Annual Report 2003

The Investment Hub

The Stock Exchange of Thailand

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The Stock Exchange of Thailand

Vision

"The SET will be a highly liquid secondary market for securities to raise funds and win confidence from all stakeholders."

Corporate Information

The Stock Exchange of Thailand

Location

The Stock Exchange of Thailand Building
62 Rachadapisek Road, Klongtoey, Bangkok 10110
Telephone: (66) 2229-2000, 2654-5656
Facsimile: (66) 2654-5649
Website: www.set.or.th

Missions

- Expanding the market's investor base, to emphasize all investor types, and cultivating an investment culture;
- Providing a greater diversity of high quality securities to raise funds;
- Providing safe and reliable securities trading and support systems that meet international standards by using efficient technology;
- Offering timely, accurate and complete information disclosure and widespread investment-related education;
- Operating efficiently in terms of speed, quality, cost, and prudent risk management for the organization as a whole, its affiliates and related parties;
- Supervising activities fairly, in line with the spirit of the regulations governing it by adhering high ethical principles.

Operations

- The Stock Exchange of Thailand is a juristic entity set up under the Securities Exchange of Thailand Act, B.E. 2517 (1974) and started operations on April 30, 1975.
- Its mandate is to be a market or center for the trading of listed securities, as well as provide any related services connected to such activities, without distributing any profits to members.
- It currently operates under the legal framework laid down in the Securities and Exchange Act, B.E. 2535 (1992).
- Its main operations include securities listing, supervision of listed companies and information disclosure, trading, market surveillance and member supervision, information dissemination and investor education.

Personnel

- Staff of the SET and its subsidiaries totals 643, as of 31 December 2003.

International Memberships

- The World Federation of Exchanges (WFE); full member
- The International Organization of Securities Commissions (IOSCO); affiliate member
- The East Asian and Oceanian Stock Exchanges Federation (EAOSEF); member

SET Subsidiaries

Thailand Securities Depository Company Limited
4, 7, 10th Floors, The Stock Exchange of Thailand Building
62 Rachadapisek Road, Klongtoey, Bangkok 10110
Telephone: (66) 2229-2800 Facsimile: (66) 2359-1259
Website: www.tsd.co.th

Thai Trust Fund Management Company Limited
4th Floor, The Stock Exchange of Thailand Building
62 Rachadapisek Road. Klongtoey, Bangkok 10110
Telephone: (66) 2229-2898 Facsimile: (66) 2359-1258
Website: www.tsd.co.th/ttf/thaitrustfund.html

บริษัท ไทยเอ็นวีดีอาร์ จำกัด
THAI NVDR CO., LTD.

Thai NVDR Company Limited
4th Floor, The Stock Exchange of Thailand Building
62 Rachadapisek Road, Klongtoey, Bangkok 10110
Telephone: (66) 2229-2898 Facsimile: (66) 2359-1258
Website: www.set.or.th/nvdr

Settrade.com Company Limited
5th Floor, The Stock Exchange of Thailand Building
62 Rachadapisek Road, Klongtoey, Bangkok 10110
Telephone: (66) 2229-2084-88 Facsimile: (66) 2654-5583
Website: www.settrade.com

Family Know-How Company Limited
6th Floor, The Stock Exchange of Thailand Building
62 Rachadapisek Road, Klongtoey, Bangkok 10110
Telephone: (66) 2229-2610-26 Facsimile: (66) 2654-5587
Website: www.familyknowhow.com

บริษัท สยามดีอาร์ จำกัด
SIAM DR CO.,LTD.

SIAM DR Company Limited
4th Floor, The Stock Exchange of Thailand Building
62 Rachadapisek Road, Klongtoey, Bangkok 10110
Telephone: (66) 2229-2898-99 Facsimile: (66) 2359-1258

Auditor:

Mrs. Nattaporn Phan-Udom
Certified Public Accountant (Thailand) No. 3430
PricewaterhouseCoopers ABAS Limited

Message from the Chairman

> The SET has shown a consistent and impressive operating performance under the Thai Capital Market Master Plan throughout the year 2003, and shown that it could effectively cope with the ever-changing economic environment.

The Stock Exchange of Thailand (SET) has shown a consistent and impressive operating performance under the Thai Capital Market Master Plan throughout the year 2003, and shown that it could effectively cope with the ever-changing economic environment. Due to the SET's ability to cope with all circumstances presented it, stock market investment has expanded at an exceptional rate. The SET in 2003 was regarded as the dominant stock market in the world, with the highest investment return ratio, for the SET Index closed 2003 at a peak of 772.15, soaring by 117% over the previous year. Also, trading turnover recorded a historical high since the financial crisis of 1997, as the average daily value dramatically surged to THB 18,908 million — 126% leap over 2002. The combined market capitalization of listed securities on the SET and the MAI was THB 4,803.55 billion, a dramatic 141% rise over 2002. The market capitalization accounted for 81% of Thailand's Gross Domestic Product (GDP), rising from just 36% in 2002.

Even before Thailand's economy successfully recovered from its severe financial crisis, the capital market played a significant role in becoming a key fund-raising source for the Thai economic system. The SET, consequently, is determined to enhance the effectiveness and efficiency of its operations. The SET also aims to function as a liquid capital market, at an optimum financial cost, that could sustain any large investment expansion as well as provide investors with diversified investment alternatives.

As a result, the SET has adjusted its vision to be **"A highly liquid secondary market for securities to raise funds and win confidence from all stakeholders"**. This vision reflects the unanimous consensus of all parties involved in the development of the capital market, and should result in the SET's continued impressive development in terms of both quality and quantity. In addition, the vision is in line with the Thai Capital Market Master Plan, which is strategically aimed at developing the capital market as a crucial impetus for the country's sustained economic growth.

The SET Board of Governors, as well as all executives and employees of the SET and its subsidiaries, is strongly determined to do its utmost to fully achieve the SET's vision and mission. This collective determination, we believe, will serve to develop the Thai capital market into a stable and vital driving force for the country's sustainable economic future.

Vijit Supinit

Mr. Vijit Supinit

Chairman

Message from the President

> The SET will maintain its role as a benchmark to establish the standards for quality and transparency that all participants in the capital market should strive to achieve.

As the secondary market for trading securities in Thailand, The Stock Exchange of Thailand (SET) is determined to relentlessly promote the fairness, transparency, and liquidity of all securities trading. The SET also seeks to be an optimum investment alternative, providing diverse securities of high quality to raise funds. In association with listed companies, the SET sets to supervise accurate, complete and timely information disclosure. Moreover, the SET, in collaboration with its member companies, will promote the dissemination of research and analysis reports on securities investment among investors, enabling investors to appropriately invest in the capital market and eventually contributing to the effectiveness of the capital market's operation.

Thanks to numerous positive signals of the Thailand's recovery from its financial crisis, listed companies recorded impressive performances in 2003, with a collective 47% increase in net profits over 2002. This resulted in considerable confidence among investors and all related parties in the capital market. For the whole year, the trading turnover was worth THB 4.67 trillion, a 128% rise over 2002. Listed companies successfully raised funds worth THB 170.20 billion, a 130% surge from the previous year. In 2003, there were a total of 27 newly listed companies on the SET and the Market for Alternative Investment (MAI).

To enlarge its investor base, the SET coordinated with other organizations to undertake numerous activities in both Bangkok and the provinces, aimed at developing a better understanding about financial planning and the capital market among investors and the general public through a wide range of information dissemination channels. The SET also emphasized the providing of information to foreign institutional investors to promote their increased participation in the Thai market. With close collaboration between the SET and all relevant parties, these activities received great interest and considerable feedback from

participants. Moreover, the SET also developed the level of financial sophistication among investors and the general public by distributing information via radio, television, and the print media. The SET has also produced books and textbooks for students at all levels and practitioners in the securities business. The aforementioned activities are aimed at cultivating an investment culture among investors and the general public.

The SET has efficiently served the demand of businesses in raising their long-term funds. The market capitalization has thus drastically increased due to the numerous fund raisings of current and newly listed firms as well as the increase in securities' prices, resulted from listed firms' improved performances. This reflects the considerable confidence of both domestic and international investors and businesses towards the future of the Thai Exchange and the capital market. To provide a greater diversity of investment instruments, the SET approved debentures trading on the bourse on 26 November 2003. There were a total of 22 debentures listed on the SET at the end of 2003. Furthermore, the SET established the Siam DR Co., Ltd. to issue and sell depository receipts to investors.

The SET has continually supported good corporate governance (CG) practices among listed companies, member companies, and other relevant organizations in the capital market. In collaboration with other concerned parties, the SET has honored listed companies, securities companies, and investment management companies for their outstanding performance, management, and services, as well as their executives, with good CG practices by rewarding the prestigious "SET Awards". The SET also organized seminars and training sessions on good CG for board members, executives, and operational officers of listed and member companies.

Since the Thailand's economy is likely to expand further in 2004, the SET anticipates that there will be further and considerable expansion in investment. The SET aims to grow in line with the economy to enable it to continue to effectively serve and facilitate future economic growth. Consequently, 2004 should be a year of increasing investment for the Thai capital market, during which numerous businesses are expected to raise their long-term funds. To sustain favorable growth, the SET intends to perform its key function as a liquid secondary market with the utmost effectiveness and efficiency. The SET will also maintain its role as a benchmark to establish the standards for quality and transparency that all participants in the capital market should strive to achieve. The successful undertaking of the SET's missions will consequently result in listed companies' increased fund mobilization and a greater diversity in investment alternatives. Ultimately, the confidence of all relevant parties will be maximized, and the SET will continue to function as a major driver of the country's economy.

Mr. Kittiratt Na-Ranong
President

Expanding the quality and quantity of investors,
and cultivating an investment culture.

The SET's Vision and Mission

Thailand's economy has successfully recovered from the severe financial crisis of 1997. However, a well-developed and powerful financial market is essential to maintain long-term and sustainable economic growth. The Stock Exchange of Thailand (SET), as a key organization in the Thai capital market, needs to play an important role in supporting the nation's economic recovery and continued growth.

For 28 years, the SET has been functioning as a marketplace for trading securities in Thailand and helping Thai corporations raise funds and expand their businesses. That is how the SET has helped bringing about the country's prosperity as well as providing savers with more investment alternatives and better returns on their savings. To perform these functions efficiently, the SET has set the following vision:

"The SET will be a highly liquid secondary market for securities to raise funds and win confidence from all stakeholders."

This will be achieved by:

1. Expanding the market's investor base, to emphasize all investor types, and cultivating an investment culture;

A large Investor base, with appropriate proportions of diversified investor categories, is essential in helping the Exchange to become a liquid secondary market, because it will lead to an increased investment volume on the SET. Similarly, cultivating an investment culture among Thais will encourage more people to invest in the Thai stock market. Consequently, the Thai stock market will become larger and more balanced.

2. Providing a greater diversity of high quality securities to raise funds;

The SET aims to enhance the quantity and quality of its investment instruments to attract local and foreign investors. Having a range of diversified investment products with different risk and return profiles will attract savers, especially in the current environment of low bank deposit rates and high economic growth.

3. Providing safe and reliable securities trading and support systems that meet international standards by using efficient technology;

To provide efficient securities trading services, the SET's trading and support systems must be fast, safe, reliable, as well as suit all security and investor types. The SET plans to develop an integrated system to support trading of diverse products.

4. Offering timely, accurate and complete information disclosure and widespread investment-related education;

Information is very important for stock investment. Besides improving information quality, the SET will focus more on educating future investors at all levels, from primary school up to college, and the general public. The SET will conduct a variety of programs to educate savers and investors on how to invest in financial instruments, how to allocate savings through bank deposits and mutual funds, as well as raise awareness of risk and its management. This will help develop quality investors, who can use investment information more effectively and make better investment choices.

5. Operating efficiently in terms of speed, quality, cost, and prudent risk management for the organization as a whole, its affiliates and related parties;

The SET will make its operations, and those of its affiliates and related parties, more efficient with appropriate cost and prudent risk management to enable the Exchange to achieve its vision and mission.

6. Supervising activities fairly, in line with the spirit of the regulations governing it by adhering to high ethical principles.

The SET takes its roles in supervising trading activities, members, and listed companies seriously. The Exchange will continue this and will fairly govern according to the spirit of the regulations and ethical principles.

For the year 2004, the SET has set its annual plan in line with its vision and mission by focusing on four strategic areas namely, **1) enlarging the investor base**, **2) increasing the quality and diversity of products**, **3) infrastructure,** and **4) integrity**.

1. Enlarging the investor base

To increase the number of investors opening accounts with securities companies and the number of unit trust holders investing in equity funds, the SET has planned two types of activities;

- To continuously organize a variety of activities for retail and institutional investors by coordinating with all parties concerned, both within and outside the capital market, and increasing the number of quality personnel within the capital market.
- To provide education and information on finance and investment which is easy to understand and can penetrate all target groups. Various media channels, such as T.V., radio, print, and seminars, will be used to educate the general public interested in the capital market as well as the personnel in the securities sector.

2. Increasing quality and diversified products

To become a liquid secondary market for fundraising, the SET has developed four strategic objectives, as follows:

- To increase the diversification of investment products, especially the listing of state-owned enterprises and private companies, and introduce into the market good quality equity and debt instruments.

- To increase the number of liquid securities by studying and reviewing measures to boost liquidity.
- To strengthen listed companies by supporting all firms to maintain their listing status; encouraging them to utilize financial tools; and help all Rehabco firms to restructure and then return to their prior sectors. Simultaneously, corporate governance will also be improved to meet the standards achieved by other East Asian and Oceanian Stock Exchanges Federation (EAOSEF) members.
- To reclassify listed companies' sectors and set up eight new industry groups to better reflect the trends of related businesses.

3. Infrastructure

The SET has been developing its infrastructure systems in line with technological advancements and future business expansion. The four main systems are:

- **Trading System:** The SET will develop a reliable trading system platform that meets international standards to serve future business transactions.
- **Post-trading System:** An integrated post-trading system will be developed to support after-trade services for all security types using a common platform.
- **Information System:** The SET aims to make its database more comprehensive, accurate and accessible to all users. It also plans to increase the number of information exchange channels and their efficiency in exchanging information between the SET and listed companies.
- **Operating System:** The SET aims to strengthen its effectiveness in meeting the standards to better serve all clients and expands its call center services to all subsidiaries.

4. Integrity

The internal operations of the SET will focus on increasing confidence among all parties in the capital market in the overall effectiveness of the Exchange. Three main implementation plans include;

- **Internal Operations:** The SET will set up regulatory guidelines for internal operations and develop an information management system as an enterprise portal to support human resource development.
- **Risk Management:** The SET will manage the significant risks to its organization and subsidiaries, as well as support listed and member companies to develop their own risk management systems.
- **Regulating in accordance with the spirit of the rules:** The SET will focus on strengthening the effectiveness of and improving its regulatory process to make it easier for honest listed firms to follow and, at the same time, be stricter on offending firms.

From now on, the SET's annual business plan will be strategically set to ensure that its vision and mission will be achieved. The SET is confident that its comprehensive vision and mission will cover all of the Exchange's duties and functions and enable it to perform its roles in Thai capital market efficiently while supporting the future growth of the Thai economy.

Providing a greater diversity of
high quality securities to raise funds.

Thailand's Economy and Capital Markets: Review and Outlook

Thai Economy in 2003 and Outlook in 2004

Thai Economy in 2003

The Thai economy continued to grow favorably in 2003 despite negative factors on the external front, such as the SARs outbreak and the U.S.-Iraq war. The National Economic and Social Development Board (NESDB) made a preliminary estimate that the economy would expand by 6.7% in 2003, the highest rate since the economic crisis in 1997. One of the main economic drivers in 2003 was exports, which grew by 18.6% over its 2002 value. Domestic spending also remained at an impressive level. Domestic consumption rose steadily as consumer confidence in the economy strengthened and private investment expanded due to the increased capacity utilization, which in turn led to investment for expansion in some industries.

Even though the economy grew at a rapid pace, its overall stability remained intact. Internally, headline and core inflation remained low, at 1.8% and 0.2% respectively, thus not posing a threat to an expansionary monetary policy, e.g., maintaining interest rates at a low level. Stability also characterized the exchange rate on the external front. The Thai baht averaged at 41.50 baht per U.S. dollar in 2003, a significant appreciation from 43.00 baht in 2002, but export performance was still impressive. Furthermore, foreign reserves reached 42.1 billion U.S. dollars at the end of 2003 despite an early repayment of the IMF debt — a comfortable level of reserves that was enough to pay for seven months of exports.

The Economic Outlook in 2004

The economy is likely to expand further in 2004. NESDB has forecasted that Thailand's GDP should rise by 7%, mainly fueled by private and public investments. Private investment is expected to grow by 19%, compared to 17.9% in 2003, and should pick up in many industries — automobile, petroleum, electronics, food and iron and steel — where capacity utilization has reached the pre-1997 economic crisis level. Public investment is also likely to rise by 8%, as the government has planned to make large investments in the country's infrastructure over the next few years. The government has planned for a budget deficit of 2.39 billion U.S. dollars for the 2004 fiscal year, while a 3.25 billion U.S. dollars supplementary budget, derived from excess revenue during the previous fiscal year, has been earmarked for supporting government mega-projects.

Moreover, private consumption is expected to grow by 6.0% in 2004, the same rate as in 2003, since consumers' confidence has persistently strengthened. As evidence, the index of consumer confidence in the future stood at 115.4 in December 2003, compared with 97.4 in December 2002. Exports are expected to grow impressively by 15.0%. Similarly, imports are expected to expand by 18.0%, compared to 17.1% in 2003, in line with the positive economic and investment climates. The current account is estimated to register a surplus of 6.9 billion U.S. dollars, a slight decrease from 8.0 billion U.S. dollars last year.

The Thai Capital Market in 2003 and Outlook in 2004

The Stock Market in 2003

The Stock Exchange of Thailand (SET) index soared by 117% in 2003, the highest growth rate in the world. The index closed the year at a peak of 772.15, which also was a seven-year high. Market capitalization skyrocketed 161% over the year (from 46 billion U.S. dollars at the end of 2002 to 120 billion U.S. dollars at the end of 2003) while the average daily turnover also dramatically surged 135% to 456 million U.S. dollars in 2003. More interestingly, daily turnover hit an all-time high of 1,610 million U.S. dollars on 4 November 2003.

The Market for Alternative Investment (MAI) index closed at 343.70 at the end of 2003, a staggering 170% increase. Its market capitalization rose from 87 million U.S. dollars from the end of 2002 to 330 million U.S. dollars at the end of last year, a 279% increase, while the daily average turnover leaped from 1.35 million U.S. dollars in 2002 to 2.94 million U.S. dollars in 2003, a 118% rise.

Thai investors became the major force behind last year's market rally as local institutional and retail investors were net buyers in the two markets combined, to the tune of 476 million U.S. dollars and 116 million U.S. dollars respectively. Foreign investors, on the other hand, were net sellers of 591 million U.S. dollars. It is worth noting here that the SET index was able to jump continuously despite the fact that there had been a heavy selling from foreign investors throughout the later half of the year.

The main factors contributing to last year's bull market include ;

- The Thai economy continued to grow impressively in 2003. The GDP expanded by 6.7%, 5.8%, 6.6% and 7.8% in each quarter respectively.

- Most listed companies recorded better performances in 2003 than in 2002. For the whole year, listed companies on the SET (406 out of 410 companies) cumulatively reported a net profit of 309,751 million baht, a 47% increase from the year 2002 (7,464 million U.S dollars, a 54% increase in dollar terms). Moreover, listed companies on the MAI (9 out of 10 companies) recorded a net profit of 353 million baht, a 50% increase from the year 2002 (8.5 million U.S. dollars, a 55% increase in dollar terms)
- The market had a larger variety of products to offer investors. In 2003, there were 27 new listed companies; 21 on the SET and six on the MAI. The 2003 newly-listed firms had a combined market capitalization worth 201.4 billion baht (4.9 billion U.S. dollars), accounting for 4.2% of the total market value, and a combined daily turnover worth 254 billion baht (6.1 billion U.S. dollars) or 5.4% of the total turnover of the market.
- Three main rating agencies — Fitch Rating, Standard & Poor's and Moody's — had all upgraded Thailand's sovereign rating in 2003, whereas there was no such upgrade in 2002.

The Outlook for the Capital Markets and Stock Market Investment in 2004

Stock market investment is likely to show a continued positive trend in 2003 in tandem with the economic growth and strong operating performance of listed firms. However, the growth rate is likely to decelerate since the market had made an exceptionally large surge last year. Factors that will affect the market this year include;

- The economy is likely to expand further in 2004, thereby making investors more confident about the stock market's prospects. The NESDB has forecasted that GDP growth would reach 7%, which is above the 6.7% of 2003.
- Listed companies are expected to show continued impressive operating performance in 2004. The property development and building materials sectors should be among the best performers, as they will greatly benefit from the government investment in various infrastructure mega-projects.
- Many new listings are in the pipeline. Important IPOs will include publicly owned enterprises, such as the Electricity Generating Authority of Thailand, Airports of Thailand Plc. and CAT Telecom Plc. These listings will help broaden the SET's products and provide investors with more investment alternatives.
- Interest rates are likely to remain relatively low throughout 2004, although some analysts expect to see them increase in the second half of the year. However, with the more than ample liquidity present in the system, interest rates should not surge enough to affect investment in the stock market drastically.

However, there are still some risk factors present in 2004. Terrorist threats, for example, may continue to undermine investors' confidence while the deficits in both the U.S. current and budget accounts may seriously harm America's economic recovery. Furthermore, if interest rates rise too rapidly, or before anticipated, these events may adversely affect the investment sentiment in the stock market.

Three-Year Statistical Highlights

Market Highlights		2003	2002	2001
The SET				
Turnover				
• Volume	(million units)	**548,581.67**	263,969.99	180,317.53
• Value	(million baht)	**4,670,281.49**	2,047,442.23	1,577,757.97
• Daily Average	(million baht)	**18,908.02**	8,356.91	6,439.83
• No. of Transactions		**31,689,520**	17,594,265	13,054,412
• Turnover Ratio	(%)	**152.44**	98.48	90.65
Listed Companies				
• No. of Listed Companies		**405**	389	382
• No. of Listed Mutual Funds		**9**	11	9
• No. of Newly Listed Companies		**21**	18	7
• No. of Newly Listed Mutual Funds		**-**	5	1
• No. of Delisted Companies		**7**	11	6
• No. of Redeemed Mutual Funds		**4**	3	4
Listed Securities				
• Total Listed Securities		**524**	471	449
- Common Stocks [1/]		**407**	389	382
- Unit Trusts		**9**	11	9
- Warrants		**75**	59	42
- Debentures [2/]		**22**	-	-
- Others		**11**	12	16
Total Market Capitalization	(billion baht)	**4,789.86**	1,986.24	1,607.31
Capital Mobilized by Listed Companies	(billion baht)	**170.20**	73.92	108.24
SET Index				
• Open		**351.52**	305.19	272.03
• Close		**772.15**	356.48	303.85
• Highest (Date/Month)		**772.15(31/12)**	426.45(13/6)	342.56(6/9)
• Lowest (Date/Month)		**350.98(11/3)**	305.19(2/1)	265.22(7/11)
Average Dividend Yield	(%)	**1.81**	2.72	2.06
Average Price/Earnings Ratio (P/E)		**13.65**	6.98	4.92

Market Highlights

The MAI		2003	2002	2001
Turnover				
• Volume	(million units)	**6,478.54**	5,335.64	588.02
• Value	(million baht)	**30,191.46**	14,199.86	1,992.64
• Daily Average	(million baht)	**122.23**	57.96	27.92
• No. of Transactions		**509,748**	296,485	39,559
Listed Companies				
• No. of Listed Companies		**13** [3/]	9	3
• No. of Newly Listed Companies		**6**	6	3
Listed Securities				
• Total Listed Securities		**15**	12	4
- Common Stocks		**13**	9	3
- Warrants		**2**	3	1
Total Market Capitalization	(billion baht)	**13.69**	3.80	0.43
MAI Index				
• Open		**125.43**	98.94	-
• Close		**343.70**	127.49	-
• Highest (Date/Month)		**410.49(4/12)**	146.30(2/12)	-
• Lowest (Date/Month)		**122.22(10/2)**	94.15(14/10)	-

[1/] Including Property Funds

[2/] Debentures trading started on November 26, 2003.

[3/] Two MAI listed companies moved to the SET on January 1, 2003.

Financial Highlights

(In Million Baht)

Consolidated Financial Statements		2003	2002	2001
Total Revenues		**1,691**	1,430	1,401
Income from investments		**174**	407	515
Surplus for the year		**332**	464	567
Capital Expenditure		**175**	114	98
Current Assets		**7,720**	7,451	9,455
Long-term Investments		**5,164**	4,361	1,752
Other Assets		**953**	874	842
Total Assets		**13,837**	12,686	12,049
Total Liabilities		**370**	303	260
Total Funds		**13,467**	12,383	11,789
Return on Total Assets	(%)	**2.4**	3.7	4.7
Current Ratio	(Times)	**20.9**	24.6	36.4
Debt to Funds Ratio	(%)	**2.7**	2.4	2.2

Providing safe and reliable securities trading
and support systems that meet international
standards by using efficient technology.

The SET's Major Achievements in 2003

Thailand's economy has recovered nicely from the severe financial crisis that closed the last millennium and opened the new. The economy now shows signs that its economic growth is sustainable. The Stock Exchange of Thailand (SET) showed a consistent impressive operating performance under its strategic focuses in 2003. In line with the Thai Capital Market Master Plan, the SET's strategic focuses include increasing the quality and diversification of its investment products, expanding the market's investor base, increasing its investors' quality through education, developing the capital market's infrastructure systems, and promoting good corporate governance among all concerned parties in the capital market, as well as supervising listed companies' operations and their securities trading systems.

The SET has implemented various aggressive marketing strategies. These include directly building a better understanding about the capital market among its target groups, creating extra value through its alliances with affiliates and other related parties, and enhancing its diversified services and investment-related education. These operations have resulted in the SET's obviously impressive development and growth. Consequently, the SET has gained considerable interest from both domestic and international investors.

The SET's major achievements in 2003 can be summarized as follows:

Enhancing the Quantity and Quality of Investment Products

■ Increasing the number of quality investment products

The SET has continued to encourage both large and medium size businesses to list on the SET and its sister bourse, the Market for Alternative Investment (MAI). This activity is aimed at offering the businesses a source of long-term funds that are necessary for realizing their business expansion objectives. Moreover, the SET facilitates listed companies in better utilizing the capital market by issuing a wide range of securities options for fund-raising. This consequently provides investors with a greater diversity of quality investment products. In 2003, there were 27 new listed companies, making the total par value of all new listed securities worth THB 30.43 billion, and mobilized capital worth THB 170.20 billion.

In 2003, there were a total of 21 new listed companies and 68 new listed securities on the SET (excluding the MAI). Such securities encompassed 23 common stocks, one transferable subscription rights, 20 warrants, 22 debentures, and two derivative warrants. At the end of 2003, there were 405 listed companies on the bourse with 524 listed securities. Accordingly, the total value of securities, at market prices, was THB 4,789.86 billion, a surge of 141% from THB 1,986.24 billion in 2002. A list of the new listed companies follows:

New Listed Companies on the SET		Listing Date
1. R.S.PROMOTION PCL.	RS	22/05/2003
2. IT CITY PCL.	IT	02/06/2003
3. EGV ENTERTAINMENT PCL.	EGV	26/06/2003
4. BANGPAKONG TERMINAL PCL.	BTC	10/07/2003
5. MIDA ASSETS PCL.	MIDA	17/07/2003
6. ADVANCED INFORMATION TECHNOLOGY PCL.	AIT	30/07/2003
7. THITIKORN PCL.	TK	02/10/2003
8. MFEC PCL.	MFEC	08/10/2003
9. C.P. SEVEN ELEVEN PCL.	CP7-11	14/10/2003
10. THAI OLEFINS PCL.	TOC	06/11/2003
11. SC ASSET CORPORATION PCL.	SC	13/11/2003
12. T.K.S. TECHNOLOGIES PCL.	TKS	18/11/2003
13. RAYONG PURIFIER PCL.	RPC	24/11/2003
14. UNIVANICH PALM OIL PCL.	UVAN	25/11/2003
15. KIM ENG SECURITIES (THAILAND) PCL.	KEST	03/12/2003
16. SAMART I-MOBILE PCL.	SIM	09/12/2003
17. TYCOONS WORLDWIDE GROUP (THAILAND) PCL.	TYCN	11/12/2003
18. HWA FONG RUBBER (THAILAND) PCL.	HFT	15/12/2003
19. CHONBURI CONCRETE PRODUCT PCL.	CCP	16/12/2003
20. SINGHA PARATECH PCL.	SINGHA	19/12/2003
21. ELECTRONICS INDUSTRY PCL.	EIC	22/12/2003

On the MAI, there were a total of six new listed companies. Two MAI-listed firms "graduated" to the SET during 2003. As a result, there were 13 listed companies with 15 registered securities on the MAI as at end-2003. The total value of the securities, at market prices, was worth THB 13.69 billion–a phenomenal hike of 260% from THB 3.80 billion as at end-2002. The six new listed companies on the MAI follow:

New Listed Companies on the MAI		Listing Date
1. MATCHING STUDIO PCL.	MATCH	11/03/2003
2. INTERNATIONAL RESEARCH CORP. PCL.	IRCP	31/07/2003
3. MASTER AD PCL.	MACO	29/09/2003
4. THAI MITSUWA PCL.	TMW	09/10/2003
5. R. K. MEDIA HOLDING PCL.	RK	17/11/2003
6. PACK DELTA PCL.	PD	01/12/2003

The increase in the number of listed firms resulted from the SET's implementation of various aggressive marketing strategies, targeting potential groups to build their understanding about the capital market, the listing process, and the benefits and costs of listing. Such strategies have attracted potential companies and privatizing state-owned enterprises to list on the capital market. Furthermore, the SET cooperated with its 17 allied organizations in selecting eligible companies for listing on the bourse. The SET also collaborated with financial advisors and other concerned parties in providing additional services for companies during the listing process by organizing numerous educational activities, producing and distributing publications and press releases. The SET also teamed up with related parties in solving listed companies' debt restructuring problems.

Developing listed companies' quality

The SET has amended several rules and regulations in various areas to improve the quality of listed companies and their information disclosure, including tightening its measures on the disclosure of listed firms' financial statements. For example, the SET posted SP (Trading Suspension) and NP (Notice Pending) signs on the securities board whenever a listed company submitted financial statements without its auditor's comments or verification. The SET also required all listed companies to attach their auditors' opinions, either a Disclaimer or Adverse Opinion, before submitting financial statements to the SET.

Moreover, the SET has improved the efficiency of trading operations. The SET changed its regulations on the trading of property funds' investment units so that they could be traded similar to common stocks in the Property Development Sector. The trading regulations on transferable subscription rights were also modified. The SET improved the criteria for Rehabco Sector firms to accelerate the companies' debt restructuring process and to prevent any possible harm to their investors. In addition, the SET adjusted the securities delisting procedures for listed companies undergoing a merging process, to be more precise and flexible. The SET also cooperated with auditing offices in developing a standardized database of listed companies' financial statements to increase efficiency in analyzing financial information.

The SET also developed tools for the better evaluation of listed firms by processing the statistical data on securities trading and listed companies' financial statements to aid in forecasting the firms' performances. This also enhanced the effectiveness of the SET's supervision of listed companies.

■ Providing a greater diversity of investment instruments

The SET has aided listed companies in more effectively utilizing a variety of financial instruments for raising funds. This, in turn, has provided investors with a greater number of diversified investment alternatives. The SET has approved debentures trading on the bourse, starting from 26 November 2003. At the end of 2003, seven listed companies listed a total of 22 debentures on the stock market, amounting to a total par value of THB 157,500 million. Apart from debentures trading, the SET also prepared for the trading of depository receipts (DR) by establishing the Siam DR Co., Ltd. to issue and sell DR to investors.

Promotion of Stock Investment and Expansion of the Investor Base

■ Increasing the investor base

Striving to enlarge the SET's investor base and raise the number of quality investors in the capital market, the SET has cooperated with securities companies, investment management firms, listed companies, chambers of commerce, investment-related associations, and other related parties in organizing numerous activities to promote stock investment, in both Bangkok and the provinces. In 2003, activities which received the greatest interest from participants included the investment fair entitled "SET in the City", the financial fair entitled "Money Expo", the SET's roadshows, its securities analysts' fairs, and numerous seminars aimed at providing information and knowledge on both saving and investment. At the end of 2003, the number of investors opening stock trading accounts increased significantly, totaling 316,108, whereas active investors totaled 131,938.

Moreover, the SET has promoted listed companies' investors relations (IR) practices to enhance information dissemination to investors. The SET produced handbooks, organized seminars for practitioners, and developed an IR Club website (linked from www.set.or.th). Furthermore, the SET organized activities aimed at promoting the investment activities of institutional investors. For instance, the SET held "Opportunity Day" seminars where institutional investors and securities analysts directly obtained valuable information from listed companies. The SET also allocated THB 600 million for investing in open-ended funds that focused on equity investment. In addition, the SET provided numerous leading listed companies with opportunities to interact with foreign institutional investors on two international roadshows held in England and the U.S.

■ Developing a better understanding among investors, youth, and the general public about saving and investment

To develop a better understanding of the capital market by potential investors and expand the market's quality investor base, the SET has focused on developing the level of knowledge and understanding of saving and investment among investors, youth, and the general public.

The SET has continually publicized information on investment to the general public through radio, television, and the print media, and has produced books and textbooks on saving, investment, and business administration for investors, students, and other interested people. In particular, the SET produced a series of four textbooks on personal finance entitled "Ngern Thong Khong Mee Ka" (or "Making Sense of Money"). The economic

textbooks were handed over to the Education Ministry and will be utilized to teach students in grades 1-12 throughout the country by the 2004 academic year. These textbooks will provide Thai youths with a better understanding of financial management. The SET also set up training sessions for educational personnel. Other major SET educational projects aimed at students are the SET Junior Achievement Thailand (SET-JAT) program (for primary, secondary, and university students) and its University Education Project, whereby in 2003, the SET signed Memorandums of Understanding with Chiang Mai and Khon Kaen Universities to develop regional educational centers which would provide financial and investment knowledge.

■ Developing knowledge among personnel in the securities industry

Apart from providing educational and training programs as well as licensing examinations for practitioners in the securities industry, the SET's Thailand Securities Institute (TSI) has also offered other extensive services to prospective practitioners, such as those working for commercial banks and insurance companies. The TSI granted a number of scholarships to new, gifted graduates to increase the number of qualified professional marketing representatives.

The SET has implemented state-of-the-art technology in developing self-learning systems among personnel in the securities industry through electronic channels. Also, the TSI's "e-Learning" system was established to provide knowledge about the financial and capital markets through its website. The TSI Digital Testing Center is a one-stop testing center for practitioners in the securities industry and subsequently has been regarded as the most advanced knowledge-testing center in Southeast Asia.

Promotion of Good Corporate Governance

The SET has long recognized the importance of good corporate governance (CG) and has continued to promote good CG practices among organizations in the capital market to be in line with the Thai Capital Market Master Plan. In 2003, an advisory team of the Corporate Governance Center provided guidance to executives from 124 companies as well as other employees working for 14 companies. The SET successively organized seminars and training sessions on good CG for board members, executives, and operational officers of listed companies. What's more, the SET has produced documents and handbooks focusing on CG policies, specifically publications on organizational risk management practices, shareholders' good CG practices, and listed companies' benefits from compliance with good CG principles. The SET also hosted an essay competition on "Good Corporate Governance" and disseminates CG information via various media channels, including the website www.cgthailand.org.

To help further promote good CG, the SET supported listed companies' participating in obtaining a Corporate Governance Rating (CG Rating), conducted by the Thai Rating and Information Services Co., Ltd. (TRIS). The SET provided companies that obtained a score of seven points or higher on the scale of ten with a 50% discount on their annual listing fees for two consecutive years. Such companies were also granted more subsidies if the 50% discount did not fully compensate for rating expenses ensued from their participation in the TRIS program.

In 2003, the SET granted such privileges to two listed companies receiving seven points or higher: The Siam Industrial Credit Pcl. (7.17 points) and Eastern Water Resources Development and Management Pcl. (7.70 points). Moreover, Bangkok Aviation Fuel Services Pcl. received a rating upgrade, from 7.39 points in 2002 to 8.08 points.

In addition, the SET, in conjunction with the *Money & Banking Magazine,* organized the "SET Awards 2003" for the first time to honor listed companies, securities companies, and investment management companies for their outstanding performances, management, and services. The SET gave a total of 36 awards to companies as well as to the "Executive of the Year".

Enhancement in the Efficiency of the Capital Market's Infrastructure

The SET has developed new practical measures for enhancing the capital market's infrastructure to be in line with technological advancements and to cope with any possible transaction expansion. The SET reduced the recovery time as well as enhanced the performance and reliability of the securities trading systems, and increased the mobility of member companies' linkage systems with the SET. The SET also has developed its trading systems to cope with debentures trading. The effectiveness and efficiency of the post-trading systems of the Thailand Securities Depository Co., Ltd. were also improved by fully integrating them to ready the systems to better cope with multi-market clearing needs.

Furthermore, the SET developed the New Electronic Listed Company Information Disclosure (ELCID) system to enable listed companies to submit data and information to the SET quickly and accurately at a reduced cost. The SET also enhanced its information disclosure systems by developing a data warehouse for storing listed companies' fundamental information and their stock trading data. Moreover, the SET developed

the SET Market Analysis and Reporting Tool (SET Smart) to act as the SET's integrated data platform, facilitating its users' access to required data and information. The SET has also enhanced the Automated Tools for Market Surveillance (ATOMS) by including the statistics and stock prices of new listings in its statistical calculations. This helped improve the efficiency of the organization's regulatory functions.

In addition, the SET regrouped all listed companies under eight new industry groups to better reflect related business trends as well as the country's economic outlook. Starting from 2004, the SET will calculate the Industry Group Index in order to clearly reflect the changes in stock prices in each industry group.

Creating Transparency and Fairness in Securities Trading

In 2003, the SET scrutinized and discovered 76 possible cases of irregular or unfair stock trading practices including news hoax disseminations, price manipulations, and confidential information exploitations and determined that many were likely to violate the Securities and Exchange Act B.E. 2535. Out of these cases, the Office of Securities and Exchange Commission (SEC) had already adjudicated five cases while another 36 are still under examination.

Furthermore, the SET has scrutinized and exercised, in a quick and timely manner, its power to restrain trading that might lead to illegal actions to prevent them from damaging the whole system. By virtue of the Regulations of the SET Re: Trading, Clearing, and Settlement of Securities in the Exchange (No.2), 1999, the SET prosecuted 135 cases and decided to punish one securities firm and 18 licensed officers. The SET aborted the prosecution of 34 cases. Seven securities firms and three licensed officers received written warnings. One securities firm was given a THB 570,000 fine. Ten licensed officers were put on two months - one year probations, one was fined THB 50,000 and barred from all operations in the securities business for one month. In addition, six licensed officers were fined THB 20,000 - 250,000, and another officer was barred from all operations in the business for three months.

Organization Development in Response to the Market's Changes

Focusing on personnel's work performance

Enhancing the collaboration amongst its divisions, the SET has developed its organizational administration into a matrix organization. With such a flexible administrative structure, the SET can be expected to effectively respond to any of the ever-changing business situations that may arise. The SET has increasingly diversified its operational teams to decentralize the decision-making power to its employees. Moreover, the SET now holds a weekly "Management Meeting" so that all division and department heads can share information and be directly involved in all major decision-making processes.

In addition, the SET has improved its data collection, analysis, evaluation, and reporting when it comes to conducting work performance appraisals. This is expected to enhance the quality of its work performance appraisals as well as to more extensively develop the organization's human resources.

Developing personnel's expertise and skills

To enhance the effectiveness of its work operations and services, the SET has successively developed its personnel's expertise and skills in various fields, as follows:

- **Providing adequate knowledge in related businesses**
  All SET employees have been required to participate in seminar sessions aimed at building adequate knowledge of the financial and capital markets, economic systems, and financial instruments, as well as strategic business concepts.

- **Developing problem-solving and decision-making skills**
  All middle-to-top level executives were trained to develop their problem-solving and decision-making skills. The SET also plans to provide employees at all levels with such training in 2004.

- **Building self-discipline**
  The SET has focused on employees' ethics and good CG practices. The SET also has built an understanding of the need and has encouraged employees to commit themselves to the benefit of the organization and society.

- **Organizing seminars in specific areas**

  The SET organized numerous seminars to enhance its employees' knowledge and practices to be in line with the current ever-changing business situations.

Creating benefits for the community and society

The SET believes that when all employees are encouraged to commit themselves to sharing and creating benefits for the organization and the society, the organizations and society will consequently develop and become more ready for sustainable growth under rapidly changing economic circumstances.

On "Children's Day" in 2003, SET employees participated in a charity activity, jointly held by the SET, the Duang Prateep Foundation, and the Klongtoey community. Moreover, the SET donated money from the selling of its books on saving and investment — "Save First, Get Rich First" and "Stocks That Lay Golden Eggs Strategy" — to the Duang Prateep Foundation (for slum children), the Foundation for the Better Life of Children, the Teachers' Foundation, the World Vision Foundation of Thailand, the SOSA Foundation under the Royal Patronage of Her Majesty the Queen, and the Kru Noi's Home for Children.

Building strong business alliances

The SET has built strong business alliances and encouraged strong cooperation among related parties both in the Thai and global capital markets, with the aim of enhancing the SET's operations and the Thai capital market's development. In 2003, the SET signed Memorandums of Understanding (MoU) with the Kuala Lumpur Stock Exchange Berhad of Malaysia and the Singapore Exchange. These MoUs were to strengthen the already-existing cordial relationships among the exchanges and enhance their cooperation in developing our collective competitiveness and operational effectiveness. The Exchanges agreed to facilitate information and personnel exchanges as well as to support other activities to enhance our competitiveness.

Supporting the operation of the Agricultural Futures Exchange of Thailand

The SET supported the Agricultural Futures Exchange of Thailand (AFET) by sending a professional personnel team, with great expertise and experience in various fields, to prepare and work on the commencement of the AFET in 2004.

Offering timely, accurate and complete information disclosure and widespread investment-related education.

Market for Alternative Investment (MAI): Go Beyond a True Long-term Source of Funds for SMEs

Ms. Sopawadee Lertmanaschai
Chairman of the Capital Market Oppertunity Center & MAI

"The MAI is a true source of fundraising for medium-sized businesses with strong determinations to grow. It's an attractive source without loan-interest burdens associated with it. It also enables companies to more flexibly manage their finances, which helps them to grow at a dynamic pace. Raising Funds through the MAI also improves a company's profile and image, adding extra value to its business," says Ms. Sopawadee Lertmanaschai, Chairman of the Executive Committee Capital Market Opportunity Center and MAI.

Thailand's current economic development strategy places top priority to strengthening Small- and Medium-sized Enterprises (SMEs). With as many as 1.6 million SMEs in Thailand (accounting for 99% of the total businesses), they are an important foundation for the country's sustainable economic development. The ever changing and competitive modern business environment has forced the SMEs to be adaptive in order to survive and flourish. Although the SMEs, by their nature, are more adaptive than larger enterprises, they still encounter some problems that hinder their full potential. One such impediment is the lack of sources and high cost of funds.

The Stock Exchange of Thailand (SET) realizes the importance of assisting SMEs to access long-term funds through the capital market for business expansion. The SET established the Market for Alternative Investment (MAI) as a sister to the SET in 1998 with operations officially commencing in 1999. The objective of the MAI is to serve as the source of long term funding for various promising SMEs; especially those in the export business, service or industrial sectors who exhibit growth potential, and are in the sectors considered by the government as strategically important for economic recovery.

The MAI focuses its operations on satisfying investors' demands by developing quality products that are interesting and diverse in terms of their sizes and types of businesses. The criterion in admitting SMEs as a listed company is mainly based on the accurate, timely and adequate information disclosed by the company applying to list. Also, The SET believes that, "Good Corporate Governance" will bring great benefits and greater recognition to all listed companies both domestically and internationally. The standards of the disclosures of companies listed on the MAI act in accordance with the same disclosure

regulations as SET listed companies. Moreover, the MAI emphasizes flexible and lean management. It is also eager to coordinate with other related organizations to prepare the SMEs' to enter the race for public capital.

[mai : Big Opportunities for SMEs that "THINK BIG"]

MAI...Creating New Fund-Raising Opportunities for SMEs

The MAI is an alternative channel of fund raising for the SMEs, which previously lacked access to the capital market. At present, potential SMEs can utilize the capital market just like their larger counterparts. The MAI helps them to raise long-term funds necessary for realizing their business expansion objectives, but without the burden of interest, while adding flexibility to their financial management.

As a secondary market, the MAI also facilitates debt-restructuring processes. This occurs where there is a debt-to-equity conversion by creditors or recapitalization by strategic partners, through the creation of liquidity in the shares held by financial institutions or new investors. Such liquidity provides incentive for venture capitalists to invest more in SMEs which exhibit growth potential. This in turn benefits young and growing businesses by infusing essential capital for expansion.

Since the first day of trading on September 17, 2001, there have been many SMEs that have showed interest in raising capital and listing their securities on the MAI. By the end of 2003, the MAI had a total of 15 listed companies with 18 listed securities. Another sign of the natural growth evolution of MAI listed companies, two of the MAI's listed companies (DAIDO and TRAF) utilized their capital of more than THB 200 million and moved to the SET in 2003. Among these listed companies, several of them have achieved strengthen and sustainable growth. Meanwhile, many prospective SMEs are preparing to take the step to list on the MAI in the near future.

MAI...Driving Business Management Readiness for SMEs

The MAI remains dedicated to helping companies both before and after listing, so that they can conduct their businesses efficiently and competitively as well as enjoy long-term sustainable prosperity. The MAI has cooperated with relevant organizations to organize training for the SMEs.

With the SMEs in mind, the MAI has launched "Smart Module" which is made up of three parts to push quality companies forward to list on the MAI.

First module: "Smart Think Smart Move" Project

This project is designed to equip SMEs with the fundamentals of modern management practices which are vital for firms to grow and prosper by enhancing their efficiency and assisting in their sustainable development.

Second module: "Smart IPO" Project

This project is designed to lay the groundwork for any business whose specific aim is to prepare for listing on the MAI by providing them with valuable information on IPO and listing preparations.

Third module: "Smart Go" Project

This project is designed for the board of directors and relevant committees of a company that are preparing for its initial public offering. Key company executives can attend this program as they progress through the stages of making their initial public offering. This program advises on the role and mechanism of Thai capital market, the duties of the board of directors and the relevant committees in order to comply with the principles of good corporate governance. Moreover, the company will learn what key success factors are required to create shareholders' wealth by using various financial instruments upon becoming a listed company.

Additionally, the MAI acts as the liaison between the listed companies and other organizations, both private and public, by providing consulting services on various areas of management practices.

MAI...Tax incentive to encourage SMEs fundraising through the market capital

The government uses tax incentives for listed companies to raise funds through the capital markets in an effort to develop the long-term potential of businesses in Thailand.

Companies listed on the MAI (by September 5, 2004) will enjoy more tax incentives than those listed on the SET. MAI listed companies are granted a corporate income tax reduction of 10%, that is 20% rather than the normal rate of 30%, for five consecutive accounting periods. Meanwhile. SET listed companies are given a 5% tax deduction.

Major Progress: MAI's achievements in 2003

In 2003, the MAI has continued its marketing efforts via its cooperation with more than 10 strategic partners. The efforts were aimed at expanding its base of prospective companies, reaching target groups, increasing the know how of the management of listed companies, and educating investors about the MAI's investment opportunities.

2003's achievements can be summarized as follows:

- Implemented aggressive marketing strategy to directly provide information and advice to more than 250 target companies.
- As proof of the wisdom of investing in the MAI, one has only to look at the astounding growth of the MAI Index, which started on 2 September 2002 at its base value of 100 but which has reached 343.70 points by the end of 2003 — a 170% rise from the end of 2002.
- At the end of 2003, the total number of listed companies was 13 and the market capitalization was THB 13,691 million, an increase of 260% from THB 3,798 million at the end of 2002.
- Trading on the MAI has increasingly gained attention from investors over the past few years, the total trading value is THB 30,191 million, and the average monthly turnover is THB 2,516 million, an increase of 113% from THB 1,184 million in 2002.

MAI...2004 Plans

The MAI will continue its aggressive marketing strategies to continuously work to expand its quality product base. Full support will be given to 20 prospective companies that have appointed financial advisors in order to expedite their listings. Direct efforts to contact other potential SMEs in order to provide information and advice will continue as well.

The MAI also plans to work closely with its partners such as The Federation of Thai Industries, The Thai Chamber of Commerce, The Board of Investment of Thailand, The Industrial Finance Corporation of Thailand, The Small and Medium Enterprise Development Bank of Thailand, The Export-Import Bank of Thailand, and The Office of Small and Medium Enterprise Promotion. It will assist the target companies in strengthening their business operations and preparing themselves to become listed companies through direct contact, training, and seminars. The MAI will use all media types and direct its message to a wide ranging audience, particularly business operators, who need capital for expansion, and investors seeking new investment channels.

Operating efficiently in terms of speed, quality, cost, and prudent risk management.

Compliance with Good Corporate Governance Principles

Policy on Good Corporate Governance (Principle 1)

The SET Board of Governors recognizes that good corporate governance (CG) is an essential foundation for elevating operating standards of organizations. Good CG promotes transparency in the performance of duties and enhances the creditability of organizations. It also strengthens the competitiveness of businesses by securing the confidence of investors and all parties concerned with the good CG practices of organizations.

As a core organization of the Thai capital market, the SET has established 15 principles of Good Corporate Governance for its listed and member companies to practice and assure their compliance with the said principles. The SET Board of Governors has initiated policies and practices that can be categorized into 5 areas, which are: 1. the rights and equality of stakeholders, 2. Board of Governors-structure, roles, duties, responsibilities and independence, 3. information disclosure and transparency, 4. control and risk management, and 5. business ethics. The adherence to these policies and practices are the responsibility of the Compliance Department, which is charged with the monitoring of all parties concerned to assure their compliance with the above CG principles and then report their level of compliance directly to the Audit Committee of the SET.

Rights of Shareholders and Various Groups of Stakeholders (Principles 2, 3, 4)

The SET has been established as the specified juristic entity under the Securities and Exchange Act due to its unique situation of having neither a corporate identity nor shareholders. The SET, as the securities trading center, recognizes the benefits provided both to and from its various groups of stakeholders. These stakeholders include the listed companies, member companies, non-member securities companies, investors, trading partners, employees and management of the SET and its subsidiaries, government agencies and society.

Hence, when initiating various policies or measures, the SET always takes into consideration the protection of the rights of all its stakeholders and takes great care in the development of the practices that will assure equitable treatment for all concerned parties involved, such as:

- accepting the opinions or recommendations of stakeholders
- studying the advantages and disadvantages in any enactment or amendment of rules
- issuing rules that adhere to the Good Corporate Governance principles on its just treatment of, and responsibility to, its members
- issuing rules to protect the interests of investors
- disseminating information that is useful to investors through various media
- organizing activities to disseminate knowledge to investors in both Bangkok and provinces
- treating strategic trading partners in a fair, systematic and transparent manner
- allocating remuneration to employees and management that is compatible to that of other leading companies
- defining the scope of work of each unit and the code of conduct in the performance of duties as well as continuously enhancing its employees' skills

- strictly observing all laws
- organizing activities for charity and society such as: contributing scholarships to eligible students and other entitled persons, donating our economic textbook "Ngern Thong Khong Mee Ka" to the Ministry of Education, funding our member companies to enable them to produce securities analysis reports, as well as contributing money to various charitable and social organizations.

The SET Board of Governors: Leadership and Vision (Principle 5)

Balance of Power of Governors (Principle 8) and Aggregation or Segregation of Positions (Principle 9)

The SET Board of Governors is comprised of not more than 11 Governors as specified under the Securities and Exchange Act:

- 5 experts are appointed by the SEC. Each person has expert knowledge and extensive experience in one or more of the following areas: the stock exchange, the securities business or the financial business. There must also be at least 1 person who is a senior executive of a listed company on the SET. Each candidate must qualify in accordance with the criteria and guidelines established by the working group in charge of proposing the governor candidates' list to the SEC, recommending their appointment as a governor of the SET. The consideration of a candidate's qualifications is emphasized in addition to various criteria other than that specified by the Securities and Exchange Act.
- 5 experts are elected from among senior officers of member companies at a special meeting in accordance with the SET's regulation on The SET Governor, meeting of the member companies and agreements that such meetings have reached. Attendees of the Meeting of the Member Companies of the SET select candidates from a list divided into 2 groups, one consisting of 3 individuals nominated by the management of member companies and the other group composed of 2 individuals nominated by groups that are not member companies.
- the SET President, who is an ex-officio Governor, is appointed by the 10 previously appointed Governors

The above practices ensure that the duties of the SET Board of Governors are performed by a group of qualified, knowledgeable and competent persons who can properly balance the power of the management. These persons take part in the development or approval of visions, missions, strategies, goals, policies and the business plan of the SET, as well as the supervision of the SET's operations to ensure that its approved business plan and budget are adhered to effectively and efficiently.

Moreover the Securities and Exchange Act stipulates that the Chairman of the SET Board of Governors be one of the Governors elected by the Board of Governors, is not the same person who holds the position of SET President, and is independent of the management. This practice assures that the duties of policy making, supervision and management of routine work are exclusively allocated.

Meetings of the SET Board of Governors (Principle 11)

Meetings of the SET Board of Governors are scheduled monthly in advance for a full year so that the Governors and executives will know the schedule and be able to reserve time for attending the meetings. Special meetings may be convened as deemed necessary. The Office of the Secretary has been assigned to perform the duties of corporate secretary as follows:

- to prepare invitation letters, which must clearly specify the meeting agenda and to distribute meeting documentation 7 days before the date of the meeting so as to provide the Governors with adequate time to study details before attending the meeting
- to organize the meeting to provide sufficient time for management to present issues and other matters and for the SET Board of Governors to exercise due discretion. The normal length of each meeting is half a day. The Governors may table additional topics other than what is in that day's meeting agenda, and their thorough and open discussions are welcomed
- to prepare minutes of the meeting that include all essential information, and submit these minutes to the SET Board of Governors for approval in its next meeting. The minutes will then be kept in an organized file system that permits quick retrieval and
- to provide recommendations, advice or information relating to laws and regulations as requested by the SET Board of Governors and the President.

In 2003, the SET Board of Governors held a total of 14 meetings, i.e., 12 regular and 2 special meetings. The attendance of these meetings by each of the Governors can be summarized as follows:

Name	Term Appointed to Office	Attendance (times)/ Number of Meetings (times)		
		Ordinary Meetings	Extraordinary Meetings	Total
1. Mr.Vijit Supinit	Aug. 1, 2003 - July 31, 2005	5/5	1/1	6/6
2. Mr.Suthep Peetakanont*	May 28, 2003 - May 27, 2005	12/12	2/2	14/14
3. Mr.Songdej Praditsmanont	May 28, 2002 - May 27, 2004	12/12	2/2	14/14
4. Mr.Vikit Kachonnarongvanich	May 28, 2002 - May 27, 2004	12/12	2/2	14/14
5. Mr.Charamporn Jotikasthira	May 28, 2002 - May 27, 2004	10/12	1/2	11/14
6. Mr.Wiboon Perm-Arayawong	May 28, 2003 - May 27, 2005	6/7	0/1	6/8
7. Dr.Olarn Chaipravat	July 12, 2002 - July 11, 2004	11/12	2/2	13/14
8. Mrs.Wiwan Tharahirunchote	July 12, 2002 - July 11, 2004	11/12	2/2	13/14
9. Mr.Apirak Kosayodhin	Mar.14, 2003 - July 11, 2004	5/7	1/1	6/8
10. Assoc.Prof.Niputh Jitprasonk	Dec. 9, 2003 - July 31, 2005	1/1	0/0	1/1
11. Mr.Kittirat Na-Ranong	Sep. 10,2001 - Sep. 9, 2005	11/12	2/2	13/14
12. Mr.Chavalit Thanachanan**	Aug. 1, 2003 - July 31, 2005	7/7	1/1	8/8
13. Mr.Suvit Mapaisansin***	May 28, 2001 - May 27, 2003	5/5	1/1	6/6
14. Mr.Anant Asavabhokhin****	Sep. 14, 2001 - July 31, 2003	5/7	1/1	6/8

Note * Mr.Suthep Peetakanont was re-elected by the members. His term of office is from May 28, 2003 - May 27, 2005
** Mr.Chavalit Thanachanan resigned effective from 25 August 2003.
*** Mr.Suvit Mapaisansin retired upon the expiration of his term of office effective from May 27, 2003.
**** Mr.Anant Asavabhokhin retired upon the expiration of his term of office effective from July 31, 2003.

The SET Board of Governors has also performed a Self-Assessment to 1) promote Good Corporate Governance Principles 2) review the performances, problems and obstacles experienced during the previous year and 3) improve the efficiency in the performance of its duties.

Committees (Principle 12)

The SET Board of Governors has created various committees to assist in scrutinizing essential tasks or special tasks requiring expert assistance. Because the chairmen and members of these committees are predominantly not the Governors or executives of the SET, the committees can perform their assigned duties independently. The composition as well as the scope of duties and responsibilities of each committee has been clearly defined on Page 41

Remuneration of Governors and Top Executives (Principle 10)

The explanation of the formulation of policy and the basis for payment of remuneration to the SET Board of Governors and top executives issued by the SET Board of Governors is clear, transparent and fair in the following ways:

- The Governors receive monetary remuneration at a monthly rate which the SET member companies have approved. In 2003, the Governors were remunerated a total of Baht 5,675,000 for their services. Other remuneration, provided to the Chairman of the SET Board of Governors only, includes an official vehicle, driver and expenses relating to the official vehicle.

  Governors delegated as committee members receive extra monetary remuneration. In 2003, the 3 members of the Executive Committee received remuneration which totaled Baht 4,170,000. The 3 members of the Audit Committee received remuneration totaling Baht 1,820,000.

- Top-level executives received remuneration that had been approved by the SET Board of Governors via the scrutinization of the Compensation Committee. In 2003, the SET's highest executives — the President and 4 Executive Vice Presidents — were remunerated a total of Baht 44,949,918 for their services. Other remunerations given to each of these 5 persons included an official vehicle, driver, expenses relating to the official vehicle, medical expenses, as well as life and accident insurance premiums.

Conflict of Interests and Business Ethics (Principle 6 and 7)

The SET has established the SET Code of Conduct which its Governors, committees, advisors and employees have acknowledged and agreed to adopt as the principles and personal values in the performance of their duties for the SET, in regard to themselves, investors, service users, other concerned parties and the public. This Code of Conduct imbues the SET's personnel with an outlook that helps maintain the public's confidence in the performance of their duties as members of Thailand's securities trading center. For cases where there is the likelihood of using insider information and conflicts of interest exist, the SET has developed a Code of Conduct which makes strict adherence to its principles mandatory by its Governors, committee members, advisors and employees. This Code prohibits any person connected to the SET from using any SET information obtained through the performance of their duties for seeking benefits for themselves or other persons, and from taking part in or concealing any act that may cause a conflict of interest with their duties at the SET or any illegitimate act, or prevent the performance of their duties in an equitable manner.

To ensure that insider information acquired by employees in the performance of their SET duties is only used for legitimate purposes, the SET has notified SET Governors and SET employees of the securities trading practices that they are required to follow. These practices stipulate that the trading of securities must be done by way of honest investment without exploitation of confidential information or misuse of their authority and duties at the SET. Also, they may sell securities only after they have been held for 30 or more days and must report on their securities holdings, using the required form, within 5 business days from the date of their appointment or the date of trading, either for their own account or for those of their spouse or minor child.

The SET requires the Governors, committee members and advisors of both the SET and its subsidiaries to execute a Letter of Independence to warrant their impartiality in the performance of their duties each time they are appointed to a committee or special task and at the end of every calendar year. Furthermore, in any case where they have any direct or indirect interest in the consideration of any matter, they are required to notify the parties concerned in advance of such conflicts of interests and not take part in the identified matter. The SET will compile the results of such declarations and report them to the SET Audit Committee.

To efficiently eliminate any conflicts of interest, the SET has established the SET's Audit Committee Charter. One of the major duties of the SET Audit Committee, as stipulated by its charter, is to assure that the SET's business practices are in line with the laws, regulations and code of conduct of the SET and that appropriate control systems are available to prevent any conflicts of interest and/or dishonest acts by SET employees.

Controlling System and Internal Audit (Principle 13)

Since the SET Board of Governors emphasizes the importance of an efficient internal control system at both the management and operations level, it has clearly defined the duties, management powers, operations, finance and supervision of the performance of duties for each level to ensure an appropriate balance. The Internal Audit and Risk Management Department is in charge of auditing the internal control system to ensure its efficiency.

Some of the significant elements of an internal audit are risk assessment and the assurance of management of major risks to the Exchange. Hence, the SET Board of Governors has appointed a Risk Management Committee to be in charge of scrutinizing, analyzing and defining the scope and guidelines of risk management for the Exchange, reviewing problems arising out of excessive risk levels, and making decisions and issuing orders to eliminate or control damage that may be caused by these risks. The Internal Audit and Risk Management Department is responsible for the planning for, forecasting of, highlighting, controlling and monitoring of any risks arising from operations of the Exchange. The department also evaluates and reports any risk's status to the Exchange through the Risk Management Committee. In addition, the department is developing an efficient risk management system, and provides knowledge and prompting to employees to help them recognize the significance of risk management.

The Internal Audit and Risk Management Department is independent and can fully and freely perform its auditing functions. The SET Board of Governors requires the department to report the results of any such audit to the SET Audit Committee directly.

Reporting by the Board of Governors (Principle 14)

The SET Board of Governors realizes the importance of accurate and reliable financial statements, and thus produces a report on the Board of Governors' Responsibilities for Financial Statements that include all the main issues as set down in the SET's guidelines for company directors. Details can be found on page 70.

Relationship with Investors and Groups of Stakeholders (Principle 15)

Although the SET has no shareholders, the SET recognizes that it has the duty to promote and support the adequate, accurate and timely receipt of significant information by the investors, listed companies, member companies and non-member securities companies as well as other groups of stakeholders. The SET is also charged with promoting a better understanding of the Thai capital market and supporting executives at the most senior level whose opinions on establishing a business network can affect the Thai capital market's condition, as follows:

- to provide www.set.or.th and www.setsmart.set websites and library services at The Stock Exchange of Thailand Building on Monday - Friday, 8.30 - 18.30 hrs. and Saturday - Sunday 9.00 - 15.00 hrs. (except official holidays), as well as publications on saving, investment, and personal Finance such as the SET Newsletter, the Monthly Review, the Fact Book and the SET Annual Report, which all investors and groups of interested parties may search and obtain adequate helpful information.
- to create specific units to promote accurate knowledge and understanding on how one can use the Exchange for improving their savings and investment. These special units also provide fundamental knowledge to investors and groups of interested parties as necessary to assist them in analyzing specific industries and securities that are most suitable to their own specific set of circumstances. Some of these specialized units include: the **Family Know-How Co., Ltd.,** for giving knowledge to investors and the general public, the **Thailand Securities Institute,** for improving the knowledge and skills of employees in the securities business, the **Education Network Center** for educating students in schools and universities and the **SET-JAT Program** for providing a fundamental understanding in economics, business, finance, and investment to youths.
- to establish the S-E-T Call Center Unit to provide services to investors and groups of interested parties with any inquiry concerning the SET's activities, the SET index, investor rights and sign posting via its 24 hour automatic telephone system. An additional responsibility is to respond to any inquiry concerning general investment information, stock prices, results of stock bookings, and also receive any notifications concerning working system problems via SET officers during the business day from 8.00 hrs. to 19.00 hrs. Investors and groups of interested parties can contact the S-E-T Call Center Unit via its telephone: 0-2229-2222 or its e-mail address: SETCallCenter@set.or.th or by fax: 0-2654-5426-7.
- to hold an annual meeting of members, as well as to hold any special meeting requested by the members for delivering opinions or considering any important issues or matters permitted by the approved criteria.
- to hold conferences and meetings among the management of listed companies for recognizing any insight from experts of various specialized units in economics and business administration, including the offering of opinions. These meetings will create opportunities for managers to establish good business networks that will aid them in enhancing their own businesses.

13 SET Committee Panels Established by the SET Board of Governors

The SET Board of Governors, which is responsible for determining the SET's policies, plans and business strategies as well as supervising the operations of the SET, established 13 committee panels in 2003. The panels were assigned to respond to any requests and policies made by the SET Board of Governors. The panels are as follows:

SET Committee

- Executive Committee
- Audit Committee
- Risk Management Committee
- Remuneration Committee
- Nomination Committee
- Legal Committee
- Disciplinary Committee
- Appeals Committee
- Capital Market Opportunity Center Committee
- Technology Development Committee
- SET Junior Achievement Thailand Committee
- Thailand Securities Institute Committee
- Disciplinary Committee for Brokerage or Agent's Fees Charged

1. Executive Committee

Unit responsible : Corporate Secretary Department

Structure : Three members including the SET Chairman, the SET Vice Chairman, and the SET President.

Term : Dependent upon governor's term of office.

Name	Position
Mr. Vijit Supinit	Chairman
Mr. Suthep Peetakanont	Member
Mr. Kittiratt Na-Ranong	Member
Mr. Suthichai Chitvanich	Secretary

Responsibilities of the Executive Committee are as follows:

1. Supervise securities trading.
2. Investigate member companies.
3. Manage securities listing and information disclosure.
4. Manage human resources, procurement and outsourcing.
5. Revise and determine Exchange fees.

2. Audit Committee

Unit responsible : Internal Audit & Risk Management Department

Structure : Three SET Governors who are not on the Executive Committee. Two appointed governors and one elected governor, with at least one member being knowledgeable in accounting or finance.

Term : Dependent upon the governor's term of office. (The Audit Committee holds a two-year term and may be re-appointed but not for longer than two consecutive terms.)

Name		Position
Mr. Songdej	Praditsmanont	Chairman
Mrs. Wiwan	Tharahirunchote	Member
Mr. Vikit	Kachonnarongvanich	Member
Ms. Patchara	Wongnimitkul	Secretary

Responsibilities of the Audit Committee are stipulated in the Audit Committee Charter, in which it is stated that the committee is responsible to the SET Board of Governors in relation to the following key areas:

1. Review of the SET's financial reports before forwarding them to the Board of Governors.
2. Advise management on the appointment of the SET's auditor and determining the auditor's remuneration. Coordinate with the auditor regarding auditing objectives, coverage, guidelines, planning, problems found during the audit, and any issues the auditors deem as significant.
3. Coordinate with the SET's Internal Audit Department on audit objectives, planning, reports, evaluations of the efficiency of the SET's internal control system, and the adequacy of resources being used for internal control, including any problems found during an audit.
4. Consult and review audit results and recommendations by the auditors and the Internal Audit Department, including following up on any management operations taken in response to those recommendations.
5. Monitor to ensure that the laws, rules and regulations issued by the SET's regulators are obeyed.
6. Monitor to ensure management of the SET's principal risks.
7. Be responsible for any duties related to the Audit Committee as assigned by the Board of Governors.

8. Report all operations of the Audit Committee to the Board of Governors at a minimum of 4 times a year.

3. Risk Management Committee

Unit responsible : Internal Audit & Risk Management Department

Structure : Seven members including four experts from the fields of accounting, finance and risk management; the Advisor to the Risk Management Department, two members selected from the SET's President, Executive Vice Presidents, or Senior Vice Presidents, with the Executive Vice President of the Corporate Affairs Division as the Secretary and the Vice President of the Risk Management Department as the Secretary's assistant.

Term : From January 1, 2003 to December 31, 2003

Name		Position
Mr. Songdej	Praditsmanont	Chairman
Mrs. Oranuch	Apisaksirikul	Member
Prof. Dr. Anya	Khanthavit	Member
Mr. Machima	Kunjara Na Ayudhya	Member
Asst.Prof.Dr. Niwes	Hemvachiravarakorn	Member
Mrs. Patareeya	Benjapolchai	Member
Mr. Chaiyoot	Chamnanlertkit	Member
Mr. Suthichai	Chitvanich	Secretary
Mr. Ekachai	Lokcharoenlarb	Secretary's assistant

Responsibilities of the Risk Management Committee are as follows:

1. Determine the following SET risk management framework and guidelines and propose these to the SET Board of Governors for approval:
   (a) Identify departments and transactions presenting significant risk.
   (b) Identify the amount of risk that each business unit is carrying, or the acceptable level for transactions risk.
   (c) Identify each business unit's loss probability to see if it is higher than the acceptable level of risk.

2. Examine any proposals or reports from the Risk Management Division in order to:
   (a) Recognize the amount of risk in each business unit and the overall SET.
   (b) Determine specific risk policies.
   (c) Recognize risk management consequences or progress of each department.

4. Remuneration Committee

Unit responsible : Human Resources Department

Structure : Three members, including the SET Chairman, the SET Vice Chairman, and the Chairman of the SET's Audit Committee, with the Vice President of the Human Resources Department as the Secretary.

Term : Dependent on each governor's term of office.

Name		Position
Mr. Vijit	Supinit	Chairman
Mr. Suthep	Peetakanont	Member
Mr. Songdej	Praditsmanont	Member
Mrs. Patchara	Thanattrai	Secretary

Responsibilities of the Remuneration Committee are to examine, analyze and propose to the SET Board of Governors the following:

1. Policies and rules concerning remuneration for the SET Board of Governors, President, Advisors, Committees appointed by the Board of Governors and executives from Senior Vice President level upwards.
2. Annual remunerations, annual salary adjustments, salary adjustments and every other remuneration for the President and individual executives.
3. Budgets for annual remuneration adjustments and annual rewards for the executives from Senior Vice President level upwards.

5. Nomination Committee

The committee will be appointed when the nomination for the SET President is conducted.

6. Legal Committee

Unit responsible : Enforcement Department

Structure : Three members, including three legal experts, with the Executive Vice President of the Corporate Affairs Division as the Secretary and the Vice President of the Legal Department as the Secretary's assistant.

Term : From January 1, 2003 to December 31, 2003

Name		Position
Mr. Direk	Sunthongate	Chairman
Assoc. Prof. Prasit	Kovilaikul	Member
Mr. Kasem	Sorasakkasem	Member
Mr. Suthichai	Chitvanich	Secretary
Mr. Sakkarin	Ruamrangsri	Secretary's assistant

Responsibility of the Legal Committee is to provide the SET Board of Governors with advice, opinions and recommendations regarding relevant laws pertaining to, and including, the SET's rules and regulations.

7. Disciplinary Committee

Unit responsible : Enforcement Department

Structure : At least one governor knowledgeable in each of these three areas: the stock exchange, the brokerage business, and the financial business, one legal expert, and the SET President.

Term : From January 1, 2003 to December 31, 2004

Name		Position
Mr. Wiboon	Perm-Arayawong	Chairman
Mr. Machima	Kunjara Na Ayudhya	Member
Mr. Sutthi	Sookying	Member
Ms. Yaowalak	Aramthaveethong	Member
Mr. Kittiratt	Na-Ranong	Member
Mrs. Sumalee	Lertthanaporn	Secretary

Responsibilities of the Disciplinary Committee are as follows:

1. Examine any wrongdoings and penalize individual(s) violating (or in associaion with others who violate) the SET's rules and regulations, and then report to the SET Board of Governors, except in the following cases, when the Disciplinary Committee has to examine the related facts and evidence and report to the SET Board of Governors, who will then take the appropriate actions.
   (a) Securities delisting
   (b) Temporary trading suspension of a member company
   (c) Membership revocation
   (d) Prohibition of specific individuals from becoming listed company executives
   (e) Other cases as deemed appropriate by the SET Board of Governors.

2. Examine and give explicit instructions, including taking necessary action in any case as deemed appropriate, in order that a violator complies with the Disciplinary Guilt and Penalty Determination.

8. Appeals Committee

Unit responsible : Enforcement Department

Structure : Three to five members, appointed by the SET with approval by the SEC. Each member must be the expert in each of the following fields: law, finance and accounting, or the brokerage business.

Term : From January 1, 2003 to December 31, 2004

Name		Position
Mr. Hiran	Radeesri	Chairman
Mr. Chaikasem	Nitisiri	Member
Mr. Pratip	Wongnirund	Member
Ms. Nawaporn	Ruangskul	Member
Mr. Sukri	Kaocharern	Member
Mr. Sakkarin	Ruamrangsri	Secretary

Responsibilities of the Appeals Committee are as follows:

1. Examine appeals and present these to the SET Board of Governors for further instructions.
2. Examine and give explicit instructions in regard to requests for suspension of execution.
3. Examine and give explicit instructions, including taking necessary action, in any case in order to make a violator comply with the Determination and Appeal Rules.

9. Capital Market Opportunity Center Committee

Unit responsible : Capital Market Opportunity Center

Structure : Experienced experts in the areas of business, industry, finance, and the capital market, the SET President and the MAI Manager.

Term : From July 1, 2002 to June 30, 2004. After the committee has been elected for one year, three members elected for the position will retire from office by drawing lots.

Name/Structure		Position
Ms. Sopawadee	Lertmanaschai	Chairman
Mr. Thira	Wipuchanin	Member
Mr. Kulvat	Janvatanavit	Member
Mr. Thamnoon	Duangmanee	Member
Mr. Thep	Roongtanapirom	Member
Dr. Samran	Bhuanantanondh	Member
Mr. Vivat	Vinicchayakul	Member
Mr. Kittiratt	Na-Ranong	Member
MAI Manager	(unavailable)	Member
Vice President - Issuer Marketing Department	(unavailable)	Secretary

Responsibilities of the Capital Market Opportunity Center Committee are as follows:

1. Determine policies and directions for the Center, as well as respond to requests from the SET Board of Governors.

2. Determine targets, strategies, plans and budgets.
3. Determine business organization and administrative guidelines.
4. Determine appropriate operation systems.
5. Determine the authority of the Management Team.

10. Technology Development Committee

Unit responsible : Information Technology Management Department

Structure : At least two member-elected governors, including at least one executive of a listed company.

Term : From January 1, 2003 to December 31, 2003

Name		Position
Mr. Vikit	Kachonnarongvanich	Chairman
Mr. Charamporn	Jotikasthira	Member
Mr. Wiboon	Perm-Arayawong	Member
Dr. Patchra	Surajaras	Member
Dr. Vites	Techangam	Member
Dr. Pipatpong	Posayanon	Member
Mrs. Nongram	Wongwanich	Member
Mrs. Patareeya	Benjapolchai	Member
Mr. Chaiyoot	Chamnanlertkit	Member & Secretary

Responsibilities of the Technology Development Committee are as follows:

1. Consider the model of business and IT integration that would best respond to the SET's vision to have Thailand be recognized as one of the most attractive capital markets in Asia.
2. Consider business operations and business lines that are appropriate for the securities business, beginning with pre-trading on through to post-trading for the Market Integrated Process and Straight through Processing.
3. Consider technology development directions and system architecture that is appropriate for future technology and business development for the SET and its affiliates.
4. Consider the direction that the IT human resources effective skills development should take in order to enhance the understanding of the latest developments in business and technology, including the ability to apply technology to any transaction.
5. Consider an appropriate business and technology partner for the SET to be responsible for the development of IT human resources and the computer system, in particular Post-trading and Straight through Processing.

11. SET Junior Achievement Thailand Committee

Unit responsible : SET-JAT Project

Structure : Experienced experts from different fields, with half of the members having knowledge in the capital market and at least two members being knowledgeable in the field of education

Term : From November 1, 2001 to October 31, 2003

Name/Structure	Position
Prof. Dr. Chai-Anan Samudavanija	Chairman
The SET President	Member
Dr. Prapatpong Senarit	Member
Dr. Kittipong Kittiyarak	Member
Dr. Somsakdi Xuto	Member
Dr. Sarasin Viraphol	Member
Mr. Kwang Robkob	Member
Dr. Veeravat Kanchanadul	Member
M.L. Subhasiddhi Jumbala	Member
Mr. Apirak Kosayodhin	Member
Mr. Paul Wedel	Member
Mr. Yuth Vorachattarn	Member
Mr. Montree Sornpaisarn	Member
Dr. Surat Palalikit	Member
Mr. Rapee Sujaritkul	Member
Director - Office of Capital Market Policy and Planning, the SEC	Member
Mrs. Karuna Aksaravut	Member & Secretary

Responsibilities of the SET Junior Achievement Thailand Committee are to determine the vision and mission for SET Junior Achievement Thailand and help solicit funds to support the operations.

12. Thailand Securities Institute Committee

Unit responsible : Thailand Securities Institute

Term : From January 1, 2003 to December 31, 2003

Name / Structure	Position
Dr. Somsakdi Xuto	Chairman
Representative from the SEC	Member
Representative from the SET	Member
Representative from the Association of Securities Companies	Member

Name / Structure	Position
Representative from the Association of Investment Management Companies	Member
Representative from the Institute of Certified Accountants and Auditors of Thailand	Member
Representative from the Thai Bankers' Association	Member
Representative from the Thai Life Assurance Association	Member
Representative from the Thai Bond Dealing Center	Member
Money and Capital Market Expert	Member
Money and Capital Market Expert	Member
Academic Expert	Member
Vice President (Program Development) - Thailand Securities Institute	Member
Mrs. Naowarat Bumrungchit	Member and Secretary

Responsibilities of the Thailand Securities Institute Committee are as follows:

1. Determine the guidelines and policies concerning the operation of the Institution of Human Resources Development in the Securities Business.
2. Consider the policies required for the development of human resource standards in both the money and capital markets.

13. Disciplinary Committee for Brokerage or Agent's Fees Charged

Unit responsible : Special Audit Project

Structure : At least one member from the Association of Securities Companies, one legal expert and the SET President.

Term : From January 30, 2002 to January 29, 2005

Name	Position
Mr. Yothin Ari	Chairman
Pol. Col. Chaiya Siriamphunkul	Member
Mr. Suthep Peetakanont	Member
Mr. Prateep Wongniran	Member
Mr. Kittiratt Na-Ranong	Member
Mr. Supakit Jirapraditkul	Secretary

Responsibilities of the Disciplinary Committee for Brokerage or Agent's Fees Charge Committee are to examine offences committed by and punish any member, non-member securities company, executive or employee involved in companies' violating the Rules and Procedures for the Charging Brokerage and Agent's Fees for the buying and selling of Listed Securities, and the Member's Good Corporate Governance B.E. 2545, dated January 11, 2002.

SET
Organization Structure

As of February 1, 2004

Board of Governors

Mr. Vijit Supinit
Chairman

Mr. Suthep Peetakanont
Vice Chairman

Mr. Songdej Praditsmanont
Governor

Mr. Vikit Kachonnarongvanich
Governor

Mr. Charamporn Jotikasthira
Governor

Dr. Olarn Chaipravat
Governor

Mrs. Wiwan Tharahirunchote
Governor

Mr. Apirak Kosayodhin
Governor

Mr. Wiboon Perm-Arayawong
Governor

Assoc. Prof. Niputh Jitprasonk
Governor

Mr. Kittiratt Na-Ranong
President

Board of Governors

Mr. Vijit Supinit — Chairman

Education

- National Defence College (Class 31)
- M.A. Yale University, U.S.A.
- B.A. (Economics) Honors. Manchester University, England
- Southend College of Technology, England
- Chulalongkorn University, Faculty of Engineering

Other Current Significant Positions

- Chairman, Assets Management Corporation, Ministry of Finance
- Chairman, Working Group on Economic Policy, Ministry of Finance
- Director, Small and Medium Size Enterprises Promotion Board
- Director, Public Enterprises Supervisory Board
- Director, Institute of Social and Economic Policy
- Director, Foundation for Thailand Rural Reconstruction Movement under Royal Patronage
- Advisor, Ministry of Finance
- Advisor, The Minister of Foreign Affairs
- Advisor, Money, Finance, Banking, and Financial Institutions Committee, the House of Representatives, Parliament of Thailand
- Advisor, Government Whip Committee in the Parliament House of Representatives
- Consultant and Lecturer, MBA Programme, Siam University, Bangkok

Past Positions

- Governor and Chairman of the Court of Directors, Bank of Thailand
- Chairman, The Export and Import Bank of Thailand
- Chairman, Foundation for Thailand Rural Reconstruction Movement under Royal Patronage
- Chairman, Advisory Council, The Stock Exchange of Thailand
- Chairman of the Board, Financial Institutions Development Fund
- Director, Airport Authority of Thailand
- Commission Member, Securities and Exchange Commission
- Trustee, Thailand Development Research Institute
- Director, Exchange Equalization Fund
- Executive Director, Board of Directors, Siam City Bank
- Advisor, Board of the Industrial Finance Corporation of Thailand
- Advisor, Finance, Banking, and Financial Institutions Committee, Senate
- Senator, Parliament of Thailand (Secretary, Finance, Banking and Financial Institution Committee)

Mr. Suthep Peetakanont — Vice Chairman

Education

- M.B.A. University of Missouri-Kansas City, U.S.A.
- B.A. Chulalongkorn University

Other Current Significant Positions

- Chairman, The Executive Board, Capital Nomura Securities Public Company Limited
- Vice Chairman, The Stock Exchange of Thailand
- Chairman, Association of Securities Companies

Past Positions

- Executive Director, Capital Nomura Securities (Thailand) Public Company Limited
- Executive Vice President, First Asia Securities Public Company Limited
- Assistant Managing Director, Premier Finance and Securities Company Limited

Mr. Songdej Praditsmanont Governor

Education

- B.A. in Economics with Honors, London University, England
- Fellowship of the Institution of Chartered Accountants in England and Wales (F.C.A.)
- C.P.A. Thailand (Ministry of Commerce)

Other Current Significant Positions

- Executive Chairman, Ernst & Young Group in Thailand
- Chairman, The Audit Committee of The Stock Exchange of Thailand
- Chairman, The Risk Management Committee of The Stock Exchange of Thailand
- Council Member, The Supervisory Board of Auditing Professionals, Ministry of Commerce
- Vice President, The Institution of Certified Accountants and Auditors of Thailand
- Advisor, The Faculty of Commerce and Accountancy of Chulalongkorn University

Past Positions

- Bangkok Bank, London, England
- Mercantile Bank, London, England
- Ernst & Young, London, England

Mr. Vikit Kachonnarongvanich Governor

Education

- M.B.A. Thammasat University
- B.B.A. in Accounting, Thammasat University

Other Current Significant Positions

- Executive Director, Phillip Securities (Thailand) Public Company Limited
- Executive Director and Treasurer, Association of Securities Companies
- Independent Director and Chairman of Audit Committee, Univentures Public Company Limited
- Member, The Audit Committee of The Stock Exchange of Thailand
- Chairman, The Technology Development Committee of The Stock Exchange of Thailand

Past Positions

- Managing Director, AFCO Securities Company Limited
- Executive Vice President, First Asia Securities Public Company Limited
- Assistant Managing Director, Premier Finance and Securities Company Limited

Mr. Charamporn Jotikasthira Governor

Education

- M.B.A. Harvard Graduate School of Business Administration
- Bachelor of Science in Electrical Engineering and Computer Science, Massachusetts Institute of Technology

Other Current Significant Positions

- Executive Vice President, Business Cash Management Group, The Siam Commercial Bank Public Company Limited
- Director, Imperial Technology Management Services Public Company Limited
- Director, Thai Obayashi Corporation Limited
- Member, The Technology Development Committee of The Stock Exchange of Thailand

Past Positions

- President & Chief Executive Officer, SCB Securities Company Limited
- President, Thai Thamrong Finance & Securities Company Limited
- Managing Director, SCB Asset Management Company Limited
- Assistant Manager, Information Systems Department, The Siam Commercial Bank Public Company Limited
- Vice President, Money Management Department, The Siam Commercial Bank Public Company Limited
- Vice President, Corporate Finance Department 3, The Siam Commercial Bank Public Company Limited
- Infinet Incorporated Andover, MA, U.S.A.
- The Intertel Incorporated Burlington, MA, U.S.A.

Dr. Olarn Chaipravat — Governor

Education

- Ph.D. Economics, Massachusetts Institute of Technology (M.I.T.), U.S.A.
- B.S. (MAGNA CUM LAUDE), Economics, Wharton School, University of Pennsylvania, U.S.A.

Other Current Significant Positions

- Council Chairman, Shinawatra University
- Director, The Thai Airways International Public Company Limited
- Director, PTT Public Company Limited
- Chairman, Thai Asset Management Corporation
- Chairman, The Audit Committee of Shin Corporation Public Company Limited
- Advisor, the Deputy Prime Minister (Dr. Somkid Jatusripitak)
- Honorable Advisor, Fiscal Policy Research Institute

Past Positions

- Advisor to Management Board, The Siam Commercial Bank Public Company Limited
- Director, Financial Institution Supervision & Examination Department, Bank of Thailand

Mrs. Wiwan Tharahirunchote — Governor

Education

- Master of Business Administration (Finance & Marketing), Kellogg School of Management, Northwestern University, Evanston, Illinois, U.S.A.
- Bachelor of Arts (English) (Honors), Chulalongkorn University, Bangkok, Thailand

Other Current Significant Positions

- President, One Asset Management Limited
- Member, Thailand Securities Depositary Company Limited
- Member, The Audit Committee of the Stock Exchange of Thailand
- Director, Imagimax Company Limited
- Director, Cyber Planet Interactive Company Limited
- Member of the Senate, Academic Sub-committee on Fiscal, Banking and Financial Institutions
- Country Representative, Kellogg Alumni Club

Past Positions

- Director & Senior Executive Vice President, One Asset Management Limited
- Executive Vice President, One Asset Management Limited
- Assistant Vice President, Business Development Department, The Thai Farmers Bank Public Company Limited

Mr. Apirak Kosayodhin — Governor

Education

- AMP (General Management), Harvard Business School
- M.B.A. (Marketing Management), National Institution of Development Administration (NIDA)
- B.S. (Food Science and Technology), Chiang Mai University

Other Current Significant Positions

- Co-Chief Executive Officer, TA Orange Company Limited
- Director, United Broadcasting Corporation Public Company Limited

Past Positions

- President and Chief Executive Officer, GMM Grammy Public Company Limited
- Managing Director, Frito-Lay Thailand (Subsidiary of Pepsi-Cola (Thai) Trading Company Limited)
- Director of Sales and Marketing, SE Asia Pepsi-Cola (Thai) Trading Company Limited
- Account Director, Damask Advertising Company Limited
- Account Manager, Lintas Worldwide Limited
- Assistant Manager, Pizza Hut (Thai) Company Limited

Mr. Wiboon Perm-Arayawong — Governor

Education

- M.B.A. Thammasat University
- B.Eng. (Civil Engineering), Chulalongkorn University
- Student, Executive M.B.A. Asia Program, The University of Chicago CSB
- Certificate, Executive Development Program, Wharton, University of Pennsylvania

Other Current Significant Positions

- President & CEO Ayudhya Securities Company Limited
- Director & Member of Investment Committee, Ayudhya Allianze CP Life Assurance Public Company Limited
- Director, Thailand Securities Depositary Company Limited
- Director & Chairman of Information Technology Club, Association of Securities Company
- Director, Securities Analyst Association of Thailand
- Member, The Technology Development Committee of The Stock Exchange of Thailand
- Member, the Disciplinary Committee of the Stock Exchange of Thailand
- Hon. Treasurer & Director, Associate Judges of Central Intellectual Property and International Trade Court Club
- Associate Judge, Central Intellectual Property and International Trade Court

Past Positions

- Director & Executive Vice President, Securities one Public Company Limited
- Structural Engineering, Thai Professional Engineering Consultants Company Limited

Assoc. Prof. Niputh Jitprasonk Governor

Education

- Certificate In Real Estate Management, University of Hawaii
- Certificate In Property Management, University of Cincinnati
- Certificate In International Business, University of Hawaii
- M.B.A. in International Trade & Finance, Gothenburg School of Economics and Business Administration, Sweden
- First Honor in Business Administration, Faculty of Commerce and Accountancy, Thammasat University

Other Current Significant Positions

- Chairman to The Audit Committee, Bangkok Commercial Asset Management Company Limited (BAM)
- Board Committee, National Housing Authority
- Committee, The Valuers Association of Thailand
- Chairman, The Academic Committee of Real Estate Business School
- Committee, The Asian Valuers Association
- Chairman, The Audit Committee - Asset Management Corporation (AMC)

Past Positions

- Dean, The Faculty of Commerce and Accountancy, Thammasat University
- Director, The Executive Master Business Administration Program
- Director, The Executive Real Estate Business Program
- Committee, The University Congress
- Sub-Committee, The Sugri Kaewcharoen in Case Study: Thailand Capital Market
- Working Team, M.R. Pridiyathorn Devakula in auditing the financial status (Due Diligence) of 56 financial companies before closing procedure

Mr. Kittiratt Na-Ranong President

Education

- M.B.A. in Finance and International Business, Sasin Graduate Institute of Business Administration, Chulalongkorn University, and exchange student at the Kellogg Graduate School of Management
- B.S. in Economics (Quantitative), Chulalongkorn University

Other Current Significant Positions

- Director, State Enterprises Capital Policy Committee

Past Positions

- Executive Director, Chief Investment Officer, Univentures Public Company Limited
- Director, Univentures Consulting Company Limited
- Chairman,Cathay Asset Management Company Limited
- Managing Director, Equity Sales and Research, Securities One Public Company Limited
- President, First Asia Securities Public Company Limited
- President, One Asset Management Limited
- Senior Vice President, Securities One Public Company Limited
- Independent Director, Trang Seafood Products Public Company Limited
- Director, Mass Rapid Transit Authority of Thailand
- Honorary Advisor, Permanent Committee on Economic Affairs, House of Representatives

SET Executives

Mr. Kittiratt Na-Ranong
President

Ms. Patchara Wongnimitkul
Vice President
Compliance Department

Mr. Ekachai Lokcharoenlarb
Vice President
Internal Audit & Risk Management Department

The Capital Market Education Division

Mr. Punsak Vejanurug
Executive Vice President
Capital Market Education Division

"Our missions and responsibilities are to create content and organize activities to promote a greater knowledge and understanding of finance and investment among Thailand's youth and the general public. This expanded knowledge will enable them to better manage their personal finances, and ultimately lead to Thailand's sustainable economic prosperity.
We also endeavor to develop the knowledge and expertise required by professionals in the securities business, so that they will better serve the needs of investors with high standards of ethics and professionalism."

Mrs. Jiraporn Koosuwan
Senior Vice President
Thailand Securities Institute

Mrs. Kesara Manchusree
Vice President
Derivatives Market Project

Dr. Rinjai Chaiyasut
Vice President
Derivatives Market Project

Mrs. Karuna Aksaravut
Vice President
Youth Education Project

Mr. Sarana Chaiprasert
Vice President
University Education Project

Mrs. Naowarat Bumrungchit
Vice President
Investor Education Project

Ms. Phanit Kirdchockchai
Vice President
Publication & Media Department

The Information Technology Division

Mr. Chaiyoot Chamnanlertkit
Executive Vice President
Information Technology Division

"Our missions and responsibilities include the supporting of all full-service transactions within the SET as well as the conducting and developing of trade and post-trade systems to encourage increased effectiveness, accuracy, and reliability. Moreover, in supporting the performance of the SET and its member companies, our division provides and develops SET information services and assists in developing listed companies' information technology systems in order to provide investors with essential information. We also implement new hi-technology systems to promote the development of the Thai capital market."

Mr. Sornkawee Puranachoti
Senior Vice President
Information Technology Division

Mr. Kowin Kulruchakorn
Vice President
Pre-Trade Systems Department

Mrs. Montita Booncharoengsombat
Vice President
Trade Systems Department

Mr. Surapong Vongsopanagul
Vice President
Post-Trade Systems Department

Ms. Varaporn Nana
Vice President
Enterprise Service Systems Department

Ms. Nichapatra Akkaravatewatana
Vice President
Information Technology Management Department

Mr. Suraphol Eittimeteevut
Vice President
Technical Support
& Software Quality Assurance

The Research and Information Division

Mr. Yothin Koo-Smith
Vice President
Industry Specialist

Mrs. Ladawan Kantawong
Vice President
Corporate Communications Department

"Our missions and responsibilities are to provide advice regarding the capital market and to analyze data concerning the securities market, new investment tools, and the development of foreign capital markets in order to support other SET divisions' performances. We supervise the installation of information handling processes and the collection and distribution of data about listed companies and other related public information, enabling information disclosure to be done quickly and accurately. Our division is responsible for the announcement of any news concerning the SET and its subsidiaries. We promote the SET's corporate image and its activities. In addition, the division enhances relationships with the media as well as promotes cooperation and good relationships with international stock markets and related parties."

The Capital Market Opportunity Center and the Market for Alternative Investment

Ms. Sopawadee Lertmanaschai
Chairman of the Capital Market Opportunity Center & MAI

"The Capital Market Opportunity Center (CMOC) mission is to increase the number of newly listed companies (supply) into the market by implementing various proactive marketing strategies to reach those potential firms in targeted industries including helping support and nurture them before entering the market, both on the SET and the Market for Alternative Investment (MAI). The CMOC also utilizes effective marketing tools to help increase the number of new investors (demand) into the market, thus expanding the investor base.
In addition, the center's major challenges are to systematically develop the debt instruments market to facilitate fund raising by the listed companies, to render consultation services to the listed firms regarding the utilization of financial instruments available in the market in order to strengthen their financial standing, as well as to promote the corporate governance practices of listed firms up to international standard."

Mr. Dhanes Temsupanan
Senior Vice President
Investor Marketing and Stakeholder Relations Department

Mr. Sarayuth Booncharoen
Senior Vice President
Issuer Marketing Department, and Bond Market Project

Ms. Wipha Leethakulnumchai
Vice President
Issuer Marketing Department Head

The Market Regulation Division

Mr. Suthichai Chitvanich
Executive Vice President
Market Regulation Division

"Our missions and responsibilities are to conduct market surveillance and supervise the practices of listed and member companies to be in accordance with the laws and regulations in an efficient, timely and transparent way. We are also responsible for determining and enforcing any punishment on any party that conducts any practice in opposition to the SET's regulations, as well as to facilitate the petition process. All of these are aimed at protecting the general investors' benefits."

Mr. Supakit Jirapraditkul
Senior Vice President
Market Surveillance Department, Member Services Department and SET Call Center Department

Mrs. Somsri Nittayasakd
Vice President
Market Surveillance Department

Mr. Suchat Sitawarin
Vice President
Member Services Department

Mrs. Nantaporn Damrongpong
Vice President
SET Call Center Department

The Market Regulation Division

Mr. Sakkarin Ruamrangsri
Senior Vice President
Listing and Disclosure Department,
Enforcement Department
and Legal Department

Ms. Paveena Sriphothong
Vice President
Listing and Dischlosue
Department

Mrs. Sumalee Lertthanaporn
Vice President
Enforcement Department

The Corporate Operations Division

Mrs. Patareeya Benjapolchai
Executive Vice President
Corporate Operations Division

"Our missions and responsibilities are to devise strategic plans and allocate our corporate budget in line with the policies and directions determined by the SET Board of Governors. We function as the secretariat for all activities performed by the SET Board of Governors and SET subsidiaries. We also manage the SET's human resources, finances, and assets in order to optimize the operations of the SET and its subsidiaries."

Mrs. Thidarat Aruninta
Vice President
Corporate Secretary
Department

Mrs. Patchara Thanattrai
Vice President
Human Resources
Department

Dr. Naree Boontherawara
Vice President
Planning and Budgeting
Department

Mrs. Junya Thanathanya
Vice President
Accounting & Finance
Department

Mr. Paisan Puratjaroenchai
Vice President
Building Management
Department

Mr. Kraitas Sirikanchana
Vice President
Procurement Department

Audit Committee Report

The Board of Governors of The Stock Exchange of Thailand (SET) originally established the Audit Committee on October 1, 1997. The committee is comprised of three non-executive Governors of the SET who are independent of SET operations. The Committee has been empowered by the Board of Governors to carry out their duties as stated on page 42

In performing its duties and responsibilities stipulated by the Board of Governors, the Committee has also encouraged the SET to conform to the requisite standard of ethics, images, transparency and system of checks and balances.

The Committee has come to the conclusion that the SET has an adequate and appropriate internal control system in place. The management system and internal control system have been evaluated in accordance with the five standard components of the COSO-based approach (The Committee of Sponsoring Organizations of the Treadway Commission): Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.

During the year 2003, the Committee convened twelve meetings (the SET Compliance Vice President acts as the committee's Secretary) and reported its findings to the Board of Governors on a quarterly basis (apart from exceptional cases that were reported monthly). These reports were made to keep the Board informed and to seek appropriate action whenever necessary. Management was invited to participate in the meetings to provide additional information when deemed appropriate. Matters affecting management that were subject to consideration during the year 2003 were as follows:

- Quarterly and annual financial statements were reviewed and concurred upon prior to submission for consideration by the Board of Governors.
- Audit plans and External Auditor's findings were acknowledged and recommendations were provided.
- Internal Auditor's conclusions were reviewed and recommendations were made on the internal control systems and submissions for actions to be taken by the SET management, as well as following up on the progress of these actions.
- Year 2004 audit plans of the SET's Internal Audit Activities and plans of the Compliance Department were reviewed as well as recommendations and suggestions provided.
- The Audit Committee's Charter was reviewed to ensure that it complied with good corporate governance practices.
- The Internal Audit Activity Charter was reviewed to ensure that it follows the "Standards for the Professional Practice of Internal Auditing".
- Recommendations were made that the SET should have a specialized English language person to review messages in English before publication by the SET to the public.

- Recommendations were made to review the SET's rules to determine if they are in accordance with the good corporate governance policy concerning fairness and responsibility to the public.
- Recommendations were made that the SET and its subsidiary companies use a Web-based system in preparing management reports with the same standards and format.
- Recommendations were made concerning accounting principles in reporting on investments in the notes to financial statements.
- Meetings between the Committee and the management and also between the Committee and External Auditors were held.
- The SET evaluation of its management and internal control system were reviewed according to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) based approach.
- The SET's risk management systems were reviewed.
- The SET's compliance with the rules, notifications, regulations and any other relevant laws were reviewed.
- The SET and its subsidiary companies' compliance with the good corporate governance practices were reviewed.
- The return on the SET's investments were followed up and commented on.
- The SET's self-assessment on whether it is in compliance with its obligations to the World Federation of Exchanges (WFE) was followed up on.

The Audit Committee also recommended to the Board of Governors that Mrs. Unakorn Phruithithada or Mr. Boonmee Ngotngamwong - PricewaterhouseCoopers ABAS Limited be appointed as the SET auditor for the financial year ending on the 31st of December 2004. Suggested remuneration for this role was Baht 700,000. Furthermore, the Audit Committee also reviewed its remuneration for the audit of its seven subsidiary companies for the financial year ending December 31, 2004.

(Songdej Praditsamanont)
Chairman, the Audit Committee
February 20, 2004

Supervising activities fairly, in line with
the spirit of the governing regulations
by adhering to high ethical principles.

Management Discussion and Analysis

The Thai economy in 2003 continued to expand with private and external demand acting as the main thrusts of its growth. Inflation rates remained low and the baht strengthened against the US dollar. Moreover, the prices in the stock and property markets gained steadily throughout the year. Inflating asset prices and generating wealth effects that further supported domestic consumption, which helped to drive the further expansion of the Thai economy.

The total turnover for 2003 was still higher than the previous year, despite the investors' concern over external turbulences such as the US-Iraq War, the outbreak of Severe Acute Respiratory Syndrome (SARS), and rising oil prices in the first half of the year. This can be attributed to the continued expansion of the Thai economy, interest rates remaining at low levels and the impressive operating performance of listed companies together with the upgrading of Thailand's sovereign rating from several rating agencies. As a result, The Stock Exchange of Thailand (SET) index soared by 117% in 2003. The index ended the year at a seven-year high of 772.15 compared with 356.48 in 2002 with a total trading volume of THB 4,670,281 million (2002: THB 2,047,442 million), up by 128% from 2002. During the year, 27 new listed companies joined the bourse of which 21 were listed on the SET and the other 6 on the Market for Alternative Investment (MAI). Thus, there were a total of 418 listed companies at the end of 2003.

1. Operational Results

1.1 Analysis of Income

In 2003 the SET and its subsidiaries realized total revenues of THB 1,691 million, up by THB 261 million or 18% from the previous year. The major reasons for the increase are listed below:

(1) Trading volume increases brought a corresponding increase in trading fees of THB 277 million. The average trading volume in 2003 stood at THB 18,908 million per day, a significant jump of THB 10,551 million or 128% from THB 8,357 million per day in 2002.

(2) Listing fees and registrar fees increased by THB 77 million, services income for clearing, shares depository and others increased by THB 18 million as a result of the higher number of new listed securities and trading volume.

(3) Service and advertising income derived from Family Know-How Co., Ltd., a SET's subsidiary, was up by THB 77 million from 2002 as it was a full year in operation in 2003 compared with five months in the previous year. Family Know-How Co., Ltd. was incorporated in August 2002 to provide advice and produce educational programs on finance and investment through the media. The increase in income was mainly from marketing activities and promotion campaigns for personal finance projects including Vayupak Fund 1, "Let Your Money Grow Through Mutual Funds", and the Money Management Award.

(4) Income from investments decreased by THB 233 million. The major reasons were

- Interest income declined by THB 128 million as the average interest rates fell from the previous year by 1%.

- Losses from investment in trading securities increased by THB 110 million caused from a decrease in fair values due to the volatility of the bond market during the year.

  The reported income from investments was not yet included into unrealized gain from investment in matching funds which were established with specific purposes. These funds were classified as general investment and were recorded at cost value in the financial statements. The unrealized gain from matching funds was THB 2,541 million in 2003.

1.2 Analysis of Expenses

In 2003 the SET and its subsidiaries recorded consolidated expenses of THB 1,359 million, up by THB 391 million or 40% from that of 2002. The major reasons are provided below:

(1) Staff costs increased by THB 166 million over the previous year due to an increase in staff numbers of 116 staff (2003 : 643 staff, 2002 : 527 staff) to enhance efficiency in accordance with the goals and objectives of expanding the investor base and the number of listed companies continuing from the previous year.

The SET has organized a number of on-going activities to expand the investor base as follows:

- Arrange marketing activities to reach potential investors including "Money Expo", "SET in the City", the SET roadshows, and seminars on investment.
- Provide information and knowledge to investors to enable their better understanding of investment. Sponsor securities companies in producing research and analysis reports to cover more securities.
- Develop programs to improve the skills required for marketing representatives.
- Perform activities to promote the internet-trading investor base.

A proactive strategy was executed to increase the number of listed companies as well as to strengthen the existing listed companies. In addition, activities were performed to encourage listed companies to comply with good corporate governance practices and to create a higher value for the companies.

(2) Service and advertising production cost of Family Know-How Co., Ltd. was up by THB 88 million from 2002. The major increase was mainly from marketing activities of projects which included Vayupak Fund 1, "Let Your Money Grow Through Mutual Funds", and the Money Management Award.

(3) Contributions to institutions increased by THB 53 million from 2002. This was to support organizations and activities that benefit the capital market, including the sponsoring of the Fiscal Policy Research Institute for research on topics related to the stock exchange, additional seed money to the Thai Institute of Directors Association (IOD), the sponsoring of securities companies for stock research papers.

(4) Contributions to the Office of the Securities and Exchange Commission (SEC) increased by THB 27 million.

2. Financial Position

The financial status of the SET and its subsidiaries in 2003 changed from that of 2002 primarily because of the following transactions:

2.1 Analysis of Assets

As of December 31, 2003, the SET and its subsidiaries reported the total assets of THB 13,837 million, an increase of THB 1,151 million or 9% in comparison to the total assets of THB 12,686 million at the end of 2002. The major reasons are listed below:

(1) Long-term investments valued at THB 5,164 million, increasing by THB 803 million from 2002 due to the additional investment in 16 mutual funds.

(2) Net accounts receivable and accrued income totaled to THB 198 million, up by THB 164 million mainly from an increase in accrued trading fees, in line with the increase in trading volume.

(3) Accrued admission fees amounted to THB 97 million.

2.2 Analysis of Liabilities

As of December 31, 2003, the SET and its subsidiaries had total liabilities of THB 370 million, which was THB 67 million or 22% higher than last year. The main reason was an increase in withholding tax payable of THB 30 million corresponding to dividends of listed companies paid to NVDR (Non-Voting Depository Receipt) holders.

2.3 Analysis of Funds

As of December 31, 2003, the SET's total funds reached THB 13,467 million, an increase of THB 1,084 million or 9%. The major reasons for the changes from the previous year are provided below:

(1) The General Fund valued at THB 10,828 million, up by THB 827 million from 2002 due to operational gains in 2003 of THB 332 million and the admission fees from new member companies totaling THB 495 million.

(2) An increase of unrealized gains from investment in mutual funds amounted to THB 256 million.

3. Cash Flows

The cash and cash equivalents ending balance as of December 31, 2003 was THB 190 million, decresing by THB 60 million from 2002, mainly due to the change of cash flows in operating, investing and financing activities as summarized below:

(1) Net cash from operating activities amounted to THB 129 million, down by THB 103 million due to the decrease of THB 132 million in the excess of revenues over expenses for the year 2003 in comparison with 2002.

(2) Net cash flow used in investing activities was THB 587 million, an increase of THB 293 million mainly due to additional investment in 16 mutual funds of THB 800 million which investment policies emphasized on equity securities.

(3) Net cash from financing activities was THB 398 million, up by THB 247 million due to admission fees derived from new member companies.

Financial Risk Management Policy

The Stock Exchange of Thailand (SET) and its subsidiaries have two material financial risks: investment risk and counterparty credit risk. The policies to manage these risks are provided below:

Investment Risk

The SET's investment portfolio, which is closely managed by the Investment Working Committee, is operated under an investment policy in accordance with the SET's regulations and approved by the SET Board of Governors. The SET's investment policy is concerned with both risk and return. The policy has established a practice of risk diversification, which apportions the SET's investments into several instruments, and several financial institutions or issuers, to avoid any significant concentration of investment. This policy, and its practice, is aimed at the prevention of losses for the investment as a whole.

Apart from the above policy, the SET closely monitors investment risks statuses to ensure that they are within acceptable levels.

While the SET's investments are partially managed in-house, the balance of its investments are in private and mutual funds.

Counterparty Credit Risk

The SET and its subsidiaries are also exposed to a counterparty credit risk, especially our clearing and settlement system. As the clearinghouse and the settlement guarantor, the Thailand Securities Depository Company Limited (TSD), is forced to absorbed counterparty credit risk. Therefore, the SET and its subsidiaries have the risk of losses from unsettled obligations among the various trading partners. To deal with counterparty credit risk, the TSD has implemented several risk management measurements since 1997, in accordance with international standards. Several follow:

1. Membership requirements have been established that require each member to maintain its qualifications and its member status as stipulated by the Clearing House.
2. Member settlement values are limited to adequately reflect its financial capability, which is its amount of net capital. In any case where the settlement value of any member exceeds the limitation, the member needs to place collateral as stipulated by the Clearing House.
3. Risks created by member trading behavior are measured using loss probabilities and are all monitored using an Early Warning System. In any case where a member has a loss probability of more than the acceptable level, the member needs to place collateral as stipulated by the Clearing House.
4. Member financial status and liquidity are monitored in order to prevent and/or manage any risks to the clearing and settlement system.

Additionally, the SET and the TSD have introduced a risk management scheme to address liquidity risk resulting from a member's default in its securities clearing and settlement. The amounts of THB 2 billion from TSD's overdraft and THB 2 billion from the SET's Clearing Reserve Fund have been reserved in order to shore up financial liquidity and reduce losses before resorting to any other risk management schemes.

Revenues of the SET and Its Subsidiaries in 2003 and 2002

- Service and advertising production income YR.2002 = 0%
- Share of profit in subsidiaries and associate YR.2003 = 0% YR.2002 = 0%

Expenses of the SET and Its Subsidiaries in 2003 and 2002

- Doubtful debts YR.2003 = -1% YR.2002 = 0%

Report of the Board of Governors' Responsibilities for Financial Statements

The Board of Governors is responsible for The Stock Exchange of Thailand (SET) and its subsidiaries' financial statements and financial information presented in this annual report. The aforementioned financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles, using appropriate accounting policy consistently employed by the SET as well as applying careful judgment and best estimation. Important information is adequately disclosed in the notes to the financial statements.

The Board of Governors has provided and maintained an efficient internal control system to ensure that accounting records are accurate, complete and adequate to protect its assets and uncover weaknesses in order to prevent fraud or materially irregular operation.

To accomplish this task, the Board of Governors has appointed an audit committee, which consists of non-executive governors responsible for the quality of financial statements and internal control system, whose comments on these issues are stated in the Audit Committee Report section of this annual report.

The Board of Governors is of the opinion that the SET's overall internal control system has functioned at a satisfactory level and rendered credibility and reliability to the SET's and its subsidiaries' financial statements for the year ended December 31, 2003.

(Mr. Vijit Supinit)
Chairman

(Mr. Kittiratt Na-Ranong)
President

Auditor's Report

To the Members of The Stock Exchange of Thailand

I have audited the accompanying consolidated balance sheets and balance sheets of The Stock Exchange of Thailand and its subsidiaries and of The Stock Exchange of Thailand as at December 31, 2003 and 2002, and the related consolidated statements of revenues and expenses and statements of revenues and expenses, and the consolidated statements of cash flows and statements of cash flows for the years then ended. These financial statements are the responsibility of The Stock Exchange of Thailand's management. 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 consolidated financial position and financial position of The Stock Exchange of Thailand and its subsidiaries and of The Stock Exchange of Thailand as at December 31, 2003 and 2002, and the consolidated results of their operations and their cash flows and results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.

Nattaporn Phan-Udom
Certified Public Accountant (Thailand) No. 3430
PricewaterhouseCoopers ABAS Limited

Bangkok
February 18, 2004

Balance Sheets

As at December 31, 2003 and 2002

(Thousand Baht)

		Consolidated		SET	
ASSETS	**Notes**	**2003**	**2002**	**2003**	**2002**
Current Assets					
Cash and cash equivalents		**190,189**	249,999	**48,517**	158,169
Short-term investments	3	**7,144,144**	7,060,911	**6,761,295**	6,719,956
Accounts receivable and accrued income-net	4	**197,877**	33,639	**171,192**	27,968
Admission fees receivable		**97,313**	-	**97,313**	-
Accrued interest receivables		**47,357**	76,530	**46,342**	73,913
Other current assets		**43,024**	29,981	**37,604**	18,420
Total Current Assets		**7,719,904**	7,451,060	**7,162,263**	6,998,426
Non-Current Assets					
Investments in subsidiaries and associate	5	**142,659**	140,451	**655,993**	581,631
Long-term investments	6	**5,164,387**	4,361,408	**5,161,387**	4,358,408
Loan to related company	19	**-**	-	**15,000**	3,706
Property and equipment-net	7	**722,673**	649,921	**679,226**	623,719
Intangible assets	8	**83,151**	77,967	**63,848**	52,435
Other assets		**4,305**	4,765	**4,187**	4,245
Total Non-Current Assets		**6,117,175**	5,234,512	**6,579,641**	5,624,144
Total Assets		**13,837,079**	12,685,572	**13,741,904**	12,622,570

Please see the notes to the consolidated and the Stock Exchange of Thailand's financial statements on pages 77 to 99 which form an integral part of these financial statements, especially the Note No.6 regarding the values of investment in matching funds.

As at December 31, 2003 and 2002

(Thousand Baht)

		Consolidated		SET	
LIABILITIES AND FUND BALANCES	**Notes**	**2003**	**2002**	**2003**	**2002**
Current Liabilities					
Accounts payable and accrued expenses		**198,786**	188,074	**144,525**	132,403
Fees received in advance		**115,536**	103,817	**109,226**	102,369
Accrued income tax		**1,392**	1,189	-	-
Other current liabilities		**54,512**	10,019	**21,320**	7,206
Total Liabilities		**370,226**	303,099	**275,071**	241,978
Fund Balances					
Clearing Reserve Fund	9	**2,000,000**	2,000,000	**2,000,000**	2,000,000
Staff Welfare Fund	10	**34,667**	34,219	**34,667**	34,219
Indemnity Fund	11	**100,000**	100,000	**100,000**	100,000
SET Building Fund	12	**246,328**	246,328	**246,328**	246,328
General Fund	13	**10,827,719**	10,000,045	**10,827,719**	10,000,045
Unrealized gain on securities available-for-sale		**258,138**	1,880	**258,119**	-
Minority interest		**1**	1	-	-
Total Fund Balances		**13,466,853**	12,382,473	**13,466,833**	12,380,592
Total Liabilities and Fund Balances		**13,837,079**	12,685,572	**13,741,904**	12,622,570

Please see the notes to the consolidated and the Stock Exchange of Thailand's financial statements on pages 77 to 99 which form an integral part of these financial statements, especially the Note No.6 regarding the values of investment in matching funds.

Statements of Revenues and Expenses

For the years ended December 31, 2003 and 2002

(Thousand Baht)

		Consolidated		SET	
REVENUES	**Notes**	**2003**	**2002**	**2003**	**2002**
Trading fees		**510,973**	234,322	**490,525**	226,449
Listing fees		**209,375**	189,597	**209,375**	189,597
Revenues from registrar fees		**453,866**	396,257	-	-
Information service income		**51,046**	48,911	**47,541**	48,825
Share clearing, deposit fees and others		**68,968**	50,728	-	-
Service and advertising income		**82,050**	4,622	-	-
Service fees from related parties	19	-	-	**318,346**	259,344
Income from investments		**173,883**	407,118	**164,658**	395,298
Share of profit in subsidiaries and associate	5	**2,208**	2,360	**72,362**	33,551
Other revenues	14	**138,627**	95,907	**93,105**	70,839
Total Revenues		**1,690,996**	1,429,822	**1,395,912**	1,223,903
EXPENSES					
Staff costs		**585,648**	419,391	**424,651**	331,575
Personnel development expenses		**28,283**	18,651	**22,630**	15,751
Marketing expenses		**104,632**	80,113	**131,253**	86,429
Service and advertising production cost		**95,563**	7,061	-	-
Fees to external parties		**42,537**	47,093	**70,341**	33,153
Director's fees		**22,590**	15,532	**18,135**	12,348
Communication expenses		**64,248**	48,640	**15,319**	11,875
Office building expenses		**44,947**	40,927	**42,877**	39,345
Depreciation and amortization		**92,873**	87,692	**73,928**	71,688
Contribution to the office of the SEC	15	**90,000**	63,191	**90,000**	63,191
Contribution to related party	19	-	-	**31,000**	-
Doubtful debts		**(12,352)**	1,656	**(1,078)**	3
Repair and maintenance expenses		**25,592**	21,976	**22,379**	19,280
Other expenses	16	**155,437**	100,727	**122,169**	75,423
Income tax		**18,690**	15,034	-	-
Total Expenses		**1,358,688**	967,684	**1,063,604**	760,061
Excess of revenues over expenses before minorities		**332,308**	462,138	**332,308**	463,842
Loss attibutable to minorities		-	1,704	-	-
EXCESS OF REVENUES OVER EXPENSES		**332,308**	463,842	**332,308**	463,842

Please see the notes to the consolidated and the Stock Exchange of Thailand's financial statements on pages 77 to 99 which form an integral part of these financial statements, especially the Note No.6 regarding the values of investment in matching funds.

Statements of Cash Flows

For the years ended December 31, 2003 and 2002

(Thousand Baht)

		Consolidated		SET	
	Notes	2003	2002	2003	2002
Cash Flows from Operating Activities					
Excess of revenues over expenses		**332,308**	463,842	**332,308**	463,842
Add Adjustments					
Doubtful debts		**(12,352)**	1,656	**(1,078)**	3
Depreciation and amortization		**92,873**	87,692	**73,928**	71,688
(Gain) or loss on sale of fixed assets		**(62)**	(3,491)	**(69)**	(3,066)
Write-off work in process to expense		**103**	(7,812)	**102**	126
Income from investments		**(173,883)**	(407,118)	**(164,658)**	(395,298)
Share of profit in subsidiaries and associate	5	**(2,208)**	(2,360)	**(72,362)**	(33,551)
Dividend income	14	**(10,280)**	(5,253)	**(10,280)**	(5,253)
Minority interest		-	(1,704)	-	-
Excess of revenues over expenses before changes in operating assets and liabilities		**226,499**	125,452	**157,891**	98,491
(Increase) Decrease in Operating Assets					
Accounts receivable and accrued income		**(151,886)**	2,349	**(142,146)**	56,101
Other current assets		**(13,043)**	58,809	**(19,184)**	57,428
Other assets		**460**	2,454	**58**	2,105
Increase (Decrease) in Operating Liabilities					
Accounts payable and accrued expenses		**10,712**	39,316	**12,122**	9,078
Fees received in advance		**11,719**	657	**6,857**	677
Accrued income tax		**203**	97	-	-
Other current liabilities		**44,493**	2,582	**14,114**	(1,856)
Net Cash from Operating Activities		**129,157**	231,716	**29,712**	222,024

Please see the notes to the consolidated and the Stock Exchange of Thailand's financial statements on pages 77 to 99 which form an integral part of these financial statements, especially the Note No.6 regarding the values of investment in matching funds.

Statements of Cash Flows (cont'd)

For the years ended December 31, 2003 and 2002

(Thousand Baht)

		Consolidated		SET	
	Notes	2003	2002	2003	2002
Net Cash from Operating Activities		**129,157**	231,716	**29,712**	222,024
Cash Flows from Investing Activities					
Cash at banks by M.O.U.		**(31,984)**	(4,500)	**(31,984)**	(4,500)
Cash received from short-term investments		**4,867,215**	6,193,589	**4,420,015**	6,026,978
Interest received		**295,226**	529,969	**281,658**	517,280
Cash paid for purchases of short-term investments		**(4,127,182)**	(2,745,180)	**(3,633,486)**	(2,583,260)
Long-term bank deposits		-	(541,648)	-	(541,648)
Purchases of long-term promissory notes-financial institutions		**(629,530)**	(338,695)	**(629,530)**	(338,695)
Purchases of bonds		-	(768,330)	-	(768,330)
Purchases of investment units in Mutual Fund		**(800,698)**	(2,500,000)	**(800,698)**	(2,500,000)
Loan to related company	19	-	-	**(11,294)**	(3,706)
Purchases of fixed assets	7	**(148,376)**	(92,431)	**(120,701)**	(83,417)
Purchases of intangible assets	8	**(26,715)**	(22,023)	**(24,565)**	(18,385)
Proceeds from sales of fixed assets		**4,241**	7,031	**4,233**	6,302
Proceeds from sales of intangible assets		-	-	**152**	-
Investment in subsidiaries		-	(17,803)	**(40,000)**	(37,803)
Dividends received from related parties		**10,280**	5,253	**48,280**	39,253
Repayment of loan with interest from members		-	499	-	499
Net Cash used in Investing Activities		**(587,523)**	(294,269)	**(537,920)**	(289,432)
Cash Flows from Financing Activities					
Admission fee received from members		**398,053**	150,884	**398,053**	150,884
Interest received on investment in Staff Welfare Fund		**503**	387	**503**	387
Net Cash from Financing Activities		**398,556**	151,271	**398,556**	151,271
Net Increase (Decrease) in Cash and Cash Equivalents		**(59,810)**	88,718	**(109,652)**	83,863
Cash and Cash Equivalents at Beginning of the Year		**249,999**	161,281	**158,169**	74,306
Cash and Cash Equivalents at End of the Year		**190,189**	249,999	**48,517**	158,169
Supplementary Information for Cash Flows:					
Income tax paid		**21,825**	15,398	-	-

Please see the notes to the consolidated and the Stock Exchange of Thailand's financial statements on pages 77 to 99 which form an integral part of these financial statements, especially the Note No.6 regarding the values of investment in matching funds.

Notes to the Consolidated Financial Statements and Financial Statements

For the years ended December 31, 2003 and 2002

1. General Information

The Stock Exchange of Thailand (SET) is a juristic entity set up under the Securities Exchange of Thailand Act, B.E. 2517 (1974) that first began trading on April 30, 1975. Its mandate is to be a market or center for the purchase and sale of securities including any related services connected to such activities, without distributing any profits to members. It must operate under the legal framework laid down in the Securities & Exchange Act, B.E. 2535 (1992). The address of the Stock Exchange of Thailand is as follows:

62 Rachadapisek Road, Klongtoey, Bangkok 10110.

The principal business operations of the SET and its subsidiaries are summarized as follows:

1. Securities listing;
2. Provide listed securities trading system;
3. Information dissemination and investor education;
4. Market surveillance, listed company and member company supervision;
5. Provide back-office services for clearing and settlement, shares depository and shares registrar;
6. Management of open-ended mutual fund to encourage foreign investment in the Stock Exchange of Thailand;
7. Provide services, develop or lay down computer systems, information technology and other communication network systems which relate to or connect with trading of securities, payment and delivery of security;
8. Engage in the business of investment management by issuing the Non - Voting Depository Receipt (NVDR) and the Depository Receipt (DR) to investors as prescribed by the Securities and Exchange Commission (SEC) and invest the proceeds from the issuance of such instrument in shares of listed companies or public companies those be approved by the Office of the SEC to offer to the public, or other securities prescribed by the SEC; and
9. Provide production and advisory services on edutainment through medias in order to disseminate finance and investment knowledge to public.

As of December 31, 2003 The Stock Exchange of Thailand and its subsidiaries employ 643 staff (2002 : 527 staff).

2. Significant Accounting Policies

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

2.1 Basis of Preparation

The consolidated financial statements and the financial statements of the SET have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act, B.E. 2543 being those Thai Accounting Standards issued by the Institute of Certified Accountants and Auditors of Thailand and approved under law by the Board of Supervision of Auditing Practices appointed by the Minister of Commerce under the Auditor Act, B.E. 2505 and the financial reporting requirements of The Securities and Exchange Commission. The SET has early adopted in 2001, prior to its effective date, for Thai Accounting Standard No. 51 : Intangible Assets. The consolidated and the SET's financial statements have been prepared under the historical cost convention, except for certain items, investments in available-for-sale and trading securities presented at fair value.

2.2 Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management, in some circumstance, to make estimates and assumptions to reflect the appropriated contingencies of 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. Actual results afterwards may differ from those estimates.

2.3 Consolidation

Subsidiary undertakings directly or indirectly, which has an interest of more than one half of the voting rights or otherwise has power to exercise control over the financial and operating policies, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the SET and are no longer consolidated from the date of disposal. All intercompany transactions, balances and unrealized surpluses and deficits on transactions between the SET and its subsidiaries have been eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the SET.

A listing of the SET's principal subsidiaries and the financial effect from net share of results of subsidiaries is shown in Note 5.

2.4 Investments in Subsidiaries and Associate

Investments in subsidiary undertakings are accounted for in the non-consolidated financial statements by the equity method of accounting. These are undertakings over which the SET has over 50% of the voting rights, and over which the SET exercises control. Provisions are recorded for impairment in value.

Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings over which the SET has between 20% and 50% of the voting rights, and over which the SET exercises significant influence, but which it does not control. Provisions are recorded for impairment in value.

Equity accounting involves recognizing in the statement of revenues and expenses the SET's share of the subsidiaries and associate's profit or loss for the year. The SET's interest in the subsidiaries and associate are carried in the balance sheet at an amount that reflects its share of the net assets of the subsidiaries and associate.

2.5 Foreign Currencies Translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Baht at the exchange rate ruling at that date. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at balance sheet date denominated in foreign currencies, are recognized in the statement of revenues and expenses.

2.6 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise cash in hand, cash at banks and promissory notes of financial institutions those to be held for working capital and short-term commitment payments.

2.7 Accounts Receivable and Accrued Income

Accounts receivable and accrued income are carried at anticipated realizable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off during the year in which they are identified.

2.8 Investments

Debt securities and marketable equity securities classified as available-for-sale securities are carried at fair values. Fair value of debt securities is calculated by reference to risk-free yield curve adjusted by appropriate risk premium. Fair value of marketable equity securities is calculated by reference to Stock Exchange quoted bid prices at the close of business on the balance sheet date. Increases/decreases in the carrying amount are credited/charged against unrealized gains/losses on investments in available-for-sale securities in fund balances.

Debt securities and marketable equity securities classified as trading securities are carried at fair values. Fair value of debt securities is calculated by reference to risk-free yield curve adjusted by appropriate risk premium. Fair value of marketable equity securities is calculated by reference to Stock Exchange quoted bid prices at the close of business on the balance sheet date. Increases/decreases in the carrying amount are credited/charged against realized gains/losses on sale of trading securities in statement of revenues and expenses.

Investment in debt securities classified as held-to-maturity securities are carried at amortized cost.

Investment in matching funds, those be set up for specific purpose with the policy to invest in marketable equity securities and other equity instruments, are classified as general investments and are carried at cost.

Investment in non-marketable equity securities classified as general investments are carried at cost.

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

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

When disposing of part of the SET's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined from the average carrying amount of the total holding of the investments.

2.9 Property and Equipment

All property and equipment is stated at historical cost less accumulated depreciation. Depreciation is calculated on the straight line method to write off the cost of each asset, except for land as it is deemed to have an indefinite life, to their residual values over their estimated useful life as follows:

Building	30 years
Building improvements	10 years
Furniture and fixtures	5 years
Office equipment	5 years
Motor vehicles	5 years
Computers	3-5 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset less any costs of disposal.

Gains or losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in other revenues or other expenses.

Expenditures for addition, renewal and betterment, which result in a substantial increase in an asset's current replacement value, are capitalized. Repair and maintenance costs are recognized as expenses when incurred.

2.10 Intangible Assets

Intangible assets comprise computer software development costs. Generally, costs associated with developing or maintaining computer software programmes are recognized as an expenses as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the SET and have probable economic benefit exceeding the cost beyond

one year, are recognized as intangible assets. Direct cost includes purchase price and an appropriate portion of relevant overheads.

Expenditure which enhances or extends the performance of computer software programmes beyond their original specifications is recognized as a capital improvement and added to the original cost of the software. Computer software development costs recognized as assets are amortized using the straight-line method over their useful lives of 3-5 years.

2.11 Accounting for Leases - where a group company is the lessee

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of revenues and expenses on a straight-line basis over the period of the lease.

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 recognized as an expense in the period in which termination takes place.

2.12 Pension Obligations and Employee Benefits

The SET operates a provident fund, being 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 SET and its subsidiaries.

The SET's contributions to the provident fund are charged to the statement of revenues and expenses in the year to which they relate.

2.13 Revenue Recognition

Services are recognized upon performance of services, net of discounts and sales taxes. For consolidated financial statements, inter-group services are eliminated.

In case the listing fee of a listed company was accrued over 3 months, SET considers the receivable as collectibility is in doubt and stops recognizing the listing fee from the listed company immediately.

Income from investments and other revenues are recognized on the following basis:

i) Interest income - as it accrues unless collectibility is in doubt.
ii) Dividend income - when the shareholder's right to receive payment is established.
iii) Other income - when the SET's right to receive payment is established.

3. Short-term Investments

(Thousand Baht)

	Consolidated		SET	
	2003	2002	2003	2002
Investments managed by the SET				
General investments				
Fixed deposits	**1,145,762**	2,614,323	**1,048,032**	2,550,459
Promissory notes	**1,572,890**	1,803,351	**1,421,719**	1,589,190
Total	**2,718,652**	4,417,674	**2,469,751**	4,139,649
Available-for-sale securities	**34,846**	62,930	-	-
Debt securities due within one year	**145,429**	427,828	**145,429**	427,828
Total investments managed by the SET	**2,898,927**	4,908,432	**2,615,180**	4,567,477
Investments managed by Private Funds				
General investments				
Fixed deposits	**190,000**	160,000	**190,000**	160,000
Saving accounts	**152,773**	52,228	**151,756**	52,228
Other debt instruments	**1,275,941**	680,695	**1,222,613**	680,695
Total	**1,618,714**	892,923	**1,564,369**	892,923
Trading securities	**2,626,503**	1,259,556	**2,581,746**	1,259,556
Total investments managed by Private Funds	**4,245,217**	2,152,479	**4,146,115**	2,152,479
Total short-term investments	**7,144,144**	7,060,911	**6,761,295**	6,719,956

Investments managed by the SET

Fixed deposits represent fixed deposits at bank with original term of 6 months to 1 year with interest rates of 0.25% - 3.00% per annum (2002 : 1.50% - 4.25% per annum).

Promissory notes represent the promissory notes of financial institutions which the original maturity due over 3 months but not exceeding 1 year with interest rates of 0.50% - 3.00% per annum (2002: 1.75% - 3.75% per annum).

Available-for-sale securities as shown in the consolidated financial statements represent treasury bill, government and state enterprise bonds due within 2004 with yields of 1.12% - 1.13% per annum (2002: 5.60% - 5.75% per annum). The securities may be sold at discount in secondary market when necessary.

Debt securities due within 1 year represent government and state enterprise bonds and debenture due within 1 year with coupon rates of 6.56% - 6.75% per annum (2002 : 5.25% - 8.95% per annum) and yields of 4.77% - 6.56% per annum (2002 : 3.46% - 14.64% per annum) for which the aggregated market value was Baht 148 million (2002 : 437 million).

Investments managed by Private Funds

A portion of investment was in private funds managed by four asset management companies. The investment policy of private funds was based on the SET's regulation: Deposit with financial institution and Investment as mentioned in Note 21-Financial Instruments. The investments in private funds were presented under short - term investments.

Other debt instruments represent promissory notes of financial institutions, bill of exchange with interest rates of 0.62% - 4.79% per annum (2002 : 1.25% - 4.00% per annum).

Trading securities presented in the consolidated financial statements consisted of government bond, treasury bill, debt instruments guaranteed by the Ministry of Finance and debenture with interest rates of 2.16% - 8.91% per annum (2002 : 2.25% - 8.95% per annum) and yields of 1.12% - 6.65% per annum (2002 : 1.68% - 7.30% per annum).

4. Accounts Receivable and Accrued Income

(Thousand Baht)

	Consolidated		SET	
	2003	2002	2003	2002
Accounts receivable	**113,665**	67,865	**55,152**	27,080
Less Allowances for doubtful accounts	**(31,972)**	(50,012)	**(11,719)**	(14,863)
Accounts receivable, net	**81,693**	17,853	**43,433**	12,217
Add Accrued income	**116,184**	15,786	**127,759**	15,751
Accounts receivable and accrued income, net	**197,877**	33,639	**171,192**	27,968

The outstanding accounts receivable at December 31, 2003 and 2002 can be analyzed as follows:

(Thousand Baht)

	Consolidated		SET	
	2003	2002	2003	2002
Less than 3 months	**78,761**	15,416	**41,918**	10,362
3 - 6 months	**2,409**	2,590	**2,405**	2,565
6 - 12 months	**1,031**	10,503	-	54
Over 12 months	**31,464**	39,356	**10,829**	14,099
	113,665	67,865	**55,152**	27,080
Less Allowance for doubtful accounts	**(31,972)**	(50,012)	**(11,719)**	(14,863)
	81,693	17,853	**43,433**	12,217

As at 31 December 2003, the SET had 5 listed companies, having accrued listing fees 3 - 6 months and exceeding 12 months amounting to Baht 5.52 million and 5.99 million, respectively and Thailand Securities Depository Co., Ltd., a subsidiary, had 7 trade receivables, having accrued stock registrar fee 6 - 12 months amounting to Baht 10.55 million. Both the SET and Thailand Securities Depository Co., Ltd. have ceased recognition of income for these receivables. These receivables were transferred to be unrecognized accounts receivable and were not included in accounts receivable presented in the financial statements.

The SET had no significant concentration of credit risk from accounts receivable other than receivable from Thailand Securities Depository Co., Ltd., which represents 52.26% of the total balance of accounts receivable in the SET's financial statement. The SET's management believed that the SET had no credit risk other than the allowance for doubtful account which was already recorded in the financial statements.

5. Investments in Subsidiaries and Associate

(Thousand Baht)

	Consolidated		SET	
	2003	2002	2003	2002
Opening net book amount	**140,451**	138,091	**581,631**	543,488
Add Net share of results	**2,208**	2,360	**72,362**	33,551
Investment in Family Know-How Co., Ltd.	-	-	**30,000**	20,000
Additional investment in SETTRADE.COM Co., Ltd.	-	-	-	18,592
Investment in Siam DR Co., Ltd.	-	-	**10,000**	-
Less Share of dividend	-	-	**(38,000)**	(34,000)
Closing net book amount	**142,659**	140,451	**655,993**	581,631

The principal subsidiaries and associate undertakings are:

			Percentage of Holding	
	Business	Country of Incorporation	2003	2002
Thailand Securities Depository Co., Ltd.	Back-office services for clearing and settlement	Thailand	**99.99**	99.99
Thai Trust Fund Management Co., Ltd.	Manage mutual fund	Thailand	**99.99**	99.99
Clearing Fund	Fund	Thailand	**39.31**	43.62
Thai NVDR Co., Ltd.	Management investment in Non-Voting Depository Receipt (NVDR)	Thailand	**99.99**	99.99
SETTRADE.COM Co., Ltd.	Computer system services	Thailand	**99.99**	99.99

	Business	Country of Incorporation	Percentage of Holding 2003	2002
Family Know-How Co., Ltd.	Production and advisory services and edutainment through medias for finance and investment knowledge	Thailand	**99.99**	99.99
Siam DR Co., Ltd.	Management investment in Depository Receipt (DR)	Thailand	**99.99**	-

The SET has no control over the operations of the Clearing Fund. Clearing Fund is operated under the Regulation of the Clearing Fund (No. 1) B.E. 2541 (1998) which requires the SET to pay a lump sum amount of Baht 100 million as the initial contribution. The percentage of holding will be changed according to contributions by other members of the Clearing Fund. Therefore, the investment in Clearing Fund is classified as the investment in associate.

Details of investments at December 31, 2003 and 2002 were shown below:

(Thousand Baht)

	Consolidated 2003				
	Paid-up capital	% holding	Book value at Cost	Book value under equity method	Dividend
Clearing Fund	357,234	39.31	100,000	142,659	-

(Thousand Baht)

	Consolidated 2002				
	Paid-up capital	% holding	Book value at Cost	Book value under equity method	Dividend
Clearing Fund	316,612	43.62	100,000	140,451	-

(Thousand Baht)

SET 2003	Paid-up capital	% holding	Book value at Cost	Book value under equity method	Dividend
Thailand Securities Depository Co., Ltd.	200,000	99.99	200,000	262,880	38,000
Thai Trust Fund Management Co., Ltd.	100,000	99.99	100,000	107,838	-
Clearing Fund	357,234	39.31	100,000	142,659	-
Thai NVDR Co., Ltd.	10,000	99.99	10,000	10,484	-
SETTRADE.COM Co., Ltd.	80,000	99.99	80,000	72,102	-
Family Know-How Co., Ltd.	50,000	99.99	50,000	50,124	-
Siam DR Co., Ltd.	10,000	99.99	10,000	9,906	-
			550,000	655,993	38,000

(Thousand Baht)

SET 2002	Paid-up capital	% holding	Book value at Cost	Book value under equity method	Dividend
Thailand Securities Depository Co., Ltd.	200,000	99.99	200,000	258,473	32,000
Thai Trust Fund Management Co., Ltd.	100,000	99.99	100,000	104,411	2,000
Clearing Fund	316,612	43.62	100,000	140,451	-
Thai NVDR Co., Ltd.	10,000	99.99	10,000	9,968	-
SETTRADE.COM Co., Ltd.	80,000	99.99	80,000	53,631	-
Family Know-How Co., Ltd.	20,000	99.99	20,000	14,697	-
			510,000	581,631	34,000

6. Long-term Investments

Long-term investments at December 31, 2003 and 2002 consisted of:

(Thousand Baht)

	Consolidated		SET	
	2003	2002	2003	2002
General investments				
Time deposits	**176,284**	495,647	**176,284**	495,647
Cash at banks under commitment	**3,000**	3,000	-	-
Cash at banks by M.O.U	**160,189**	128,205	**160,189**	128,205
Promissory notes	**380,000**	164,200	**380,000**	164,200
Investment in matching funds	**2,500,000**	2,500,000	**2,500,000**	2,500,000
Equity securities	**61,098**	61,098	**61,098**	61,098
Total	**3,280,571**	3,352,150	**3,277,571**	3,349,150
Investment in mutual funds	**1,049,687**	-	**1,049,687**	-
Debt securities held to maturity	**834,129**	1,009,258	**834,129**	1,009,258
	5,164,387	4,361,408	**5,161,387**	4,358,408

Time deposits represent fixed deposits at banks with original maturity over a period of 1 year with interest rates of 2.75% - 4.25% per annum (2002 : 2.75% - 4.25% per annum).

As at December 31, 2003 and 2002, cash at banks under commitment were pledged as collateral for credit facilities from banks, whilst cash at banks by M.O.U were also required according to memorandums of understanding with a bank for housing loans provided to the employees of the SET and its subsidiaries.

Promissory notes represent promissory notes issued by financial institutions, due over 1 year with interest rates of 1.75% - 3.25% per annum (2002: 2.75% - 3.25% per annum). Interest is receivable on monthly and annual basis.

Investment in matching funds represent investment in two mutual funds which the investment policies are emphasized in capital market, giving a good return at appropriate risk. Unless there is a unanimous resolution of the unit holders meeting, none of unit trusts shall be buy-back to the funds within the first 3 years.

The matching funds with the commitment not to be sold-back to the funds within 3 years are carried at cost, which is complied to the Thai Generally Accepted Accounting Principles. If the investments are reported at fair values calculated by reference to Stock Exchange quoted prices at December 31, 2003 and 2002, the investment value shall increase to Baht 5,084 million and Baht 2,543 million, respectively. Gain from investments shall be increasing by Baht 2,541 million as at December 31, 2003 and Baht 43 million as at December 31, 2002 and the annual general fund of the SET of each year would be increased with the same amount.

As at December 31, 2003 and 2002 fair values and unrealized gains (losses) from investment in matching funds are as follows:

(Thousand Baht)

	Consolidated and SET 2003		
	Fair values	Cost	Unrealized Gains (losses)
Unit trusts in matching funds	5,084,434	2,500,000	2,584,434

Thousand Baht)

	Consolidated and SET 2002		
	Fair values	Cost	Unrealized Gains (losses)
Unit trusts in matching funds	2,543,462	2,500,000	43,462

Investment in equity securities comprise:

(Thousand Baht)

			Consolidated and SET	
	Paid-up capital	% investment	2003	2002
Equity securities (Other Companies)				
Thai Rating & Information Service Ltd.	100,000	12.52	**11,098**	11,098
TSFC Securities Limited	1,000,000	5.00	**50,000**	50,000
Total			**61,098**	61,098

Investment in mutual funds represent investment in 16 open-ended equity funds which the investment policies are emphasized in stock of listed companies, of which 12 mutual funds are jointly initiated by asset management companies and securities companies.

Debt securities represent government and state enterprise bonds and debenture due within 2 - 10 years with coupon rates of 4.20% - 8.00% per annum (2002: 4.20% - 8.00% per annum) and yields of 3.76% - 6.10% per annum (2002: 3.76% - 6.56% per annum), for which the aggregated market value at December 31, 2003 was Baht 842 million (2002: Baht 1,029 million).

(Thousand Baht)

	Consolidated and SET	
	2003	2002
Debt securities (Bonds)		
Government bonds	**902,058**	1,156,581
State enterprise bonds	**15,000**	182,998
Debt securities (Debentures)	**62,500**	97,507
Less Current portion	**(145,429)**	(427,828)
	834,129	1,009,258

As at December 31, 2003 and 2002 fair values and unrealized gains (losses) from investments in debt securities are as follows:

(Thousand Baht)

	Consolidated and SET 2003		
	Fair values	Amortized cost net	Unrealized gains (losses)
Bonds			
Government bonds	909,586	902,058	7,528
State enterprise bonds	15,620	15,000	620
Debentures	64,595	62,500	2,095
Less Current portion	(147,924)	(145,429)	(2,495)
	841,877	834,129	7,748

(Thousand Baht)

	Consolidated and SET 2002		
	Fair values	Amortized cost net	Unrealized gains (losses)
Bonds			
Government bonds	1,172,906	1,156,581	16,325
State enterprise bonds	191,690	182,998	8,692
Debentures	101,466	97,507	3,959
Less Current portion	(437,242)	(427,828)	(9,414)
	1,028,820	1,009,258	19,562

7. Property and Equipment

(Thousand Baht)

	Consolidated					
	Land	Work in Process	Building & Building Improvements	Furniture Fixtures & Office Equipment	Motor Vehicles	Total
As at December 31, 2002						
Cost	99,053	9,869	509,036	940,735	6,507	1,565,200
Less Accumulated depreciation	-	-	(88,175)	(819,757)	(2,406)	(910,338)
Allowance for impairment	(4,941)	-	-	-	-	(4,941)
Net book amount	94,112	9,869	420,861	120,978	4,101	649,921
Year ended December 31, 2003						
Opening net book amount	94,112	9,869	420,861	120,978	4,101	649,921
Additions	-	13,807	39,156	95,413	-	148,376
Adjustment	-	(23,676)	21,554	2,019	-	(103)
Disposals	-	-	-	(4,179)	-	(4,179)
Depreciation charge	-	-	(25,729)	(44,498)	(1,115)	(71,342)
Closing net book amount	94,112	-	455,842	169,733	2,986	722,673
As at December 31, 2003						
Cost	99,053	-	569,746	1,022,305	6,488	1,697,592
Less Accumulated depreciation	-	-	(113,904)	(852,572)	(3,502)	(969,978)
Allowance for impairment	(4,941)	-	-	-	-	(4,941)
Net book amount	94,112	-	455,842	169,733	2,986	722,673

(Thousand Baht)

	SET					
	Land	Work in Process	Building & Building Improvements	Furniture Fixtures & Office Equipment	Motor Vehicles	Total
As at December 31, 2002						
Cost	99,053	9,224	509,037	841,527	5,577	1,464,418
Less Accumulated depreciation	-	-	(88,175)	(746,107)	(1,476)	(835,758)
Allowance for impairment	(4,941)	-	-	-	-	(4,941)
Net book amount	94,112	9,224	420,862	95,420	4,101	623,719

(Thousand Baht)

	SET					
	Land	Work in Process	Building & Building Improvements	Furniture Fixtures & Office Equipment	Motor Vehicles	Total
Year ended December 31, 2003						
Opening net book amount	94,112	9,224	420,862	95,420	4,101	623,719
Additions	-	13,237	37,022	70,442	-	120,701
Adjustment of intangible assets	-	(22,461)	21,234	1,125	-	(102)
Disposals	-	-	-	(4,172)	-	(4,172)
Depreciation charge	-	-	(25,554)	(34,251)	(1,115)	(60,920)
Closing net book amount	94,112	-	453,564	128,564	2,986	679,226
As at December 31, 2003						
Cost	99,053	-	567,293	898,850	5,577	1,570,773
Less Accumulated depreciation	-	-	(113,729)	(770,286)	(2,591)	(886,606)
Allowance for impairment	(4,941)	-	-	-	-	(4,941)
Net book amount	94,112	-	453,564	128,564	2,986	679,226

The legal title of building and building improvements had been transferred to land owner after the construction of the building was completed during 1998 according to condition of the leasing contract of land and building. However, the SET has the right to occupy the building for a period of 30 years as mentioned in Note 20 - Long-term lease.

8. Intangible Assets

(Thousand Baht)

	Consolidated		
	Work in Process	Software	Total
As at December 31, 2002			
Cost	1,501	207,445	208,946
Less Accumulated amortization	-	(130,979)	(130,979)
Net book amount	1,501	76,466	77,967

(Thousand Baht)

	Consolidated		
	Work in Process	Software	Total
Year ended December 31, 2003			
Opening net book amount	1,501	76,466	77,967
Additions	-	26,715	26,715
Adjustment	(1,501)	1,501	-
Amortization charge	-	(21,531)	(21,531)
Closing net book amount	-	83,151	83,151
As at December 31, 2003			
Cost	-	235,634	235,634
Less Accumulated amortization	-	(152,483)	(152,483)
Net book amount	-	83,151	83,151

(Thousand Baht)

	SET
	Software
As at December 31, 2002	
Cost	151,161
Less Accumulated amortization	(98,726)
Net book amount	52,435
Year ended December 31, 2003	
Opening net book amount	52,435
Additions	24,565
Adjustment	-
Disposals	(144)
Amortization charge	(13,008)
Closing net book amount	63,848
As at December 31, 2002	
Cost	175,556
Less Accumulated amortization	(111,708)
Net book amount	63,848

9. Clearing Reserve Fund

In 1997, the Board of Governors approved the appropriation of Baht 2 billion to set up the Clearing Reserve Fund for the purpose of compensating members for losses resulting from default in clearing and settlement of securities traded and other matters in dealing with the Thailand Securities Depository Company Limited.

10. Staff Welfare Fund

In 1997, the Board of Governors approved Baht 25 million to establish a Staff Welfare Fund by initial transferring of Baht 17.43 million from the General Fund. All benefits earned from this fund are retained in this fund.

Staff Welfare Fund at December 31, 2003 and 2002 consisted of:

(Thousand Baht)

	Consolidated and SET	
	2003	2002
Beginning balance	**34,219**	33,677
Interest from investments	**418**	405
Interest from loans to staff	**30**	137
Ending balance	**34,667**	34,219

11. Indemnity Fund

The Board of Governors approved the establishment of an Indemnity Fund in 1993 by initial appropriation of Baht 10 million and the contribution of 1% of any excess of revenues over expenses each year until the fund has a total balance of Baht 30 million. This Fund had been fully appropriated since 1996.

In 2002, the Board of Governors approved an increase of Baht 70 million in the Indemnity Fund, resulted in total fund of Baht 100 million, to suit with current economic situation and increment in SET responsibilities. The additional of Indemnity Fund was transferred from the General Fund (Note 13).

12. SET Building Fund

The fund was initially established by appropriation of Baht 580 million in 1992 after approval by the Board of Governors to build the SET building. The office building was completely constructed in 1998. The remaining fund of Baht 246.3 million was reserved for the construction of parking building after receiving permission from the land owner who was negotiating with the previous lessee.

13. General Fund

General Fund at December 31, 2003 and 2002 consisted of:

(Thousand Baht)

	Consolidated and SET	
	2003	2002
Beginning balance	**10,000,045**	9,455,319
Add Excess of revenues over expenses	**332,308**	463,842
Admission fees received from members	**495,366**	150,884
	10,827,719	10,070,045
Less Transferred to Indemnity Fund (Note 11)	-	(70,000)
Ending balance	**10,827,719**	10,000,045

In 2002, the Board of Governors approved an appropriation of the admission fees received from newly members from the year 2002 onwards, in the amount of not exceeding Baht 300 million, to be an initial fund for the establishment of the Investor Protection Fund in future. The objective of the fund is to enhance the confidence of retail investors in securities trading with member companies.

14. Other Income

Other income consisted of:

(Thousand Baht)

	Consolidated		SET	
	2003	2002	2003	2002
For the year ended December 31,				
Revenues from seminar and examination of Thailand Securities Institute	**26,509**	17,323	**26,509**	17,323
Revenues from Securities Biz Service Bureau	**22,378**	9,307	**9,336**	9,307
Fines from default in clearing and settlement	**19,375**	9,317	-	-
Member fines	**17,064**	13,927	**17,064**	13,927
Mutual fund management fee	**10,467**	8,651	-	-
Dividend income	**10,280**	5,253	**10,280**	5,253
Others	**32,554**	32,129	**29,916**	25,029
Total	**138,627**	95,907	**93,105**	70,839

15. Contribution to the Office of the Securities and Exchange Commission (SEC)

The Securities and Exchange Act B.E. 2535 (1992) requires the SET to contribute to the Office of the SEC in the amount specified by the SEC.

From 2003 onwards, the SEC requires the SET to contribute at the rate of 0.002% of trading value of previous years, with the minimum amount of Baht 90 million and the maximum amount of Baht 150 million. The calculation criteria will be reviewed every three years except there is an incident that requires any review of calculation criteria before the said period.

16. Other Expenses

Other expenses consisted of:

(Thousand Baht)

	Consolidated		SET	
	2003	2002	2003	2002
For the year ended December 31,				
Contribution to Institutions	**61,265**	8,092	**66,379**	8,092
Donation	**17,114**	32,471	**12,111**	32,421
Stationery	**14,062**	10,888	**4,947**	4,055
Vehicles leasing	**10,064**	9,736	**6,356**	7,781
Outsourcing expense	**6,581**	3,668	**4,754**	3,311
Others	**46,351**	35,872	**27,622**	19,763
Total	**155,437**	100,727	**122,169**	75,423

17. Contingent Liability

As at December 31, 2003 the SET has letters of guarantee issued by banks, amounting to Baht 2.09 million (2002: Baht 1.8 million) for guarantee of the consumption of electricity in the normal course of business which is expected not to cause any significant liabilities.

18. Commitment

The future minimum lease payments under operating leases, which could not be ceased, are as follows:

(Thousand Baht)

	Consolidated		SET	
	2003	2002	2003	2002
Not later than 1 year	**9,244**	8,582	**5,265**	6,101
Later than 1 year but not exceed 3 years	**16,295**	12,914	**9,079**	9,212
Later than 3 years but not exceed 5 years	**958**	5,371	**231**	4,111
	26,497	26,867	**14,575**	19,424

19. Related Party Transactions

The following transactions were carried out with related parties:

i) Services Income

(Thousand Baht)

	SET	
	2003	2002
Subsidiaries		
Thailand Securities Depository Co., Ltd.	**306,211**	253,079
Thai Trust Fund Management Co., Ltd.	**4,800**	4,500
SETTRADE.COM Co., Ltd.	**4,228**	1,729
Family Know-How Co., Ltd.	**2,507**	36
Thai NVDR Co., Ltd.	**600**	-
	318,346	259,344

Pricing Policy

The SET charged service income from subsidiaries by using estimated cost of service.

ii) Services Expense

(Thousand Baht)

	SET	
	2003	2002
Subsidiaries		
SETTRADE.COM Co., Ltd.	**37,643**	13,086
Family Know-How Co., Ltd.	**32,521**	4,581
Thai NVDR Co., Ltd.	**1,500**	-
	71,664	17,667

Pricing Policy

The SET paid service expense to subsidiaries by using estimated cost of service.

iii) Outstanding Balances arising from Purchases/Sales of Services

(Thousand Baht)

	SET	
	2003	2002
Receivables from related parties:		
Thailand Securities Depository Co., Ltd.	**74,749**	14,219
Family Know-How Co., Ltd.	**9,659**	37
SETTRADE.COM Co., Ltd.	**1,391**	363
Thai NVDR Co., Ltd.	**642**	-
Siam DR Co., Ltd.	**59**	-
	86,500	14,619
Payables to related parties:		
SETTRADE.COM Co., Ltd.	**6,439**	10,586
Family Know-How Co., Ltd.	**5,982**	2,785
Thailand Securities Depository Co., Ltd.	**3,586**	3,477
	16,007	16,848

iv) Loan to related party

In 2002, the SET granted Family Know-How Co., Ltd. an interest free credit line Baht 15 million, for the acquisition of studio and production equipments. Family Know-How Co., Ltd. is able to use the credit line within December 31, 2003.

As at December 31, 2003, the outstanding balance of loan to related party was Baht 15 million. (2002: Baht 3.7 million).

v) Subsidy

In 2003, the SET provided a subsidy of Baht 31 million to Family Know-How Co., Ltd. to support its business operation.

vi) Directors' Remuneration

Total remuneration of management of the SET and its subsidiaries, which consisted of director fee and other fees of Board of Governors and Board of Directors of subsidiaries, included the fee received as committee in sub-committee, and salary and other benefits of President of the SET and Managing Director of subsidiaries, were Baht 58.2 million in 2003 (2002: Baht 36.8 million).

20. Long-term Lease

The SET has entered into a 30-year land lease agreement expiring in July 2028 for the construction of the SET building. According to the agreement, the company that provides this land is responsible for payment of rental charges on behalf of the SET for the entire period of lease. In case, the company failed to settle the rental charges, the lessor have to proceed a legal action with the company and reach the ultimate court resolutions before claiming the outstanding payment from the SET. The annual rentals for the 1st - 5th year, 6th - 10th year, 11th - 15th year, 16th - 20th year, 21st - 25th year and the 26th - 30th year are Baht 29 million, Baht 30.45 million, Baht 31.97 million, Baht 33.57 million, Baht 35.25 million and Baht 37.01 million, respectively. The SET has been informed from the lessor that the company that provided this land has not paid the rentals for the year 1994 - 1997 (construction period) amounting of Baht 16.8 million and the annual rentals for the year 1998 - 2003 amounting of Baht 175 million. The lessor is in the process to enforce the company that provides this land to comply with the agreement.

21. Financial Instruments

i) Key Objective and Conditions

The SET maintains high liquidity, therefore, there is no policy to seek outside financing in the near future. The SET has a policy to invest its funds in low-risk financial institutions with a good return.

ii) Credit Risk

The SET has no significant concentration of investments or deposits in financial institution but still has risk of issuers' financial status and market risk. However, the SET has policy to diversify its investments and deposits in secured financial institution according to the SET's regulation: Deposit with financial institution and Investment B.E.2542. In addition, the maximum limit of investment in each financial institution is set up and reviewed by the Investment Working Committee.

Investment policy for the year 2003 policy is summarized as follows:

Type of Investment	Proportion to Total Investment
Government securities, debenture or bonds of state enterprise or entity incorporated by specialized law	not less than 10%
Time deposits in Government Bank	not more than 50%
Time deposits in Commercial Bank	not more than 50%
Promissory notes in finance company	not more than 50%
Corporate Debenture	not more than 20%

iii) Fair Values

The carrying amount of the following financial assets and financial liabilities are approximate to their fair value: cash and cash equivalents, accounts receivable and accrued income, accrued interest receivable, accounts payable, and accrued expenses. Fair value of short-term investments and long-term investments were disclosed in Note 3 and 6, respectively.

SET Subsidiaries

Thailand Securities Depository Company Limited

Mrs. Nongram Wongwanich
President

The Thailand Securities Depository Company Limited (TSD) is a subsidiary of The Stock Exchange of Thailand. The TSD was established on November 16, 1994 and began its operations on January 1, 1995 with the principal objectives of developing and promoting efficient and internationally recognized post-trading services in Thailand.

Vision

To offer a complete range of post-security-trading services for the Thai capital market applying both international best practices and cutting-edge technology.

Operations

The TSD is the center which provides securities post-trading services. TSD's services can be divided into five categories as follows:

- Securities Depository: acts as the central securities depository using an efficient scripless system.
- Securities Clearing and Settlement: acts as the sole clearing house for securities trading in Thailand by utilizing an internationally accepted multilateral netting mode of settlement.
- Securities Registration: acts as the securities registrar for all listed companies and all other issuing companies.
- Fund Registration: acts as the registrar of Retirement Mutual Funds (RMF), Mutual Funds and Provident Funds for asset management companies.
- Back Office Service Bureau: provides securities after-traded operations and acts as the center for operation system development.

Registered Capital

- THB 200 million

Shareholding and Organization Structure

- The Stock Exchange of Thailand holds 99.99% of the registered capital.
- The TSD has restructured its organization to meet the new challenging business environment. The service is divided into three business lines: Clearing and Depository, Registration and Services, and Business Support.

Board of Directors

Structure		Position
Mr. Vijit	Supinit	Chairman
Mr. Kittiratt	Na-Ranong	Vice Chairman
Mrs. Wiwan	Tharahirunchote	Director
Mr. Wiboon	Perm-Arayawong	Director
Mr. Techapit	Sangsingkeo	Director
Ms. Orajit	Singkalavanich	Director
Mr. Suwit	Udomsab	Director
Mr. Jaroong	Nookhwun	Director
Mr. Pradit	Sawattananond	Director
Mrs. Patareeya	Benjapolchai	Director
Mrs. Nongram	Wongwanich	President

Year 2003 Business Operational Review

Noteworthy business operations for the year 2003 are summarized as follows:

- To enhance the trading of corporate bonds on the Stock Exchange of Thailand, the TSD has developed a clearing and settlement system in parallel since November 26, 2003. The service includes depository, clearing and settlement as well as transaction guarantees under an appropriate risk management scheme.
- The TSD hired a consultant to study the detailed functions of the Central Counterparty, for the TSD to fulfill the role as a securities settlement guarantor. The study is currently in progress and is expected to be completed within the first quarter of 2004.
- The TSD has conducted a study on collateral management by including open-ended funds and debentures as collateral in cases when members cannot place other collateral as specified in the procedures. The risk exposure rate is calculated in accordance with the measurement specified by the SEC.
- The TSD has completed a study on the fee structuring of foreign post-trading organizations to serve as a guideline for the TSD's fee structure in the future.
- In addition to the registration service for Retirement Mutual Funds, the TSD has expanded its service to cover Mutual Funds and Provident Funds. In 2003, the TSD provided a registration service to four mutual funds, 29 provident funds and nine retirement mutual funds.

- The TSD has developed its business and system architecture using state-of-the-art technology to achieve greater operational efficiency by starting with its focus on Post Trade Integration to facilitate the efficient communication between the various parties for the maximum benefits of the post trade market. The project is expected to be completed by the third quarter of 2004.

- The TSD strengthened its information management to serve as a "One-Stop Services Center", through the TSD Call Center (0 2229 2888), to provide information services to its customers more accurately and efficiently.

- Appointed by the Ministry of Finance to be the fund registrar of the state mutual fund - the Vayupak Fund, the TSD developed its systems and began the registration service in November 2003.

Future Business Plans

To strengthen the standardization of its services and resolutely face the challenges of today's business world and capital markets, the TSD has set out the following strategic plans for 2004:

- To develop a clearing and settlement system to support Real Time Gross Settlement (RTGS), which will be another option for members to clear and settle securities.

- To assure the readiness of market participants in order to shorten the settlement cycle to T+2 in 2005.

- To study the development of the securities borrowing and lending (SBL) business in the Thai capital market and to examine TSD's business guidelines for SBL transactions.

- To devise an appropriate risk management scheme to achieve the role of the Central Counterparty.

- To develop the business and system architecture of securities post-trading by utilizing high technology to achieve operational efficiency and international standards.

- To further provide the registration service for the Vayupak Fund in continuation of 2003's, with a focus on the development of other related services for unit holders.

- To develop "IPO Online" to facilitate the process used by securities issuers and underwriters seeking information. To act as the information center and the channel to search for real time subscription information.

- To develop a new TSD website to provide timely information, more coverage of new services and act as a channel for investor inquiries.

Statistical Highlights

1. Securities Depository

Number of Depository Participants (Participants)

Number of Securities Deposited in the Securities Depository System (Securities)

Value of Securities Deposited in the Securities Depository System (Million Baht)

Value of Securities Deposited in the Securities Depository System (Million Baht) (Continued)

Number of Accounts in the Securities Depository System (Accounts)

2. Securities Clearing and Settlement 3/

3. Securities Registration

Number of Companies in the Securities Registration System (Companies)

	2002	2003
Number of Companies in the Securities Registration System	446 Companies	467 Companies
Number of Securities in the Securities Registration System	558 Securities	601 Securities

4. Fund Registration

5. Back Office Service Bureau

Number of Customers (Companies)

Note

1/ Including property funds

2/ The BMX started trading on November 25, 2003.

3/ The figures represent the clearing and settlement of securities traded on The Stock Exchange of Thailand only.

4/ Fund registration for Mutual Funds started in June 2003.

5/ Fund registration for Provident Funds started in Jaunary 2003.

6/ In 2003, seven out of 14 brokers use back office service only for corporate debentures trading on The Stock Exchange of Thailand.

Thai Trust Fund Management Company Limited

Mrs. Kongkeaw Piamduaytham
Managing Director

The Thai Trust Fund Management Co., Ltd. (TTF) was established by The Stock Exchange of Thailand (SET) to promote foreign investments in the Thai stock market. The TTF is another means for foreigners to invest in Thai listed shares through mutual funds in addition to investing through the foreign board.

Nature of Business

The Thai Trust Fund Management Company Limited was granted its license to operate by the Securities and Exchange Commission (SEC) and is managed by the SET and the Thailand Securities Depository Company Limited (TSD). The Thai Trust Fund is a passive management arrangement and one unit of the mutual fund corresponds to one share in the listed company in question. TTF's functions as an open-ended fund, with the fund investing in shares of individually listed securities. The mutual funds are legally considered to be Thai juristic persons even though foreigners are the holders of the investment units.

Registered Capital

The TTF is a wholly owned subsidiary of the SET. The TTF has registered capital of THB 100 million, with the SET holding 99.99% of the total.

Supervisor of the Mutual Fund

DBS Thai Danu Bank Public Company Limited is the mutual fund's supervisor.

Board of Directors

Structure		Position
Mr. Kittiratt	Na-Ranong	Chairman
Mr. Suthichai	Chitvanich	Director
Ms. Sopawadee	Lertmanaschai	Director
Mrs. Kongkeaw	Piamduaytham	Managing Director

Business Operations

As of the end of 2003, there were 14 listed companies participating in the TTF project, as follows:

Company	Percentage of holding by TTF allowed by the listed company	No. of shares held by Thai Trust Fund
1) Alucon Public Co., Ltd.	15.00	2,564,400
2) Tongkah Harbour Public Co., Ltd.	20.00	0
3) Precious Shipping Public Co., Ltd.	5.00	0
4) Hana Microelectronics Public Co., Ltd.	24.00	0
5) Beli Jucker Public Co., Ltd.	24.00	1,828,200
6) Thoresen Thai Agency Public Co., Ltd.	35.00	0
7) Advanced Info Service Public Co., Ltd.	2.50	64,039,000
8) TelecomAsia Corporation Public Co., Ltd.	9.69	357,999,515
9) Thai Reinsurance Public Co., Ltd.	24.00	58,075,800
10) Laguna Resorts & Hotels Public Co., Ltd.	20.00	6,987,866
11) Royal Garden Resort Public Co., Ltd.	10.00	11,424,570
12) Golden Land Property Development Public Co., Ltd.	20.00	0
13) KGI Securities (Thailand) Public Co., Ltd.	25.00	0
14) Singer Thailand Public Co., Ltd.	10.00	1,104,200

บริษัท ไทยเอ็นวีดีอาร์ จำกัด
THAI NVDR CO., LTD.

The Thai NVDR CO., Ltd. was established by The Stock Exchange of Thailand (SET), to attract foreign investors to the Thai capital market.

Business Operations

The Thai NVDR Co., Ltd. is responsible for executing the purchase or sale of listed company shares when investors wish to trade through Non-Voting Depository Receipts. Such actions will not affect the number of securities held or the nationality of holders. NVDR holders will receive the full financial benefits as if they had invested directly in the listed companies' shares themselves (i.e. dividends, rights, and warrants). However, there are no voting-rights for NVDR holders except in motions involving delisting.

Registered Capital

The Thai NVDR Co., Ltd. has a registered capital of THB 10 million, with the SET holding 99.99% of the registered capital.

Board of Directors

Structure		Position
Mr. Kittiratt	Na-Ranong	Chairman
Mr. Suthichai	Chitvanich	Director
Ms. Sopawadee	Lertmanaschai	Director
Mrs. Kongkeaw	Piamduaytham	Managing Director

2003 Operational Review and Statistical Highlights

As a benefit for NVDR holders and listed companies, the Thai NVDR Co., Ltd. has changed its prospectus in the item "Voting Right" in shareholders' meetings of listed companies. The Thai NVDR shall consider attending shareholders' meetings of listed companies in order to solve the problem of inadequate attendance for a quorum as defined in the Section 103 of the Public Limited Company Act, B.E. 2535. However, The Thai NVDR shall not vote unless the meeting has been called to consider the delisting of shares from The Stock Exchange of Thailand.

As of 31 December 2003, investors held NVDRs based on underlying shares in 409 companies, out of the total of 418 listed companies. This is equivalent to 97.85% of all the listed companies on the SET. Furthermore, the volume of NVDRs to foreign investors' turnover was 24.22%.

Plan for 2004

The Thai NVDR Co., Ltd. has given due consideration to the issue of voting rights at shareholders' meetings of listed companies. This change aims to help to balance the power of any major shareholders of listed companies and for the benefit of all NVDR holders.

บริษัท สยามดีอาร์ จำกัด
SIAM DR CO.,LTD.

The Siam DR CO., Ltd. was established by The Stock Exchange of Thailand (SET), to issue and sell depository receipts (DR) to investors.

Business Operation

The Siam DR CO., Ltd. is responsible for issuing and selling DR to investors under the Securities and Exchange Commission (SEC) regulations and buying underlying securities of listed companies or other securities that are approved by the SEC. DR holders will receive the same benefits as received by the holders of underlying securities, such as financial rights and/or voting rights. However, only Thai DR holders have the right to instruct the Siam DR Co., Ltd. on how to vote in the shareholders meetings of listed companies.

Registered Capital

The Siam DR Co., Ltd. has a registered capital of THB 10 million, with the SET holding 99.99% of all registered capital.

Board of Directors

Structure		Position
Mr. Kittiratt	Na-Ranong	Chairman
Mr. Suthichai	Chitvanich	Director
Ms. Sopawadee	Lertmanaschai	Director
Mrs. Kongkeaw	Piamduaytham	Managing Director

settrade

Settrade.com Company Limited

Dr. Wittaya Watcharawittayakul
Chief Executive Officer

Settrade.com Co., Ltd. was established by The Stock Exchange of Thailand (SET) to provide Internet-based security trading. The company is an Application Service Provider (ASP) for brokerage houses, handling the information technology aspect of their business so they can focus on other facets, e.g., adding value to their services and marketing. Another mission of the company is to provide information services for the Exchange by disseminating data ubiquitously, accurately, timely, completely, and efficiently to the public.

Vision

To develop Thailand's securities market by exploiting Internet technology to facilitate security trading and efficient information dissemination.

Characteristics

Settrade is Thailand's only ASP that provides security-trading services via the Internet. Settrade's clients, who are brokerages and other institutions in the Thai securities industry, can thus concentrate on adding value to their customer services rather than worrying about complicated technological investment and management. Settrade will continually reinvest its revenues in developing expertise and expanding its Internet technology capabilities to maintain its leading position. Its strategy is to create value unattainable by the individual effort of any single brokerage.

Registered Capital, Shareholding, and Organization Structure

- Established on 13 October 2000 with a registered capital of THB 80 million.
- Became operational on 3 November 2000. The SET holds 99.99% of the registered capital.
- Consists of two departments: Information Technology and Marketing & Business Development.

Board of Directors

Structure		Position
Mr. Vijit	Supinit	Chairman
Dr. Olarn	Chaipravat	Director
Mr. Sahas	Treetipbut	Director
Mrs. Kannikar	Chalitaporn	Director
Mr. Charnchai	Charuvastr	Director
Mr. Nopdol	Nandabhiwat	Director
Mr. Kittiratt	Na-Ranong	Director
Mrs. Nongram	Wongwanich	Director
Dr. Wittaya	Watcharawittayakul	Chief Executive Officer

Major Activities in 2003

Highlights of the company activities in the year 2003 are summarized as follows:

- **Services to members of the SET:** products introduced include a new desktop Internet trading facility (DaytradeLite) and mobile services via phones and PDA's for both information requests and stock trading
- **Services to subsidiaries:** developed a front-office bond trading system for the SET and provident fund service system for the Thailand Securities Depository Co., Ltd. (TSD)
- **Information services:** launched SET Smart suite products; developed a new real-time data feed for TV broadcasting; collaborated with the Exchange to disseminate new industrial group information and registered the trademarks, SET index and SET50 index, in Hong Kong

- **Expansion of investor base:** held training sessions for the public, government officials, listed company personnel, and university students (7,541 persons in total); created investment awareness by mass media advertisement and enclosed leaflets in the mail from the TSD.

- **Website services via www.settrade.com:** created the English version for international investors; developed interactive product and service demonstrations; and compiled and provided free access to research papers. Settrade's website was ranked number one in the financial and investment category by Truehits.

- **Provided Web site development** for the Exchange library (www.set.or.th/library) and bond market (www.set.or.th/bond), the Association of Investment Management Companies (www.Thaimutualfund.com), Thai Investor Relations Club (www.set.or.th/ir), Family Know-How Co., Ltd. (www. familyknowhow.com) and collaborated with 41 listed companies to disseminate market information via their websites.

Business Plans in 2004

The company will continue to exploit Internet technology to fulfill the SET's mission of expanding all investor base categories and create a widespread investing culture. Our information dissemination must be conducted in a thorough, accurate, and complete manner. Investment in technology will aim at creating added value for high quality services. Important business objectives in the year 2004 include:

- To be the leading service center for offering security trading via the Internet
- To expand the investor base by creating services suitable for all investor categories
- To improve its service level in terms of reliability and speed
- To collaborate with the SET to improve the front-office procedures of the bond trading system
- To collaborate with the TSD to improve the provident fund service system and the share offering system
- To launch stock information products for the retail market
- To redesign a process for data and information quality assurance

Statistical Highlights of the Settrade's Internet Trading Service

	2003	2002	2001
Number of clients (brokerage houses)	**15**	14	4
Market share of internet stock trading (%)	**1.07**	0.57	0.05
Number of trading accounts	**15,831**	5,075	643
Average number of orders per month	**156,514**	39,105	4,494
Average number of matched orders per month	**73,799**	17,839	1,639
Average trading value (buy+sell) per month (million baht)	**8,349**	1,956	142
Average value per matched order (baht)	**113,132**	109,625	86,772
Average number of requests per day via SMS	**7,060**	-	-

Notes

Generally the Settrade market share in Internet trading, albeit with year-on-year significant growth, is still small compared to the total market; hence, potential growth is tremendous. To fulfill the Exchange's mission to expand the investor base, Settrade's marketing strategy will focus on creating services suitable for all investor categories rather than emphasizing only on an increase in market share.

Family Know-How Company Limited

Mr. Vichate Tantiwanich
President

The Family Know-How Co. Ltd. (FKH) was established on 6 August 2002 with a registered capital of THB 20 million. The Stock Exchange of Thailand currently holds 99.99% of all outstanding shares.

Vision

FKH is represented by the symbol of a "lightbulb". This shows FKH's role as a tool for illuminating the way to a basic understanding in the economy, capital markets and money markets for the public. Such knowledge will lead to the creation of personal financial planning for individuals and, consequently, an investment culture for the whole country. In the long run, healthier financial and social structures can be expected.

Scope of Work

- Encourage the development of an "investment culture" in Thai society.
- Promote and develop knowledge about finance and investment that can be delivered to individual investors, thereby creating a large pool of quality knowledgeable investors, as part of the plan to develop both the SET and the MAI.
- Publicize the development of Thai financial institutions and the investment environment as well as enhance the image of Thai investment at the international level.
- Engage in a campaign to promote the concepts associated with good governance.
- Generate interest in, and promote an understanding of, the merits of privatization of Thai state-owned enterprises, as well as on the progress of such privatizations.

Board of Directors

Structure		Position
Mr. Yuth	Vorachattarn	Chairman
Mr. Knit	Kounavudhi	Vice Chairman
Mr. Kittiratt	Na-Ranong	Director
Mr. Punsak	Vejanurug	Director
Mr. Somkid	Jiranuntarat	Director
Ms. Sopawadee	Lertmanaschai	Director
Mr. Thep	Roongtanapirom	Director
Mr. Anusorn	Tamajai	Director
Mr. Vichate	Tantiwanich	President
Mr. Ratchapol	Laovanitch	Senior Vice President

Performance

FKH immediately began disseminating information regarding "Personal Financial Planning" and "Investment Choices" through the mass media using entertainment as its tool so that the content would reach the requisite target groups. In 2003, FKH performances were as follows:

Listing	Media	Time
Television		
1. Chong Tang Nguen Tong (Channel of Money) (With the Nation Group)	TV 5 (Jan. 1st - Mar. 31st 2003)	Monday-Friday 9.50-10.30 a.m.
2. Inside Business	TV 9 (Jan. 1st - Feb. 28th 2003)	Monday-Friday 6.30 a.m.
3. Kao Tan Talad Thun (In Step in with the Capital Market)	TV 9 (begin Apr.1st 2003)	Monday-Friday 10.00-10.30 a.m.
4. SET in The City	UBC 07 (begin Sep.16th 2003)	Monday-Friday 10.00-10.30 p.m.
Radio		
Money Line News	F.M. 101 MHz.	Monday-Friday
- Headline News		- Every top of the hour 8.00 a.m.-9.00 p.m.
- Documentary		- 10.30 a.m./1.30 p.m./4.30 p.m./11.30 p.m.
- Smart Money		- 2.00-2.30 p.m.
- Let your money grow through Mutual Fund		- 2.30-3.00 p.m.
Newspaper		
1. Focus on Listed Company	Manager Newspaper Page 21	Monday-Friday
2. Securities Financial Focus (Property Financing Knowledge)	Post Today Newspaper	Every Tuesday

Listing	Media	Time
3. Smart Money (Personal Financial Planning Knowledge)	Post Today Newspaper	Every Wednesday
4. Stock Shot	Post Today Newspaper	Every Thursday and Saturday
5. Mutual Fund Society	Post Today Newspaper	Every Friday
6. Let your money grow through Mutual Fund	Post Today Newspaper	Every Monday
Magazine		
Personal Finance Magazine	Money & Wealth	Monthly
Printed Material		
Summary Listed Company 2003	Three books per set	
Activities		
1. Money Management Award	Competition Activities	May - Dec. 2003
2. Smart Family Rally	Competition Activities	Jul. 24th - 25th 2003
3. Money Expo & SET in The City	Exhibition	May and November
4. Children's play	Stage Drama	November 2003
Special		
1. Mutual Fund	Integrated Communication	Mar. 10th 2003 - Feb. 28th 2004
2. Vayupak Fund	Integrated Communication	Oct. - Nov. 2003
3. TSFC Securities Limited	Integrated Communication	Feb. 2003 - Jan. 2004

Operational Plan for 2004

FKH will continue to focus on delivering the concepts of "Personal Financial Planning" and "Investment Choices" through all available media in order to create maximum exposure to the general public.

List of Member Conpanies

No.	Company Name	Symbol	Tel	Fax	Website
1*	**Bualuang Securities Company Limited** 191 Silom Complex Office Building, 29/F, Silom Road, Silom, Bangrak, Bangkok 10500	BLS	(662) 231-3777	(662) 231-3797	www.bualuang.co.th
2*	**Tisco Securities Company Limited** 48/8 Tisco Tower, 4/F, North Sathorn Road, Bangrak, Bangkok 10500	TSC	(662) 633-6999	(662) 633-6900	www.tiscosec.com
3	**Adkinson Securities Public Company Limited** 132 Sindhorn Building 1, 2/F, Wireless Road, Lumpinee, Bangkok 10330	ASL	(662) 263-3733	(662) 254-2171	www.adkinsononline.com
4*	**DBS Vickers Securities (Thailand) Company Limited** 989 Siam Tower Building, 14-15/F, Rama I Road, Patumwan, Bangkok 10330	DBSV	(662) 657-7000	(662) 657-7777	www.dbsvonline.com
5*	**Sicco Securities Public Company Limited** 130-132 Sindhorn Tower 1, 12/F and Sindhorn Tower 2, 1-2/F and 6/F, Wireless Road Lumpinee, Patumwan, Bangkok 10330	SICSEC	(662) 627-3100	(662) 263-2043	www.brokernumberfive.com
6*	**Phatra Securities Company Limited** 252/6 Muangthai-Phatra Office Tower 1, 6-11/F, Rachadaphisek Road, Huaykwang, Bangkok 10320	PHATRA	(662) 693-2000	(662) 693-2388	www.phatrasecurities.com
7*	**BT Securities Company Limited** 44 Bankthai Building, G Floor, 24-26 Soi Lang Suan, Plenchit Road, Pathumwan, Bangkok 10330	BTSEC	(662) 657-9000	(662) 657-9333	www.btsecurities.com
8*	**ABN Amro Asia Securities Public Company Limited** 175 Sathorn City Tower, 3/1/F, South Sathorn Road Tungmahamek, Sathorn, Bangkok 10120	AST	(662) 285-1666	(662) 285-1900-1	www.ast.co.th
9	**Credit Suisse First Boston Securities (Thailand) Limited** 27/F, Abdulrahim Place, Unit Number 2701, 990 Rama IV Road, Kwaeng Silom, Khet Bangrak, Bangkok 10330	CSFB	(662) 614-6000	(662) 614-6362	www.csfb.com

No.	Company Name	Symbol	Tel	Fax	Website
10*	**I.B.Securities Company Limited** 132 Sindhorn Building 1, 1/F, Wireless Road, Lumpinee, Bangkok 10330	IB	(662) 256-7888	(662) 256-7899	www.ibtrade.com
11*	**Asset Plus Securities Public Company Limited** 193/104, 25/F, 193/111-115, 27/F, Lake Rajada Building, New Rajadapisek Rd., Klongteoy, Bangkok 10110	ASSET	(662) 661-9999	(662) 661-9486	www.assetplus.com
12*	**Siam City Securities Company Limited** 898 Ploenchit Tower, 8A/F, Ploenchit Road, Pathumwan, Bangkok 10330	SCIBS	(662)624-8888	(662)624-8899	
13*	**KGI Securities (Thailand) Public Company Limited** 323 United Center Building, 9, 23-25, 45/F Silom Road, Bangkok 10500	KGI	(662) 231-1111	(662) 231-1505	www.kgieworld.co.th
14*	**Capital Nomura Securities Public Company Limited** 21/3 Thai Wah Tower, Ground Floor, South Sathorn Road Bangkok 10120	CNS	(662) 285-0060	(662) 285-0620	www.cns.co.th
15*	**SG Asia Credit Securities Company Limited** 622 The Emporium Tower, 11/F, 1-8 Sukhumwit 24, Klongton, Klongtoey, Bangkok 10110	SGACS	(662) 658-9000	(662) 658-9292	www.sgib.com
16*	**National Securities Company Limited** 444 MBK Tower, 14, 18/F, Zone C D, 19/F Zone A, Phayathai Road, Patumwan, Bangkok 10330	NATSEC	(662) 217-9595	(662) 217-9642	www.natsec.co.th
18	**HSBC Securities (Thailand) Limited** 968 Hsbc Building 8/F, Rama IV Road, Bangrak, Bangkok 10500	HSBC-S	(662) 614-4900	(662) 632-4957-8	www.hsbc.co.th
19*	**Kiatnakin Securities Company Limited** 500 Amarin Tower, 7/F, Ploenchit Road, Patumwan, Bangkok 10330	KKS	(662) 680-2222	(662) 680-2233	www.kks.co.th

No.	Company Name	Symbol	Tel	Fax	Website
22*	**Trinity Securities Company Limited** 179/109-110, 25/F, Bangkok City Tower, South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120	TRINITY	(662) 670-9100	(662) 670-9149	www.trinitythai.com
23*	**SCB Securities Company Limited** 130/132 Sindhorn Bldg., Tower 3, 2, 25, 26/F, Wireless Road Lumpini, Pathumwan, Bangkok 10330	SCBS	(662) 263-3500	(662) 263-3811	www.scbsec.com
24	**Syrus Securities Company Limited** 25 Alma Link Building 9, 12,15,17/F, Soi Chidlom, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330	SYRUS	(662) 646-9999	(662) 646-9889	www.syrus.co.th
25*	**Globlex Securities Company Limited** 87/2 C.R.C All Seasons Place Building 12/F, 1-7 Unit Wireless Road, Lumpinee, Pathumwan, Bangkok 10330	GLOBLEX	(662) 672-5999	(662) 672-5888	www.globlexsecurities.com
26	**Uob Kay Hian Securities (Thailand) Company Limited** 130-132 Sindhorn Tower 1, 3/F and Sindhorn Tower 3, 15/F, Wireless Road Lumpini, Pathumwan, Bangkok 10330	UOBKHST	(662) 659-8000	(662) 263-2306	www.uobkayhian.co.th
27*	**BFIT Securities Company Limited** 25 Bangkok Insurance Building, 22/F, Sathon Tai Road Bangkok 10120	BFITSEC	(662) 677-4330	(662) 677-4331	www.bfit.co.th
28	**Ing Securities (Thailand) Limited** 130-132 Sindhorn Tower 1, 8/F, Wireless Road Lumpinee, Patumwan, Bangkok 10330	INGT	(662) 263-2888-9	(662) 263-2898	www.ing-barings.com
29*	**Ayudhya Securities Company Limited** 898 Ploenchit Tower, 4 /F, Ploenchit Road Lumpinee, Patumwan, Bangkok 10330	AYS	(662) 658-6767	(662) 263-0408	www.ays.co.th
30*	**Intel Vision Securities Public Company Limited** 540 Murcury Building, 17/F, Ploenchit Road Lumpini, Pathumwan Bangkok 10330	IVS	(662) 658-5800	(662) 658-5799	www.ivs.co.th
32*	**Far East Securities Company Limited** 87/2 CRC Tower 18/F All Seasons Place, Wireless Rd., Lumpinee, Pathumwan, BKK. 10330	FES	(662) 648-1111	(662) 648-1000	www.fes.co.th

No.	Company Name	Symbol	Tel	Fax	Website
33*	**Finansa Securities Company Limited** 48/14-15 Tisco Tower, 8/F, North Sathorn Rd. Bangkok 10500	FINANSA	(662) 638-0300	(662) 638-0301	www.finansa.com
34*	**Phillip Securities (Thailand) Public Company Limited** 849 Vorawat Building, 15/F, Silom Road Bangrak, Bangkok 10500	PHILIP	(662) 268-0999	(662) 635-1615	www.phillip.co.th
38*	**United Securities Public Company Limited** 1550 Grand Amarin Tower, 4-6/F, New Petchburi Road, Rachtavee, Bangkok 10310	US	(662) 207-0038	(662) 207-0505	www.unitedsec.com
41	**J.P. Morgan Securities (Thailand) Company Limited** 20 Bubphajit Building, 2-3/F, North Sathorn Road, Silom, Bangrak, Bangkok 10500	JPM	(662) 684-2600	(662) 684-2610	www.jpmorgan.com
42*	**Kim Eng Securities (Thailand) Public Company Limited** 540 Mercury Tower 8-10/F, Ploenchit Road, Pathumwan, Bangkok 10330	KIMENG	(662) 658-6300	(662) 658-6301	www.kimeng.co.th
43	**BNP Paribas Peregrine Securities (Thailand) Limited** 990 Abdulrahim Place, 29/F, Rama IV Road, Silom, Bangrak, Bangkok 10500	BNPPP	(662) 659-8999	(662) 659-8988	www.peregrineonline.co.th
45	**CLSA Securities (Thailand) Limited** 87 M. Thai Tower, 16/F Wireless Road, Lumpini, Pathumwan, Bangkok 10330	CLSA	(662) 253-2945	(662) 253-0534	www.clsa.com
47*	**Seamico Securities Public Company Limited** 287 Liberty Square, 15-17/F, Silom Road Bangrak, Bangkok 10500	ZMICO	(662) 695-5000	(662) 631-1709	www.seamico.com
49*	**UBS Securities (Thailand) Limited** 93/1 Diethelm Tower A, 2/F, Wireless Road Patumwan, Bangkok 10330	UBS	(662) 651-5700	(662) 651-5730	www.ubswarburg.com

* Member companies that could trade debentures on the bourse

As of March 2004

The Stock Exchange of Thailand

Market for Alternative Investment

Thailand Securities Depository Company Limited

Thai Trust Fund Management Company Limited

บริษัท ไทยเอ็นวีดีอาร์ จำกัด
THAI NVDR CO., LTD.

Thai NVDR Company Limited

บริษัท สยามดีอาร์ จำกัด
SIAM DR CO.,LTD.

Siam DR Company Limited

Settrade.com Company Limited

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