

**KIM ENG SECURITIES (THAILAND)
PUBLIC COMPANY LIMITED**

CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

31 DECEMBER 2009

AUDITOR'S REPORT

To the Shareholders of Kim Eng Securities (Thailand) Public Company Limited

I have audited the accompanying consolidated and company balance sheet as at 31 December 2009, and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the year then ended of Kim Eng Securities (Thailand) Public Company Limited and its subsidiary and of Kim Eng Securities (Thailand) Public Company Limited. The company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated and company financial statements for the year ended 31 December 2008 of Kim Eng Securities (Thailand) Public Company Limited and its subsidiary and of Kim Eng Securities (Thailand) Public Company Limited, were audited by another auditor in the same firm as myself, whose report dated 12 February 2009 expressed an unqualified opinion on those financial statements.

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

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position as at 31 December 2009, and the consolidated and company results of operations, and cash flows for the year then ended of Kim Eng Securities (Thailand) Public Company Limited and its subsidiary and of Kim Eng Securities (Thailand) Public Company Limited, respectively, in accordance with generally accepted accounting principles.

Anothai Leekitwattana
Certified Public Accountant (Thailand) No. 3442
PricewaterhouseCoopers ABAS Limited

Bangkok
11 February 2010

Kim Eng Securities (Thailand) Public Company Limited
Balance Sheets
As at 31 December 2009 and 2008

	Notes	Consolidated		The company only	
		2009 Baht	2008 Baht	2009 Baht	2008 Baht
Assets					
Cash and cash equivalents	5	2,201,405,991	2,863,169,077	2,103,210,806	2,762,191,634
Long-term deposits at financial institutions	6	1,347,570	1,344,965	1,347,570	1,344,965
Investments in debt and equity securities, net	7	299,541,977	258,008,157	299,541,977	258,008,157
Investments in subsidiary	8	-	-	99,999,980	99,999,930
Receivables from Clearing House	9	449,209,340	171,792,745	449,209,340	171,792,745
Securities and Derivatives business receivables	10, 11	3,628,876,591	1,554,032,524	3,628,876,591	1,554,032,524
Loans to employees under welfare program		292,333,111	250,781,098	292,333,111	250,781,098
Equipment, net	12	85,953,400	101,941,380	85,215,721	101,926,211
Intangible assets	13	17,710,171	19,505,074	16,410,171	18,505,074
Foreclosed properties		9,886,500	9,756,500	9,886,500	9,756,500
Deposits		39,747,686	39,414,892	39,745,536	39,414,892
Other assets	14	100,334,313	74,388,480	99,999,578	74,281,655
Total assets		7,126,346,650	5,344,134,892	7,125,776,881	5,342,035,385

The notes to financial statements on pages 9 to 37 form an integral part of these financial statements.

Kim Eng Securities (Thailand) Public Company Limited
Balance Sheets
As at 31 December 2009 and 2008

	Notes	Consolidated		The company only	
		2009 Baht	2008 Baht	2009 Baht	2008 Baht
Liabilities and shareholders' equity					
Liabilities					
Payables to Clearing House		42,499,968	73,910,472	42,499,968	73,910,472
Securities and Derivatives business payables		1,951,545,484	746,361,569	1,951,545,484	746,361,569
Provisions	15	34,653,183	34,944,685	34,653,183	34,944,685
Accrued bonus expenses		305,887,293	141,024,897	305,507,293	141,024,897
Accrued corporate income tax		184,968,424	72,644,233	184,968,424	72,217,023
Accrued other expenses		38,037,512	32,035,592	37,900,048	31,935,570
Liabilities under long-term lease	16	16,903,198	10,528,365	16,903,198	10,528,365
Dividend payable		916,404	916,404	916,404	916,404
Other liabilities	17	22,077,183	17,698,425	22,027,331	17,695,301
Total liabilities		2,597,488,649	1,130,064,642	2,596,921,333	1,129,534,286
Shareholders' equity					
Share capital	18				
Authorised share capital					
572,250,000 ordinary shares of Baht 5 each		2,861,250,000	2,861,250,000	2,861,250,000	2,861,250,000
Issued and paid-up share capital					
570,145,000 ordinary shares of Baht 5 each					
(2008: 565,387,100 ordinary shares of Baht 5 each)		2,850,725,000	2,826,935,500	2,850,725,000	2,826,935,500
Premium on share capital		522,468,329	512,715,929	522,468,329	512,715,929
Share subscriptions received in advance		591,500	-	591,500	-
Retained earnings					
Appropriated - reserve	19	258,225,862	212,678,288	258,225,862	212,678,288
Unappropriated		911,941,340	667,123,888	911,938,887	665,554,737
<u>Less Treasury Stock</u>	18	<u>(15,094,030)</u>	<u>(5,383,355)</u>	<u>(15,094,030)</u>	<u>(5,383,355)</u>
Total shareholders' equity		4,528,858,001	4,214,070,250	4,528,855,548	4,212,501,099
Total liabilities and shareholders' equity		7,126,346,650	5,344,134,892	7,125,776,881	5,342,035,385

The notes to financial statements on pages 9 to 37 form an integral part of these financial statements.

Kim Eng Securities (Thailand) Public Company Limited
Statements of Income
For the years ended 31 December 2009 and 2008

	Notes	Consolidated		The company only	
		2009 Baht	2008 Baht	2009 Baht	2008 Baht
Revenues					
Brokerage fees					
Brokerage fees from Securities Business		2,116,360,289	1,511,003,839	2,116,360,289	1,511,003,839
Brokerage fees from Derivatives Business		206,719,832	177,947,389	206,719,832	177,947,389
Fees and services income		63,655,397	36,072,025	63,655,397	36,072,025
Gain (losses) on trading in securities		25,459,648	(6,624,939)	25,459,648	(6,624,939)
Losses from impairment of investment		(14,662,500)	-	(14,662,500)	-
Losses on trading in derivatives		(166,000)	(571,760)	(166,000)	(571,760)
Interest and dividend income		79,184,172	151,846,102	77,865,570	148,563,289
Interest on margin loans		75,290,824	75,861,489	75,290,824	75,861,489
Other income		16,309,234	22,436,204	16,642,930	22,435,304
Total revenues		2,568,150,896	1,967,970,349	2,567,165,990	1,964,686,636
Expenses					
Expense on borrowings		35,279,333	42,543,648	35,279,333	42,543,648
Fees and services expenses		111,239,283	83,102,720	110,724,283	82,602,720
Bad debts and doubtful accounts (reversal)		(4,630,988)	(1,817,666)	(4,630,988)	(1,817,666)
Operating expenses					
Personnel expenses		848,043,421	612,490,690	846,474,349	612,346,957
Premises and equipment expenses		248,801,250	246,934,475	248,742,705	246,929,179
Taxes and duties		4,545,946	3,184,134	4,509,811	3,183,653
Management's remuneration		178,441,015	129,771,460	178,441,015	129,771,460
Directors' remuneration and others		50,510,295	36,230,209	50,510,295	36,230,209
Information and technology		29,536,017	29,205,126	29,533,812	29,203,521
Other expenses		66,419,236	67,683,468	66,157,003	67,221,776
Total expenses		1,568,184,808	1,249,328,264	1,565,741,618	1,248,215,457
Profit before income tax		999,966,088	718,642,085	1,001,424,372	716,471,179
Income tax	23	284,794,787	183,858,630	284,686,373	183,237,347
Net profit for the year		715,171,301	534,783,455	716,737,999	533,233,832
Basic earnings per share (Baht)	24	1.26	0.95	1.26	0.95
Diluted earnings per share (Baht)	24	1.26	0.95	1.26	0.94

The notes to financial statements on pages 9 to 37 form an integral part of these financial statements.

Kim Eng Securities (Thailand) Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended 31 December 2009 and 2008

	Consolidated						
	Attributable to equity holders of the parent						
	Issued and paid-up share capital Baht	Premium on share capital Baht	Share subscriptions received in advance Baht	Legal and Treasury stock reserve Baht	Unappropriated retained earnings Baht	Treasury stock Baht	Total Baht
Beginning balance at 1 January 2009	2,826,935,500	512,715,929	-	212,678,288	667,123,888	(5,383,355)	4,214,070,250
Net profit for the year	-	-	-	-	715,171,301	-	715,171,301
Increase in share capital/share subscription (Note 18)	23,789,500	9,752,400	591,500	-	-	-	34,133,400
Appropriation of reserve (Note 19)	-	-	-	35,836,899	(35,836,899)	-	-
Treasury stock (Note 18)	-	-	-	-	-	(9,710,675)	(9,710,675)
Appropriation of treasury stock (Note 19)	-	-	-	9,710,675	(9,710,675)	-	-
Dividends (Note 21)	-	-	-	-	(424,806,275)	-	(424,806,275)
Ending balance at 31 December 2009	2,850,725,000	522,468,329	591,500	258,225,862	911,941,340	(15,094,030)	4,528,858,001

	Consolidated						
	Attributable to equity holders of the parent						
	Issued and paid-up share capital Baht	Premium on share capital Baht	Share subscriptions received in advance Baht	Legal and Treasury stock reserve Baht	Unappropriated retained earnings Baht	Treasury stock Baht	Total Baht
Beginning balance at 1 January 2008	2,781,808,500	494,777,529	281,000	180,633,241	715,206,116	-	4,172,706,386
Net profit for the year	-	-	-	-	534,783,455	-	534,783,455
Increase in share capital/share subscription (Note 18)	45,127,000	17,938,400	(281,000)	-	-	-	62,784,400
Appropriation of reserve (Note 19)	-	-	-	26,661,692	(26,661,692)	-	-
Treasury stock (Note 18)	-	-	-	-	-	(5,383,355)	(5,383,355)
Appropriation of treasury stock (Note 19)	-	-	-	5,383,355	(5,383,355)	-	-
Dividends (Note 21)	-	-	-	-	(550,820,636)	-	(550,820,636)
Ending balance at 31 December 2008	2,826,935,500	512,715,929	-	212,678,288	667,123,888	(5,383,355)	4,214,070,250

The notes to financial statements on pages 9 to 37 form an integral part of these financial statements.

Kim Eng Securities (Thailand) Public Company Limited
Statements of Changes in Shareholders' Equity
For the years ended 31 December 2009 and 2008

	The company only						
	Attributable to equity holders of the parent						
	Issued and paid-up share capital Baht	Premium on share capital Baht	Share subscriptions received in advance Baht	Legal and Treasury stock reserve Baht	Unappropriated retained earnings Baht	Treasury stock Baht	Total Baht
Beginning balance at 1 January 2009	2,826,935,500	512,715,929	-	212,678,288	665,554,737	(5,383,355)	4,212,501,099
Net profit for the year	-	-	-	-	716,737,999	-	716,737,999
Increase in share capital/share subscription (Note 18)	23,789,500	9,752,400	591,500	-	-	-	34,133,400
Appropriation of reserve (Note 19)	-	-	-	35,836,899	(35,836,899)	-	-
Treasury stock (Note 18)	-	-	-	-	-	(9,710,675)	(9,710,675)
Appropriation of treasury stock (Note 19)	-	-	-	9,710,675	(9,710,675)	-	-
Dividends (Note 21)	-	-	-	-	(424,806,275)	-	(424,806,275)
Ending balance at 31 December 2009	2,850,725,000	522,468,329	591,500	258,225,862	911,938,887	(15,094,030)	4,528,855,548

	The company only						
	Attributable to equity holders of the parent						
	Issued and paid-up share capital Baht	Premium on share capital Baht	Share subscriptions received in advance Baht	Legal and Treasury stock reserve Baht	Unappropriated retained earnings Baht	Treasury stock Baht	Total Baht
Beginning balance at 1 January 2008	2,781,808,500	494,777,529	281,000	180,633,241	715,186,588	-	4,172,686,858
Net profit for the year	-	-	-	-	533,233,832	-	533,233,832
Increase in share capital/share subscription (Note 18)	45,127,000	17,938,400	(281,000)	-	-	-	62,784,400
Appropriation of reserve (Note 19)	-	-	-	26,661,692	(26,661,692)	-	-
Treasury stock (Note 18)	-	-	-	-	-	(5,383,355)	(5,383,355)
Appropriation of treasury stock (Note 19)	-	-	-	5,383,355	(5,383,355)	-	-
Dividends (Note 21)	-	-	-	-	(550,820,636)	-	(550,820,636)
Ending balance at 31 December 2008	2,826,935,500	512,715,929	-	212,678,288	665,554,737	(5,383,355)	4,212,501,099

The notes to financial statements on pages 9 to 37 form an integral part of these financial statements.

Kim Eng Securities (Thailand) Public Company Limited
Statements of Cash Flows
For the years ended 31 December 2009 and 2008

	Consolidated		The company only	
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Cash flows from operating activities				
Net profit before income tax for the year	999,966,088	718,642,085	1,001,424,372	716,471,179
Adjustments to reconcile net profit to cash received (paid) from operating activities:				
Depreciation and amortisation	57,991,831	68,090,216	57,943,641	68,086,785
Interest income	(153,642,686)	(213,077,411)	(152,324,084)	(209,794,599)
Interest expense	34,653,913	41,604,155	34,653,913	41,604,155
Allowance for doubtful account -other receivable (reversal)	(180,000)	-	(180,000)	-
Retirement benefit (reversal)	(291,502)	(77,920)	(291,502)	(77,920)
Impairment loss on investment	14,662,500	-	14,662,500	-
Bad debts and doubtful accounts (reversal)	(4,630,988)	(1,817,666)	(4,630,988)	(1,817,666)
(Gains) losses on revaluation of investments	(28,493,521)	14,333,141	(28,493,521)	14,333,141
(Gains) losses on disposal of equipment	(510,838)	218,618	(510,838)	218,618
Amortisation of interest expenses on financial lease	625,420	939,493	625,420	939,493
Operating profit before changes in operating assets and liabilities	920,150,217	628,854,711	922,878,913	629,963,186
(Increase) decrease in operating assets				
Long-term deposits at financial institutions	(2,605)	1,143,009	(2,605)	1,143,009
Short-term investments	(19,902,799)	322,812,889	(19,902,799)	322,812,889
Receivables from Clearing House	(277,416,595)	466,706,956	(277,416,595)	466,706,956
Securities and Derivatives business receivables	(2,067,009,070)	1,570,397,263	(2,067,009,070)	1,570,397,263
Loans to employees under welfare program	(41,552,013)	(6,665,910)	(41,552,013)	(6,665,910)
Foreclosed properties	(130,000)	-	(130,000)	-
Deposits	(332,794)	1,177,840	(330,644)	1,177,840
Other assets	(24,094,284)	(9,060,674)	(23,962,492)	(9,023,849)
Increase (decrease) in operating liabilities				
Payables to Clearing House	(31,410,504)	34,593,695	(31,410,504)	34,593,695
Securities and Derivatives business payables	1,205,183,915	(1,390,873,145)	1,205,183,915	(1,390,873,145)
Accrued bonus expenses	164,862,396	(77,670,482)	164,482,396	(77,670,482)
Accrued other expenses	1,455,861	3,298,488	1,418,419	3,280,476
Other liabilities	4,378,808	(2,164,132)	4,332,030	(2,167,239)
Cash generated from (used in) operating activities before received (paid) interest and income tax	(165,819,467)	1,542,550,508	(163,421,049)	1,543,674,689
Interest received	148,767,128	217,298,470	147,544,644	214,015,658
Interest paid	(35,020,523)	(43,853,297)	(35,020,523)	(43,853,297)
Income tax paid	(172,470,596)	(242,517,197)	(171,934,972)	(242,314,755)
Net cash received (used in) from operating activities	(224,543,458)	1,473,478,484	(222,831,900)	1,471,522,295

The notes to financial statements on pages 9 to 37 form an integral part of these financial statements.

Kim Eng Securities (Thailand) Public Company Limited
Statements of Cash Flows (Cont'd)
For the years ended 31 December 2009 and 2008

	Consolidated		The company only	
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Cash flows from investing activities				
Purchases of equipment	(23,723,317)	(38,380,070)	(22,952,617)	(38,361,470)
Purchases of intangible assets	(3,421,437)	(5,515,978)	(3,121,437)	(5,515,978)
Cash paid for long-term investments	(7,800,000)	(200,000,000)	(7,800,000)	(200,000,000)
Proceeds from disposals of equipment	1,261,946	3,847,288	1,261,946	3,847,288
Cash paid for investment in subsidiary	(50)	-	(50)	(74,999,947)
Net cash used in investing activities	(33,682,858)	(240,048,760)	(32,612,158)	(315,030,107)
Cash flows from financing activities				
Cash paid for financial lease	(3,153,220)	(8,730,893)	(3,153,220)	(8,730,893)
Increase in share capital	34,133,400	62,784,400	34,133,400	62,784,400
Dividend paid	(424,806,275)	(550,813,836)	(424,806,275)	(550,813,836)
Cash paid for treasury stock	(9,710,675)	(5,383,355)	(9,710,675)	(5,383,355)
Net cash used in financing activities	(403,536,770)	(502,143,684)	(403,536,770)	(502,143,684)
Net increase (decrease) in cash and cash equivalents				
	(661,763,086)	731,286,040	(658,980,828)	654,348,504
Cash and cash equivalents, at beginning of the year	2,863,169,077	2,131,883,037	2,762,191,634	2,107,843,130
Cash and cash equivalents, at end of the year	2,201,405,991	2,863,169,077	2,103,210,806	2,762,191,634
Acquisition of assets with non-cash				
Equipment	4,287,249	-	4,287,249	-
Motor vehicals under long-term lease	9,528,053	-	9,528,053	-

As at 30 December 2009, the company transferred investment in equity securities from trading portfolio to available for sale.

Fair value of investment on the transferred date is Baht 80,864,760.

1 General information

Kim Eng Securities (Thailand) Public Company Limited (“the company”) is a public limited company incorporated and resident in Thailand. The address of the company’s registered office is as follows:

999/9 The Offices at Central World, 20th - 21st and 24 th Floor, Rama 1 Road, Pathumwan, Bangkok, 10330.

The company is listed on the Stock Exchange of Thailand. For reporting purposes, the company and its subsidiary are referred to as the Group.

The company has 8 licenses for the securities business, which are brokering, trading, underwriting, investment advisory, corporate finance advisory, securities registrant, TFEX license and securities borrowing and lending.

These group consolidated and company financial statements were authorised for issue by the Board of Directors on 11 February 2010.

2 Accounting policies

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

2.1 Basis of preparation

The consolidated and company financial statements are prepared in accordance with the Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The consolidated and company financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

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

2 Accounting policies (Cont'd)

2.2 New accounting standard, new financial reporting standards and amendments to accounting standards

Thai Accounting Standards were renumbered with effect from 26 June 2009 following an announcement by the Federation of Accounting Professions in order to conform with the numbers used in the International Financial Reporting Standards.

Revised standards that are effective for the period beginning on or after 1 January 2009 and revised accounting framework are as follows:

TAS 36 (revised 2007) Impairment of Assets
TFRS 5 (revised 2007) Non-current Assets Held for Sale and Discontinued Operations (formerly TAS 54)
Accounting Framework (revised 2007) (effective 26 June 2009)

Those two standards and accounting framework do not have a material impact on the financial statements being presented.

The revised accounting standards and new accounting standards which are effective for the period beginning on or after 1 January 2011 and 1 January 2012 and which were not early adopted by the Group are as follows:

Effective for the period beginning on or after 1 January 2011

TAS 24 (revised 2007) Related Party Disclosure (formerly TAS 47)
TAS 40 Investment Property

Effective for the period beginning on or after 1 January 2012

TAS 20 Accounting for Government Grants and Disclosure for Government Assistance

The Group's management has determined that the revised standard and the new standards will not significantly impact the financial statements being presented.

2.3 Group accounting - investment in subsidiary

Subsidiary is the entity over which the Group has the power to govern the financial and operating policies generally accompanying a shareholder of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiary is consolidated from the date on which control is transferred to the Group and is no longer consolidated from the date the control ceases.

Intercompany transactions, balances and unrealised gains or losses on transactions between group companies are eliminated, except for realised losses, which the Group identified that there is an objective evidence of impairment. Where necessary accounting policies of subsidiary have been changed to ensure consistency with the policies adopted by the Group.

In the company's separate financial statements, investment in subsidiary is reported by using the cost method less impairment, if any.

These consolidated financial statements include the balance sheets as at 31 December 2009 and 2008 and the related statements of income for the years ended 31 December 2009 and 2008 of Kim Eng Securities (Thailand) Public Company Limited ("the company") and the Kim Eng Asset Management (Thailand) Company Limited (the former name was KEST Guardian Asset Management Co., Ltd.) ("the Subsidiary"). The Subsidiary registered under Thai law and engaged in managing a fund. The company started preparing the consolidated financial statements on 18 May 2007, when Kim Eng Asset Management (Thailand) Company Limited registered the business with Ministry of Commerce.

2 Accounting policies (Cont'd)

2.4 Income and expenses recognition

General income and expenses are recognised on an accrual basis.

Brokerage fees

Brokerage income is recognised when the underlying transaction is contracted.

Fees and service income

Fees and service income are recognised as income when the service has been substantially rendered.

Underwriting income

Underwriting income is recognised as income when securities are allotted.

Interest and dividend income

Interest income from investments is recognised on a time proportion basis using the effective interest method. Dividend income from investments is recognised when the right to receive payment is established.

Interest on margin loans

Interest on margin loans is recognised as income on the time proportion basis except for interest income from certain securities business receivables, which is recognised on a collection basis in accordance with an announcement of the office of the Securities and Exchange Commission, dated 15 February 2001, regarding the accounting for sub-standard loans.

2.5 Cash and cash equivalents

Cash and cash equivalents are carried on the balance sheet at cost. Cash and cash equivalents comprise cash on hand, current and saving deposits, promissory notes, and other short-term highly liquid investments with original maturities within 3 months or under.

2.6 Securities lending and borrowing

The company recorded its obligations to return borrowed securities which it has been lent as Securities borrowing payables and recorded securities lent to customers as Securities borrowing receivables. At the end of the period, the company adjusted fair value of borrowed securities by reference to the last offer price quoted on the Stock Exchange of Thailand on the last business day of the year and recorded in statement of income. Cash paid as collateral for securities borrowing is recorded as collateral assets. Fees on securities borrowing and lending are recognised on an accrual basis.

2 Accounting policies (Cont'd)

2.7 Investments in debt and equity securities

Investments other than investments in subsidiary are classified into the following four categories: 1. Trading investments, 2. Held to maturity investments, 3. Available for sale investments and 4. General investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

1. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments for the purpose of these financial statements short term is defined as a year.
2. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity.
3. Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available for sale.
4. Investments in non-marketable equity securities are classified as general investments.

Purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investments. Cost of investment includes transaction costs.

Investments in available for sale and trading securities are presented at fair value less allowance for impairment, if any, in the balance sheet. Unrealised gains or losses resulting from changes in fair values of investment in available for sale securities and trading securities are included in the shareholders' equity and in the statement of income, respectively. Fair value are calculated on the following basis:

- For marketable debt securities, fair values are calculated by referencing to the last bid prices on the last business day of the year. The rates are announced by the Thai Bond Market Association (Thai BMA). Fair values of other debt securities are calculated by referencing to the risk-free yield curve, adjusted by the appropriate risk premium.
- For marketable equity securities, fair values are calculated by referencing to last bid prices quoted on the Stock Exchange of Thailand on the last business day of the year.

Held to maturity debt securities are initially recognised at purchase price plus transaction costs and subsequently accounted for at amortised cost using effective interest method, less allowance for impairment, if any.

General investment is stated at cost, less allowance for impairment, if any.

An impairment review is carried out by the Group when there is a factor indicating that such investment might be impaired. If the carrying amount of the investment is higher than its recoverable amount, impairment loss is charged to the statement of income.

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

When a particular investment in securities is partly disposed, the carrying amount of the disposed portion is determined on the weighted average basis.

2 Accounting policies (Cont'd)

2.8 Allowance for doubtful accounts

Allowance for doubtful accounts is determined based on the conditions in announcement of the office of the Securities and Exchange Commission's Notification dated 15 February 2001, regarding the accounting for sub-standard loans. The announcement requires the company to classify its loan portfolio into 3 categories subject to different levels of provisioning. The announcement also imposes policies regarding the collateral valuation for the purpose of setting allowance for doubtful accounts. Moreover, the considerations of the financial position of each expected to be uncollectible debtors based on the experience and opinion of the management are also performed.

Bad debts written off or bad debts recovered are recorded as a decrease or an increase in the allowance for doubtful accounts.

2.9 Loans to employees under welfare program

Loans to employees under welfare program are recognised initially at cash granted to employees. Loans to employees are subsequently stated at amortised cost using the contractual interest rate. The returned is recognised in the statement of income over the period of loan.

2.10 Equipment and depreciation

Equipment is initially recorded at cost and is subsequently shown at cost less accumulated depreciation as at the balance sheet date.

Depreciation is calculated on the straight line method to write off the cost of each asset to its residual value over the estimated useful lives.

Building improvement	5 years
Furniture fixtures & equipment	3 and 5 years
Motor vehicles	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 and the difference will be recorded as impairment loss in the statement of income.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

2.11 Foreclosed properties

Foreclosed properties consist of immovable properties, which are stated at the lower of cost and recoverable amount. The excess of the carrying amount over recoverable amount is recognised as an impairment loss in statement of income.

Gains or losses on disposals of such properties are recognised in the statement of income at the date of disposal.

2 Accounting policies (Cont'd)

2.12 Intangible assets

Expenditure on acquired intangible assets is capitalised and amortised using the straight-line method over their useful lives, generally over 5 years, except for TFEX member fee and mutual fund license, which are not amortised.

Such intangible assets are not revalued. The carrying amount of each intangible asset is reviewed annually and adjusted for impairment where it is considered necessary.

2.13 Financial instruments transactions

Significant financial assets carried on the balance sheet include cash and cash equivalents, long-term deposits at financial institutions, investments in debt and equity securities, Receivables from Clearing House, Securities and Derivatives business receivables, and loans to employees under welfare program. Significant financial liabilities carried on the balance sheet include Payables to Clearing House, Securities and Derivatives business payables and liabilities under long-term lease. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The Group does not trade or speculate in any financial instruments. The Group is not party to other financial instruments which are not recognised in the financial statements.

2.14 Related parties

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

2.15 Provisions

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

2.16 Provident fund

The Group established a contributory registered provident fund for those employees who indicate their willingness to join, in accordance with the Provident Fund Act B.E. 2530. The Group operates a provident fund that the asset for which are held in a separate trustee-administered fund managed by independent fund manager. The provident fund is funded by payments from employees at the amount equal to 2% - 3% of the employees' basic salary and by the Group at the amount equal to 2% - 8% of the employees' basic salary depending on years of services. The contributions to the provident fund are charged to the statement of income in the year to which they relate.

2.17 Employee benefits

The Group provides for post employment benefits, payable to employees under Thai labour law. The amount payable in the future depends on the salary and years of services of the respective employees. The liability arising as a result of Thai labour law recorded as the present value of estimated future cash outflows using interest rates which have terms to maturities approximating the terms of the related liabilities.

2 Accounting policies (Cont'd)

2.18 Treasury Stocks

Where the company or its subsidiaries purchases the company's equity share capital, the consideration paid including any attributable incremental external costs net of income taxes is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

2.19 Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income (loss) for the year by weighted-average number of paid-up ordinary shares in issue during the year.

Diluted earnings (loss) per share is calculated by dividing net income (loss) for the year by sum of weighted average number of ordinary share to be issued for conversion of all dilutive potential ordinary shares into ordinary shares. The calculation assumes that conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

2.20 Operating leases - where the Company is the lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payment made under operating lease (net of any incentives received from the lessor) is charged to the statement of income 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 recognised as an expense in the period in which termination takes place.

2.21 Financing leases - where the Company is the lessee

Leases of vehicles which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The vehicles acquired under finance leases is depreciated over the useful life of the asset.

2.22 Dividends

Dividends are recorded in the consolidated and company's financial statements in the period in which they are approved by the shareholders. For the interim dividend are approved by the Board of Director.

2.23 Segment reporting

Business segments mean segment provides services that are subject to risks and returns that are different from those of other business segments. Geographical segments mean segment that provides services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

3 Critical accounting estimates, assumptions and judgements

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

Equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or its will write off or write down technically obsolete or assets that have been abandoned or sold.

Employee benefits

The Group has commitment on post-retirement benefits to employee on reaching retirement age. The present value of employee benefit liabilities recognised in balance sheet is determined on the present value of estimated future cash outflows. The assumptions used in determining the net year cost for employee benefits includes the salary and years of services of respective employees which are payable in the future year and discount rate. Any changes in these assumptions will impact the net year cost recorded for employee benefits. On a quarterly basis, the Group determines the appropriate discount rate, which represents the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits.

4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt obligations.

5 Cash and cash equivalents

	Consolidated		The company only	
	2009 Baht	2008 Baht	2009 Baht	2008 Baht
Cash on hand	371,000	371,000	371,000	371,000
Current and saving deposits	4,222,767,115	314,138,678	4,213,671,930	312,261,235
Fixed deposits with remaining maturity less than 3 months	2,089,100,000	-	2,000,000,000	-
Promissory notes with remaining maturity less than 3 months	400,000,000	5,029,100,000	400,000,000	4,930,000,000
Less Deposits on behalf of customers	(4,510,832,124)	(2,480,440,601)	(4,510,832,124)	(2,480,440,601)
Total cash and cash equivalents	<u>2,201,405,991</u>	<u>2,863,169,077</u>	<u>2,103,210,806</u>	<u>2,762,191,634</u>

The deposits on behalf of customers relate to cash deposited by customers which the Group has the obligation to repay to the customers on demand. In accordance with notification No. Sor Thor 44/2543 dated 12 September 2000, issued by the office of the Securities and Exchange commission, this amount was excluded from cash and cash equivalents held by the Group.

As at 31 December 2009, deposits on behalf of customers include amount due to Kim Eng Securities Pte. Ltd. of Baht 0.01 million (As at 31 December 2008: Baht 0.06 million).

6 Long-term deposits at financial institutions

	Consolidated		The company only	
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Fixed deposit	5,694	3,089	5,694	3,089
Restricted cash	1,341,876	1,341,876	1,341,876	1,341,876
Total long-term deposits at financial institutions	<u>1,347,570</u>	<u>1,344,965</u>	<u>1,347,570</u>	<u>1,344,965</u>

As at 31 December 2009, fixed deposits of Baht 1 million (31 December 2008: Baht 1 million) are pledged as collateral to local banks for letter of guarantees.

7 Investments in debt and equity securities, net

	Consolidated and the company only		Consolidated and the company only	
	2009		2008	
	Cost/ Amortised cost Baht	Fair value Baht	Cost/ Amortised cost Baht	Fair value Baht
Short-term investments				
Trading equity securities	-	-	38,156,501	32,468,440
Available for sale equity securities	80,864,760	80,864,760	-	-
Held to maturity debt securities due within 1 year	200,000,000	203,941,752	-	-
Total	280,864,760	284,806,512	38,156,501	32,468,440
<u>Less</u> Revaluation adjustments	-	-	(5,688,061)	-
Total short-term investments, net	<u>280,864,760</u>	<u>284,806,512</u>	<u>32,468,440</u>	<u>32,468,440</u>
Long-term investments				
General investments	31,791,160	20,424,928	23,991,160	7,251,213
Held to maturity debt securities	1,548,557	-	201,548,557	204,522,825
Total	33,339,717	20,424,928	225,539,717	211,774,038
<u>Less</u> Impairment loss	(14,662,500)	-	-	-
Total long-term investments, net	<u>18,677,217</u>	<u>20,424,928</u>	<u>225,539,717</u>	<u>211,774,038</u>
Total investments in debt and equity securities	<u>299,541,977</u>	<u>305,231,440</u>	<u>258,008,157</u>	<u>244,242,478</u>

As at 31 December 2009, the group has investments in equity, which is used as collateral in court and classified as general investments, amounting to Baht 7,622,000 (31 December 2008: Baht 7,622,000).

As at 30 December 2009, the company transferred investment in equity securities from trading portfolio to available for sale, which was classified as short term investment. It was transferred at fair value on 30 December 2009, fair value of investment in trading equity securities became cost of investment in available for sale. There was no unrealised gain or loss after the date of transfer.

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7 Investments in debt and equity securities, net (Cont'd)

Cost and amortised cost of debt securities according to their maturities.

	Baht			
	Consolidated and the company only			
	Mature within (year)			
	1	2 - 5	6 - 10	Over 10
At 31 December 2009				
Held-to-maturity debt securities	200,000,000	1,548,557	-	-
	<u>200,000,000</u>	<u>1,548,557</u>	<u>-</u>	<u>-</u>

	Baht			
	Consolidated and the company only			
	Mature within (year)			
	1	2 - 5	6 - 10	Over 10
At 31 December 2008				
Held-to-maturity debt securities	-	201,548,557	-	-
	<u>-</u>	<u>201,548,557</u>	<u>-</u>	<u>-</u>

8 Investment in subsidiary

The company's investment in its subsidiary, which is company registered under Thai laws and operating in Thailand, is summarised below:

Name of company	Type of business	Type of relationship	Paid-up share capital		Percentage of holding		Investment	
			2009	2008	2009	2008	Cost method	
			Million Baht	Million Baht	%	%	2009	2008
			Million Baht	Million Baht			Million Baht	Million Baht
Kim Eng Asset Management (Thailand) Company Limited (The former name was KEST Guardian Asset Management Co., Ltd.)	Asset management	Subsidiary	100	100	99.99	99.99	100	100

9 Receivables from Clearing House

	Consolidated		The company only	
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Receivables from Thai Securities Depositing Co., Ltd. (TSD)	448,938,640	171,792,545	448,938,640	171,792,545
Receivables from Thai Clearing House Co., Ltd (TCH)	153,330,496	127,538,940	153,330,496	127,538,940
<u>Less</u> Receivables from Clearing House on behalf of customers	<u>(153,059,796)</u>	<u>(127,538,740)</u>	<u>(153,059,796)</u>	<u>(127,538,740)</u>
Total	<u>449,209,340</u>	<u>171,792,745</u>	<u>449,209,340</u>	<u>171,792,745</u>

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10 Securities and Derivatives business receivables

Balance of Securities business receivable as at 31 December 2009 and 2008 are as follows:

	Consolidated		The company only	
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Customers' cash accounts	1,395,868,319	757,820,674	1,395,868,319	757,820,674
Credit balance transactions	2,037,236,704	788,398,919	2,037,236,704	788,398,919
Securities borrowing and lending	184,216,790	2,760,000	184,216,790	2,760,000
Collateral assets	3,882,112	-	3,882,112	-
Other receivables	274,696,164	278,645,066	274,696,164	278,645,066
Total securities business receivables	3,895,900,089	1,827,624,659	3,895,900,089	1,827,624,659
<u>Add</u> Accrued interest receivables	24,899,366	21,695,357	24,899,366	21,695,357
<u>Less</u> Allowance for doubtful accounts (Note 11)	(292,043,784)	(296,674,772)	(292,043,784)	(296,674,772)
Net securities business receivables and accrued interest receivables	<u>3,628,755,671</u>	<u>1,552,645,244</u>	<u>3,628,755,671</u>	<u>1,552,645,244</u>

As at 31 December 2009, the Group had loans and receivables totalling approximately Baht 292 million (31 December 2008: Baht 297 million) for which recognition of interest income had been discontinued in accordance with the Office of the Securities and Exchange Commission's notification dated 15 February 2001.

Balance of Derivatives business receivables as at 31 December 2009 and 2008 are as follows:

	Consolidated		The company only	
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Derivative business receivables	120,920	1,387,280	120,920	1,387,280
<u>Less</u> Allowance for doubtful accounts (Note 11)	-	-	-	-
Derivative business receivables, net	<u>120,920</u>	<u>1,387,280</u>	<u>120,920</u>	<u>1,387,280</u>
Total securities and derivatives business receivables	<u>3,628,876,591</u>	<u>1,554,032,524</u>	<u>3,628,876,591</u>	<u>1,554,032,524</u>

10 Securities and Derivatives business receivables (Cont'd)

The Group has classified Securities and Derivatives business receivables in accordance with the notification of the Office of the Securities and Exchange Commission dated 15 February 2001, regarding the accounting for sub-standard loans as follows:

Classifications	Consolidated and the company only		
	2009		
	Total debts (including accrued interest receivables) Million Baht	Allowance for doubtful accounts	
Amount set up by the company Million Baht		Amount required by SEC Million Baht	
Normal debts	3,628.87	-	-
Substandard debts	14.37	14.36	-
Doubtful debts	277.68	277.68	277.68
Total	3,920.92	292.04	277.68

Classifications	Consolidated and the company only		
	2008		
	Total debts (including accrued interest receivables) Million Baht	Allowance for doubtful accounts	
Amount set up by the company Million Baht		Amount required by SEC Million Baht	
Normal debts	1,553.99	-	-
Substandard debts	14.44	14.39	-
Doubtful debts	282.28	282.28	282.28
Total	1,850.71	296.67	282.28

The Group had set up the allowance for doubtful debts based on the receivables classification at the rate higher than the minimum rate as suggested by the office of the Securities and Exchange Commission of Thailand, and also by reviewing the individual debtor's repayment ability, taking into consideration the recovery risk and the value of the collateral.

The substandard and doubtful debts (receivables and accrued interest receivables) are classified by aging as follows:

	Consolidated		The company only	
	2009 Million Baht	2008 Million Baht	2009 Million Baht	2008 Million Baht
Up to 3 months	-	0.12	-	0.12
Over 3 months to 6 months	-	-	-	-
Over 6 months to 9 months	-	-	-	-
Over 9 months to 12 months	-	-	-	-
Over 1 year to 3 years	0.06	1.21	0.06	1.21
Over 3 years	291.99	295.39	291.99	295.39
Total	292.05	296.72	292.05	296.72

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11 Allowance for doubtful accounts

	Consolidated		The company only	
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Beginning balance of the year	296,674,772	298,492,438	296,674,772	298,492,438
<u>Add</u> Doubtful accounts	38,495	186,101	38,495	186,101
<u>Less</u> Reversal of doubtful accounts	(4,669,483)	(2,003,767)	(4,669,483)	(2,003,767)
Ending balance of the year	<u>292,043,784</u>	<u>296,674,772</u>	<u>292,043,784</u>	<u>296,674,772</u>

12 Equipment, net

	Consolidated					
	Building improvement	Furniture fixtures & equipment	Motor vehicles	Financial lease	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht
At 1 January 2008						
Cost	206,424,064	401,392,359	288,205	14,583,026	297,523	622,985,177
<u>Less</u> Accumulated depreciation	(148,176,336)	(347,999,253)	(64,081)	(5,211,565)	-	(501,451,235)
Net book amount	<u>58,247,728</u>	<u>53,393,106</u>	<u>224,124</u>	<u>9,371,461</u>	<u>297,523</u>	<u>121,533,942</u>
Year ended 31 December 2008						
Opening net book amount	58,247,728	53,393,106	224,124	9,371,461	297,523	121,533,942
Additions	3,185,406	29,243,540	-	7,951,936	5,951,124	46,332,006
Transfers	4,254,137	1,826,914	-	-	(6,081,051)	-
Disposals, net	(949,172)	(200,628)	-	(2,916,106)	-	(4,065,906)
Depreciation charge	(23,007,682)	(33,223,656)	(57,609)	(5,569,715)	-	(61,858,662)
Closing net book amount	<u>41,730,417</u>	<u>51,039,276</u>	<u>166,515</u>	<u>8,837,576</u>	<u>167,596</u>	<u>101,941,380</u>
At 31 December 2008						
Cost	206,300,087	427,719,672	288,205	19,157,410	167,596	653,632,970
<u>Less</u> Accumulated depreciation	(164,569,670)	(376,680,396)	(121,690)	(10,319,834)	-	(551,691,590)
Net book amount	<u>41,730,417</u>	<u>51,039,276</u>	<u>166,515</u>	<u>8,837,576</u>	<u>167,596</u>	<u>101,941,380</u>
Year ended 31 December 2009						
Opening net book amount	41,730,417	51,039,276	166,515	8,837,576	167,596	101,941,380
Additions	5,338,485	20,772,243	-	9,528,053	1,899,838	37,538,619
Transfers	1,315,010	674,412	-	-	(1,989,422)	-
Disposals, net	(733,029)	(17,938)	-	-	-	(750,967)
Depreciation charge	(22,106,594)	(26,856,299)	(57,609)	(3,755,130)	-	(52,775,632)
Closing net book amount	<u>25,544,289</u>	<u>45,611,694</u>	<u>108,906</u>	<u>14,610,499</u>	<u>78,012</u>	<u>85,953,400</u>
At 31 December 2009						
Cost	157,810,834	437,032,343	288,205	25,360,419	78,012	620,569,813
<u>Less</u> Accumulated depreciation	(132,266,545)	(391,420,649)	(179,299)	(10,749,920)	-	(534,616,413)
Net book amount	<u>25,544,289</u>	<u>45,611,694</u>	<u>108,906</u>	<u>14,610,499</u>	<u>78,012</u>	<u>85,953,400</u>

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12 Equipment, net (Cont'd)

	The company only					Total Baht
	Building improvement Baht	Furniture fixtures & equipment Baht	Motor vehicles Baht	Financial lease Baht	Construction in progress Baht	
At 1 January 2008						
Cost	206,424,064	401,392,359	288,205	14,583,026	297,523	622,985,177
<u>Less</u> Accumulated depreciation	(148,176,336)	(347,999,253)	(64,081)	(5,211,565)	-	(501,451,235)
Net book amount	<u>58,247,728</u>	<u>53,393,106</u>	<u>224,124</u>	<u>9,371,461</u>	<u>297,523</u>	<u>121,533,942</u>
Year ended 31 December 2008						
Opening net book amount	58,247,728	53,393,106	224,124	9,371,461	297,523	121,533,942
Additions	3,185,406	29,224,940	-	7,951,936	5,951,124	46,313,406
Transfers	4,254,137	1,826,914	-	-	(6,081,051)	-
Disposals, net	(949,172)	(200,628)	-	(2,916,106)	-	(4,065,906)
Depreciation charge	<u>(23,007,682)</u>	<u>(33,220,225)</u>	<u>(57,609)</u>	<u>(5,569,715)</u>	<u>-</u>	<u>(61,855,231)</u>
Closing net book amount	<u>41,730,417</u>	<u>51,024,107</u>	<u>166,515</u>	<u>8,837,576</u>	<u>167,596</u>	<u>101,926,211</u>
At 31 December 2008						
Cost	206,300,087	427,701,072	288,205	19,157,410	167,596	653,614,370
<u>Less</u> Accumulated depreciation	(164,569,670)	(376,676,965)	(121,690)	(10,319,834)	-	(551,688,159)
Net book amount	<u>41,730,417</u>	<u>51,024,107</u>	<u>166,515</u>	<u>8,837,576</u>	<u>167,596</u>	<u>101,926,211</u>
Year ended 31 December 2009						
Opening net book amount	41,730,417	51,024,107	166,515	8,837,576	167,596	101,926,211
Additions	5,153,558	20,571,470	-	9,528,053	1,514,838	36,767,919
Transfers	930,010	674,412	-	-	(1,604,422)	-
Disposals, net	(733,029)	(17,938)	-	-	-	(750,967)
Depreciation charge	<u>(22,078,589)</u>	<u>(26,836,114)</u>	<u>(57,609)</u>	<u>(3,755,130)</u>	<u>-</u>	<u>(52,727,442)</u>
Closing net book amount	<u>25,002,367</u>	<u>45,415,937</u>	<u>108,906</u>	<u>14,610,499</u>	<u>78,012</u>	<u>85,215,721</u>
At 31 December 2009						
Cost	157,240,907	436,812,970	288,205	25,360,419	78,012	619,780,513
<u>Less</u> Accumulated depreciation	(132,238,540)	(391,397,033)	(179,299)	(10,749,920)	-	(534,564,792)
Net book amount	<u>25,002,367</u>	<u>45,415,937</u>	<u>108,906</u>	<u>14,610,499</u>	<u>78,012</u>	<u>85,215,721</u>

Initial cost of asset, which has already fully depreciated as at 31 December 2009, is Baht 383 million. The balance consists of building improvement Baht 50 million, furniture & fixture Baht 64 million, and computer Baht 269 million.

Initial cost of asset, which has already fully depreciated as at 31 December 2008, is Baht 403 million. The balance consists of building improvement Baht 91 million, furniture & fixture Baht 55 million, and computer Baht 257 million.

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13 Intangible assets

	Consolidated				
	Computer software Baht	Software under installation Baht	TFEX member fee Baht	Mutual fund license Baht	Total Baht
At 1 January 2008					
Cost	71,669,691	1,884,318	5,000,000	1,000,000	79,554,009
<u>Less</u> Accumulated depreciation	(57,653,907)	-	(1,679,452)	-	(59,333,359)
Net book amount	<u>14,015,784</u>	<u>1,884,318</u>	<u>3,320,548</u>	<u>1,000,000</u>	<u>20,220,650</u>
Year ended 31 December 2008					
Opening net book amount	14,015,784	1,884,318	3,320,548	1,000,000	20,220,650
Additions	1,827,757	3,688,221	-	-	5,515,978
Transfers	77,970	(77,970)	-	-	-
Amortised amount	(6,231,554)	-	-	-	(6,231,554)
Closing net book amount	<u>9,689,957</u>	<u>5,494,569</u>	<u>3,320,548</u>	<u>1,000,000</u>	<u>19,505,074</u>
At 31 December 2008					
Cost	73,575,418	5,494,569	5,000,000	1,000,000	85,069,987
<u>Less</u> Accumulated depreciation	(63,885,461)	-	(1,679,452)	-	(65,564,913)
Net book amount	<u>9,689,957</u>	<u>5,494,569</u>	<u>3,320,548</u>	<u>1,000,000</u>	<u>19,505,074</u>
Year ended 31 December 2009					
Opening net book amount	9,689,957	5,494,569	3,320,548	1,000,000	19,505,074
Additions	3,071,437	350,000	-	-	3,421,437
Transfers	3,660,251	(3,660,251)	-	-	-
Disposals, net	(141)	-	-	-	(141)
Amortised charge	(5,216,199)	-	-	-	(5,216,199)
Closing net book amount	<u>11,205,305</u>	<u>2,184,318</u>	<u>3,320,548</u>	<u>1,000,000</u>	<u>17,710,171</u>
At 31 December 2009					
Cost	61,771,945	2,184,318	5,000,000	1,000,000	69,956,263
<u>Less</u> Accumulated depreciation	(50,566,640)	-	(1,679,452)	-	(52,246,092)
Net book amount	<u>11,205,305</u>	<u>2,184,318</u>	<u>3,320,548</u>	<u>1,000,000</u>	<u>17,710,171</u>

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13 Intangible assets (Cont'd)

	The company only			Total Baht
	Computer software Baht	Software under installation Baht	TFEX member fee Baht	
At 1 January 2008				
Cost	71,669,691	1,884,318	5,000,000	78,554,009
<u>Less</u> Accumulated depreciation	<u>(57,653,907)</u>	<u>-</u>	<u>(1,679,452)</u>	<u>(59,333,359)</u>
Net book amount	<u>14,015,784</u>	<u>1,884,318</u>	<u>3,320,548</u>	<u>19,220,650</u>
Year ended 31 December 2008				
Opening net book amount	14,015,784	1,884,318	3,320,548	19,220,650
Additions	1,827,757	3,688,221	-	5,515,978
Transfers	77,970	(77,970)	-	-
Amortised charge	<u>(6,231,554)</u>	<u>-</u>	<u>-</u>	<u>(6,231,554)</u>
Closing net book amount	<u>9,689,957</u>	<u>5,494,569</u>	<u>3,320,548</u>	<u>18,505,074</u>
At 31 December 2008				
Cost	73,575,418	5,494,569	5,000,000	84,069,987
<u>Less</u> Accumulated depreciation	<u>(63,885,461)</u>	<u>-</u>	<u>(1,679,452)</u>	<u>(65,564,913)</u>
Net book amount	<u>9,689,957</u>	<u>5,494,569</u>	<u>3,320,548</u>	<u>18,505,074</u>
Year ended 31 December 2009				
Opening net book amount	9,689,957	5,494,569	3,320,548	18,505,074
Additions	3,071,437	50,000	-	3,121,437
Transfers	3,660,251	(3,660,251)	-	-
Disposals, net	(141)	-	-	(141)
Amortised amount	<u>(5,216,199)</u>	<u>-</u>	<u>-</u>	<u>(5,216,199)</u>
Closing net book amount	<u>11,205,305</u>	<u>1,884,318</u>	<u>3,320,548</u>	<u>16,410,171</u>
At 31 December 2009				
Cost	61,771,945	1,884,318	5,000,000	68,656,263
<u>Less</u> Accumulated depreciation	<u>(50,566,640)</u>	<u>-</u>	<u>(1,679,452)</u>	<u>(52,246,092)</u>
Net book amount	<u>11,205,305</u>	<u>1,884,318</u>	<u>3,320,548</u>	<u>16,410,171</u>

Initial cost of computer software, which has already fully depreciated as at 31 December 2008, is Baht 37 million (31 December 2008: Baht 47 million).

14 Other assets

	Consolidated		The company only	
	2009 Baht	2008 Baht	2009 Baht	2008 Baht
Clearing fund	48,735,007	43,692,356	48,735,007	43,692,356
Accrued income	15,064,820	5,201,686	14,968,702	5,201,686
Prepaid expenses	17,502,473	6,474,787	17,501,098	6,474,787
Others	19,032,013	19,019,651	18,794,711	18,912,826
Total	<u>100,334,313</u>	<u>74,388,480</u>	<u>99,999,578</u>	<u>74,281,655</u>

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15 Provisions

	Consolidated		The company only	
	2009 Baht	2008 Baht	2009 Baht	2008 Baht
Opening balance	34,944,685	35,022,605	34,944,685	35,022,605
Decrease during the year	(291,502)	(77,920)	(291,502)	(77,920)
Closing balance	<u>34,653,183</u>	<u>34,944,685</u>	<u>34,653,183</u>	<u>34,944,685</u>

As at 31 December 2009 and 2008, the provision comprised the obligations of the company to Nithipat Capital Public Co., Ltd., (“Nithipat”), the former parent company, of approximately Baht 10.63 million in case that Nithipat cannot collect their securities debts which have not been transferred as mentioned in the Asset Transfer Letter dated 14 August 1996. Additional provision is set up for the notification of approximately Baht 15.70 million from a customers’ account of Yuanta Securities (Thailand) Limited demanding the company to pay for damage claims from the event occurred before the customer were transferred to the company.

As at 31 December 2009 the company has post employment benefits payable to employees under the Thai labour law for Baht 8.32 million (31 December 2008: Baht 8.61 million).

16 Liabilities under long-term lease

Liabilities under long-term lease contracts represent finance lease for vehicles. The balance as at 31 December 2009 and 2008 comprise;

	Consolidated		The company only	
	2009 Baht	2008 Baht	2009 Baht	2008 Baht
Minimum lease payments obligation under long-term lease contracts	19,452,166	11,976,281	19,452,166	11,976,281
<u>Less</u> Deferred interest	<u>(2,548,968)</u>	<u>(1,447,916)</u>	<u>(2,548,968)</u>	<u>(1,447,916)</u>
	<u>16,903,198</u>	<u>10,528,365</u>	<u>16,903,198</u>	<u>10,528,365</u>
Current portion due within one year	4,385,353	3,034,954	4,385,353	3,034,954
Portion due after one year	12,517,845	7,493,411	12,517,845	7,493,411
	<u>16,903,198</u>	<u>10,528,365</u>	<u>16,903,198</u>	<u>10,528,365</u>

17 Other liabilities

	Consolidated		The company only	
	2009 Baht	2008 Baht	2009 Baht	2008 Baht
VAT payable	9,286,502	8,178,561	9,286,502	8,178,561
Withholding tax payable	7,313,737	3,944,478	7,266,605	3,941,424
Others	5,476,944	5,575,386	5,474,224	5,575,316
Total	<u>22,077,183</u>	<u>17,698,425</u>	<u>22,027,331</u>	<u>17,695,301</u>

18 Share capital

On 6 December 2005, the shareholders at an Extraordinary Meeting of Shareholders approved the company to decrease the authorised share capital, reserved for public offering, from 560 million ordinary shares with a par value of Baht 5 per share to 545 million ordinary shares with a par value of Baht 5 per share. The shareholders also approved the company to increase the authorised share capital, reserved for the exercise of employee stock option issued for director and/or staff, from 545 million ordinary shares with a par value of Baht 5 per share to 572.25 million ordinary shares with a par value of Baht 5 per share

During the year ended 31 December 2009, the warrant holders exercise their own rights, then the issued share capital increase for 4,757,900 shares.

On 8 October 2008, the Board of Directors approved to buy back 56,000,000 ordinary shares (representing not more than 10% of the issued shares) at a price equivalent to the bid prices on the Stock Exchange of Thailand, within a total budget of no more than Baht 672 million, not exceed the company's retained earnings. The repurchase period should be done during 24 October 2008 to 24 April 2009. The method and period for selling of the treasury shares will be decided by the Board of Directors after the completion date of the buy back 6 months, but not more than 3 years and such sale will be made at a price of not less than 85 percent of the average closing prices of the 5 working days prior to the selling date.

According to the Federation of Accounting Professions' announcement no. Sor.Sor.Vor.Bor.Chor. 016/2548 dated 4 February 2005, it requires public limited companies that treasury shares to have retained earnings not less than the amount of the treasury shares remaining in the account. In the event the retained earnings is used to pay dividends, the retained earnings after the dividend payment should not be less than the treasury shares. This is to comply with the announcement of the Judicial Council, which deliberated the issue of treasury shares schemes under Section 66/1(2) of the Public Limited Companies Act B.E. 2535.

The company had treasury shares of 2,205,200 shares representing 0.39 percent of the total sold shares outstanding on the date when the Board resolved the share repurchase. The total treasury shares are Baht 15.09 million and the company has appropriated the retained earnings as the treasury shares reserve for the whole amount.

	Consolidated and the company only				
	Number of shares Shares	Ordinary shares Baht	Share premium Baht	Share subscription received in advance Baht	Total Baht
As at 1 January 2008	556,361,700	2,781,808,500	494,777,529	281,000	3,276,867,029
Issue of shares	9,025,400	45,127,000	17,938,400	(281,000)	62,784,400
<u>Less</u> Treasury shares	(782,100)	(5,383,355)	-	-	(5,383,355)
At 31 December 2008	564,605,000	2,821,552,145	512,715,929	-	3,334,268,074
Issue of shares	4,757,900	23,789,500	9,752,400	591,500	34,133,400
<u>Less</u> Treasury shares	(1,423,100)	(9,710,675)	-	-	(9,710,675)
As at 31 December 2009	567,939,800	2,835,630,970	522,468,329	591,500	3,358,690,799

19 Legal and treasury share reserve

	Consolidated		The company only	
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Opening balance	212,678,288	180,633,241	212,678,288	180,633,241
Appropriation during the year	35,836,899	26,661,692	35,836,899	26,661,692
Increase treasury shares reserve	9,710,675	5,383,355	9,710,675	5,383,355
Closing balance	258,225,862	212,678,288	258,225,862	212,678,288

	Consolidated		The company only	
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Legal reserve	243,131,832	207,294,933	243,131,832	207,294,933
Treasury share reserve	15,094,030	5,383,355	15,094,030	5,383,355
Total	258,225,862	212,678,288	258,225,862	212,678,288

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

20 Warrants

On 6 December 2005, the shareholders at an Extraordinary General Meeting of Shareholders approved the issuance of warrants to purchase the company's ordinary shares to its directors and/or staff at the maximum of 27.25 million units, free of charge. The exercise price of warrant is Baht 7 per share and they are exercisable in a ratio of 1 warrant to 1 ordinary share. The exercise date is at the last working day of each month throughout the 4 years term of warrants. The first exercisable date will be on 31 August 2006.

During the year ended 2009, the warrants were exercised by directors and/or staff amounting to 4,876,200 units. As at the end of accounting period, the warrants 118,300 units were exercised but the company has not registered with Ministry of Commerce. As at 31 December 2009, the outstanding warrants, which have been allotted but not exercised, are 1,986,700 units (31 December 2008: 6,862,900 units).

21 Dividends

An interim dividend of Baht 0.25 per share amounting to a total of Baht 141.87 million was approved at the Board of Director's Meeting on 13 August 2009. The dividend was paid on 11 September 2009.

A dividend of Baht 0.50 per share amounting to a total of Baht 282.93 million was approved at the Ordinary Shareholder's Meeting on 27 March 2009. The dividend was paid on 10 April 2009.

An interim dividend of Baht 0.30 per share amounting to a total of Baht 169.58 million was approved at the Board of Director's Meeting on 11 August 2008. The dividend was paid on 11 September 2008.

A dividend of Baht 0.68 per share amounting to a total of Baht 381.24 million was approved at the Ordinary Shareholder's Meeting on 28 March 2008. The dividend was paid on 9 April 2008.

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22 Provident fund

For the year ended 31 December 2009, the Group's contribution was amounting to Baht 19,383,796 (31 December 2008: Baht 19,084,282).

23 Income taxes

The annual tax rate used for the year ended 31 December 2009 is 25% for the net profit Baht 300 million and 30% for the net profit exceed Baht 300 million. (The tax rate for the year ended 31 December 2008 is 25%).

24 Reconciliation of dilutive earnings per share

	Consolidated					
	Net earnings		Weighted average number of ordinary shares		Earnings per share	
	2009	2008	2009	2008	2009	2008
	Baht	Baht	Shares	Shares	Baht	Baht
Basic earnings per share						
Net profit for the year	715,171,301	534,783,455	568,399,727	561,504,295	1.26	0.95
Effect of dilutive potential ordinary shares						
Warrants	-	-	817,800	4,144,842	-	-
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>715,171,301</u>	<u>534,783,455</u>	<u>569,217,527</u>	<u>565,649,137</u>	<u>1.26</u>	<u>0.95</u>
	The company only					
	Net earnings		Weighted average number of ordinary shares		Earnings per share	
	2009	2008	2009	2008	2009	2008
	Baht	Baht	Shares	Shares	Baht	Baht
	Baht	Baht	Shares	Shares	Baht	Baht
Basic earnings per share						
Net profit for the year	716,737,999	533,233,832	568,399,727	561,504,295	1.26	0.95
Effect of dilutive potential ordinary shares						
Warrants	-	-	817,800	4,144,842	-	(0.01)
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	<u>716,737,999</u>	<u>533,233,832</u>	<u>569,217,527</u>	<u>565,649,137</u>	<u>1.26</u>	<u>0.94</u>

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25 Financial instruments

Interest rate risk

Interest rate risk is the exposure to the risk associated with the effects of fluctuations in prevailing levels of market interest rates on the Group's financial instruments. As at 31 December 2009 and 2008, the outstanding balances of financial statements classified by type of interest rate are as follows:

	Unit : Million Baht								
	Consolidated								
	2009								
	Fixed interest rate							Interest rate (%)	
	Remaining period before maturity date or repricing date							Floating rate	Fixed rate
	Floating interest rates	Less than 1 year	1 - 5 years	Over 5 years	Without interest	Non-performing debts	Total		
Financial assets									
Cash and cash equivalents	1,790	89	-	-	322	-	2,201	0.10-1.00	1.125
Long-term deposits at financial institutions	-	1	-	-	-	-	1	-	0.50-0.75
Investments in debt securities	-	200	-	-	-	2	202	-	4.11
Receivable from Clearing House	-	-	-	-	449	-	449	-	-
Securities and Derivatives business receivables	2,041	184	-	-	1,396	275	3,896	0.6,4.50-4.75	5.50,18.25
Loans to employees under welfare program	292	-	-	-	-	-	292	0.68,1.13	-
Total	4,123	474	-	-	2,167	277	7,041		
Financial liabilities									
Payable to Clearing House	-	-	-	-	42	-	42	-	-
Securities and Derivatives business payables	184	-	-	-	1,768	-	1,952	-	3.00,10.95
Liabilities under long-term lease	-	4	13	-	-	-	17	-	5.95-9.00
Total	184	4	13	-	1,810	-	2,011		

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25 Financial instruments (Cont'd)

Interest rate risk (Cont'd)

							Unit : Million Baht		
The company only									
2009									
Fixed interest rate									
Remaining period before maturity date or repricing date							Interest rate (%)		
Floating interest rates	Less than 1 year	1 - 5 years	Over 5 years	Without interest	Non- performing debts	Total	Floating rate	Fixed rate	
<u>Financial assets</u>									
Cash and cash equivalents	1,790	-	-	-	313	-	2,103	0.10-1.00	-
Long-term deposits at financial institutions	-	1	-	-	-	-	1	-	0.50-0.75
Investments in debt securities	-	200	-	-	-	2	202	-	4.11
Receivable from Clearing House	-	-	-	-	449	-	449	-	-
Securities and Derivatives business receivables	2,041	184	-	-	1,396	275	3,896	0.6,4.50-4.75	5.50,18.25
Loans to employees under welfare program	292	-	-	-	-	-	292	0.68,1.13	-
Total	4,123	385	-	-	2,158	277	6,943		
<u>Financial liabilities</u>									
Payable to Clearing House	-	-	-	-	42	-	42	-	-
Securities and Derivatives business payables	184	-	-	-	1,768	-	1,952	-	3.00,10.95
Liabilities under long-term lease	-	4	13	-	-	-	17	-	5.95-9.00
Total	184	4	13	-	1,810	-	2,011		

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25 Financial instruments (Cont'd)

Interest rate risk (Cont'd)

	Unit : Million Baht								
	Consolidated								
	2008								
	Fixed interest rate							Interest rate (%)	
	Remaining period before maturity date or repricing date							Floating	Fixed
	Floating interest rates	Less than 1 year	1 - 5 years	Over 5 years	Without interest	Non- performing debts	Total	rate	rate
<u>Financial assets</u>									
Cash and cash equivalents	2,650	-	-	-	213	-	2,863	0.13-2.65	-
Long-term deposits at financial institutions	-	1	-	-	-	-	1	-	2.00-2.50
Investments in debt securities	-	-	200	-	-	2	202	-	4.11
Receivable from Clearing House	-	-	-	-	172	-	172	-	-
Securities and Derivatives business receivables	788	-	-	-	762	279	1,829	5.50-5.75	-
Loans to employees under welfare program	251	-	-	-	-	-	251	2.87	-
Total	3,689	1	200	-	1,147	281	5,318		
<u>Financial liabilities</u>									
Payable to Clearing House	-	-	-	-	74	-	74	-	-
Securities and Derivatives business payables	-	-	-	-	746	-	746	-	-
Liabilities under long-term lease	-	3	8	-	-	-	11	-	6.50-9.00
Total	-	3	8	-	820	-	831		

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25 Financial instruments (Cont'd)

Interest rate risk (Cont'd)

Unit : Million Baht

The company only									
2008									
	Fixed interest rate			Without interest	Non-performing debts	Total	Interest rate (%)		
	Floating interest rates	Remaining period before maturity date or repricing date					Floating rate	Fixed rate	
		Less than 1 year	1 - 5 years						Over 5 years
Financial assets									
Cash and cash equivalents	2,549	-	-	-	213	-	2,762	0.13-2.65	-
Long-term deposits at financial institutions	-	1	-	-	-	-	1	-	2.00-2.50
Investments in debt securities	-	-	200	-	-	2	202	-	4.11
Receivable from Clearing House	-	-	-	-	172	-	172	-	-
Securities and Derivatives business receivables	788	-	-	-	762	279	1,829	5.50-5.75	-
Loans to employees under welfare program	251	-	-	-	-	-	251	2.87	-
Total	3,588	1	200	-	1,147	281	5,217		
Financial liabilities									
Payable to Clearing House	-	-	-	-	74	-	74	-	-
Securities and Derivatives business payables	-	-	-	-	746	-	746	-	-
Liabilities under long-term lease	-	3	8	-	-	-	11	-	6.50-9.00
Total	-	3	8	-	820	-	831		

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25 Financial instruments (Cont'd)

Credit risk

Credit risk is the exposure to the risk that the counterparties might discharge their obligations which could cause the group to incur financial loss. The main financial assets that potentially subject to the company to credit risk are securities and derivatives business receivables. The risk is managed by setting up appropriate credit limits and terms which are granted to each type of customers.

Liquidity risk

The maturity dates of financial instruments held as of 31 December 2009 and 2008, counting from the balance sheet date, are as follows:

	Unit : Million Baht					
	Consolidated					
	2009					
	At call	Within 1 year	1 - 5 years	Over 5 years	Non- performing debts	Total
Financial assets						
Cash and cash equivalents	2,112	89	-	-	-	2,201
Long-term deposits at financial institutions	-	1	-	-	-	1
Investments in debt securities	-	200	-	-	2	202
Receivables from Clearing House Securities and Derivatives business receivables	-	449	-	-	-	449
Loans to employees under welfare program	2,037	1,584	-	-	275	3,896
	-	37	120	135	-	292
Total	4,149	2,360	120	135	277	7,041
Financial liabilities						
Payables to Clearing House Securities and Derivatives business payables	-	42	-	-	-	42
Liabilities under long-term lease	-	1,952	-	-	-	1,952
	-	4	13	-	-	17
Total	-	1,998	13	-	-	2,011

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25 Financial instruments (Cont'd)

Liquidity risk (Cont'd)

	Unit : Million Baht					
	The company only					
	2009					
	At call	Within 1 year	1 - 5 years	Over 5 years	Non- performing debts	Total
<u>Financial assets</u>						
Cash and cash equivalents	2,103	-	-	-	-	2,103
Long-term deposits at financial institutions	-	1	-	-	-	1
Investments in debt securities	-	200	-	-	2	202
Receivables from Clearing House Securities and Derivatives business	-	449	-	-	-	449
receivables	2,037	1,584	-	-	275	3,896
Loans to employees under welfare program	-	37	120	135	-	292
Total	4,140	2,271	120	135	277	6,943
<u>Financial liabilities</u>						
Payables to Clearing House Securities and Derivatives business	-	42	-	-	-	42
payables	-	1,952	-	-	-	1,952
Liabilities under long-term lease	-	4	13	-	-	17
Total	-	1,998	13	-	-	2,011
	Unit : Million Baht					
	Consolidated					
	2008					
	At call	Within 1 year	1 - 5 years	Over 5 years	Non- performing debts	Total
<u>Financial assets</u>						
Cash and cash equivalents	2,863	-	-	-	-	2,863
Long-term deposits at financial institutions	-	1	-	-	-	1
Investments in debt securities	-	-	200	-	2	202
Receivables from Clearing House Securities and Derivatives business	-	172	-	-	-	172
receivables	788	762	-	-	279	1,829
Loans to employees under welfare program	-	28	88	135	-	251
Total	3,651	963	288	135	281	5,318
<u>Financial liabilities</u>						
Payables to Clearing House Securities and Derivatives	-	74	-	-	-	74
business payables	-	746	-	-	-	746
Liabilities under long-term lease	-	3	8	-	-	11
Total	-	823	8	-	-	831

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25 Financial instruments (Cont'd)

Liquidity risk (Cont'd)

	Unit : Million Baht					
	The company only					
	2008					
	At call	Within 1 year	1 - 5 years	Over 5 years	Non- performing debts	Total
<u>Financial assets</u>						
Cash and cash equivalents	2,762	-	-	-	-	2,762
Long-term deposits at financial institutions	-	1	-	-	-	1
Investments in debt securities	-	-	200	-	2	202
Receivables from Clearing House Securities and Derivatives business receivables	-	172	-	-	-	172
Loans to employees under welfare program	788	762	-	-	279	1,829
	-	28	88	135	-	251
Total	3,550	963	288	135	281	5,217
<u>Financial liabilities</u>						
Payables to Clearing House	-	74	-	-	-	74
Securities and Derivatives business payables	-	746	-	-	-	746
Liabilities under long-term lease	-	3	8	-	-	11
Total	-	823	8	-	-	831

Fair value

The management believe that the fair value of the company's financial assets and liabilities does not materially differ from their carrying value.

26 Related party transactions

Information with respect to related parties is as follows:

	<u>Nature of relationship</u>
Kim Eng Holdings Limited	Parent company
Mitsubishi UFJ Securities Co., Ltd.	Shareholder of parent company
Kim Eng Securities Pte. Ltd.	Fellow subsidiary
Kim Eng Securities (Hong Kong) Limited	Fellow subsidiary
Kim Eng Investment Limited	Fellow subsidiary
Kim Eng Corporate Finance Pte. Ltd.	Fellow subsidiary
Kim Eng Asset Management (Thailand) Company Limited (The former name was KEST Guardian Asset Management Co., Ltd.)	Subsidiary

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26 Related party transactions (Cont'd)

During the years ended 31 December 2009 and 2008, the company had significant business transactions with related companies. These transactions can be summarised as follows:

	Consolidated		The company only		Transfer price policies
	2009 Million Baht	2008 Million Baht	2009 Million Baht	2008 Million Baht	
Brokerage fee income					
- Kim Eng Securities Pte. Ltd.	120	158	120	158	At the rate set by the Stock Exchange of Thailand
- Kim Eng Securities (Hong Kong)Limited	27	16	27	16	
Information technology service expenses					
- Kim Eng Holdings Limited	3	3	3	3	At the price agreed upon by both parties referencing the market price.
Consulting service fee					
- Kim Eng Corporate Finance Pte. Ltd.	3	-	3	-	At contract price
- Kim Eng Securities Pte. Ltd.	1	-	1	-	At contract price
Reimbursement expenses					
- Mitsubishi UFJ Securities Co., Ltd.	6	-	6	-	At actual price
Dividends					
- Kim Eng Holdings Limited	237	310	237	310	
- Kim Eng Investment Limited	1	-	1	-	
Cash paid for investing					
- Kim Eng Asset Management (Thailand) Company Limited	-	-	-	75	
Rental and Service					
- Kim Eng Asset Management (Thailand) Company Limited	-	-	0.3	-	At cost

The outstanding balances of the above transactions, as presented in the balance sheets are as follows:

	Consolidated		The company only	
	2009 Million Baht	2008 Million Baht	2009 Million Baht	2008 Million Baht
Securities business receivables				
- Kim Eng Securities Pte. Ltd.	4	13	4	13
Other receivable				
- Mitsubishi UFJ Securities Co., Ltd.	0.4	0.4	0.4	0.4
Prepaid consulting fee				
- Kim Eng Securities Pte Ltd.	12	-	12	-
Securities business payables				
- Kim Eng Securities Pte. Ltd.	14	36	14	36
- Kim Eng Securities (Hong Kong) Limited	95	-	95	-
Accrued Consulting fee				
- Kim Eng Corporate Finance Pte. Ltd.	1	-	1	-

As at 31 December 2009, the company has provided loans amounting to Baht 15 million (31 December 2008: Baht 1 million) to employees under the definition of the Securities and Exchange Commission. Interest is charged at the rate charged to other employees under the same scheme.

26 Related party transactions (Cont'd)

On 1 July 2003, the company signed the information technology service agreement with the parent company in Singapore for a period of 1.5 years and has been committed to pay fee at the rate specified in the agreement. If no termination is made by either party when due, the agreement is automatically renewed for another year.

As at 31 December 2009, Kim Eng Holding Ltd. guaranteed the overdraft facilities amounting to Baht 30 million. There is no outstanding balance as at 31 December 2009.

As at 24 September 2009, the company has entered to the consulting service agreement with Kim Eng Corporate Finance Pte Ltd. The service fee is upon completion progress and limited at 1 million Singapore Dollar. The contract has been approved by Board of Directors Meeting No.4/2009 on 13 August 2009.

On 19 October 2009, the company has entered into a contract with Kim Eng Securities Pte. Ltd. to provide consulting services regarding derivative warrant business. The related services provided include consulting, training, transfer knowledge and techniques which regarding to derivative warrants and included the risk management control. An agreed profit and loss will be shared. The contract has a continuing service for 5 years starting from the contract effective date. The total value of contract is USD 1 million. The contract has been approved by Board of Directors Meeting No.4/2009 on 13 August 2009.

27 Commitment

The Group entered into the long-term lease agreements for office and services and motor vehicles. The future aggregate minimum lease payments under these agreements are as follows:

	Consolidated		The company only	
	2009	2008	2009	2008
	Million Baht	Million Baht	Million Baht	Million Baht
No later than 1 year	71	70	71	70
Later than 1 year but not later than 2 years	25	56	25	56
Later than 2 years	7	13	7	13
Total	103	139	103	139

28 Business/geographical segment information

The company's operation involves mainly in Securities brokering and service provision and is operated only in Thailand, accordingly, no business/geographical area segment information is presented.

29 Contingent liabilities

As at 31 December 2009, the company has outstanding borrowing stocks through securities borrowing and lending business from an asset management company, amounting to Baht 1,183,750. These stocks were borrowed from that asset management company, lent to and returned from company's customers. However, these outstanding stocks were during the process of returning to such asset management company.