

# Thailand Futures Exchange

## Annual Report 2008



**Continuing a tradition of meeting investor's need  
through quality services and innovation products.**

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## Table of Contents

	Page
1. Company Information .....	2
2. TFEX Organizational Structure.....	3
3. Overview of TFEX.....	4
• Product Development.....	4
• Trading channels.....	4
• Marketing campaigns.....	5
4. Statistical Highlights 2008.....	7
• Summary of the 2008 derivatives trading.....	9
5. TFEX Board of Directors.....	11
• TFEX Board of Directors .....	11
• Background of Directors .....	12
• Remuneration of the Board of Directors .....	21
• TFEX Subsidiary shareholders.....	21
• Shareholding change .....	21
• TFEX Board of Directors Meeting .....	21
• Committees .....	21
6. Financial Statement.....	23
7. Member of TFEX.....	48



## 1. Company Information

The Thailand Futures Exchange PCL (TFEX), a subsidiary of The Stock Exchange of Thailand (SET), was established in 2004 as a derivatives exchange under the Derivatives Act B.E. 2546 (2003).

TFEX operates under the supervision of the Securities and Exchange Commission (SEC). By law, TFEX is allowed to trade futures, options and options on futures, including:

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

TFEX launched its first product, SET50 Index Futures, in 2006 and SET50 Index Options, its second product, in 2007. In November 2008, TFEX launched single stock futures of PTT PCL (PTT), PTT Exploration and Production PCL (PTTEP) and Advanced Info Service PCL (ADVANC). In February 2009, the exchange launched gold futures, its fourth product.

### Our Mission

TFEX mission is to be a world-class exchange for the trading and hedging of Thai derivatives products.

To ensure the success of the market, TFEX commits to its market participants in offering an efficient infrastructure to its market participants, with fast, easy access and at a competitive cost, while striving to maintain a fair, orderly and transparent market.

TFEX values its customers and is dedicated to providing its customers with unsurpassed services and innovative products. To help ensure the sustainable and growing market, TFEX intends to create and promote a knowledge-based environment where investors are encouraged to learn and understand nature of the products and risk involved prior to engaging in any trading decision.

### Number of employees

16 persons (as of December 31, 2008)

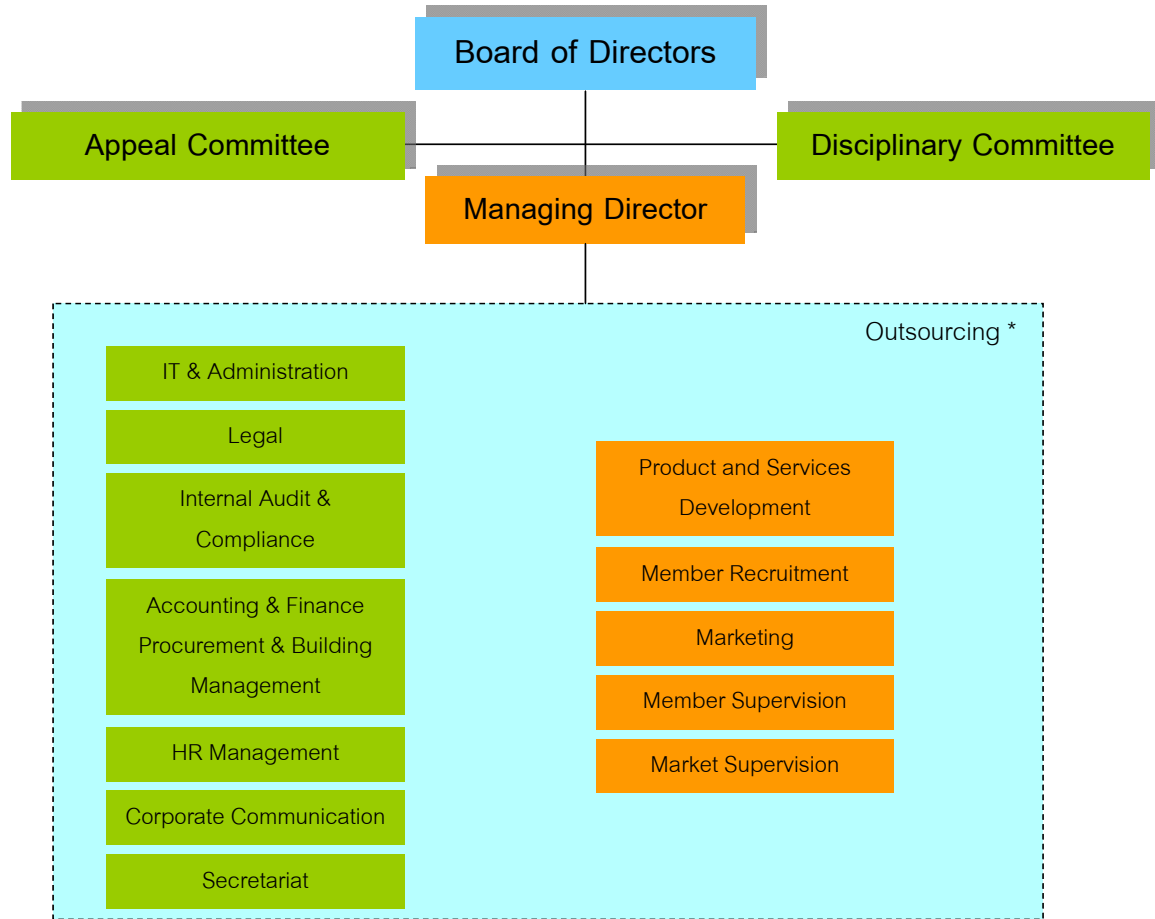


### Auditor

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

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

2. TFEX Organizational Structure



\* Outsource to the Stock Exchange of Thailand

### 3. Overview of TFEX

TFEX developed and improved its operations in the following areas:

- **Product Development**

- Single Stock Futures

To meet the investors' continuing need for effective risk management tools and alternative investment choices, TFEX launched single stock futures as its third product on November 24, 2008. The three selected underlying securities were all big-cap stocks with high liquidity and popularity among investors, particularly institutional investors, namely PTT PCL (PTT), PTT Exploration and Production PCL (PTTEP) and Advanced Info Service pcl (ADVANC). On the first trading day, the total stock futures trading volume of 200 contracts consisted of: PTT futures, 121 contracts; PTTEP futures, 49 contracts and ADVANC futures, 30 contracts. The total trading value on that first day was THB 22.738 million. TFEX's next step will be to launch additional single stock futures based on new underlying stocks with large capitalizations and high liquidity and popularity.



- Gold Futures

During 2008, TFEX prepared to launch gold futures, with launch day being on February 2, 2009. On the first trading day, the gold futures trading volume was 74 contracts, of which 70 matured in February 2009 (GFG09), one in April 2009 (GFJ09) and three in June 2009 (GFM09). With the currently highly volatile global gold price, trading gold futures is highly appropriate, either to use as a risk management tool or to gain in potential profits from that volatility. Thus, gold futures received great interest from investors.



- **Trading channels**

- New Members

In order to provide more convenient access to the futures market and better service to its customers, in 2008, TFEX has approved 11 more securities firm as its members. Among these 11 new members, 2 started its operation in March 2008, while the rest began its operation in September 2008.

In 2009, in order to facilitate the trading of the new gold futures contract, TFEX had welcome additional 4 gold traders as its members. As of march 31, 2009, the total number of TFEX members was 40 members



Broaden Foreign Investor Base

TFEX has received the no-action letter from the US Commodity Futures Trading Commission (CFTC) dated November 26, 2008, permitting the offer and sale in the US of SET50 futures contract. The issue of this no action letter confirms that CFTC will not take any enforcement action if SET50 Index Futures is offered and sold in the United States. Accordingly, U.S. registered futures commission merchants (FCMs) are now allowed to accept orders for SET50 Index Futures from investors located in the U.S. for purchase or sale. As a result, foreign customers should be more convenient to trade in TFEX. In order to better serve its clients, TFEX will keep forward to find an innovative way to improve convenient for foreign investors.

- Marketing campaigns

Training and Education

To ensure the success of its products, TFEX realized that training and education program aimed to enhance investors understanding about products, benefit, risk and its applications are indispensable. To promote knowledge-based environment, TFEX has regularly organized training sessions, seminars, and public awareness campaigns to educate the public and stakeholders about the derivatives market. During 2008, TFEX, together with Thailand Securities Institute had organized a series of seminar for TFEX products for investors and participants for all year round. In addition, TFEX had entered into MoU agreement with the Option Industry Council (OIC) at promoting options market in Thailand. The cooperation between OIC and TFEX had been implemented in various methods such as seminar, web-based education and education materials.



Public relations and marketing campaigns



TFEX undertook a wide range of domestic and international marketing campaigns by participating in events, such as Money Expo in Bangkok, Chiangmai and Nakhon Ratchasima; SET in The City in Nakornsawan and Ubon Ratchathani; and FOW Expo in Singapore.

In addition, there were ongoing campaigns promoting derivatives trading as follows:

- 'LUCKY with TFEX' and 'Top 20 Futures Icon' offered educational prizes to the SET50 Options best gainers and members' marketing officers who most increased the customer base, total 37 people, to visit Korea Exchange (KRX) in South Korea in July 2008.
- 'The Star Marketing 2008', in corporation with The Stock Exchange of Thailand, awarded TFEX Star prizes to the top three marketing officers who expanded the most new 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 donating educational materials for the Ban Nong Kod Samakke School in Saraburi and the Baan Khao Takiab Municipality School in Petchaburi, and planting forests at Bangpu Nature Education Centre.

**Cooperation with Foreign Derivatives Exchange**

On May 16, 2008, TFEX signed a memorandum of understanding with the Chicago Board Options Exchange (CBOE), one of the most active options markets, to strengthen relations, exchange information, and foster other collaboration later. Moreover, on September 5, 2008, TFEX and The Options Industry Council (OIC), a world leader in options education based in Chicago signed an agreement to cooperate on educating local investors about equity options and cultivate the growth of the options market in Thailand.



## 4. Statistical Highlights 2008

	2008	2007	Change (%)
<b>Volume (Contracts)</b>	<b>2,148,62</b>	<b>1,236,884</b>	<b>73.71</b>
- Single Stock Futures	3,838	-	-
- SET50 Index Futures	2,099,098	1,228,238	70.90
- SET50 Index Options	45,684	8,646	428.38
<b>Daily Average Volume (Contracts)</b>	<b>8,837</b>	<b>5,219</b>	<b>69.32</b>
- Single Stock Futures	154	-	-
- SET50 Index Futures	8,498	5,013	69.52
- SET50 Index Options	185	206	-10.19
<b>Value (M.Baht)</b>	<b>937,782.18</b>	<b>706,319.55</b>	<b>32.77</b>
- Single Stock Futures	383.97	-	-
- SET50 Index Futures	937,194.11	706,286.01	32.69
- SET50 Index Options	204.11	32.54	527.26
<b>Daily Average Value (M.Baht)</b>	<b>3,810.49</b>	<b>2,884.57</b>	<b>32.14</b>
- Single Stock Futures	15.36	-	-
- SET50 Index Futures	3,794.31	2,882.80	31.62
- SET50 Index Options	0.83	0.77	7.79
<b>Open Interest (Contracts)</b>	<b>22,747</b>	<b>13,790</b>	<b>64.95</b>
- Single Stock Futures	178	-	-
- SET50 Index Futures	22,096	13,609	62.36
- SET50 Index Options	473	181	161.33
<b>Investor Type (%)</b>			
- Local Institutions	26.38	25.33	4.15
- Local Customers	56.57	54.98	2.89
- Foreign Investors	17.05	19.69	-13.41
<b>No. of Account (Accounts)</b>	<b>15,894</b>	<b>9,531</b>	<b>66.76</b>
- Local Institutions	724	424	70.75
- Local Investors	14,817	8,873	66.99
- Foreign Investors	353	234	50.58



**TFEX Members' Market Share - ranked by number of contracts traded in 2008**

Rank	Symbol	Company	2008	2007	Change
1	KEST	Kim Eng Securities (Thailand) Public Company Limited	12.92%	10.97%	+1.95
2	TNITY	Trinity Securities Company Limited	12.48%	13.41%	-0.93
3	PST	Phillip Securities (Thailand) Public Company Limited	9.95%	9.18%	+0.77
4	KGI	KGI Securities (Thailand) Public Company Limited	8.95%	13.55%	-4.60
5	ZMICO	Seamico Securities Public Company Limited	4.97%	2.93%	+2.04
6	BLS	Bualuang Securities Public Company Limited	4.70%	7.09%	-2.39
7	PHATR	Phatra Securities Public Company Limited	4.68%	4.51%	+0.17
8	UBS	UBS Securities (Thailand) Company Limited	3.65%	3.83%	-0.18
9	SSEC	SICCO Securities Public Company Limited	3.47%	2.25%	+1.22
10	JPM	JPMorgan Securities (Thailand) Company Limited	3.39%	3.39%	+0.00
11	SCBS	SCB Securities Company Limited	2.98%	1.91%	+1.07
12	ASP	Asia Plus Securities Public Company Limited	2.97%	3.49%	-0.52
13	AYS	Ayudhya Securities Public Company Limited	2.95%	5.19%	-2.24
14	KKS	Kiatnakin Securities Company Limited	2.94%	2.48%	+0.46
15	ACLS	ACL Securities Company Limited	2.58%	1.57%	+1.01
16	CNS	Capital Nomura Securities Public Company Limited	2.48%	3.78%	-1.30
17	CS	Credit Suisse Securities (Thailand) Company Limited	2.23%	3.50%	-1.27
18	TNS	Thanachart Securities Public Company Limited	1.98%	2.00%	-0.02
19	TSC	TISCO Securities Company Limited	1.62%	1.16%	+0.46
20	SCIBS	Siam City Securities Company Limited	1.60%	1.17%	+0.43
21	MPSEC	Merchant Partners Securities Company Limited	1.34%	0.61%	+0.73
22	DBSV	DBS Vickers Securities (Thailand) Company Limited	0.86%	1.37%	-0.51
23	BSEC	BFIT Securities Public Company Limited	0.70%	-	-
24	FSL	Finansa Securities Limited	0.59%	-	-
25	GBS	Globlex Securities Company Limited	0.41%	-	-
26	SYRUS	Syrus Securities Public Company Limited	0.39%	-	-
27	BTSEC	BT Securities Company Limited	0.39%	0.28%	+0.11
28	UOBKH	UOB Kayhian Securities (Thailand) Public Company Limited	0.34%	-	-
29	KS	Kasikorn Securities Public Company Limited	0.33%	-	-
30	ASL	Adkinson Securities Public Company Limited	0.31%	-	-
31	CLSAT	CLSA Securities (Thailand) Company Limited	0.29%	0.25%	+0.04
32	UOBFT	UOB Bullion and Futures (Thai) Company Limited	0.24%	0.11%	+0.13
33	AIRA	Aira Securities Public Company Limited	0.22%	-	-
34	FES	Far East Securities Company Limited	0.06%	-	-
35	IVG	I V Global Securities Public Company Limited	0.02%	-	-
36	US	United Securities Public Company Limited	0.02%	-	-

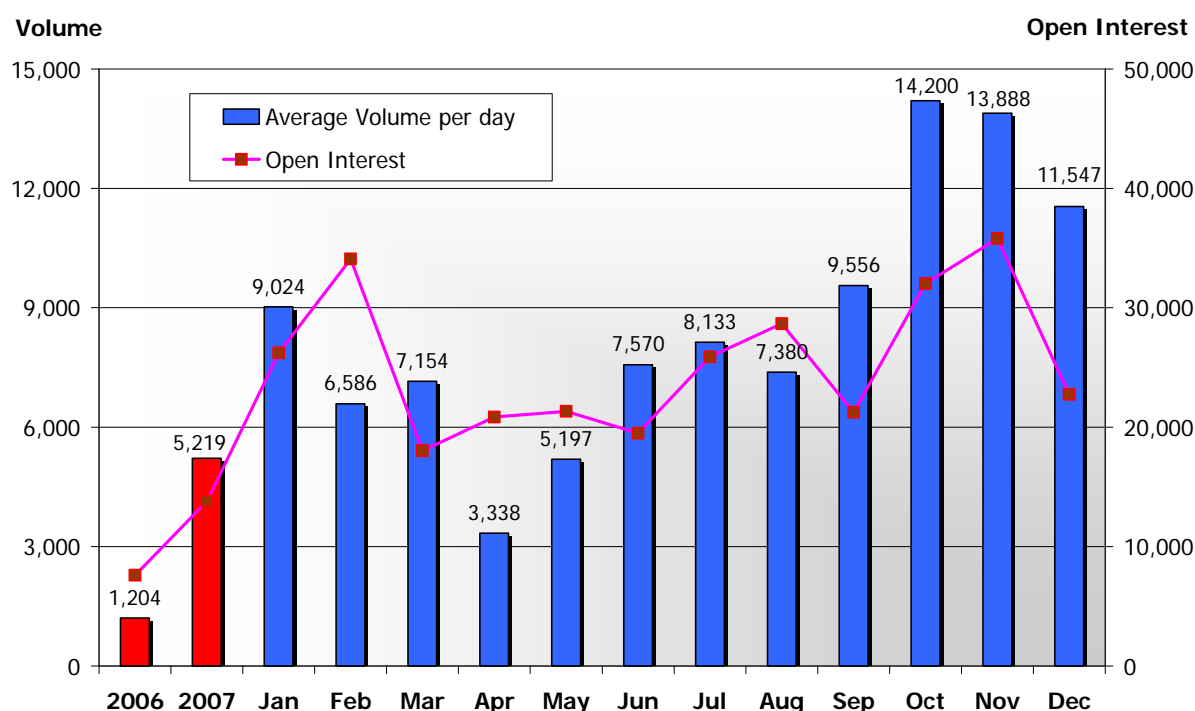
- Summary of the 2008 derivatives trading

In 2008, TFEX total volume was 2,148,620 contracts, worth about THB 937,782.18 million, an increase of 73.71% in volume over that of the same period in 2007. SET50 Index Futures accounted for 97.70% of total trading volume.

The daily average trading volume for all types of instruments was 8,837 contracts, worth about THB 3,810 million. SET50 Index Futures' average trading volume was 8,498 contracts, or worth about THB 3,794 million; thus, this instrument alone accounted for 96.16% of daily average volume and 99.56% of daily average value. In 2008, 185 SET50 Index Options were traded per day, or about THB 0.83 million per day. The daily average volume for Single Stock Futures was 154 contracts, or about THB 15.36 million per day.

TFEX total trading value grew by 32.77% over 2007. The highest volume was on October 29 at 21,279 contracts and the lowest volume was on April 10, a mere 1,807 contracts.

Trading Volume and Open Interests in TFEX



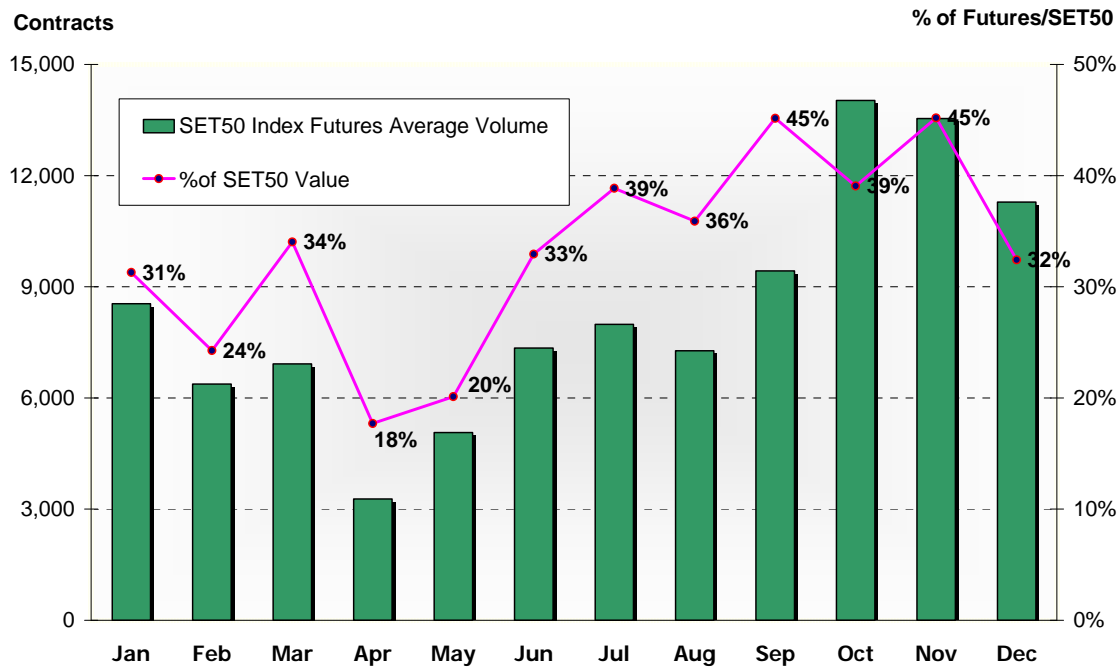
The main group of investors was the retail investors group, who totaled 56.7% of total trading volume. The top five trading TFEX members, accounting for 49.27% of all trading volume, were, in descending order, Kim Eng Securities (Thailand) PCL (KEST), Trinity Securities Company Limited (TNITY), Phillip Securities (Thailand) PCL (PST), KGI Securities (Thailand) PCL (KGI) and Seamico Securities PCL (ZMICO).

In 2008, TFEX accepted 11 new members, consisting of Aira Securities PCL (AIRA), Adkinson Securities PCL (ASL), BFIT Securities PCL (BSEC), Far East Securities Company Limited (FES), Finansa Securities Limited (FSL), Globlex Securities Company Limited (GBS), I V Global Securities PCL (IVG),

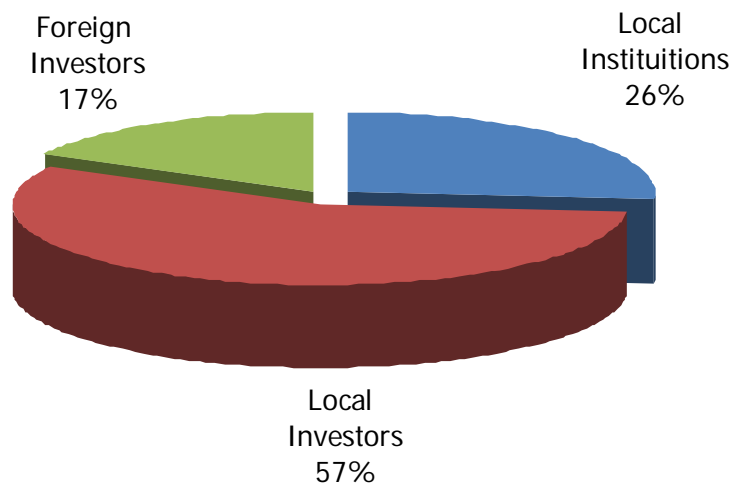


Kasikorn Securities PCL (KS), Syrus Securities PCL (SYRUS), UOB Kayhian Securities (Thailand) PCL (UOBKH), and United Securities PCL (US). On March 2, 2009, TFEX accepted four new gold-related agents, which were Hua Seng Heng Gold Futures (HGF), MTS Gold Futures (MTSGF), TC Ausiris Futures (TCAF), and YLG Bullion & Futures (YLG).

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's BoD consists of experts whose qualifications are in accord with the 67<sup>th</sup> and 68<sup>th</sup> code of the Public Company Limited Act (1992) and 60<sup>st</sup> 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 \*

1.	Pakorn	Malakul Na Ayudhya	Chairman
2.	Patareeya	Benjapolchai	Vice chairman
3.	Sopawadee	Lertmanaschai	Director
4.	Suthichai	Chitvanich	Director
5.	Chanisa	Chutipat	Director
6.	Pattera	Dilokrunghirapop	Director
7.	Montree	Sompaisarn	Director
8.	Wichai	Poolworaluk	Director
9.	Wiboon	Perm-Arayawong	Director
10.	Kesara	Manchusree	TFEX managing director

*Remarks \* Data as of March 31, 2009*

- Background of Directors

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

- 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

**Other Current Position (s)**

- 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, Bond Market Development Steering Committee
- Director, Subcommittee on Investor Education and Public Relations on Corporate Governance, National Corporate Governance Committee
- Director and Board Secretary, Capital Market Development Committee
- Expert member, Foreign Business Committee, Department of Business Development, Ministry of Commerce

**Past Experience (s)**

- 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

<p><b>Sopawadee Lertmanaschai</b></p> <p><b>Education</b></p> <ul style="list-style-type: none"> <li>● The Wharton Advanced Management Program, University of Pennsylvania USA.</li> <li>● Master of Science (Accounting), Thammasat University</li> <li>● Bachelor of Science (Accounting), Thammasat University</li> <li>● Bachelor of Law, Thammasat University</li> </ul>	<p><b>Director</b></p> <p><b>Other Current Position (s)</b></p> <ul style="list-style-type: none"> <li>● Chief Marketing Officer-Markets &amp; Post-Trade Services, The Stock Exchange of Thailand</li> <li>● Director, Thailand Securities Depository Co., Ltd.</li> <li>● Director, Settrade.com Co., Ltd.</li> <li>● Director, Securities Analyst Association</li> <li>● Committee, Corporate Governance Course, Faculty of Commerce and Accountancy, Thammasat University</li> <li>● Advisor of World Wild Fund For Nature (WWF), Thailand</li> </ul> <p><b>Past Experience (s)</b></p> <ul style="list-style-type: none"> <li>● Chairman - Capital Market Opportunity Center, The Stock Exchange of Thailand</li> <li>● Executive Vice President, The Stock Exchange of Thailand</li> <li>● Chairman Advisory Committee, mai</li> <li>● Director, Thailand Clearing House Co., Ltd.</li> <li>● Director, Siam DR Co., Ltd.</li> <li>● Director, Thai Trust Fund Management Co., Ltd.</li> <li>● Director, Thai NVDR Co., Ltd.</li> <li>● Director, Family Know-how Co., Ltd.</li> <li>● CEO, Thailand Securities Depository Co., Ltd.</li> <li>● Committee, CG Report of Thai Listed Company, Thai Institute of Directors</li> <li>● Advisor, Thailand CSR Index, The Thailand Research Fund</li> </ul>
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**Suthichai Chitvanich****Education**

- Master of Management at Sasin Graduate Institute of Business Administration of Chulalongkorn University
- LL., M., Chulalongkorn University
- LL., B. (Hons), Thammasat University
- Executive Program, U.S. Securities and Exchange Commission, Washington DC.
- Privatization Program, World Bank, Washington DC.
- Berkeley Executive Program, University of California Berkeley, Berkeley

**Director****Other Current Position (s)**

- Executive Vice President Responsible for Internal Audit, Compliance & Risk Management, The Stock Exchange of Thailand
- Director, Thailand Securities Depository Co., Ltd.
- Director, Thai Trust Fund Management Co., Ltd.
- Director, Thai NVDR Co., Ltd.
- Special Lecturer, Master's Degree Program, Faculty of Law at Chulalongkorn University, Thammasat University
- Special Lecturer, Master's Degree Program, Faculty of Law at Dhurakijpundit University

**Past Experience (s)**

- Member of the committee for revision of company law, the Office of the Judicial Council
- Member of the committee for drafting the Securities and Exchange Commission Bill, Fiscal Policy Department, Ministry of Finance
- Senior Executive Vice President, Corporate Compliance & Governance Division, SET
- Senior Executive Vice President, Market Regulation Division, SET
- Senior Executive Vice President, Corporate Affair Division, SET
- Assistant secretary to the supervision and development of Thai capital market committee chaired by the Minister of Finance

<p><b>Chanisa Chutipat</b></p> <p><b>Education</b></p> <ul style="list-style-type: none"> <li>● MBA, Thammasart University</li> <li>● Bachelor of Business Administration in Accounting, Thammasart University</li> <li>● Director Certification Program (DCP 71/2006), Thai Institute of Directors</li> <li>● Certificate, Capital Market Academy Leadership Program, Class 1</li> </ul>	<p><b>Director</b></p> <p><b>Other Current Position (s)</b></p> <ul style="list-style-type: none"> <li>● CFO &amp; Corporate Services, The Stock Exchange of Thailand</li> <li>● Director, Thailand Securities Depository Co., Ltd.</li> <li>● Director, Settrade.com Co., Ltd.</li> <li>● Director, Family Know-how Co., Ltd.</li> </ul> <p><b>Past Experience (s)</b></p> <ul style="list-style-type: none"> <li>● Chief Executive Officer, Settrade.com Co., Ltd</li> <li>● Senior Vice President , Registration and Back Office Service Division, Thailand Securities Depository Co., Ltd.</li> <li>● Vice President, Back Office Service Bureau, The Stock Exchange of Thailand</li> <li>● Operation Advisor, Trinity Information Co., Ltd.</li> <li>● Executive Director, KGI securities (Thailand) Public Company Limited</li> </ul>
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<p><b>Pattera Dilokrunghthirapop</b></p> <p><b>Education</b></p> <ul style="list-style-type: none"> <li>● M.S. (Engineering Science), University of Queensland, Brisbane, Australia</li> <li>● B.S. (Engineering), Monash University, Melbourne, Australia.</li> <li>● Certificate, Capital Market Academy Leadership Program, Class 1</li> </ul>	<p><b>Director</b></p> <p><b>Other Current Position (s)</b></p> <ul style="list-style-type: none"> <li>● Governor, The Stock Exchange of Thailand</li> <li>● Chief Executive Officer, DBS Vickers Securities (Thailand) Co., Ltd.</li> <li>● Executive Director, Association of Securities Companies (ASCO)</li> <li>● Chairman, Futures Industry Club</li> <li>● Director, Securities Analysts Association</li> <li>● Director, Thai Financial Planners Association</li> <li>● Member, Nomination and Remuneration Committee, The Stock Exchange of Thailand</li> </ul> <p><b>Past Experience (s)</b></p> <ul style="list-style-type: none"> <li>● Director, Thailand Securities Depository Co., Ltd.</li> <li>● Director, Settrade.com Co., Ltd.</li> <li>● Managing Director, SG Asia Credit Securities Co., Ltd.</li> <li>● Director, Asia Credit Finance PCL</li> <li>● Thailand Representative, SG Securities Research Co., Ltd.</li> <li>● Head of Research, Socgen - Crosby Research Co., Ltd.</li> </ul>
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**Montree Sornpaisarn****Education**

- MBA (Finance), Thammasat University
- Bachelor of Engineering (Computer) Chulalongkorn University
- Certificate, Capital Market Academy Leadership Program, Class 4
- Chartered Financial Analyst, CFA Institute

**Director****Other Current Position (s)**

- Governor, The Stock Exchange of Thailand
- Chief Executive Officer, Kim Eng Securities (Thailand) PLC
- Director and Member, Audit Committee, CVD Entertainment PCL
- Director, Thai Listed Companies Association
- Executive Director, Association of Securities Companies
- Director, Futures Industry Club (FI Club)
- Director, Investment Banking Club (IB Club), Association of Securities Companies

**Past Experience (s)**

- Managing Director, Investment Banking Department, Vickers Ballas Securities (Thailand) Ltd.
- Director, Investment Banking, SG Asia Credit PLC
- Director, Direct Investment, American International Assurance Co., Ltd.
- Executive Vice President, Corporate Finance, Jardine Fleming Thanakom Securities Co.,Ltd.
- System Analyst, Siam Cement PLC
- Director and Member, Investment Committee, Government Savings Bank



<p><b>Wichai Poolworluk</b></p> <p><b>Education</b></p> <ul style="list-style-type: none"> <li>● B.A. (Economics), Thammasat University</li> <li>● Director Certification Program (DCP), Thai Institute of Directors Association, Class 8</li> <li>● Certificate, CEO Development Institute</li> <li>● Certificate, The Boss , Management and Psychology Institute, Class 4</li> <li>● Modern Managers Program (MMP10), Faculty of Commercial and Accountancy, Chulalongkorn University</li> <li>● Certificate, Capital Market Academy Leadership Program, Class 1</li> </ul>	<p><b>Director</b></p> <p><b>Other Current Position (s)</b></p> <ul style="list-style-type: none"> <li>● Governor, The Stock Exchange of Thailand</li> <li>● President, Thai Investors Association</li> <li>● Vice Chairman, Federation of Thai Capital Market Organizations</li> <li>● President, Worluk Property Co., Ltd.</li> <li>● Executive Director, Major Cineplex Groups PCL</li> <li>● Chairman, Securities Investor Protection Fund Committee, The Stock Exchange of Thailand</li> <li>● Member, Real Estate Development Committee, The Stock Exchange of Thailand</li> </ul> <p><b>Past Experience (s)</b></p> <ul style="list-style-type: none"> <li>● Director, Settrade.com Co., Ltd.</li> <li>● Director and President, EGV Entertainment PCL</li> </ul>
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**Wiboon Perm-Arayawong****Education**

- Degree of the Joint State-Private Sectors Course (Class 17), National Defence College Of Thailand, National Defense Study Institute, Thailand
- Master of Business Administration, The University of Chicago Booth School of Business, Chicago, Illinois, USA
- Certificate, Executive Development Program, Wharton School, University of Pennsylvania, Philadelphia, Pennsylvania, USA
- Diploma, Director Certification Program; Certificate, Chairman 2000 Program; Certificate, Charter Director Course, Thai Institute of Directors Association , Thailand
- Master of Business Administration, Thammasat University
- Bachelor of Engineering, Civil Engineering, Chulalongkorn University
- Certificate, Capital Market Academy Leadership Program, Class 3

**Director****Other Current Position (s)**

- Vice Chairman, The Stock Exchange of Thailand
- Director, Federation of Thai Capital Market Organizations
- Director and Chairman of the Member Relationship Committee, Thai Institute of Directors Association
- Lay Judge and Director, Lay Judges Club, Central Intellectual Property and International Trade Court
- Asia Cabinet Member, University of Chicago Booth School of Business Global Advisory Board
- President, University of Chicago Alumni Club of Thailand

**Past Experience (s)**

- President and CEO, ACL Securities Co., Ltd.
- Founding President and CEO, Ayudhya Securities Co., Ltd.
- Director and Member, Investment Committee, Ayudhya Allianze CP Life Assurance PCL (AACCP)
- Director and Executive Vice President, Securities One PCL
- Director and Vice Chairman, Securities Analyst Association
- Governor and Member, Audit Committee; Chairman, Disciplinary Committee; Member, Technology Development Committee, The Stock Exchange of Thailand
- Executive Director and Chairman, Information Technology Club, Association of Securities Companies



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

- **Remuneration of the Board of Directors**

In 2008, the total remuneration paid to the seven external committee members was THB 890,000 (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 2008

- 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, 2008, there were seven meetings. The attendance of members was as follows\* :

Director	Attendance (times) / Number of meetings (times)		
	Ordinary meetings	Extraordinary meetings	Total
1. Pakorn Malakul Na Ayudhya	6/6	1/1	7/7
2. Patareeya Benjapolchai	4/6	0/1	4/7
3. Sopawadee Lertmanaschai	5/6	1/1	6/7
4. Pattera Dilokrunghirapop	6/6	1/1	7/7
5. Kampanart Lohacharoenvanich <sup>1</sup>	2/2	-	2/2
6. Charamporn Jotikasthira	5/6	1/1	6/7
7. Nongram Wongwanich	5/6	0/1	5/7
8. Patcharavalai Jayapani, DBA	5/6	1/1	6/7
9. Somjin Sornpaisarn, DBA, CFA	6/6	1/1	7/7
10. Suthep Peetakanont <sup>2</sup>	2/3	0/1	2/4
11. Anya Khanthavit, PhD	4/6	1/1	5/7
12. Kesara Manchusree	6/6	1/1	7/7

Remarks \*

<sup>1</sup> Kampanart Lohacharoenvanich ended his tenure as SET governor on May 27, 2008. He resigned as TFEX director on May 28, 2008.

<sup>2</sup> Suthep Peetakanont was appointed TFEX director on July 4, 2008 at Extraordinary Meeting of TFEX Shareholders No. 2/2008.

- Committees

TFEX's BoD appoints committees and expert members to assist in carrying out each specialized task. In 2008, there were two such committees as follow.



Disciplinary Committee including the following members:

No.	Name		Position
1.	Wiboon	Perm-Arayawong	President
2.	Pattera	Dilokrunghthirapop	Member
3.	Montree	Sornpaisarn	Member
4.	Sutthi	Sookying	Member
5.	Suthichai	Chitvanich	Member

On December 16, 2008, 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 has a two-year term from January 1, 2009 to December 31, 2011.

Appeal Committee including the following members:

No.	Name		Position
1.	Hiran	Radeesri	President
2.	Sukri	Kaewcharoen	Member
3.	Anya	Khanthavit	Member
4.	Manop	Nagadatta	Member
5.	Chaikasem	Nitisiri	Member

On December 16, 2008, the TFEX BoD established the Appeals Committee to review appeals against penalties handed down by the Board of Governors. Appeals Committee members each has a two-year term, from January 1, 2009 to December 31, 2011.



## 6. Financial Statement

### AUDITOR'S REPORT

To the Shareholders of Thailand Futures Exchange Public Company Limited

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

25 February 2009

## Thailand Futures Exchange Public Company Limited

## Balance Sheets

As at 31 December 2008 and 2007

		2008	Restated 2007
	Notes	Baht	Baht
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	7,752,857	18,500,594
Short-term investments	8	86,258,732	86,914,097
Accounts receivable and accrued income	9	52,825,631	9,869,402
Accrued interest receivable		533,429	848,964
Loans to parent entity	18	205,000,000	110,000,000
Other current assets	18	5,201,344	4,715,829
<b>Total current assets</b>		<b>357,571,993</b>	<b>230,848,886</b>
<b>Non-current assets</b>			
Long-term investments	10	5,000,000	-
Equipment, net	11	840,161	825,426
Intangible assets, net	12	300,939	141,087
Other non-current assets	18	945,640	902,440
<b>Total non-current assets</b>		<b>7,086,740</b>	<b>1,868,953</b>
<b>Total assets</b>		<b>364,658,733</b>	<b>232,717,839</b>

The notes to the financial statements on pages 29 to 47 form an integral part of these financial statements.

Thailand Futures Exchange Public Company Limited

Balance Sheets

As at 31 December 2008 and 2007

	Notes	2008 Baht	Restated 2007 Baht
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued expenses		2,667,959	6,329,096
Amounts due to related parties	18	67,881,577	46,862,115
Unearned revenues		160,259,652	69,765,862
VAT payable		1,234,069	324,469
Withholding tax payable		1,295,734	1,759,223
Accrued income tax		1,965,554	155,333
Other current liabilities	18	73,396	23,268
<b>Total current liabilities</b>		<u>235,377,941</u>	<u>125,219,366</u>
<b>Non-current liabilities</b>			
Provision for retirement benefits	13	2,281,626	1,897,560
Other non-current liabilities		665,000	665,000
<b>Total non-current liabilities</b>		<u>2,946,626</u>	<u>2,562,560</u>
<b>Total liabilities</b>		<u>238,324,567</u>	<u>127,781,926</u>
<b>Shareholders' equity</b>			
Share capital	14		
Authorised, issued and fully paid-up			
10,000,000 ordinary shares of Baht 10 each		100,000,000	100,000,000
Legal reserve	17	1,329,319	-
Retained earnings		25,004,847	4,935,913
<b>Total shareholders' equity</b>		<u>126,334,166</u>	<u>104,935,913</u>
<b>Total liabilities and shareholders' equity</b>		<u>364,658,733</u>	<u>232,717,839</u>

The notes to the financial statements on pages 29 to 47 form an integral part of these financial statements.

## Thailand Futures Exchange Public Company Limited

## Statements of Income

For the years ended 31 December 2008 and 2007

		2008	Restated 2007
	Notes	Baht	Baht
<b>Revenues</b>			
Trading fees		136,840,046	78,016,099
Membership fees		50,334,748	34,985,981
Information service fees		8,615,150	3,929,499
Interest income	18	7,778,424	7,649,053
Other revenues		2,434,548	1,387,038
<b>Total revenues</b>		<u>206,002,916</u>	<u>125,967,670</u>
<b>Expenses</b>			
Administrative expenses	15	<u>175,228,999</u>	<u>105,917,300</u>
<b>Total expenses</b>		<u>175,228,999</u>	<u>105,917,300</u>
Profit before income tax		30,773,917	20,050,370
Income tax		<u>9,375,664</u>	<u>3,101,195</u>
<b>Net profit for the year</b>		<u><u>21,398,253</u></u>	<u><u>16,949,175</u></u>
<b>Basic earnings per share</b>	16		
Net profit for the year		<u><u>2.14</u></u>	<u><u>1.69</u></u>

The notes to the financial statements on pages 29 to 47 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 2008 and 2007

	Note	Share capital Baht	Legal reserve Baht	Retained earnings (deficits) Baht	Total Baht
<b>Beginning balance as at</b>					
<b>1 January 2008</b>					
- As previously reported		100,000,000	-	6,833,473	106,833,473
- Retrospective adjustments from early adoption of new accounting standard	6	-	-	(1,897,560)	(1,897,560)
<b>Beginning balance after retrospective adjustment</b>					
		100,000,000	-	4,935,913	104,935,913
Net profit for the year		-	-	21,398,253	21,398,253
Legal reserve		-	1,329,319	(1,329,319)	-
<b>Ending balance as at 31 December 2008</b>					
		<u>100,000,000</u>	<u>1,329,319</u>	<u>25,004,847</u>	<u>126,334,166</u>
<b>Beginning balance as at 1 January 2007</b>					
- As previously reported		100,000,000	-	(10,470,205)	89,529,795
- Retrospective adjustments from early adoption of new accounting standard	6	-	-	(1,543,057)	(1,543,057)
<b>Beginning balance after retrospective adjustment</b>					
		100,000,000	-	(12,013,262)	87,986,738
Net profit for the year		-	-	16,949,175	16,949,175
<b>Ending balance as at 31 December 2007</b>					
		<u>100,000,000</u>	<u>-</u>	<u>4,935,913</u>	<u>104,935,913</u>

The notes to the financial statements on pages 29 to 47 form an integral part of these financial statements.



Thailand Futures Exchange Public Company Limited  
 Statements of Cash Flows  
 For the years ended 31 December 2008 and 2007

	Notes	2008 Baht	Restated 2007 Baht
<b>Cash flows from operating activities</b>			
Profit before income tax		30,773,917	20,050,370
Adjustments for:			
Depreciation and amortisation	11, 12	278,386	214,393
Gain on disposals of equipment		(29,713)	-
Interest income		(7,778,424)	(7,649,053)
Changes in working capital:			
Accounts receivable and accrued income		(42,956,229)	(6,798,520)
Other current assets		(485,515)	1,544,767
Other non-current assets		(43,200)	(902,440)
Accounts payable and accrued expenses		(3,661,137)	4,466,145
Amounts due to related parties		21,019,462	46,168,264
Unearned revenues		90,493,790	(19,646,827)
VAT payable		909,600	324,469
Withholding tax payable		(463,489)	126,193
Other current liabilities		50,128	(291,563)
Provision for retirement benefits		384,066	354,503
Other non-current liabilities		-	240,000
Cash from operating activities		88,491,642	38,200,701
Income tax paid		(7,565,443)	(2,945,862)
Net cash from operating activities		80,926,199	35,254,839
<b>Cash flows from investing activities</b>			
Purchases of short-term investments		(218,194,369)	(170,212,249)
Purchase of long-term investments		(5,000,000)	-
Loans to parent entity		(95,000,000)	(23,000,000)
Purchases of equipment		(695,050)	(353,239)
Purchases of intangible assets		(195,500)	(156,360)
Disposals of short-term investments		218,849,733	159,898,172
Proceed from sales of equipment		467,290	-
Interest received		8,093,960	8,153,366
Net cash used in investing activities		(91,673,936)	(25,670,310)
<b>Net increase (decrease) in cash and cash equivalents</b>		(10,747,737)	9,584,529
Cash and cash equivalents at beginning of the year		18,500,594	8,916,065
<b>Cash and cash equivalents at end of the year</b>		7,752,857	18,500,594

The notes to the financial statements on pages 29 to 47 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 2008 and 2007

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**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.

These financial statements were authorised for issue by the management on 25 February 2009.

**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, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

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 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.

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

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 conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

## 2.2 New accounting standard and amendments to accounting standards

During 2007 and 2008, the Federation of Accounting Profession (“FAP”) has announced new standard and amendments to Thai Accounting Standards (“TAS”) as follows:

### Revised standards

TAS 25	“Cash Flow Statements”
TAS 29	“Leases”
TAS 31	“Inventories”
TAS 33	“Borrowing Cost”
TAS 35	“Presentation of Financial Statements”
TAS 39	“Accounting Policies, Changes in Accounting Estimates and Errors”
TAS 41	“Interim Financial Reporting”
TAS 43	“Business Combination”
TAS 49	“Construction Contracts”

### New standard

TAS 51	“Intangible Assets”
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The amendments to accounting standards and the new accounting standard are effective for the period beginning on or after 1 January 2008 except TAS 29 “Leases” which is effective for the lease contract started on or after 1 January 2008.

The revised and new accounting standards as described above do not have a significant effect to the financial statements except for TAS 35 “Presentation of Financial Statements” (Revised 2007), which has affected the presentation of other disclosures as mentioned in Note 4 and Note 5. The financial statements have added additional information related to critical accounting estimates and judgments and capital risk management as required by the revised TAS 35 “Presentation of Financial Statements”.



The amendments to accounting standards effective for accounting period beginning on or after 1 January 2009 as follows:

TAS 36	“Impairment of Assets”
TAS 54	“Non-current Assets Held for Sale and Discontinued Operations”

Those two standards are not expected to have a material impact on the financial statements being presented.

### **2.3 Foreign currency translation**

Items included in the financial statements of the Company are measured using Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of income.

### **2.4 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits held at call with banks but not include deposit with bank which held to maturities, other short-term highly liquid investments held for working capital and short-term commitment payment purposes with original maturities of three months or less.

### **2.5 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.

## 2.6 Investments

Held-to-maturity investments are carried at amortised cost using the effective yield method.

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 less impairment, if any.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher 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 to the statement of income. When disposing part of a particular investment in debt securities, the carrying amount of the disposed part is determined by the weight average carrying amount of the total holding of the investments.

## 2.7 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 the estimated useful life of 5 years.

Residual value and the estimated useful life of the assets are reviewed and revised at the balance sheet date.

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 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.

## 2.8 Intangible assets

Costs associated with developing or maintaining computer software programs are recognised as an expense in the statement of income as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the Company and have probable economic benefits 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 assets 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 lives, generally over of 5 years.

## 2.9 Impairment of assets

Equipment and other non-current assets, including intangible assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Assets that suffered an impairment are reversed for possible impairment loss if the estimation of the recoverable amounts have changed in subsequent period after the Company has recognised impairment losses.

## 2.10 Leases - where a Company is the lessee

Leases not transferring a significant portion of risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are charged to the statement of income on a straight line basis over the period of the leases.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

## 2.11 Provisions

Provisions, which exclude the provisions related to employee benefits, are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are recognised in the period in which the Company becomes legally or constructively committed to payment. Costs relating to the ongoing activities of the Company are not provided in advance.

## 2.12 Employee benefits

2.12.1 The Company participates in a provident fund with The Stock Exchange of Thailand which is the major shareholder. The provident fund is a defined contribution plan. The assets for 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.

2.12.2 The Company provides for post-employment retirement benefits, payable to employees under the labour laws applicable in Thailand. The liability in respect of employee benefits is measured, using the projected unit credit method which is calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using yield on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and other. Actuarial gains or losses will be recognised in the statement of income in the period to which they are related.

### 2.13 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 five years starting 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 into 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.

### 2.14 Directors' remuneration

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

## 3. Financial risk management

### 3.1 Key objectives and conditions

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.

### 3.2 Credit risk from investments and deposits

The Company has no significant concentration of investments or deposits at financial institutions. The Company, however, is exposed to market risks as investor of financial instruments, and credit risk from the issuer of financial instruments. The Company, therefore, has a policy of diversifying 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.

The investment policies framework on types and proportion of investments are as follows:

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

### 3.3 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 unearned revenues.

#### 4. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### 4.1 Impairment of receivables

The Company maintains an allowance for doubtful accounts to reflect impairment of trade receivables relating to estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts is significantly impacted by the Company's assessment of future cash flows, such assessment being based on consideration of historical collection experience, known and identified instances of default and consideration of market trends.

##### 4.2 Equipment and intangible assets

Management determines the estimated useful lives and residual values for the Company's equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are differ from previous estimation, or it will write off or write down technically obsolete or assets which have been abandoned or sold.

##### 4.3 Employee benefits

The Company has committed to pay benefits to employees on retirement age. The present value of employee benefit liabilities recognised in the balance sheet is determined on an actuarial basis using various assumptions. The assumptions used in determining the net period cost for employee benefits include the discount rate, the rate of salary inflation and employee turnover. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis, the Company determines the appropriate discount rate, which represents the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Company considers the interest rates of government bonds denominated in the currency in which the benefits will be paid.

<b>5. Capital risk management</b>
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The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to increase investors and stakeholder's confidence.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders depend on the Company's operating performance.

<b>6. Early adoption of new accounting standard</b>
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Under the draft TAS "Employee Benefits", obligations relating to post-retirement benefits are accounted for by using the projected unit credit method. The benefit obligation is discounted using interest rate of government bonds denominated in the currency in which the benefits will be paid. The referred government bonds should have terms to maturity approximately equal to the terms of the related provident fund payments. Commencing in 2008, the benefit obligation liabilities are accounted based on the above mentioned method as per 4.3. The 2007 financial statements have been restated accordingly in compliance with the accounting standard.

The impacts on the financial statements relating to the adoption of the new accounting policy are as follows:

	<b>Baht</b>
 <b>Balance sheet as at 31 December 2007</b>	
Increase in provision for retirement benefits	1,897,560
Decrease in retained earnings as at 1 January 2007	(1,543,057)
Decrease in retained earnings as at 31 December 2007	(1,897,560)
 <b>Statement of income for the year ended 31 December 2007</b>	
Increase in administrative expenses	354,503
Decrease in basic earnings per share	(0.04)



**7. Cash and cash equivalents**

	2008	2007
	Baht	Baht
	<hr/>	<hr/>
Cash on hand	10,000	10,000
Saving and current deposit accounts	7,742,857	18,490,594
	<hr/>	<hr/>
	7,752,857	18,500,594
	<hr/>	<hr/>

Saving deposit accounts bear interest of 0.10% - 1.75% per annum (2007: 0.13% - 2.00% per annum).

**8. Short-term investments**

	2008	2007
	Baht	Baht
	<hr/>	<hr/>
General investments		
Fixed deposit accounts	86,258,732	86,747,397
Debt security due within one year	-	166,700
	<hr/>	<hr/>
	86,258,732	86,914,097
	<hr/>	<hr/>

Fixed deposit accounts represent fixed deposit at banks which have maturity more than 3 months but not more than 1 year (2007: more than three months but not more than 1 year) and interest rates of 2.25% - 5.00% per annum (2007: 2.75% - 5.00% per annum).

Debt security due within one year as at 31 December 2007 represents debenture which has coupon rate of 3.67% per annum and yield of 3.75% per annum. The aggregated market value as at 31 December 2007 was Baht 0.16 million.

**9. Accounts receivable and accrued income**

	2008	2007
	Baht	Baht
	<hr/>	<hr/>
Accounts receivable	759,656	1,048,810
Accrued income	52,065,975	8,820,592
	<hr/>	<hr/>
	52,825,631	9,869,402
	<hr/>	<hr/>

**10. Long-term investments**

	2008	2007
	Baht	Baht
Debtenture held to maturity		
Advanced Info Service Public Company Limited	5,000,000	-

Debtenture held to maturity represents corporate bond with maturity of 5 years, coupon rate of 4.00% per annum for the first two years and coupon rate of 4.90% per annum for the third year to the fifth year from the issuance date, and yields of 4.37% per annum. Interest payment is four times a year. The aggregated market value as at 31 December 2008 was Baht 5.05 million.

**11. Equipment, net**

	Furniture, fixtures and equipment Baht	Computer Baht	Vehicle Baht	Total Baht
<b>As at 31 December 2007</b>				
Cost	578,980	496,199	-	1,075,179
<u>Less</u> Accumulated depreciation	(145,869)	(103,884)	-	(249,753)
Net book amount	<u>433,111</u>	<u>392,315</u>	-	<u>825,426</u>
<b>Year ended 31 December 2008</b>				
Opening net book amount	433,111	392,315	-	825,426
Additions	68,160	198,890	428,000	695,050
Disposals	(9,577)	-	(428,000)	(437,577)
Depreciation charge	(126,840)	(115,898)	-	(242,738)
Net book amount	<u>364,854</u>	<u>475,307</u>	-	<u>840,161</u>
<b>As at 31 December 2008</b>				
Cost	629,140	695,089	-	1,324,229
<u>Less</u> Accumulated depreciation	(264,286)	(219,782)	-	(484,068)
Net book amount	<u>364,854</u>	<u>475,307</u>	-	<u>840,161</u>

12. Intangible assets, net

	Software Baht
<b>As at 31 December 2007</b>	
Cost	156,360
<u>Less</u> Accumulated amortisation	(15,273)
Net book amount	<u>141,087</u>
<b>Year ended 31 December 2008</b>	
Opening net book amount	141,087
Additions	195,500
Amortisation charge	(35,648)
Net book amount	<u>300,939</u>
<b>As at 31 December 2008</b>	
Cost	351,860
<u>Less</u> Accumulated amortisation	(50,921)
Net book amount	<u>300,939</u>

13. Provision for retirement benefits

	2008 Baht	Restated 2007 Baht
Balance sheet obligations	2,281,626	1,897,560
Charge in statement of income	384,066	354,503



The amounts recognised in the balance sheets are determined as follows:

	2008	Restated 2007
	Baht	Baht
Present value of obligations	2,281,626	1,897,560
Liability in the balance sheets	2,281,626	1,897,560

The movement in the defined benefit obligation over the year is as follows:

	2008	Restated 2007
	Baht	Baht
Beginning balance	1,897,560	1,543,057
Current service costs	298,676	285,065
Interest costs	85,390	69,438
Ending balance	2,281,626	1,897,560

The amounts recognised in the statement of income are as follows:

	2008	Restated 2007
	Baht	Baht
Current service costs	298,676	285,065
Interest costs	85,390	69,438
Total	384,066	354,503

The principal actuarial assumptions used were as follows:

	2008	2007
Discount rate as of 31 December	4.50%	4.50%
Salary increase rate - permanent employee	6.00%	6.00%
Salary increase rate - contract employee	4.50%	4.50%
Average turnover rate	6.40%	6.40%
Pre-retirement mortality rate	0.11% - 1.48%	0.11% - 1.48%
Retirement age	60 years old	60 years old

#### 14. Share capital

	Number of shares	Ordinary shares Baht
As at 31 December 2008 and 2007	10,000,000	100,000,000

The total authorised number of ordinary shares is 10,000,000 shares (2007: 10,000,000 shares) with a par value of Baht 10 per share (2007: Baht 10 per share). All issued shares are fully paid.

#### 15. Administrative expenses

The following expenditure items, classified by nature, have been charged in arriving at net profit:

	2008 Baht	2007 Baht
Management fee	129,156,211	44,887,617
Staff costs	22,823,030	23,307,874
Marketing expenses	12,878,419	28,153,223
Property rental expenses	2,207,400	1,231,789

<b>16. Basic earnings per share</b>
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Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2008	Restated 2007
Net profit attributable to shareholders (Baht)	21,398,253	16,949,175
Weighted average number of ordinary shares in issue during the year (Shares)	10,000,000	10,000,000
Basic earnings per share (Baht)	2.14	1.69

<b>17. Legal reserve</b>
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	2008 Baht	2007 Baht
Opening balance	-	-
Appropriation during the year	1,329,319	-
Closing balance	1,329,319	-

Under the Public Companies Act B.E. 2535, the Company is required to set aside as a legal reserve of at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. The legal reserve is non-distributable.

<b>18. Related party transactions</b>
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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

		2008	2007
	Related parties	Baht	Baht
Service expenses	The Stock Exchange of Thailand	129,941,213	44,595,025
	SETTRADE.Com Co., Ltd.	3,084,545	1,637,617
	Family Know-how Co., Ltd.	2,837,500	12,271,085
	Thailand Securities Depository Co., Ltd.	8,964	-
		<u>135,872,222</u>	<u>58,503,727</u>

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

## b) Outstanding balances arising from purchases/sales of services

		2008	2007
Related parties		Baht	Baht
Other current assets			
- Prepaid expenses	The Stock Exchange of Thailand	-	101,880
		-	101,880
Other non-current assets			
- Deposits	The Stock Exchange of Thailand	945,640	902,440
		945,640	902,440
		945,640	1,004,320
Amounts due to related parties			
- Payables	The Stock Exchange of Thailand	514,493	2,572,303
	Family Know-how Co., Ltd.	294,785	597,208
	SETTRADE.Com Co., Ltd.	267,500	434,115
		1,076,778	3,603,626
- Accrued expenses	The Stock Exchange of Thailand	66,561,410	43,085,854
	SETTRADE.Com Co., Ltd.	234,425	172,635
	Thailand Securities Depository Co., Ltd.	8,964	-
		66,804,799	43,258,489
		67,881,577	46,862,115
- Other current liabilities	The Stock Exchange of Thailand	1,291	20,643



c) Loans to parent entity and interest income

The parent entity has a policy of centralising the investments of the Group and manage the investments 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 3.25% - 3.50% per annum (2007: 4.00% per annum). The interest rate may be reviewed, where appropriate. The Company records interest income from loan to parent entity as part of interest income in the statement of income.

As at 31 December 2008, the outstanding balance of loans to parent entity was Baht 205.00 million (2007: Baht 110.00 million) and interest income during 2008 was Baht 4.70 million (2007: Baht 4.20 million).

d) Directors and management's remuneration

The Directors' remuneration, which represented director fees, for the year 2008 approximated Baht 0.89 million (2007: Baht 0.88 million).

The management's remuneration, which represented salary and other benefits of executive management for the year 2008 approximated Baht 8.85 million (2007: Baht 9.07 million).

19. Operating lease commitment
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The future minimum lease payment commitment under non-cancellable operating lease of motor vehicle is as follows:

	2008	2007
	Baht	Baht
	<hr/>	<hr/>
Up to 1 year	-	295,320
	<hr/>	<hr/>
	-	295,320
	<hr/> <hr/>	<hr/> <hr/>

**Member of TFEX**

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AIRA	Aira Securities Public Company Limited 2/4 Nai Lert Tower 2nd, 8th Floor, Wireless Road, Lumpini, Pathumwan, Bangkok 10330 Tel: 02 684 8888 Fax: 02 256 0250 www.aira.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
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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	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.dbsvitrade.com

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FSL	<p>Finansa Securities Limited 496-502 Amarin Tower Building, 20/F Ploenchit Rd., Lumpini, Pathumwan, Bangkok 10330 Tel: 02 660 5000 Fax: 02 660 5010 www.finansaonline.com</p>	KKS	<p>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</p>
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JPM	<p>JPMorgan Securities (Thailand) Limited 20, Bupachit, North Sathorn Road, Silom, Bangrak, Bangkok 10120 Tel: 02 684 2600 Fax: 02 658 6301 www.jpmorgan.com</p>	PHATR	<p>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</p>
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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
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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		(as of March 31, 209)
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