclosure to investors and individuals by holding meetings, encouraging discussion and releasing information relevant to their trading.

The company publishes trading information, runs training programs and uses all forms of media and its website (www.tfex.co.th) to educate people about derivatives. In addition, the S-E-T-Call Center provides reliable and up-to-date investment information.



7. Financial Statement

AUDITOR'S REPORT

To the Shareholders of Thailand Futures Exchange Public Company Limited

I have audited the accompanying balance sheets as of 31 December 2007 and 2006, and the related statements of income, changes in shareholders' equity and cash flows for the year then ended 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 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 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 of 31 December 2007 and 2006, the results of its operations and its cash flows for the year then ended 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 2008

Thailand Futures Exchange Public Company Limited

Balance Sheets

As at 31 December 2007 and 2006

	Notes	2007 Baht	2006 Baht
Assets			
Current assets			
Cash and cash equivalents	3	18,500,594	8,916,065
Short-term investments	4	86,914,097	76,562,198
Accounts receivable and accrued income	5	9,869,402	3,070,882
Accrued interest receivable		848,964	1,224,400
Loans to parent entity	11	110,000,000	87,000,000
Other current assets	11	4,715,829	6,260,595
Total current assets		230,848,886	183,034,140
Non-current assets			
Long-term investments	6	-	166,700
Equipment, net	7	825,426	671,307
Intangible assets, net	8	141,087	-
Other assets	11	902,440	-
Total non-current assets		1,868,953	838,007
Total assets		232,717,839	183,872,147
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued expenses		6,994,096	2,287,951
Amounts due to related parties	11	46,862,115	693,851
Unearned revenues		69,765,862	89,412,689
Withholding tax payable		1,759,223	1,633,030
Other current liabilities	11	503,070	314,831
Total current liabilities		125,884,366	94,342,352
Total liabilities		125,884,366	94,342,352
Shareholders' equity			
Share capital			
Authorised, issued and fully paid-up			
10,000,000 ordinary shares of Baht 10 each	9	100,000,000	100,000,000
Retained earnings (deficits)		6,833,473	(10,470,205)
Total shareholders' equity		106,833,473	89,529,795
Total liabilities and shareholders' equity		232,717,839	183,872,147

The notes to the financial statements on pages 27 to 39 form an integral part of these financial statements.



Thailand Futures Exchange Public Company Limited
Statements of Income
For the years ended 31 December 2007 and 2006

	Notes	2007 Baht	2006 Baht
Revenues			
Membership fees		34,985,981	21,295,048
Trading fees		78,016,099	13,241,494
Information service fees		3,929,499	-
Interest income	11	7,649,053	5,985,043
Other revenues		1,387,038	3,074,823
Total Revenues		125,967,670	43,596,408
Expenses			
Administrative expenses	11	105,562,797	54,318,836
Total Expenses		105,562,797	54,318,836
Profit (loss) before income tax		20,404,873	(10,722,428)
Income tax		3,101,195	-
Net profit (loss) for the year		17,303,678	(10,722,428)
Basic earnings (loss) per share			
Net profit (loss) for the year	10	1.73	(1.07)

The notes to the financial statements on pages 27 to 39 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 2007 and 2006

	Share capital Baht	Retained earnings (deficit) Baht	Total Baht
Beginning balance as at 1 January 2007	100,000,000	(10,470,205)	89,529,795
Net profit for the year	-	17,303,678	17,303,678
Ending balance as at 31 December 2007	100,000,000	6,833,473	106,833,473
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	100,000,000	(10,470,205)	89,529,795

The notes to the financial statements on pages 27 to 39 form an integral part of these financial statements.



Thailand Futures Exchange Public Company Limited

Statements of Cash Flows

For the years ended 31 December 2007 and 2006

	2007 Baht	2006 Baht
Cash flows from operating activities		
Net profit (loss) for the year	17,303,678	(10,722,428)
Adjustment for:		
Depreciation and amortisation	214,393	50,633
Interest income	(7,649,053)	(5,985,043)
	9,869,018	(16,656,838)
(Increase) decrease in operating assets		
Accounts receivable and accrued income	(6,798,520)	(3,070,882)
Other current assets	1,544,767	(5,975,566)
Other non-current assets	(902,440)	-
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	4,706,145	2,237,951
Amounts due to related parties	46,168,264	693,851
Unearned revenues	(19,646,827)	89,412,689
Income tax payable	-	(30,401)
Withholding tax payable	126,193	1,627,530
Other current liabilities	188,239	314,831
Net cash from operating activities	35,254,839	68,553,165
Cash flows from investing activities		
Interest received	8,153,366	6,315,665
Disposals of short-term investments	159,898,172	250,699,221
Purchases of short-term investments	(170,212,249)	(228,960,508)
Loans to parent entity	(23,000,000)	(87,000,000)
Purchases of equipment	(353,239)	(721,940)
Purchases of intangible assets	(156,360)	-
Net cash used in investing activities	(25,670,310)	(59,667,562)
Net increase in cash and cash equivalents	9,584,529	8,885,603
Cash and cash equivalents at beginning of the year	8,916,065	30,462
Cash and cash equivalents at end of the year	18,500,594	8,916,065
Supplementary information for cash flows:		
Cash paid during the year		
Income tax paid	2,945,862	3,964,223

The notes to the financial statements on pages 27 to 39 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 2007, the Company employed 18 employees (2006: 16 employees).

These financial statements have been approved for issue by the management on
28 February 2008.

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 except for investments which are disclosed in the following accounting policies.

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 periods. 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 has 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.

2.2 Announcements and amendments to accounting standards effective in 2007 and 2008

On 2 May 2007, 21 September 2007 and 7 December 2007 the Federation of Accounting Professions announced:

- amendments to Thai Accounting Standards effective for accounting periods beginning on or after 1 January 2007 as follows:

TAS no. 44 "Consolidated and Separate Financial Statements" (Revised 2007)

TAS no. 45 "Investments in Associates" (Revised 2007)

TAS no. 46 "Interests in Joint Ventures" (Revised 2007)

Amendments to Thai Accounting Standards have no significant impact on the financial statements.

- the adoption of new Thai Accounting Standard and amendments to Thai Accounting Standards effective for accounting periods beginning on or after 1 January 2008 as follows:

TAS no. 25. "Cash Flow Statements" (Revised 2007)

TAS no. 29. "Leases" (Revised 2007)

TAS no. 31. "Inventories" (Revised 2007)

TAS no. 33. "Borrowing Costs" (Revised 2007)

TAS no. 35. "Presentation of Financial Statements" (Revised 2007)

TAS no. 39. "Accounting Policies, Changes in Accounting Estimates and Errors" (Revised 2007)

TAS no. 41. "Interim Financial Reporting" (Revised 2007)

TAS no. 43. "Business Combinations" (Revised 2007)

TAS no. 49. "Construction Contracts" (Revised 2007)

TAS no. 51. "Intangible Assets"

However, the Company's management is in the process of consideration the impact of new standard and revised standards adoption on the financial statements, which is expected that the adoption will not significantly affect the financial statements presented.

2.3 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 deposits held at call with banks.

2.4 Accounts receivable and accrued income

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

2.5 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 higher than its recoverable amount, impairment loss is charged to the statements of income.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged to the statements 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.

2.6 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.

Repairs and maintenance are charged to the statements 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 statements of income.

2.7 Intangible assets

Costs associated with developing or maintaining computer software programs are generally recognised as expenses in the statements of income as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the Company and have probable economic benefit exceeding the cost beyond one year, are recognised as intangible assets. Direct cost includes purchase price and an appropriate portion of relevant overheads to allow such asset to be ready for its intended use.

Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight line method over their useful life, generally over 5 years.

2.8 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) Information service fees upon performance of services.
- iv) 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.
- v) Other revenues are recognised on an accrual basis.

2.9 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 statements of income in the year to which they relate.

2.10 Directors' remuneration

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

3. Cash and cash equivalents

	2007 Baht	2006 Baht
Cash on hand	10,000	10,000
Deposits held at call with banks	18,490,594	8,906,065
	<u>18,500,594</u>	<u>8,916,065</u>

Bank deposits bear interest of 0.13% - 2.00% per annum (2006: 0.13% - 0.50% per annum).

**4. Short-term investments**

	2007 Baht	2006 Baht
General investments		
Fixed deposit accounts	86,747,397	61,100,000
Promissory notes	-	5,000,000
Debt securities due within one year	166,700	10,462,198
	<u>86,914,097</u>	<u>76,562,198</u>

Fixed deposit accounts represent fixed deposit at banks which have maturity more than 3 months but not more than 12 months (2006: not more than 6 months) and interest rates of 2.75% - 5.00% per annum (2006: 3.50% - 5.50% per annum).

Promissory notes as at 31 December 2006 represents the promissory notes at financial institutions which have maturity more than 3 months but not more than 9 months and interest rates of 3.25% - 5.25% per annum

Debt securities due within one year represent debentures and the bond which have coupon rates of 3.67% per annum (2006: 3.67% - 5.60% per annum) and yields of 3.75% per annum (2006: 4.97% - 5.44% per annum). The aggregated market value as at 31 December 2007 was Baht 0.16 million (2006: Baht 10.36 million).

5. Accounts receivable and accrued income

	2007 Baht	2006 Baht
Accounts receivable	1,048,810	21,516
Accrued income	8,820,592	3,049,366
	<u>9,869,402</u>	<u>3,070,882</u>

6. Long-term investments

	2007	2006
	Baht	Baht
Debt securities held to maturity	-	166,700

Debt securities held to maturity represent debentures and bonds which have maturity more than one year which have coupon rates of 3.67% per annum and yields of 5.44% per annum. The aggregated market value as at 31 December 2006 was Baht 0.16 million.

7. Equipment, net

	Computer Baht	Furniture, fixtures and equipment Baht	Total Baht
As at 31 December 2006	197,950	523,990	721,940
Cost	(16,887)	(33,746)	(50,633)
<u>Less</u> Accumulated depreciation	181,063	490,244	671,307
Net book amount			
Year ended 31 December 2007			
Opening net book amount	181,063	490,244	671,307
Additions	298,249	54,990	353,239
Depreciation charge	(86,997)	(112,123)	(199,120)
Closing Net book amount	392,315	433,111	825,426
As at 31 December 2007			
Cost	496,199	578,980	1,075,179
<u>Less</u> Accumulated depreciation	(103,884)	(145,869)	(249,753)
Net book amount	392,315	433,111	825,426

**8. Intangible assets, net**

	Software Baht
Year ended 31 December 2007	
Opening net book amount	-
Additions	156,360
Amortisation charge	(15,273)
Closing Net book amount	<u>141,087</u>
As at 31 December 2007	
Cost	156,360
<u>Less</u> Accumulated amortisation	(15,273)
Net book amount	<u>141,087</u>

9. Share capital

	Number of shares	Ordinary shares Baht
As at 31 December 2007 and 2006	<u>10,000,000</u>	<u>100,000,000</u>

The total authorised number of ordinary shares is 10,000,000 shares (2006: 10,000,000 shares) with a par value of Baht 10 per share (2006: Baht 10 per share). All issued shares are fully paid.

10. 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.

	2007	2006
Net profit (loss) attributable to shareholders (Baht)	17,303,678	(10,722,428)
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)	1.73	(1.07)

11. 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 entities, 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

		2007	2006
	Related parties	Baht	Baht
Service expenses	The Stock Exchange of Thailand	44,595,025	321,195
	Family Know-how Co., Ltd.	12,271,085	16,378,836
	Settrade.Com Co., Ltd.	1,637,617	-
		<u>58,503,727</u>	<u>16,700,031</u>

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

b) Outstanding balances arising from purchases/sales of services

	Related parties	2007 Baht	2006 Baht
Other current assets			
- Prepaid expenses	The Stock Exchange of Thailand Family Know-how Co., Ltd.	101,880	-
		-	477,250
		<u>101,880</u>	<u>477,250</u>
- Other receivables	Settrade.Com Co., Ltd. Thailand Securities Depository Co., Ltd.	-	650,309
		-	325,154
		-	975,463
		<u>101,880</u>	<u>1,452,713</u>
Other assets			
- Deposits	The Stock Exchange of Thailand	902,440	-
		902,440	-
		<u>1,004,320</u>	<u>1,452,713</u>
Amounts due to related parties			
- Payables	The Stock Exchange of Thailand Family Know-how Co., Ltd. Settrade.Com Co., Ltd.	2,572,303	42,153
		597,208	574,624
		434,115	-
		<u>3,603,626</u>	<u>616,777</u>
- Accrued expenses	The Stock Exchange of Thailand Settrade.Com Co., Ltd.	43,085,854	77,074
		172,635	-
		<u>43,258,489</u>	<u>77,074</u>
		<u>46,862,115</u>	<u>693,851</u>
Other current liabilities	The Stock Exchange of Thailand	20,643	7,907

c) Loans to parent entity and interest income

The parent entity has a policy to centralise the investments of the Group and managed by the parent entity in order to increase the efficiency and enhance the overall returns. The parent entity will borrow from its subsidiaries in the form of promissory notes which have maturity within 1 year and interest rate of 4.00% per annum. (2006 : 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 statements of income.

As at 31 December 2007, the outstanding balance of loans to parent entity was Baht 110 million (2006 : Baht 87 million) and interest income during 2007 was Baht 4.2 million. (2006 : Baht 2.1 million).

d) Directors and management's remuneration

The Directors' remuneration, which represented director fees for the year 2007 approximated Baht 0.88 million (2006: Baht 0.9 million).

The management's remuneration, which represented salary and other benefits of high level management for the year 2007 approximated Baht 9.07 million (2006: Baht 9.17 million).

12. 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.

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 entity for borrowing in order to enhance the overall returns and flexibility of investment management.

In 2007 and 2006, the investment policies framework on types and proportion of investments are as follows:

Type of investments	Proportion of investments
- Government bonds, debentures or bonds of state enterprise or entities incorporated by specific laws	Unlimited amount
- Time deposits at commercial banks and promissory notes at finance companies or financial institutions incorporated by specific laws	Not more than 15% of total investments per institution
- Bills of exchange, debentures and/or warrants of debentures (excluding convertible bonds)	Not more than 10% of total investments per issuer and not more than 5% per issue size
- Investment units or warrants of investment units in mutual funds those invested in debt securities	Not more than 10% of total investments per mutual fund and not more than 20% of total investments per asset management company

c) Fair value

The carrying amounts of the following 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, amounts due to related parties and unearned revenues.

13. 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:

	2007 Baht	2006 Baht
	<u> </u>	<u> </u>
Up to 1 year	295,320	442,980
1-3 years	-	295,320
	<u> </u>	<u> </u>
	<u>295,320</u>	<u>738,300</u>

**Member of TFEX**

ACLS	ACL Securities Company Limited 999/9, The Offices at Centralworld 18 th Fl., Rama 1 Road, Pathumwan, Bangkok 10330 Tel: 02 658 9000 Fax: 02 658 9292 www.acls.co.th	CS	Credit Suisse Securities (Thailand) Limited 990, Abdulrahim Place, 27 Fl., Room 2701, Rama 4 Road, Silom, Bangrak Bangkok 10500 Tel: 02 614 6000 Fax: 02 614 6362 www.csfb.com
ASP	Asia Plus Securities Public Company Limited 175, Sathorn City Tower, 3 Fl., South Sathorn Road, Thungmahamaek, Sathorn, Bangkok 10120 Tel: 02 285 1666 Fax: 02 285 1901 www.asiaplus.co.th	DBSV	DBS Vickers Securities (Thailand) Co., Ltd. 989, Siam Tower, 14 Fl., Rama 1 Road, Pathumwan, Bangkok 10330 Tel: 02 657 7000 Fax: 02 657 7665 www.dbsvittrade.com
AYD	Ayudhya Derivatives Co., Ltd. 999/9, The Offices at Centralworld, 11 Fl., Rama 1 Road, Pathumwan, Bangkok 10330 Tel: 02 689 4444 Fax: 02 646 1103 www.ayd.co.th	JPM	JPMorgan Securities (Thailand) Limited 20, Bupachit, North Sathorn Road, Silom, Bangrak, Bangkok 10120 Tel: 02 684 2600 Fax: 02 658 6301 www.jpmorgan.com
BLS	Bualuang Securities Public Company Limited 191, Silom Complex Tower, 29 Fl., Silom Road, Bangrak, Bangkok 10500 Tel: 02 231 3777 Fax: 02 266 6971 www.bualuang.co.th	KEST	Kim Eng Securities (Thailand) Public Company Limited 999/9, The Offices at Centralworld, 20 Fl., Rama 1 Road, Pathumwan, Bangkok 10330 Tel: 02 658 6300 Fax: 02 254 4058 www.kimeng.co.th
BTSEC	BT Securities Co., Ltd. 44, Bank Thai Tower Soi Laungsuan, Ploenchit RoadLumpini, Patumwan, Bangkok 10330 Tel: 02 657 9000 Fax: 02 657 9111 www.btsecurities.com	KGI	KGI Securities (Thailand) Public Company Limited 323, United Center Tower, Floor 9, 23-25, 45, Silom Road, Bangrak, Bangkok 10500 Tel: 02 231 1111 Fax: 02 267 8309 www.kgiworld.co.th
CLSAT	CLSA Securities (Thailand) Limited 87, M-Thai Tower, All Season Place, 16 Fl., Wireless Road, Lumpini, Pathumwan, Bangkok 10330 Tel: 02 257 4600 Fax: 02 631 1709 www.clsa.com	KKS	Kiatnakin Securities Co., Ltd. 500 Amarin Tower, 7-8 Floor, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 Tel: 02 680 2222 Fax: 02 286 9000 www.kks.co.th
CNS	Capital Nomura Securities Public Company Limited 21/3, Thai Wah Tower, 1 Fl., South Sathorn Road, Sathorn, Bangkok 10120 Tel: 02 285 0060 Fax: 02 658 9292 www.cns.co.th	MPSEC	Merchant Partners Securities Ltd. 87/2, CRC All Seasons Place, 40 Floor, Wireless Road, Lumpinee, Pathumwan, Bangkok 10330 Tel: 02 263 5910 Fax: 02 251 3755 www.merchant.co.th

PHATR	Phatra Securities Public Company Limited 252/66, Muang Thai-Phatra Office Tower 1, 6, 8-11 Fl., Ratchadapisek Road, Huaykwang, Bangkok 10310 Tel: 02 305 9000 Fax: 02 305 9535 www.phatrasecurities.com	TNS	Thanachart Securities Public Company Limited 444, MBK Tower,14,18-19 Fl., Phayathai Road, Wangmai, Pathumwan,Bangkok 10330 Tel: 02 217 9595 Fax: 02 217 9642 www.thanachartsec.com
PST	Phillip Securities (Thailand) Public Company Limited 849, Woravat Building, 15 Fl., Silom Road, Silom, Bangrak, Bangkok 10500 Tel: 02 635 1700 Fax: 02 635 1615 www.phillip.co.th	TSC	TISCO Securities Co., Ltd. 48/8, TISCO Tower, 4 Fl., North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel; 02 633 6999 Fax: 02 633 6900 www.tiscosec.co.th
SCBS	SCB Securities Co. , Ltd. 130-132, Sinthorn Tower 3, 28 Fl., Wireless Raod, Lumpini, Pathumwan, Bangkok 10330 Tel: 02 686 2000 Fax: 02 646 9889 www.scbs.com	UBS	UBS Securities (Thailand) Limited 93/1, Diethelm Tower A, 2 Fl., Wireless Road, Lumpini, Pathumwan, Bangkok 10330 Tel: 02 651 5700 Fax: 02 651 5730 www.ubs.com
SCIBS	Siam City Securities Co., Ltd. 999/9 , The Offices at Central World, 9 Floor, Rama 1, Pathumwan, Pathumwan, Bangkok 10330 Tel: 02 624 8888 Fax: 02 624 8955 www.scis.co.th	UOBFT	UOB Bullion&Futures (Thai) Co., Ltd. 191 7th Floor, UOB Head Office Building, South Sathorn Road, Bangkok 10120 Tel: 02 213 2611 Fax; 02 213 2614 -
SSEC	SICCO Securities Public Company Limited 130-132, Sindthorn Tower 2, 1-2, 6 Fl., and 12 Floor, Sindthorn Tower3, Wireles Road, Lumpini, Pathumwan, Bangkok 10330 Tel: 02 627 3100 Fax: 02 693 2631 www.ssec-online.com	UOBKH	UOB Kayhian Securities (Thailand) Public Company Limited 130-132 Sinthorn Tower 1, 3 rd Floor Wireless Road, Lumpini, Pathumwan, Bangkok 10330 Tel: 02 659 8000 Fax; 02 658 5919 www.uobkayhian.co.th
SYRUS	Syrus Securities Public Company Limited 9, 12, 14, 15, 17, 18 Alma Link Building, 25, Soi Chidlom, Ploenchit, Langsuan, Lumpini, Pathumwan, Bangkok 10330 Tel: 02 646 9999 Fax: 02 646 9889 www.syrus.co.th	ZMICO	Seamico Securities Public Company Limited 287, Liberty Square Building, 8-9, 15-17,20-21 Fl., Silom Road, Bangrak, Bangkok 10500 Tel: 02 695 5000 Fax: 02 631 1709 www.seamico.co.th
TIPOL	Trinity Polaris Futures Co., Ltd. 179/109-110, Bangkok City Tower, 25 Fl., South Sathorn Road, Thungmahamaek, Sathorn, Bangkok 10120 Tel: 02 670 9100 Fax: 02 263 381 www.trinitythai.com		(as of March 31, 2008)

