



ThaiBMA

THE THAI BOND MARKET ASSOCIATION

ANNUAL REPORT 2007

Towards a Fair and Efficient Bond Market



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01 MESSAGE FROM THE CHAIRMAN OF THE BOARD





A handwritten signature in dark ink, reading "Pakorn Malakul Na Ayudhya".

Mr. Pakorn Malakul Na Ayudhya
Chairman
The Thai Bond Market Association

After undergoing a transition from the “Dealing Center” to the “Association” two years ago, the Thai Bond Market Association (ThaiBMA) has now well-established as the full Self Regulatory Organization (SRO), the first non-Exchange SRO in Thailand’s capital market. Since our inception, the ThaiBMA has been working towards fair and efficient bond market and being a key entity to push ahead the market development. Despite market volatility and many challenges facing the financial industry during the past year, the ThaiBMA has made considerable progress in fulfilling its tasks.

The year 2007 was quite a volatile year for the bond market as yield declined in the first half and went up steeply in the second half. Impact from the central bank’s capital control measure also kept foreign investors distance from the Thai bond market. However, we still saw remarkable growth in both primary and secondary bond markets. Market turnover jumped by 2.5 times and total outstanding value rose by 20% from the prior year.

The top priorities of the ThaiBMA in the last year were to fulfill our tasks mandated by the authorities as the SRO and information center. The project which was financially supported by the Public Debt management Office, Ministry of Finance, was aimed to strengthen our SRO status and build up an efficient and complete information center for the Thai bond market. One of the major accomplishments was a successful development of the surveillance software to facilitate our regulatory activities in an advanced manner. As a self-regulator, the ThaiBMA oversees the efficient functioning of the bond market through enforcement of rules covering market best practices. Other financial software developed during the last year included risk management program, auction system, and bond trading simulation program. The support also covered training and education area with an aim to uplift professionalisms among professionals and academics and disseminate knowledge on bond market investment to retail investors.

In addition, the ThaiBMA has introduced a great number of innovations to create more value added services for our members and stakeholders. For example, our pricing agency service has been enhanced to cover a wider range of fixed-income products. Additional comprehensive bond data and tools have also been integrated into our bond information service (“iBond”) provided to investors.

Looking forward, there continue to be many signs of positive news to the Thai bond market. The capital control measure is expected to be lifted soon which will bring back foreign investors and improved liquidity into the bond market. The Public Debt Management Law which is a crucial law for the development of the bond market will also be brought into effect early next year.

As the Thai bond market is growing rapidly, it has become increasingly important to Thailand’s capital market and Thailand financial integrity. Therefore, it is necessary for the government, regulators and the private sector to work together hand-in-hand. The ThaiBMA is proud to be part of this fruitful cooperation and we will continue to dedicate our full efforts to accomplish our mission. I gratefully appreciate all market participants for your contributions and support throughout the past year. Your continued support will help us overcome the challenges ahead and fulfill our tasks efficiently.

02 MESSAGE FROM THE PRESIDENT





A handwritten signature in black ink that reads "Nattapol".

Nattapol Chavalitcheevin

President

The Thai Bond Market Association

The year 2007 was the year that the ThaiBMA has undertaken the role of an SRO for two years and it is also marked with successful accomplishment of the "SRO & Bond Information Improvement Program" under which financial support was granted by the Ministry of Finance. The outcomes of this Program have enabled the ThaiBMA to completely and efficiently pursue its mission as mandated by the authorities, i.e., to play the functional roles of an SRO, a bond information center, a bond pricing agency, as well as to support the development of the nation's bond market.

For the year 2008 which is the third year of operation of the ThaiBMA, we remain fully committed to gear towards the development of the Thai bond market in accordance with our vision: "Towards Fair and Efficient Bond Market". In particular, this will be the first year that the Association performs field examination on member companies and officially adopts advanced surveillance software to investigate the improper practices of members. As a result, all participants in the Thai Bond market will be completely assured of a fair and equitable treatment.

As a Bond Information Center, the ThaiBMA has assisted bond traders in searching bond prices and related information speedily and efficiently. We are under the process of developing new analytical tools to help bond traders better monitor the market movements. For instance, the intra-day government bond yield curves are being established which will be published soon after the closing of the morning session in addition to those published after market closing at the end of the day. The Association is also developing a more comprehensive Corporate Spread Curve for use in determining the pricing of corporate bonds more conveniently and better reflects the real value of the securities.

The ThaiBMA in collaboration with the Office of the Securities and Exchange Commission has upgraded the bond pricing services to accommodate the pricing of more complicated products such as structured notes which have become a popular fund raising instruments among bond issuers recently. The ThaiBMA currently renders testing service for the pricing model of this type of product before offering to investors which can be deemed as a mean to provide investors' protection.

In the next 3-5 years, we aim to be a strong SRO fully equipped with state-of-the-art and comprehensive surveillance mechanisms that can be regarded as a prototype for neighboring countries. At the same time, we will make every endeavor to become the best bond information and knowledge center in the region. We also have the goal to become a financially strong and self-sufficient organization in order to enhance the role of the ThaiBMA in participating in the development of a more vigorous and sophisticated domestic bond market.

03 REPORT OF THE AUDIT COMMITTEE



To Members and Stakeholders,

The Board of Directors of the Thai Bond Market Association (ThaiBMA) appointed the Audit Committee on November 23, 2005 to support its oversight responsibilities by monitoring and overseeing the management process in order to enhance good governance practices and to ensure that the Management performs in compliance with the policy set forth by the Board of Directors efficiently and effectively. The Audit Committee is composed of three independent directors.

The Audit Committee held 5 meetings during 2007, with the Executive Vice President, Supervision & Surveillance, serving as the Committee Secretary. Issues discussed and reviewed in the meetings were summarized as follows:

- Consideration on the appointment of the Outsourced Internal Auditor for the year 2007. Consideration on the appointment of the Consultant for the ThaiBMA's Enterprise Risk Management (ERM) Project.
- Review and approval of the internal audit plan for the year 2007. The Audit Committee also reviewed the internal audit report of each department within the organization for the year 2007 and provided recommendations for efficient operations and proper control system.
- Review of the report on IT Audit and Efficiency Evaluation for the year 2007. Recommendations were provided for the improvement of necessary and urgent issues to ensure an efficient and more secure IT system.
- Review and approval of the annual financial statements for the year 2006 of the Thai Bond Market Association for submission to the Board of Directors for consideration.
- Consideration on and approval of the risk evaluation report for the year 2007, the risk management system, and key risk control measures; to make certain that appropriate and adequate risk control and management systems have been put in place for significant risks.
- Review of the reports prepared by the Independent Auditor for the project of "SRO and Bond Information Center Improvement Program", sponsored by the Ministry of Finance, for the Fiscal Year 2007 (October 2006 to September 2007). Recommendations on further improvement of supply and service procurement procedures of the Association have been made accordingly.
- Review of the draft ThaiBMA Notification Regarding Rules and Procedures on the Investment in or Holding of Securities by Management and Staffs in order to comply with the Association's Corporate Governance Framework concerning conflicts of interest.

The Committee has proposed to the Board of Directors the appointment of Dharmniti Auditing Company Limited as the Auditor of the Association for the year 2007 and its remuneration. The proposal has been endorsed by the Board of Directors and proposed to the Annual General Meeting of Members for approval.

The Committee is confident that the existing internal control system of the Association is sufficient and appropriate and has been developed continually. Such internal control system has been monitored and evaluated carefully to ascertain that the Association is operated in compliance with relevant law, rules and regulations.

In performing its duties, the Committee has exercised independent discretion and expressed its opinions straightforwardly at the utmost interests of the Association without any constraints regarding resources, information and cooperation of the Association. In addition, the Committee supports the operations of the ThaiBMA in accordance with good corporate governance practices. This will certainly lay a foundation for the ThaiBMA to attain stable and sustainable growth and earn recognition and trust from the members and stakeholders in conformation with the intention of the Association in assuming the role of the SRO as well as the Information Center of the Thai bond market.



Dr. Warapatr Todhanakasem
Chairman of the Audit Committee
March 28, 2008

04 THE BOARD OF DIRECTORS

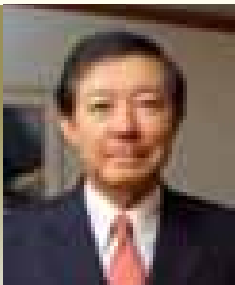




Mr. Pakorn Malakul Na Ayudhya

Chairman

The Thai Bond Market Association



Mr. Pakhawat Kovithvathanaphong

Director

Chairman

Trinity Securities Company Limited



Mr. Bordin Unakul

Director

Executive Vice President

Bangkok Bank Public Company Limited



Mr. Thiti Tantikulanan

Director

Capital Market Business Head

Kasikornbank Public Company Limited



Mr. Patchara Surajaras, Ph. D.

Director

Executive Director

Asia Plus Securities Public Company Limited



Mr. Pakorn Peetathawatchai, Ph. D.

Director

Executive Vice President, Division Head, Treasury Division

Siam Commercial Bank Public Company Limited



Mr. Preecha Techarungchaikul
Director

Head of Rates Trading
The Hongkong and Shanghai Banking Corporation Limited



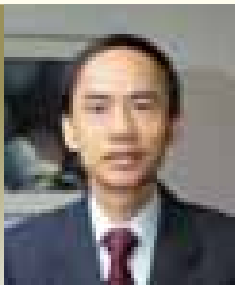
Mr. Singha Nikornpun
Independent Director

Deputy Secretary General
Government Pension Fund



Mr. Ekachai Chongvisal
Independent Director

Deputy Managing Director / Chief Investment Officer
TISCO Asset Management Company Limited



Mr. Warapatr Todhanakasem, Ph.D.
Independent Director

President
TRIS Rating Company Limited



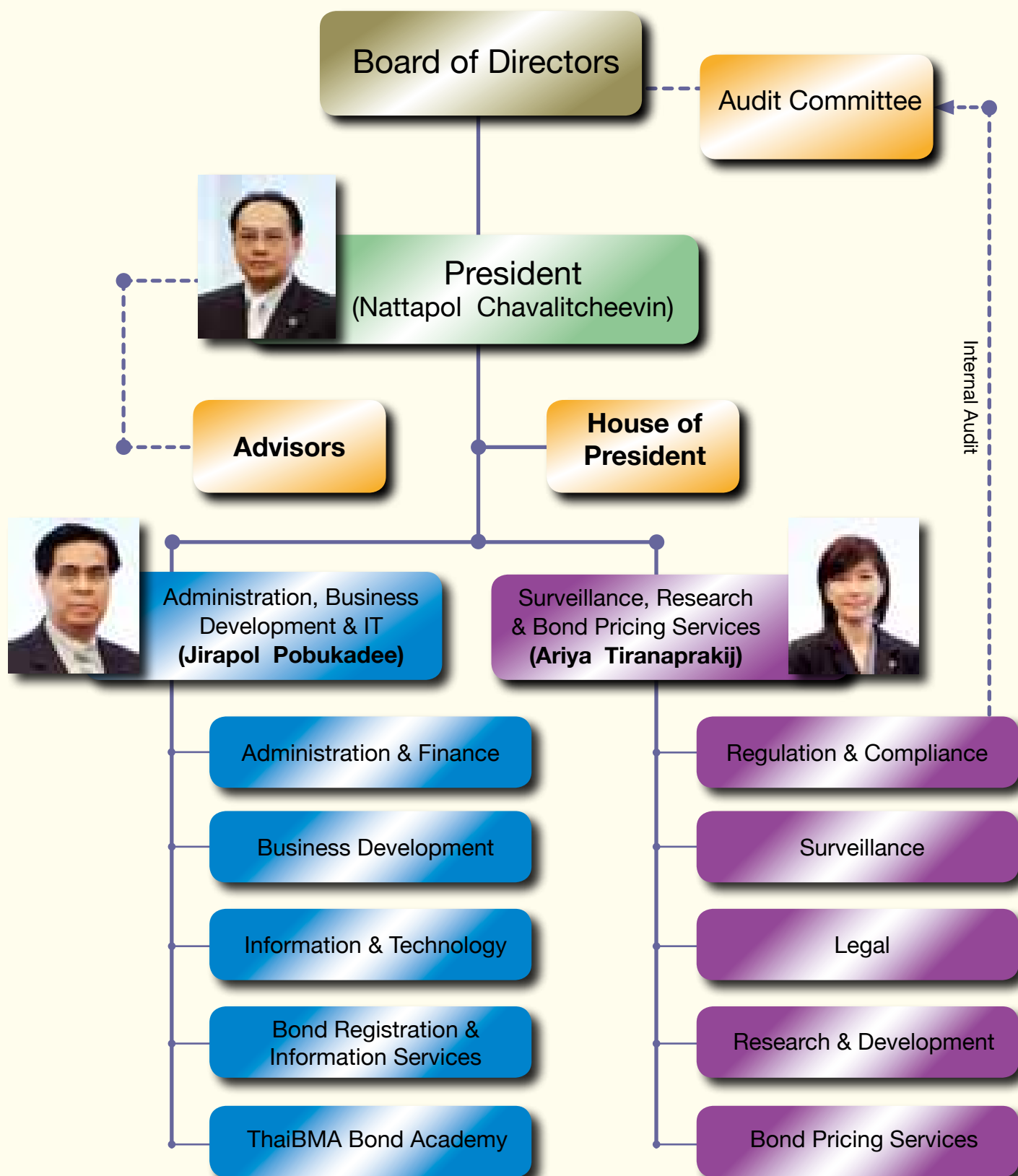
Mr. Nattapol Chavalitcheevin
President

The Thai Bond Market Association

05 ORGANIZATIONAL STRUCTURE



The Thai Bond Market Association Organization Chart



Effective January 17, 2007

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GOOD CORPORATE GOVERNANCE FRAMEWORK

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Chapter 2 : The Board of Directors and Committees

Chapter 3 : Sub-Committees

Chapter 4 : Selection and Remunerations of the Committees and Sub-Committees

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ANNEX

The Thai Bond Market Association (ThaiBMA) realizes the importance of adherence to the good corporate governance principles. It is confident that good corporate governance is an essential factor that promotes the efficiency and effectiveness of the Association's operations in achieving its goal and mission, and lays a foundation for the organization to attain solid and sustained growth by pursuing its operations with strong ethical standards and compliance with relevant laws and regulations. Moreover, good corporate governance also enhances the creditability and trustworthiness of the Association among stakeholders.

Chapter 1 : Corporate Governance Policy

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The Board of Directors of the ThaiBMA has set forth good corporate governance policy which is in line with the vision and mission of the Association. The policy covers principles of good corporate governance including the Structure and Responsibilities of the Board of Directors, the Roles and Responsibilities of the ThaiBMA, Risk Management and Internal Control, Relationships with Stakeholders, Business Ethics, and Prevention of Conflicts of Interest.

The ThaiBMA has publicly disclosed the corporate governance principles to its stakeholders. The principle has also been communicated to all directors, executives and staffs to ensure understanding and compliance. Proper oversight and monitoring activities have been undertaken to ensure compliance with the policy. The policy has been reviewed and adapted from time to time in order to cope with the ever-changing environment.

Chapter 2 : The Board of Directors and Committees

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1. The Board of Directors of the ThaiBMA

According to the ThaiBMA's Articles of Association, the structure and composition of the Board of Directors are as follows:

(1) Structure of the Board of Directors

The Board of Directors is composed of no more than 11 members elected by the ordinary and extraordinary members of the ThaiBMA. They represent the members and every group of stakeholders in the Thai bond market in conformation with the role of the ThaiBMA as the Thai bond market's Self Regulatory Organization (SRO). The members of the Board of Directors are selected from representatives of all parties concerned in the market such as the Thai Bankers' Association, the Foreign Banks' Association, and the Association of Securities Companies. There should be at least 3 independent directors who are not executive directors, managing directors, persons who have authorities in the management, staffs, or employees of the ordinary and extra-ordinary members; or major shareholders of these members.

(2) Roles and Responsibilities of the Board of Directors

The Board of Directors has the responsibilities to set out policies and strategies of the ThaiBMA in accordance with the Association's objectives, Articles of Association, and the resolution of the General Meeting of Members; to supervise the President and executives of the Association to ensure compliance with the Board of Directors' policy guidelines; to determine and approve the rules, regulations, notifications, orders, as well as the Code of Conduct of the Association; to consider the acceptance or revocation of membership; to consider the punishment of members or related persons who violate the rules, regulations, notifications, orders, as well as the Code of Conduct of the Association; and to consider the appointments of sub-committees and advisors of the Association.

(3) Board Meetings and Meeting Quorum

The ThaiBMA officially arranges the Board meetings once a month with a pre-set schedule throughout the year. The Board of Directors may also hold special meetings occasionally as it deems appropriate. The ThaiBMA shall arrange to send a meeting notice, agenda, and related documents to each Board member at least 7 days in advance in order to allow sufficient time for each director to study the matters prior to the meeting. In case of emergency, the related documents may be sent less than 7 days in advance of the meeting.

All directors are able to express their opinions openly and liberally. Each item of agenda and resolution are recorded in writing and minutes of the meetings which have been endorsed by the Board of Directors are maintained at the Association for examination by directors and related parties.

2. The Audit Committee

The ThaiBMA strictly adheres to good corporate governance practices and has accordingly appointed an Audit Committee to monitor and supervise the operations of the Management to ensure that the Association is operated in accordance with rules and code of ethics under an efficient and effective internal control system. The Audit Committee comprises 3 independent directors and has a 3-year term of office.

(1) Roles, Duties and Responsibilities

The Audit Committee has the tasks and responsibilities to review the financial statements of the Association to ascertain that the statements are accurate and disclose sufficient information; to review the Association's operation to ensure that there are appropriate internal control and audit systems; as well as to review policies related to financial management, risk management, and the compliance with business ethics of the Association's executives and staffs. The Audit Committee also joins the Association's executives in the review of material reports required by law for public disclosure and prepare the Audit Committee's report containing opinions about the accuracy, completeness, and reliability of the annual financial statements; the adequacy of internal control system; the appointment of external auditor; the compliance with related laws and regulations; as well as the opinion pertaining to any reports that should be disclosed to the members

under the scope of responsibilities assigned by the Board of Directors.

(2) Meeting of the Audit Committee

During each Audit Committee's meeting, the agenda is set in advance and related documents are circulated to members of the Audit Committee and other participants at least 7 days in advance to allow sufficient time to study the matters or request for supporting information. The agenda shall include the review of financial statements and related financial reports, review of the adequacy of internal control and internal audit systems, review and approval of the annual audit plan to which the risk-based methodology is applied, jointly review with the internal auditors on the problems or constraints arising during the internal audit process, jointly review with the external auditors on the problems and constraints arising from the audit of the Association's financial statements, and review of the operations of the ThaiBMA in accordance with relevant laws, and other activities assigned by the Board of Directors.

The Audit Committee's meetings are normally held at least once a quarter. The Chairman of the Audit Committee may call a special meeting upon request of the members of the committee, the external auditors, or the Chairman of the Board of Directors to jointly consider essential matters.

Chapter 3 : Sub - Committees

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The ThaiBMA has appointed a number of sub-committees to consider and provide recommendations on the Association's operations as assigned by the Board of Directors. The sub-committees appointed by the Association are as follows:

1. Market Practice Sub-Committee

The Market Practice Sub-Committee considers and provides recommendations on the guidelines and standards of practice pertinent to the ThaiBMA's operations to ensure that the Association's operations are efficient, appropriate and meet international standards. This Sub-Committee comprises representative of members, the Association's Board of Director of the Association, the Office of the SEC, the Bank of Thailand, the Federation of Accounting Profession, the Association of Investment Management Companies, and the Custodian Cub, as well as experts in related fields.

2. Market Regulation Sub-Committee

The Market Regulation Sub-Committee considers and provides recommendations on guidelines for promoting and expanding the SRO role of the ThaiBMA as well as guidelines for promoting business ethics and good corporate governance standard of the bond market and practitioners. It also considers and recommends improvements of regulations and the Association's notifications pertinent to supervisory of

members' activities. The Sub-Committee comprises representatives of members, the Association's Board of Directors, the Office of the SEC, the Bank of Thailand, and the Association of Investment Companies, as well as experts in related fields.

3. Market Information Sub-Committee

The Market Information Sub-Committee considers and provides recommendations on guidelines for promoting and expanding the SRO role of the ThaiBMA as well as guidelines for promoting business ethics and good corporate governance standard of the bond market and practitioners. It also considers and recommends improvements of regulations and the Association's notifications pertinent to supervisory of members' activities. The Sub-Committee comprises representatives of members, the Association's Board of Directors, the Office of the SEC, the Bank of Thailand, and the Association of Investment Companies, as well as experts in related fields.

4. Disciplinary Sub-Committee and Appeal Sub-Committee

The Disciplinary Sub-Committee considers the offence of ordinary and extraordinary members and bond traders who violate or take part in the violation of the regulations of the ThaiBMA and impose a disciplinary action on them. The Sub-Committee consists of 5 members, including one member of the Board of Directors, no fewer than 3 distinguished members who are not form member companies (one of whom must be an expert in securities business and one of whom must be a legal expert), and the President of the ThaiBMA as the ex officio member.

The Appeal Sub-Committee investigates the appeal filed by the offender and scrutinizes matters which are beyond the authority of the Disciplinary Committee. The Sub-Committee consists of 5 members, including one member of the Board of Directors, no fewer than 3 distinguished members who are not form member companies (one of whom must be a legal expert, one of whom must be an expert in accountancy and finance, and one of whom must be an expert in securities business). The Appeal Sub-Committee must be approved by the Office of the SEC.

5. Risk Management Sub-Committee

The Risk Management Sub-Committee formulates the Association's risk management policy, reviews the risk management policy and framework on an annual basis, supervises the risk management structure and process, promotes risk awareness among the Association's employees, and follows up the Association's risk management in order to ensure that its overall risk management is adequate and appropriate. The Sub-Committee also reviews the risk management and related reports as well as closely monitors the Association's key risk factors to ascertain that the risk management policy and framework is always in correspondence with the business environment.

The Risk Management Sub-Committee consists of 4 members, including the President, 2 Executive Vice Presidents and an one external member. The Sub-Committee holds no fewer than 2 meetings a year.

Chapter 4 : Selection and Remunerations of the Committees and Sub - Committees

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The nomination and qualification scrutiny of directors and top management as well as the nomination and appointment of members of the sub-committees and the President of the ThaiBMA shall be in accordance with the resolution of the Board of Directors. In addition, the Board has the tasks to review the remuneration structure of top management and to consider and provide recommendations or opinions pertaining to the policy of remunerations and other benefits of the Association. The remunerations for members of the Board of Directors, the Audit Committee and Sub-Committees are as follows:

1. Remunerations for the Board of Directors

The remuneration for the Board of Directors is in accordance with the resolutions of the annual ordinary meeting of the members. The monthly remunerations for the Chairman of the Board, the vice chairman, and members of the Board are set at Baht 25,000, Baht 18,000 and Baht 12,500, respectively.

2. Remunerations for the Audit Committee

The Chairman of the Audit Committee and the members of the Audit Committee are entitled to receive a monthly remuneration of Baht 16,000 and Baht 8,000, respectively, according to the resolution of the Board of Directors.

3. Remunerations for Members of Sub-Committees

The Board of Directors has resolved to pay the remunerations to members of each sub-committee in the form of meeting fees. In this respect, the Chairman of the sub-committee is entitled to a fee of Baht 4,000 per meeting whereas each member of the sub-committee is entitled to a fee of Baht 3,000 per meeting.

Chapter 5 : The Role of the ThaiBMA

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The ThaiBMA is licensed to operate as a securities business related association under the Section 230 of the Securities and Exchange Commission Act B.E. 2535 (1992), with the main function to promote the Thai bond market development. The key functional roles the ThaiBMA are as follows:

1. Self-Regulatory Organization (SRO)

- Performing market monitoring and surveillance to ensure that all trading activities are in compliance with relevant laws and regulations as well as to prevent any unfair trading practices.
- Examining trading reports and disclosing information about bond trading in order that the market can use such information for reference in investment decision-making.
- Setting forth code of ethics and standard of good market practice on secondary bond market; issuing rules and guidelines for member supervision; and determining enforcement procedure and penalty provisions against those who act in breach of relevant rules and regulations to ensure fair trading. The regulations and notifications issued by the Association are carefully scrutinized and discussed by related sub-committee before submitting for the Board of Directors' approval. Hearings are held before submitting for the Board of Directors' approval every time when the issuance of notification or any amendments thereof may have impact on the members. Moreover, any issuance of or amendment to notification relating to bond registration fees which has been approved by the Board of Directors must also be approved by the Office of the Securities and Exchange Commission (SEC) before coming into effect.
- Arranging bond trader examination and registration. The examination covers both professional skills as well as code of ethics in an attempt to enhance professionalism of market practitioners.

2. Market Conventions and Standards

- In order to enhance standards within the marketplace, major conventions and standards issued by ThaiBMA are as follows:
 - Standard formula for price/yield calculation for various types of bonds.
 - Symbols for bond and short-term debt securities.
 - Bond registration standards.

The Thailand Annex of Global Master Repurchase Agreement which incorporates the supplemental terms and conditions for Thai domestic transactions.

- Market operational guidelines in case of emergency holidays.

3. Bond Information Services and Bond Information Center

- Accepting registration for both government and private debt securities. The objective is to promote efficiency and transparency in disclosing, monitoring and verifying information related to the debt securities and their issuers.

- Acting as center for compilation and dissemination of bond related information via various channels including basic information of debt securities in the primary market and trading data in the secondary market, reference yields of different types of debt securities, analysis for investment, as well as investment news.
- Acting as a Bond Pricing Agency to disseminate reference yields for investors especially mutual funds for the purpose of mark to market.

4. Market Development and Education

- Development of various benchmarks for the bond markets such as Yield Curve and Bond Indices. It also initiates other developments to accommodate new financial innovations.
- Preparation and dissemination of documents, publications, electronic medias, text books, and other forms of knowledge to enhance the knowledge and understanding about the bond market and related standards of business ethics.
- Organization of training programs to enhance efficiency of bond market participants as well as to provide knowledge and understanding about the bond market for retail investors, government and private sector institutional investors, students, interested persons, and the general public.
- The ThaiBMA strictly adheres to good corporate governance practices in taking the roles of SRO in the Thai bond market and Bond Information Center in order to assure the stakeholders that the market is supervised and treated in a fair and equitable manner.

Chapter 6 : Relationships with Stakeholders

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The Board of Directors of The ThaiBMA realizes importance of relationships with stakeholders and places emphasis on the rights of all stakeholders based on fair and equitable treatment as follows:

1. Regulatory Bodies and Supporting Government Agencies

The ThaiBMA acts in compliance with relevant laws and regulations promulgated by the regulators, and every process of its operations is ready for inspection. The Association gives due regard to administration with integrity, transparency, and efficiency in order to attain the mandated mission; supporting the nation's economic development; and preventing any possible conflicts of interest.

2. Members

Members of the ThaiBMA are supervised and treated on a fair and equitable manner. Besides, the arbitration process is arranged to settle any disputes which may arise as a result of trading activities between members and their counterparties to ascertain that the disputes are resolved with fairness.

3. Bond Issuers

The ThaiBMA promotes fund mobilization through issuance of debt instruments which is deemed as an alternative for lower cost of financing. Fund raising via bond issuance will enable issuers to manage their financial positions more efficiently. In this regards, the ThaiBMA regularly and consistently organizes seminars and trainings for prospective issuers to enhance their understanding about the method and process of bond issuance as well as related rules and regulations.

4. Information Users

The ThaiBMA realizes the importance of those who use data and information for analysis and supporting investment decision making. Accordingly, the Association has consistently developed and upgraded the efficiency in rendering information services in terms of format, content quality and dissemination channels. The ThaiBMA's website which serves as the main channel for information dissemination has been well recognized by international circles and cited as the most comprehensive website for domestic bond information.

5. Employees

The ThaiBMA places emphasis on the quality of life of its employees and is committed to create a favorable and pleasant working environment in order to maintain quality staffs with the organization. Moreover, the Association provides its employees with strong supports and opportunities for knowledge and skills development to ensure their maximum work efficiency.

6. The Society

The Association bears in mind its role and responsibility to the society, hence strongly supporting and contributing to social benefit activities. In particular, it acts as a major organization in disseminating information and knowledge related to the Thai bond market.

In addition, the ThaiBMA also puts emphasis on educational activities to promote knowledge and pays due regard to information disclosure to ensure that all stakeholders, including its members, investors, non-member securities companies, students and academics, as well as the general public are provided with accurate, sufficient, and timely information for decision making. The efforts of the ThaiBMA in this regard are as follows:

- Providing of information via websites of the Association, namely, www.thaibma.or.th, www.thaibond.com and www.ibond.thaibma.or.th

- Arranging for the arbitration procedure and complaint process. The website www.thaibma.or.th/sro/complain.html is designated as a channel to receive complaints from investors and related parties to ascertain that all complaints, disputes, and any shortcomings are properly handled and all parties concerned are treated with fairness.
- Establishment of ThaiBMA Academy which is a training room fully equipped with computerized facilities for accommodation of various training programs; and also serves as a library providing comprehensive resources of up-to-date textbooks on finance and debt instruments for members and the general public.
- Organizing of annual “ThaiBMA Best Bond Awards” ceremony to promote evolutions of the Thai bond markets on various aspects as well as to enhance quality and professionalism of institutions involving in market transactions which is essential for the consistent and vigorous development of domestic bond market.

Chapter 7 : Risk Management and Internal Control

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The Association recognized the importance of risk management and internal control systems, thus establishing the Association’s risk management policy and framework which is in accordance with international enterprise risk management (ERM) principles. The ThaiBMA has also implemented the risk management structure within the organization by setting up a Risk Management Sub-Committee, and appointing the Risk Manager and the Risk Representatives of each department. Concurrently, operational systems and internal management processes of the Association have been developed to ensure that the risk management process is implemented efficiently and covers all key risk factors.

Regarding internal control system, the ThaiBMA undertakes annual internal audit covering all main functions and reports to the Audit Committee to ensure efficient operations and sufficient and proper internal control system.

Besides, the ThaiBMA has set out related policies and regulations such as the Chinese Wall Policy to prevent information leakage. It also places emphasis on the information technology system, bond database, data backup and computer systems security to ensure the efficiency of data processing and the accuracy of data.

The ThaiBMA has arranged to have the Disaster Recovery Plan and Alternative Site in place to accommodate any contingencies which may arise and have the Business Continuity Plan to ensure the Association’s uninterrupted operations, in particular provision of services to external parties, under any circumstances.

Chapter 8 : Business Ethics

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The ThaiBMA is fully confident that the adoption of code of conduct and business ethics is the fundamental factor for the promotion and upgrading of good corporate governance. The Board of Directors has granted approval to the Association's code of conduct which sets out the operational guidelines for directors, executives and staffs in carrying out their duties and responsibilities according to good corporate governance principles. The code of conduct is published in the form of hard copy for distribution to directors, executives and employees. Every employee shall sign off to acknowledge the receipt of the code of conduct handbook and be committed to act in compliance with the said code of conduct which provides the framework for the ThaiBMA's standard of practice.

Chapter 9 : Conflicts of Interest Prevention

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The Association realizes the importance of avoiding any potential event that would lead to a conflict of interest. The policy of conflict of interest prevention is clearly stated in the code of conduct such that the directors, executives and employees are forbidden from entering any transactions that might lead to conflicts of interest with the Association. In case where there is a conflict of interest, due regard should be paid to the benefit of the Association and disclosure must be made to the Board of Directors, or the President or the superior and immediately reported to the Department of Regulations and Compliance. In addition, the ThaiBMA has issued a number of notifications and regulations in an attempt to prevent conflicts of interest, for instance, the ThaiBMA's Notification regarding investment in or holding of securities by its executives and staffs, the ThaiBMA's Notification regarding information confidentiality and insider information, and the ThaiBMA's Regulation on guidelines for inter-departmental borrowing and transfer of employees, etc

Annex

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The structure of the Board of Directors, the Audit Committee and Sub-Committees of the ThaiBMA during 2007 were as follows:

1. Board of Directors

No.	Name	Position	Term in Office
1	Mr. Pakorn Malakul Na Ayudhya	Chairman of the Board	17 Jan 07 – 11 Oct 08
2	Mr. Pakhawat Kovithvathanaphong	Director	25 Apr 06 – 24 Apr 09
3	Mr. Bordin Unakul	Director	25 Apr 06 – 24 Apr 09
4	Mr. Thiti Tantikulan	Director	27 Apr 07 – 26 Apr 10
5	Mr. Pakorn Peetathawatchai, Ph. D.	Director	27 Apr 07 – 26 Apr 10
6	Mr. Patchara Surajaras, Ph. D.	Director	12 Oct 05 – 11 Oct 08
7	Mr. Preecha Techarungchaikul	Director	25 Apr 06 – 24 Apr 09
8	Mr. Warapatr Todhanakasem, Ph.D.	Independent Director	27 Apr 07 – 26 Apr 10
9	Mr. Singha Nikornpun	Independent Director	12 Oct 05 – 11 Oct 08
10	Mr. Ekachai Chongvisal	Independent Director	25 Apr 06 – 24 Apr 09
11	Mr. Nattapol Chavalitcheevin	Director	12 Oct 05 – 11 Oct 09
12	Mr. Tada Phutthitada	Adviser	-
13	Mr. Singchai Bunyayothin	Adviser	-

Remark : * Mr. Thiti Tantikulan, Mr. Pakorn Peetathawatchai, Ph. D., and Mr. Warapatr Todhanakasem, Ph. D. completed their term of office by drawing lots on 11 Apr 2007 and were re-elected by the General Meeting of Members on 27 Apr 2007.

2. Audit Committee

No.	Name	Position	Term in Office
1.	Mr. Warapatr Todhanakasem, Ph.D.	Chairman of the Audit Committee	23 Nov 05 – 22 Nov 08
2.	Mr. Singha Nikornpun	Audit Committee	23 Nov 05 – 22 Nov 08
3.	Mr. Ekachai Chongvisal	Audit Committee	23 Nov 05 – 22 Nov 08

3. Market Practice Sub-Committee

No	Name	Position	Organization
1.	Mr. Nattapol Chavalitcheevin	Chairman	ThaiBMA
2.	Mr. Suvichya Rojanavanich	Member	Ministry of Finance
3.	Miss Suchada Chuanchai	Member	Office of the SEC
4.	Mrs. Supawadee Punnasri	Member	Bank of Thailand
5.	Miss Somboon Suppasiripinyo	Member	Federation of Accounting Profession
6.	Mr. Teeraphan Jittalarn	Member	Association of Investment Management Companies (AIMC)
7.	Mrs. Utumporn Wiranuwat	Member	Custodian Club
8.	Prof. Anya Khanthavit, Ph D	Member	Thammasat University
9.	Mr. Anucha Laokwansatit	Member	American International Assurance Co. Ltd.
10.	Mr. Sa-ard Theerarojanawong	Member	Bangkok Bank Public Co., Ltd
11.	Mr. Apisak Kiewkarnkha	Member	Siam Commercial Bank Public Co., Ltd
12.	Mr.Chongrak Boonchayanurak	Member	Kasikornbank Public Co., Ltd.
13.	Mr. Manop Lertboonchu	Member	Thanachart Bank Public Co., Ltd
14.	Miss Ariya Tiranaprakij	Member	ThaiBMA
15.	Mr. Thananun Siwamogsatham, Ph.D.	Secretary	ThaiBMA

4. Market Regulation Sub - Committee

No	Name	Position	Organization
1.	Mr. Pakhawat Kovithvathanaphong	Chairman	Trinity Securities Co., Ltd.
2.	Mr. Tada Phutthitada	Member	Ministry of Finance
3.	Miss Suchada Chuanchai	Member	Office of the SEC
4.	Mr. Yuth Khunsihaphak	Member	Bank of Thailand
5.	Mr. Chumpol Ratanamongkol	Member	Government Savings Bank
6.	Mr. Ekachai Chongvisal	Member	Tisco Asset Management Co., Ltd.
7.	Mr. Tawit Thanachanan	Member	Kasikornbank Public Co., Ltd.
8.	Mr. Peerapol Suradarunsri	Member	Siam Commercial Bank Public Co., Ltd.
9.	Mrs. Ada Ingawani	Member	ABN AMRO Bank N.V. (Thailand)
10.	Mr. Patchara Surajaras, Ph. D.	Member	Asia Plus Securities Public Co., Ltd.
11.	Mr. Nattapol Chavalitcheevin	Member	ThaiBMA
12.	Miss Ariya Tiranaprakij	Secretary	ThaiBMA

5. Market Information Sub - Committee

No	Name	Position	Organization
1.	Mr. Bordin Unakul	Chairman	Bangkok Bank Public Co., Ltd.
2.	Mr. Visuth Chanmanee	Member	Ministry of Finance
3.	Miss Suchada Chuanchai	Member	Office of the SEC
4.	Mr. Yuth Khunsihaphak	Member	Bank of Thailand
5.	Mr. Kris Na Songhla	Member	Krung Thai Asset Management Public Co., Ltd. (AIMC)
6.	Representative of Custodians	Member	Custodian Club
7.	M.L. Kornkasiwat, Kasemsri	Member	Government Pension Fund
8.	Mr. Pracha Phrommaweera	Member	Siam Commercial Bank Public Co., Ltd.
9.	Mr. Preecha Techrunghachai	Member	The Hongkong and Shanghai Banking Corp., Ltd.
10.	Mr. Teekawuth Photibuathong	Member	Trinity Securities Co., Ltd
11.	Mr. Warapatr Todhanakasem, Ph.D.	Member	TRIS Rating Co., Ltd.
12.	Mr. Nattapol Chavalitcheevin	Member	ThaiBMA
13.	Mr. Dusit Domethong	Secretary	ThaiBMA

6. Disciplinary Sub - Committee

No	Name	Position	Organization
1.	Mr. Warapatr Todhanakasem, Ph.D.	Chairman	TRIS Rating Co., Ltd.
2.	Asso. Prof. Pises Sethsathira	Member	Trinity Advisory 2001 Co., Ltd.
3.	Mr. Weerachote Jirabowornwongsa	Member	Association of Investment Management Companies (AIMC)
4.	Mr. Nattapol Chavalitcheevin	Member	ThaiBMA

7. Risk Management Sub - Committee

No	Name	Position	Organization
1.	Mr. Nattapol Chavalitcheevin	Chairman	ThaiBMA
2.	Mr. Jirapol Pobukadee	Member	ThaiBMA
3.	Miss Ariya Tiranaprakij	Member	ThaiBMA
4.	Miss Waraporn Kanchanatip	Member	ThaiBMA

07 ACTIVITIES AND DEVELOPMENT IN 2007



Vision

Towards a Fair and Efficient Bond Market

Mission

- ♥ To be an effective Self-Regulatory Organization (SRO) for the Thai bond market
- ♥ To be the center of complete Information for the bond market.
- ♥ To be a leader in bond knowledge, intelligence and development.
- ♥ To be an efficient forum for stakeholders to participate in bond market activities.

Corporate value



The Thai Bond Market Association (ThaiBMA) is a securities business related association under the Securities and Exchange Commission Act B.E. 2535 (SEC Act). Its main purposes are to be a self-regulatory organization (SRO) for a fair and efficient operation of the bond market and to be an information center for the Thai bond market. It also plays functional roles on market development, market convention and standards and being a Bond Pricing Agency for the industry. In addition, ThaiBMA provides a forum through which industry professionals can response to current issues and plays a role in shaping the future of the Thai bond market.

Historical Background

Although the ThaiBMA was granted a status of securities business related association and SRO from the SEC in September 2005, its foundation has started for more than a decade. The first stage of its operation began in November 1994, when it was set up as the [Bond Dealers Club \(BDC\)](#) under the Association of Securities Companies (ASCO). The BDC played roles as the first and only organized secondary market for bonds and it introduced an electronic bond trading system called 'Bondnet' for the first time in the history of the Thai bond market. After 3 years of successful operation, the BDC changed its legal status to be in line with its membership structure and to support a more expansive bond market. It was restructured as the Bond Exchange under the SEC Act and renamed as the [Thai Bond Dealing Centre \(ThaiBDC\)](#) in April 1998. The primary roles of the Thai BDC were to facilitate the operation of the secondary market for bond trading and to be a forum for discussing issues on bond market development. One of its

missions was to move towards a full self regulatory organization (SRO) to oversee the orderly practices of the Thai bond market.

The ThaiBDC had continuously expanded its functions and had taken active roles in various areas of bond market development. In December 2004, the Bond Market Development Committee chaired by the Finance Minister initiated a major reform of the Thai bond market. One of the measures was to centralize the trading platform at the Stock Exchange of Thailand (SET). Under this policy, the ThaiBDC sold its newly developed electronic trading platform to the SET in 2005 and transformed itself into an SRO and information center for the bond market. To reiterate its focus on SRO functions and its role as an information center, the ThaiBDC with the support of the SEC changed its status and was granted the license of a securities related association under the SEC Act under the name of “[The Thai Bond Market Association \(ThaiBMA\)](#)” on September 8, 2005.

Corporate Strategies

The ThaiBMA holds corporate strategies sessions amongst the Board of Directors, top executives and staffs on a regular basis to review the organization strategies and policies in order to cope with current market conditions. Realizing that a well-coordinated environment amongst management and staffs creates greater efficiencies and a suitable work place, the ThaiBMA reinforces staffs coordination and unity through semi-annual seminars. As a result, the ThaiBMA is able to effectively clarify its vision, mission, and strategies to achieve its goals. In 2006, ThaiBMA has undertaken a range of activities to fulfill its mandate, which are to perform the SRO function, to enhance Thai bond market transparency, to provide updated bond information via quality and comprehensive services, to deploy innovative and cost-effective solutions, to encourage members to actively participate in bond market development, to join forces with strategic partners, and to build a learning organizational culture.

Membership

The membership structure of the ThaiBMA has changed significantly in conformation to its expanding roles and functions. Currently there are 3 categories of ThaiBMA members namely Ordinary Members, Extraordinary Members and Associate Members. The different types of membership are subject to different fees and requirements.

1. **Ordinary member** is a financial institution that has the debt trading license (dealer).
2. **Extraordinary member** is a company that has inter-dealer broker license (IDB).
3. **Associate member** is a dealer who has monthly average trading value in the past one year less than THB 100 million.

As of December 2007, ThaiBMA's members comprise 49 ordinary members, 2 extraordinary members and 1 associate member.

ThaiBMA Activities and Developments in 2007

Following the change of status, the ThaiBMA has become a one stop information service center for the Thai bond market covering both primary and secondary data. It also acts as the Bond Pricing Agency providing mark-to-market prices for fund management businesses in accordance with the Notification of the Securities and Exchange Commission (SEC). The ThaiBMA has continuously contributed to the strengthening of the Thai bond market structure with many developments and services including the enhancement of SRO roles and functions to ensure market integrity, the development of “iBond” website to more efficiently facilitate the professionals in the bond market, the initiation of analytical tools “iRisk” for measuring and managing investment risks both market and credit risks. It is also in the process of developing “iPort” - a financial tool for portfolio management. Activities of the ThaiBMA in 2007 can be highlighted as follows:

1. Bond Registration

The ThaiBMA accepts registration of all types of debt securities issued by both the government and corporate sectors. As of December 2007, there were a total of 3,319 bonds worth THB 6.25 trillion. Registration of new issuance bonds increased by 102.99% from THB 3,077.38 billion in 2006 to THB 6,246.88 billion in 2007. New registered long-term corporate bonds in 2007 amounted to THB 194.82, an increase of 34.85% from THB 144.47 billion in 2006. Meanwhile, new registered commercial papers in 2007 amounted to THB 975.69 billion, an increase of 32.47% from THB 736.56 billion in 2006.

New Issuance of Registered Bonds

Unit : THB bln			
Type	2006	2007	Growth
Government Bonds	220.72	330.216	49.61
T-Bills	895.2	553	-38.23
State Owned Enterprise Bonds	69.73	64.83	-7.03
State Agency Bonds	1,001.60	4,121.55	311.5
Corporate Bonds	850.33	1,170.51	37.65
Long-term	144.47	194.82	34.85
Commercial Papers	736.56	975.69	32.47
Foreign Bonds	9.1	6.77	-25.6
Total	3,077.38	6,246.88	102.99

Sources: BOT, SEC and MOF.

Outstanding of Registered Bonds

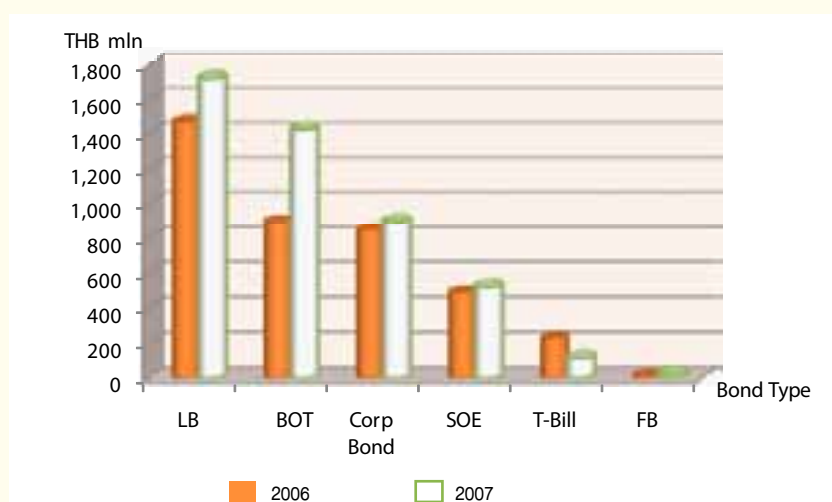
Unit : THB bln

Type	2006	2007	Growth
Government Bonds	1,469.26	1,717.25	16.87
T-Bills	228	114	-50
State Owned Enterprise Bonds	490.92	519.71	5.86
State Agency Bonds	896.7	1,425.20	58.93
Corporate Bonds	850.33	896.85	5.47
Long-term	608.91	678.67	11.46
Commercial Papers	241.42	218.18	-9.63
Foreign Bonds	16.1	25.87	60.68
Total	3,951.31	4,698.88	18.91

Sources : BOT, SEC , and MOF

Remark : Preliminary figures collected from the following registrars : BAY, BBL, BFIT, KBANK, TSD, etc.

Outstanding Value of Registered Bonds in 2006 and 2007



2. Market Development

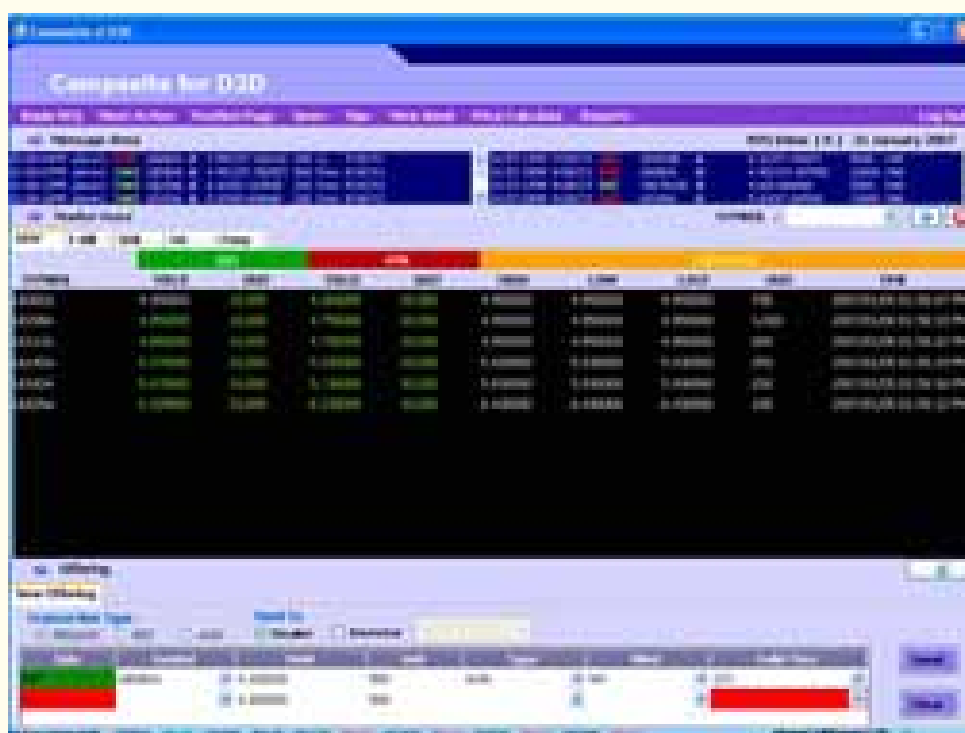
Mark to Market Prices for Structured Products

Due to the expanding number of issues of structured products and their popularity among investors in Thai market, it is essential for investors to determine the fair value of the invested structured products. ThaiBMA has launched the separated page to provide Mark-to-market prices for structured products. The Mark-to-market prices for structured products are provided daily for mutual, provident funds and other investors in calculating bond value and the net asset value (NAV) of their portfolio.

Bond	Maturity	TTM YTM	Type	Rating		Last Trade		Last Quotation		Model Gross Price %	MTM Gross Price %	Relevant Statistics
				TRIS	FITCH	Date	Est. Gross Price %	Date	Av. Gross Price %			
ABTH000A	16-Oct-08	0.67	Straight					31-Jan-08	102.345000		102.345000	Click
ABTH000B	20-Mar-09	1.10	Straight					31-Jan-08	98.420000		98.420000	Click
ABTH000C	25-May-09	1.20	Straight					31-Jan-08	99.736000		99.736000	Click
ABTH000D	08-Jun-09	1.30	Straight					31-Jan-08	104.530000		104.530000	Click
ABTH000E	09-Jul-09	1.40	Straight					31-Jan-08	94.520000		94.520000	Click
ABTH000F	19-Aug-10	2.52	Straight					31-Jan-08	96.310000		96.310000	Click
ABTH000G	19-Jul-10	2.43	Straight					31-Jan-08	103.305386		103.305386	Click
ABTH000H	29-Jan-14	5.96	Straight	AA		06-Sep-05	103.305386	31-Jan-08	98.500000		98.500000	Click
ABTH000I	29-Apr-08	0.21	Straight					31-Jan-08	97.400000		97.400000	Click
ABTH000J	10-Aug-08	0.51	Straight					31-Jan-08	97.600000		97.600000	Click
ABTH000K	27-Aug-08	0.52	Straight					31-Jan-08	100.604110		100.604110	Click
ABTH000L	29-May-08	0.29	Straight					31-Jan-08	100.071820		100.071820	Click
ABTH000M	24-Jul-09	1.44	Straight					31-Jan-08	101.000950		101.000950	Click
ABTH000N	30-Nov-09	1.80	Straight					31-Jan-08	101.163151		101.163151	Click
ABTH000O	06-Sep-10	2.56	Straight					31-Jan-08	101.374250		101.374250	Click
ABTH000P	20-Sep-10	2.60	Straight					31-Jan-08	106.410000		106.410000	Click
ABTH000Q	25-Feb-09	1.04	Straight					31-Jan-08	102.000000		102.000000	Click
ABTH000R	18-Jun-09	1.35	Straight	AA+	AA+	(Ref)	(Ref)	31-Jan-08	103.030000		103.030000	Click
ABTH000S	12-Sep-09	1.58	Straight					31-Jan-08	103.000000		103.000000	Click
ABTH000T	18-Dec-09	1.05	Straight					31-Jan-08	99.000000		99.000000	Click
ABTH000U	04-Oct-09	1.64	Straight					31-Jan-08	99.000000		99.000000	Click
ABTH000V	18-Jan-10	1.93	Straight					31-Jan-08	100.360000		100.360000	Click
ABTH000W	19-May-14	6.27	Straight					15-Jan-08				Click
ABTH000X	19-Nov-14	6.77	Straight					15-Jan-08				Click
ABTH000Y	10-Nov-14	6.75	Straight	AA+	AA+	(Ref)	(Ref)	31-Jan-08				Click

Bond Trading Simulator

Bond trading simulator is a system designed to simulate variety scenarios of bond investment in over-the-counter (OTC) market. Each user/player acts as investors or dealers investing in bonds, and competes with each others to gain the highest return on his/her bond portfolio. The bond trading simulator mainly aims to provide knowledge and better understandings about bond investment for university students and lecturers. The novelty of our bond trade simulator is about the computer players acting as dealers and market makers. Thus, human players will not be able to easily manipulate the market. In addition, the software administrator can input simulated yield curve at the beginning so that the computer players will interact according to the direction of pre-programmed yield curve.



The Ultimate Solution for Financial Risk Management (iRisk)

After launching iRisk in 2003, the ThaiBMA has continuously got more recognition from industry as one of professionals in modern financial risk management, both training and software development. Throughout 2007, iRisk had been developed on two focus points namely technical features and batch calculations, for extending its capacity to serve the clients. For technical features enhancement, iRisk had been upgraded version 3.2 by adding more advanced features of Market Value at Risk (Market VaR) comprised of Marginal VaR, Relative VaR, Expected Shortfall (Conditional VaR), Exponential Weighted Moving Average (EWMA), Short Position, Theoretical Yield of Bond Class, Regulatory and Designable Stress Test. For batch calculation, the ThaiBMA launched HMP Version (Hierarchical Multiple Portfolios Calculation) to support multiple portfolios calculation based on organization chart or supervisory hierarchy of each customer. HMP allows users to design hierarchical outputs, to manage the passwords and to assign the responsible persons for managing and monitoring portfolios up to their own needs. iRisk HMP Version had been specially designed for servicing fund management businesses that can help users to reduce a huge time of VaR calculation on multiple portfolios. Besides Market Risk, the ThaiBMA has also developed Credit Risk Models and provides the credit VaR measurement for all financial institutions and investment companies by using leading methodologies on international framework.

In 2008, ThaiBMA has strongly committed to develop iRisk 3.2 to version 4.0- The Ultimate Solution for Financial Risk Management, by extending its features and functionalities to measure risks on foreign investment, financial derivatives and commodity products i.e. oil, gold and rubber. After launching, iRisk 4.0 will be the first financial risk management tool developed by Thai organization that covers market risk measurement on six major types of assets comprised of Bonds, Equities, Foreign Currencies, Commodity Products, International Investment Indices, and Derivatives. Apart from market risk, iRisk also provides credit risk measurement by using 5 advanced credits VaR models and Future VaR for capturing risks on long-term investment.

ThaiBMA provides iRisk to serve all types of business organizations both financial and non-financial sectors since 2003. Currently, there are more than 10 leading companies subscribing iRisk that cover a wide range of businesses i.e. Banks, Finance Company, Asset Management Companies, Life and Non-Life Insurance Companies, and Big Investment Fund. More than 5 years of trust, ThaiBMA is getting more customers and potential users who are interested in a modern financial tool for enhancing their business performance.

Example Pages of iRisk 4.0

Hydrogen Breakdown

Hydrogen Breakdown		Hydrogen Breakdown	
Category	Value	Category	Value
Hydrogen	100.0000	Hydrogen	100.0000
Deuterium	0.0000	Deuterium	0.0000
Tritium	0.0000	Tritium	0.0000
Helium	0.0000	Helium	0.0000
Neon	0.0000	Neon	0.0000
Argon	0.0000	Argon	0.0000
Krypton	0.0000	Krypton	0.0000
Xenon	0.0000	Xenon	0.0000
Radiation	0.0000	Radiation	0.0000
Total	100.0000	Total	100.0000



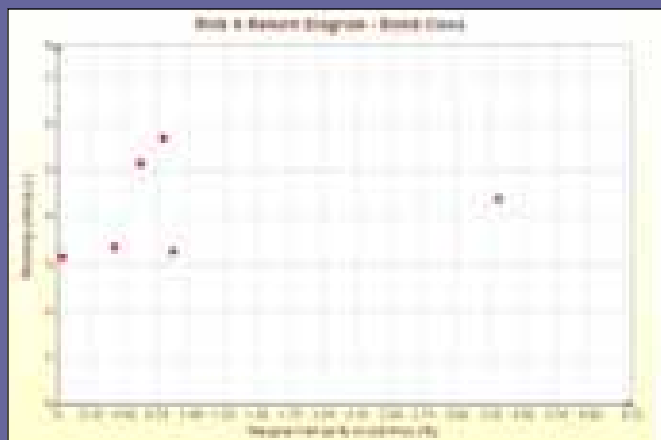
Risk Report

Holding Period	95.0% CL	97.5% CL	99.0% CL
1 Day	100.0000	100.0000	100.0000
10 Days	100.0000	100.0000	100.0000
1 Month	100.0000	100.0000	100.0000

Holding Period	95.0% CL	97.5% CL	99.0% CL
1 Day	0.0000	0.0000	0.0000
10 Days	0.0000	0.0000	0.0000
1 Month	0.0000	0.0000	0.0000

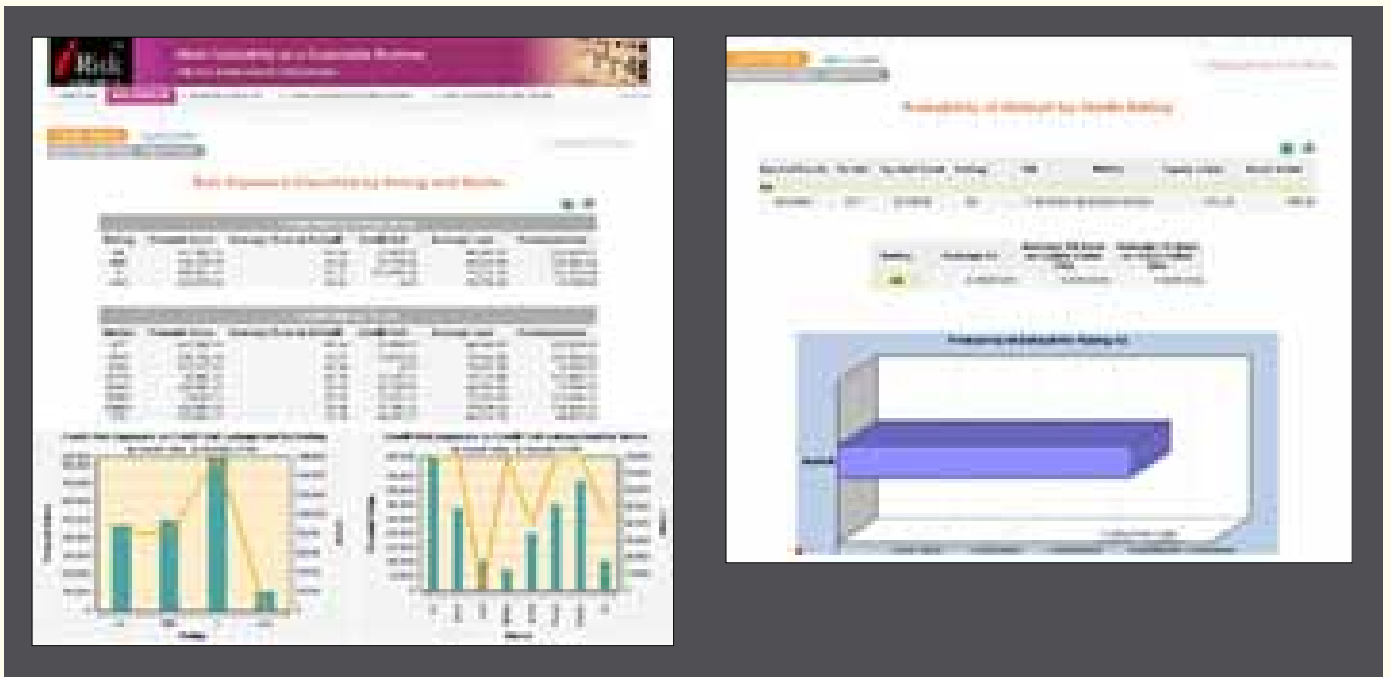
Holding Period	95.0% CL	97.5% CL	99.0% CL
1 Day	0.0000	0.0000	0.0000
10 Days	0.0000	0.0000	0.0000
1 Month	0.0000	0.0000	0.0000

Holding Period	95.0% CL	97.5% CL	99.0% CL
1 Day	0.0000	0.0000	0.0000
10 Days	0.0000	0.0000	0.0000
1 Month	0.0000	0.0000	0.0000





Example Pages of iRisk (Credit VaR)



3. Self-Regulatory Organization (SRO)

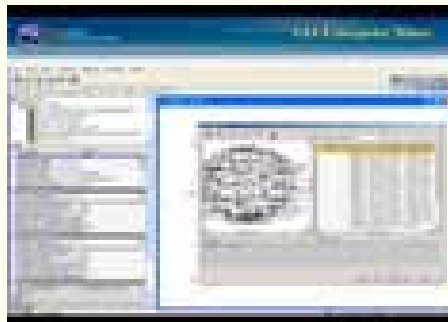
ThaiBMA is well aware of the importance of our role as a self-regulatory organization (SRO) and of our obligation to contribute to the development of the bond market. We believe that by properly fulfilling our self-regulatory function, it will contribute to market integrity and increased investor confidence in the Thai bond market.

Highlights of the activities pertaining to SRO functions during the year 2007 are as follows:

- **Development of Surveillance Software**

One of our key innovations during the year was the development of an intelligent surveillance application called - TMS (ThaiBMA Market Surveillance System). The system facilitates the task of detecting and evaluating suspicious patterns and potential cases of fraudulent practices such as price or volume manipulation, series trading, excessive markup, etc. The logics and methodologies for software development were a result of comprehensive discussion among working group comprising of academics and key market participants.

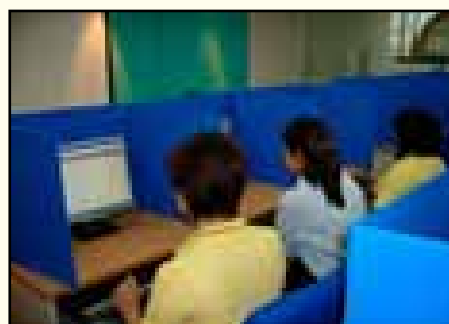
TMS includes several techniques, such as data mining, rule-based inference, and knowledge-based data representation. It will be fully implemented in 2008.



- **Implementation of E-Testing Program**

To ensure that bond traders meet certain qualifications before registration, they are required to take an exam administered by ThaiBMA. In 2007, the ThaiBMA launched an electronic testing program (E-Testing) which has helped increase efficiency and timeliness of the exam process. It also enabled exam takers to get the result as soon as the exam is completed. The ThaiBMA's E-Testing program has been evaluated by the exam takers with satisfactory results.

The screenshot shows a software interface with a table of exam results. The table has multiple columns and rows, with some cells highlighted in red and green. The interface includes a title bar and a menu bar.



- **Signing of MOU between the SEC and ThaiBMA**

For the clarity of the SRO status and for the efficiency of regulatory cooperation, the SEC and ThaiBMA have signed an MOU in May 2007. Under the MOU, the ThaiBMA roles and responsibilities are clarified under the power designated by the SEC to perform the functions of a self-regulatory organization (SRO),

information center, bond pricing agency and industry forum for the bond market. ThaiBMA status therefore is strengthened as the front-line regulator for the bond market to ensure market integrity and adequacy of investors' protection.

- **Issuing of new regulations governing members**

In 2007, the ThaiBMA had issued a number of rules governing conduct of members such as

- Rule regarding disciplinary action for late and error report. To enforce dealers in compliance with the set reporting rule, sanctions ranging from warning to fine will be imposed.
- Notification for a relaxation of member annual fee payment.
- Regulations relating trading and business conduct for members.

- **CG and Risk Management Implementation**

Good corporate governance is a crucial element to the operation of our organization, one that helps improving efficiency and building confidence to stakeholders. In 2007, ThaiBMA has established in writing a CG Policy in accordance with IOSCO and International Best Practices. We have also established a number of ethical standards, specified roles and responsibilities of ThaiBMA Board of Directors and implemented several internal control mechanisms such as disclosure rule for bond investment of staff, staff confidentiality policy, computer security procedure for staff, etc.

Furthermore, in order to ensure correct, appropriate and efficient management, ThaiBMA has implemented a risk management system for risk identification, measurement, control and monitoring. We have specified Key Risk Indicators (KRIs) in significant operational areas such as SRO and Bond Pricing Service including maximum limits of the system downtime, maximum errors of mark to market price, etc., so as to be in line with our corporate strategies which can effectively provide early warnings of potential future damages. The KRIs will be reported regularly to the Board.

- **SRO Educational Activities**

In 2007, the ThaiBMA with financial support from the Public Debt Management Office (PDMO), Ministry of Finance has organized over 50 trainings and seminars both in Bangkok and provincial areas, aimed to enhance knowledge and understanding on several aspects of the bond market to various group of bond market participants. The topics included portfolio management, market convention, ethics, compliance, accounting and taxation related to fixed income investment. Several training programs were held in collaboration with leading professional associations, such as the Securities Analysts Association and the Institute of Internal Auditors of Thailand.

In addition to trainings, a number of publications were published and disseminated in 2007 such as Regulation and Notifications of the ThaiBMA, Taxation on fixed income investment, Steps towards bond investment, and many relevant booklets.



4. Market Education

• ThaiBMA's Financial Training Courses

The ThaiBMA had regularly organized financial training courses which focused on intermediate and advanced levels. These courses were held in limited seats and in a workshop style, allowing attendants to understand each topic with a hands on approach. In addition, we always provide course materials in CD-ROM for attendants to refer to and reinforce the training content. ThaiBMA training programs which were organized in 2007 are as follows:

1. Exotic Derivative Securities towards a Fair Pricing with State-of-Art Modeling on November 7-9, 2007.
2. Pricing, Measuring and Modeling Techniques of Credit Risk Securities: Credit Derivatives, Structured Credit Products and Portfolio Credit Risk on November 21-23, 2007.
3. The Science and Arts of Operational Risk Management towards a Business Excellency on November 28-30, 2007

Besides regular seminars and training programs, the ThaiBMA quality staffs have been actively participating in local conferences and events sharing knowledge and expertise as part of the Thai bond development. Furthermore, the ThaiBMA staffs also occasionally produce articles which have been published in local newspapers and financial magazines.

08 FINANCIAL STATEMENTS



FINANCIAL STATEMENTS AS AT DECEMBER 31, 2007 AND 2006 REPORT OF THE AUDITOR

To The Board of Directors and Members of The Thai Bond Market Association

I have audited the accompanying balance sheets of The Thai Bond Market Association as at December 31, 2007 and 2006, and the related statements of income and expenditure, changes in capital fund and cash flows for the years then ended. These financial statements are the responsibility of the Association's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Thai Bond Market Association as at December 31, 2007 and 2006, and the results of its operations, its changes in capital fund and its cash flows for the years then ended in accordance with generally accepted accounting principles.



(Miss Usa Choochinprakarn)

Certified Public Accountant

Registration No. 3522

Dharmniti Auditing Company Limited
Bangkok, Thailand
April 4, 2008
2008 / 367 / 8056

THE THAI BOND MARKET ASSOCIATION
BALANCE SHEETS
 AS AT DECEMBER 31, 2007 AND 2006

ASSETS

		Baht	
	Note	2007	2006
Current assets			
Cash and deposits at financial institutions	3	11,839,648.94	7,683,810.66
Current investments	4	25,449,027.86	20,000,000.00
Net assets of support fund from the Ministry of Finance	11	-	2,641,574.45
Prepaid expenses supported by the Ministry of Finance	11	7,884,173.16	-
Other current assets		2,284,260.71	3,153,993.39
Total Current Assets		47,457,110.67	33,479,378.50
Non-current assets			
Investment in Private Fund	2.5, 5	211,551,549.69	
Equipment - net	2.6, 6	7,896,291.19	10,146,614.85
Equipment supported by the Ministry of Finance - net	2.6, 7	15,510,972.81	9,764,215.68
Intangible assets - net	2.7, 8	2,140,535.60	2,304,338.87
Intangible assets supported by the Ministry of Finance - net	2.7, 9	59,065,219.16	18,947,625.61
Other non-current assets, net		1,276,569.16	1,276,569.16
Total Non-Current Assets		297,441,137.61	242,956,851.69
TOTAL ASSETS		344,898,248.28	276,436,230.19

THE THAI BOND MARKET ASSOCIATION BALANCE SHEETS

AS AT DECEMBER 31, 2007 AND 2006

LIABILITIES AND CAPITAL FUND

		Baht	
	Note	2007	2006
Current liabilities			
Accrued expenses		797,724.85	1,487,424.45
Deferred income	2.4, 10	4,785,715.96	3,969,307.69
Support fund from the Ministry of Finance received in advance	11	-	2,641,574.45
Deferred income of support fund from the Ministry of Finance	11	82,460,365.13	28,711,841.29
Other current liabilities		2,634,570.21	2,765,727.24
Total Current Liabilities		90,678,376.15	39,575,875.12
Non-current liabilities			
Deferred annual fee of registered debt securities	2.3, 2.4	26,953,502.12	24,824,743.88
Total Non-Current Liabilities		26,953,502.12	24,824,743.88
TOTAL LIABILITIES		117,631,878.27	64,400,619.00
Capital fund	12		
Donated fund		185,529,785.29	185,529,785.29
Initial capital fund from members	2.2	18,410,000.00	18,410,000.00
Accumulated fund		23,326,584.72	8,095,825.90
TOTAL CAPITAL FUND		227,266,370.01	212,035,611.19
TOTAL LIABILITIES AND CAPITAL FUND		344,898,248.28	276,436,230.19



THE THAI BOND MARKET ASSOCIATION
STATEMENTS OF INCOME AND EXPENDITURE
 FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

		Baht	
	Note	2007	2006
INCOME			
Membership annual fees	2.3	6,675,040.04	6,653,268.31
Admission fees for registered debt instruments	2.3	16,869,235.25	15,032,384.14
Annual fees for registered debt instruments	2.3	12,901,907.84	8,183,870.39
Service fees for data provision	2.4	16,103,630.56	10,303,610.70
Training fees and book support		2,429,596.00	4,712,863.08
Examination fees and registration fees for registered traders		505,000.00	1,191,698.37
Support fund income from the Ministry of Finance	11	44,809,008.92	29,961,465.23
Earnings from investment in Private Fund	2.5, 5	11,034,062.17	6,883,637.73
Interest income		889,203.43	457,449.84
Other income		1,150,927.26	316,167.16
Total income		113,367,611.47	83,696,414.95
EXPENDITURE			
	11		
Data system expenses		5,674,784.41	3,020,983.65
Staff costs		45,249,109.52	35,126,047.91
Business development expenses		27,919,325.57	24,463,875.22
Administrative expenses		7,595,587.79	9,036,831.14
Depreciation		6,169,650.39	2,795,409.69
Amortization of computer software		5,528,394.97	1,066,827.75
Total expenditure		98,136,852.65	75,509,975.36
Income over (under) expenditure for the year		15,230,758.82	8,186,439.59



THE THAI BOND MARKET ASSOCIATION
STATEMENTS OF CHANGES IN CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

		Baht			
	Note	Donated fund	Initial capital fund from members	Accumulated fund	Total
Balance as at December 31, 2005		10,000,000.00	–	(90,613.69)	9,909,386.31
Initial fund received from members	2.2	–	6,450,000.00	–	6,450,000.00
Fund transferred from Thai BDC	12	135,300,000.00	11,960,000.00	40,229,785.29	187,489,785.29
Income over (under) expenditure for the year 2006		–	–	8,186,439.59	8,186,439.59
Transfer accumulated fund from Thai BDC to donated fund		40,229,785.29	–	(40,229,785.29)	–
Balance as at December 31, 2006		185,529,785.29	18,410,000.00	8,095,825.90	212,035,611.19
Income over (under) expenditure for the year 2007		–	–	15,230,758.82	15,230,758.82
Balance as at December 31, 2007		185,529,785.29	18,410,000.00	23,326,584.72	227,266,370.01



THE THAI BOND MARKET ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	Baht	
	2007	2006
Cash flows from operating activities :		
Net income for the year	15,230,758.82	8,186,439.59
Adjustment for :		
Depreciation	2,783,170.95	2,114,358.41
Amortization of computer software	479,303.27	619,567.51
Loss (gain) on sales of assets	59,854.89	(49,948.43)
Earnings from investment in Private Fund	(11,034,062.17)	(6,883,637.73)
Change in operating assets and liabilities		
Current assets	869,732.68	(3,152,544.39)
Other non-current assets	-	(1,152,369.16)
Accrued expenses	(689,699.60)	1,425,471.03
Other current liabilities	(131,157.03)	2,598,678.24
Deferred income	816,408.27	3,969,307.69
Deferred annual fees of registered debt securities	2,128,758.24	24,824,743.88
Net cash provided by (used in) operating activities	10,513,068.32	32,500,066.64
Cash flows from investing activities :		
Current investment	(5,449,027.86)	(20,000,000.00)
Investment in Private Fund	(11,034,062.17)	(200,517,487.52)
Earnings from investment in Private Fund	11,034,062.17	6,883,637.73
Sales of equipment	1,500.00	71,900.00
Purchases of equipment	(594,202.18)	(12,282,924.83)
Intangible assets	(315,500.00)	(2,923,906.38)
Net cash provided by (used in) investing activities	(6,357,230.04)	(228,768,781.00)

THE THAI BOND MARKET ASSOCIATION
STATEMENTS OF CASH FLOWS (CONT.)
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	Baht	
	2007	2006
Cash flows from financing activities :		
Donation fund	-	-
Initial capital from new members	-	6,450,000.00
Net fund transferred from Thai BDC	-	187,489,785.29
Net cash provided by (used in) financing activities	-	193,939,785.29
Increase (decrease) in cash and cash equivalents, net	4,155,838.28	(2,328,929.07)
Cash and cash equivalents, beginning balance	7,683,810.66	10,012,739.73
Cash and cash equivalents, ending balance	11,839,648.94	7,683,810.66

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

1. GENERAL INFORMATION

(A) Legal status and address

The Thai Bond Market Association was established as a juristic entity on September 8, 2005, and granted the license by the SEC, registration number 4/2548, according to Articles 231 and 232 of the Securities and Exchange Commission Act B.E. (2535)

The address of its registered office is as follows

29 Vanissa Building 21st Floor, Soi Chidlom, Ploenchit Rd., Lumpini, Patumwan, Bangkok.

(B) Nature of the operation

The Thai Bond Market Association was established following the resolution of the committee in charge of the infrastructure of the bond market under the Domestic Bond Market Development Steering Committee, Ministry of Finance, as a securities business related association under Article 230 of the Securities and Exchange Commission Act B.E. 2535. The main functions of the Association are to serve as a Self-Regulatory Organization (SRO) and to be an information center for the Thai bond market. It also plays functional roles on market development.

Objectives of the Association are as follows :

- (1) To be Center of information of debt instrument market and to provide services of such information;
- (2) To promote and develop debt instrument market and to conduct debt instrument business;
- (3) To promote, develop and prescribe standard of procedures in conducting debt instrument business;
- (4) To supervise Members to comply with the rules and regulations, ethics and standard of procedures in the debt instrument market;
- (5) To promote and foster the research and education regarding debt instruments including providing professional views of the related subjects as well as to publicize and disseminate the information concerning the debt instrument market to the public;
- (6) To promote the relationship and cooperation among Members;
- (7) To compromise and resolve the dispute over conducting the debt instrument business between Members or between Members and the third parties;
- (8) To carry out activities for public benefits or work on other activities to satisfy the Association's foregoing objectives. The foregoing objectives are all non-political related.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

(C) Data of membership

As at December 31, 2007 membership of the Association consists of:

Ordinary Member	49	members
Extraordinary Member	2	members
Associate Member	1	member

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of financial statements

The financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act of B.E. 2543 being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547. The Association has adopted in 2006, prior to its effective date, the Thai Accounting Standard No. 55 : Accounting for Government Grant and Disclosure of Government Assistance.

2.2 Recognition of initial capital fund

Revenue from the membership admission fees is recognized in full as initial capital fund upon membership application.

2.3 Recognition of revenue and expenditure

Revenue from annual membership fees is recognized based on the membership period.

Revenue from admission fees from registering debt instrument is recognized in full upon its registration.

Revenue from annual fees of registered debt instrument is recognized based on the maturity and not exceeding seven years.

Interest income is recognized on an accrual basis.

- Support fund income from the Ministry of Finance for the project is recognized as follows:

- Support fund used for expenditure in the period is recognized as income when expenditure is incurred in the period.

- Support fund used for fixed assets and deferred expenditure are recorded as deferred income of support fund from the Ministry of Finance and recognized as income in proportion to depreciation and amortization of assets in the period.

Other income and expenditure are recognized on an accrual basis.

2.4 Deferred income

Deferred income is realized to income by the straight-line method throughout the period of the agreement.

THE THAI BOND MARKET ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2007 AND 2006

2.5 Investment in Private Fund

Investment in private fund is stated at the net asset value invested. Earnings from investment are recorded immediately as gain or loss in the statement of income and expenditure in that period.

Investment in private fund is an investment in trading securities and stated at fair value. The fair value of any listed equity securities are derived from the closing price of the Stock Exchange of Thailand, while the fair value of debt securities are calculated from the yield announced by The Thai Bond Market Association. The gain (loss) from investment valuation is recognized as unrealized gain (loss) and shown as earnings from investment in the current period.

Earnings from investment is recognized on an accrual basis as follows :

Interest income is recognized on an accrual basis.

Dividend income is recognized on the date eligible to receive.

Realized gain or loss from sales of investment is recognized as revenue or expense at the selling date. Cost of investment sold is calculated by the weighted average method.

Management fee and other expenses are recognized on an accrual basis and recorded as deduction from earnings of the periods.

2.6 Equipment - net

Equipment is stated at cost, net of accumulated depreciation.

Depreciation is calculated by the straight-line method over the estimated useful lives of the assets as follows :-

Furniture and fixtures	5 Years
Office equipment	5 Years
Vehicles	5 Years

2.7 Intangible assets

Intangible assets are computer softwares pending for amortization. Amortization is calculated by the straight-line method over the estimated useful lives of 5 years.

2.8 Using of Accounting Estimation

Preparation of financial statements in conformity with generally accepted accounting principles in Thailand requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

THE THAI BOND MARKET ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2007 AND 2006

2.9 Employee benefits

The Association operates a provident fund as a defined contribution plan. The assets of which are held in a separate fund which is managed by the external fund manager. The provident fund is funded by payments from employees and by the Association. Contributions to the provident fund are charged to the statement of income and expenditure in the year to which they relate. The Association's contributions and earnings will be paid to employees upon termination of membership and according to the regulation of the fund.

2.10 Income tax

The Thai Bond Market Association has been registered as a securities business related association with the Securities and Exchange Commission to be a juristic entity under Article 233 of the Securities and Exchange Commission Act B.E. 2535 whose nature does not interpret as "juristic company or partnership" defined under article 39 of the Revenue Code. The Association is thus not enforced to pay corporate income tax.

2.11 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and deposits held at call at financial institutions.

3. CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS

Cash and deposits at financial institutions consisted of :

	Baht	
	2007	2006
Cash on hand	20,000.00	20,500.00
Cash at banks - Savings accounts	11,819,648.94	7,663,310.66
Total	11,839,648.94	7,683,810.66

4. CURRENT INVESTMENTS

	Interest rate (%)		Baht	
	2007	2006	2007	2006
Fixed deposits at banks (3 - 6 months)	2.25 - 3.0	4.625 - 4.750	15,450,642.60	20,000,000.00
Bank of Thailand bond (13 days)	2.95	-	9,998,385.26	-
Total			25,449,027.86	20,000,000.00

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

5. INVESTMENT IN PRIVATE FUND

	Baht	
	2007	2006
Investment in private fund - beginning balance	162,000,000.00	142,000,000.00
<u>Add</u> Contribution in the year	-	20,000,000.00
	162,000,000.00	162,000,000.00
Accumulated earnings on investment - beginning balance	38,517,487.52	31,633,849.79
<u>Add</u> Earnings from investment for the year	11,034,062.17	6,883,637.73
	49,551,549.69	38,517,487.52
Total investment in private fund	211,551,549.69	200,517,487.52

As at December 31, 2007 investment in private fund separated by fund manager consisted of :

	2007		
	Tisco	Thanachart	Total
Investment (at fair value)			
Deposits at financial institutions	209,567.52	577,348.73	786,916.25
Promissory notes	2,956,240.30	5,000,000.00	7,956,240.30
Bills of exchange	-	10,000,000.00	10,000,000.00
Bonds	40,472,506.56	67,234,888.32	107,707,394.88
Debentures	62,105,852.35	21,011,390.72	83,117,243.07
	105,744,166.73	103,823,627.77	209,567,794.50
<u>Add</u> Accrued interest income	1,278,213.36	838,166.52	2,116,379.88
<u>Less</u> other liabilities	(99,662.14)	(32,962.55)	(132,624.69)
Net assets	106,922,717.95	104,628,831.74	211,551,549.69
Net assets:			
Fund brought forward include accumulated earnings/transfer	100,371,779.92	100,145,707.60	200,517,487.52
Earnings from investment for the year	6,550,938.03	4,483,124.14	11,034,062.17
Total	106,922,717.95	104,628,831.74	211,551,549.69
Earnings from investment for the year:			
Income from investment net after expense	4,708,913.30	3,746,629.41	8,455,542.71
Gain(loss) on sales of investment	365,560.56	461,292.31	826,852.87
Unrealized gain(loss) on securities valuation	1,476,464.17	275,202.42	1,751,666.59
Total	6,550,938.03	4,483,124.14	11,034,062.17

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2007 AND 2006

As at December 31, 2006 investment in private fund separated by fund manager consisted of :

	2006			
	Tisco	Thanachart	UOB	Total
Investment (at fair value)				
Deposits at financial institutions	1,028,029.70	975,488.68	-	2,003,518.38
Promissory notes	8,848,969.07	7,000,000.00	-	15,848,969.07
Bills of exchange	-	10,000,000.00	-	10,000,000.00
Equity securities	17,029,069.00	17,712,515.00	-	34,741,584.00
Bonds	8,478,396.87	23,199,458.28	-	31,677,855.15
Debentures	63,616,789.61	40,534,775.94	-	104,151,565.55
	99,001,254.25	99,422,237.90	-	198,423,492.15
<u>Add</u> Accrued interest income	1,463,447.21	607,853.88	-	2,071,301.09
Other receivables	-	147,803.56	-	147,803.56
<u>Less</u> other liabilities	(92,921.54)	(32,187.74)	-	(125,109.28)
Net assets	100,371,779.92	100,145,707.60	-	200,517,487.52
Net assets:				
Fund brought forward include accumulated earnings/transfer	87,136,889.92	87,641,482.03	86,496,959.87	261,275,331.82
Contribution in the year	10,000,000.00	10,000,000.00	-	20,000,000.00
Earnings from investment for the year	3,234,890.00	2,504,225.57	1,144,522.16	6,883,637.73
Transfer from UOB to Thanachart	-	-	(87,641,482.03)	(87,641,482.03)
Total	100,371,779.92	100,145,707.60	-	200,517,487.52
Earnings from investment for the year:				
Income from investment net after expense	4,125,817.81	2,891,379.00	194,849.20	7,212,046.01
Gain(loss) on sales of investment	684,159.07	707,812.50	779,016.33	2,170,987.90
Unrealized gain(loss) on securities valuation	(1,575,086.88)	(1,094,965.93)	170,656.63	(2,499,396.18)
Total	3,234,890.00	2,504,225.57	1,144,522.16	6,883,637.73

In the year 2006, investment in private fund was managed by TISCO Asset Management Co., Ltd. (from January 1, 2006 to December 31, 2006), Thanachart Fund Management Co., Ltd. (from February 6, 2006 to December 31, 2006) and UOB Asset Management (Thailand) Co., Ltd. (from January 1, 2006 to January 15, 2006).

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

6. EQUIPMENT - NET

	Baht			
	Balance per book as at Dec. 31, 2006	Addition	Deduction	Balance per book as at Dec. 31, 2007
<u>At cost</u>				
Office equipment	3,305,558.84	427,575.84	247,004.85	3,486,129.83
Furniture and fixtures	4,394,091.69	76,362.47	5,447.94	4,465,006.22
Computer equipment	13,483,348.17	90,263.87	-	13,573,612.04
Vehicles	1,687,388.00	-	-	1,687,388.00
Total	22,870,386.70	594,202.18	252,452.79	23,212,136.09
<u>Less</u> Accumulated depreciation				
Office equipment	1,034,898.58	609,127.89	185,652.96	1,458,373.51
Furniture and fixtures	993,177.06	774,509.25	5,444.94	1,762,241.37
Computer equipment	10,492,284.21	1,062,054.81	-	11,554,339.02
Vehicles	203,412.00	337,479.00	-	540,891.00
Total	12,723,771.85	2,783,170.95	191,097.90	15,315,844.90
Equipment - net	10,146,614.85			7,896,291.19
Depreciation 2007				2,783,170.95
Depreciation 2006				2,114,358.41

As at December 31, 2007 and 2006, equipment of the Association were fully depreciated but still in use, amounting to a total cost of Baht 11.99 million and Baht 10.19 million, respectively.

7. EQUIPMENT SUPPORTED BY THE MINISTRY OF FINANCE - NET

	Baht			
	Balance per book as at Dec. 31, 2006	Addition	Deduction	Balance per book as at Dec. 31, 2007
<u>At cost</u>				
Office equipment	475,848.28	188,947.82	-	664,796.10
Furniture and fixtures	1,532,674.68	-	-	1,532,674.68
Computer equipment	8,494,574.85	8,944,288.75	-	17,438,863.60
Total	10,503,097.81	9,133,236.57	-	19,636,334.38
<u>Less</u> Accumulated depreciation				
Office equipment	60,050.72	111,028.50	-	171,079.22
Furniture and fixtures	29,321.80	306,534.30	-	335,856.10
Computer equipment	649,509.61	2,968,916.64	-	3,618,426.25
Total	738,882.13	3,386,479.44	-	4,125,361.57
Equipment - net	9,764,215.68			15,510,972.81
Depreciation 2007				3,386,479.44
Depreciation 2006				681,051.28

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

8. INTANGIBLE ASSETS - NET

	Baht			
	Balance per book as at Dec. 31, 2006	Addition	Deduction	Balance per book as at Dec. 31, 2007
<u>At cost</u>				
Computer software	4,409,958.00	5,500.00	-	4,415,458.00
Computer software - in progress	1,226,500.00	310,000.00	-	1,536,500.00
Total	5,636,458.00	315,500.00	-	5,951,958.00
<u>Less</u> Accumulated amortization				
Computer software	3,332,119.13	479,303.27	-	3,811,422.40
Computer software - Net	2,304,338.87			2,140,535.60
Software amortization 2007				479,303.27
Software amortization 2006				619,567.51

9. INTANGIBLE ASSETS SUPPORTED BY THE MINISTRY OF FINANCE - NET

	Baht			
	Balance per book as at Dec. 31, 2006	Addition	Transfer in	Balance per book as at Dec. 31, 2007
<u>At cost</u>				
Computer software	6,120,361.84	2,691,523.72	44,377,614.66	53,189,500.22
Computer software-in progress	13,319,489.87	42,475,161.53	-	(44,377,614.66)
Total	19,439,851.71	45,166,685.25	44,377,614.66	(44,377,614.66)
<u>Less</u> Accumulated amortization				
Computer software	492,226.10	5,049,091.70	-	-
Computer software - Net	18,947,625.61			59,065,219.16
Software amortization 2007				5,049,091.70
Software amortization 2006				447,260.24

10. DEFERRED INCOME

Deferred income consists of

	Baht	
	2007	2006
Membership fees of data system - iBond	2,269,300.11	2,042,000.00
Membership fees of data system - iRisk	2,516,415.85	1,627,307.69
Deferred training fees	-	300,000.00
Total	4,785,715.96	3,969,307.69

THE THAI BOND MARKET ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2007 AND 2006

11. SUPPORT FUND FROM THE MINISTRY OF FINANCE

In the year 2004, the Securities and Exchange Commission had applied for financial support from the Ministry of Finance through the Public Debt Management Office to The Thai Bond Dealing Centre for the Project "Creation of a Self-Regulatory Organization and Information Center for the Thai Bond Market" to which the conclusion was reached by the Cabinet on October 12, 2004 approving support fund under the 2004 budget of additional expenses, central budget, for the expense of enhancing national competitiveness and sustainable development in the amount of Baht 170 million for a period of 3 years (October 12, 2004 - October 11, 2007).

In the year 2005, The Thai Bond Dealing Centre received the funding of Baht 39.30 million, and it has transferred the said amount in full to The Thai Bond Market Association in year 2006.

In the year 2006, the Association received the transfer of the said fund from The Thai Bond Dealing Centre in the amount of Baht 39.30 million plus addition of the period at Baht 29.43 million.

In the year 2007, the Association received the funding of Baht 101.27 million in full amount of Baht 170 million.

As at 31 December 2007 and 2006, details of the operation of the Project to create a self-regulatory organization and information center for the Thai bond market are presented as follows:-

	Baht	
	2007	2006
Total support fund from the Ministry of Finance	170,000,000.00	68,733,808.00
Used as expenditure during the year (include depreciation and amortization)		
In 2005 used by The Thai Bond Dealing Centre	7,457,431.79	7,457,431.79
In 2006 used by The Thai Bond Market Association	29,961,465.23	29,961,465.23
In 2007 used by The Thai Bond Market Association	44,809,008.92	-
	82,227,905.94	37,418,897.02
Used as fixed assets and prepaid expenses (Stated as deferred income of support fund from the Ministry of Finance)		
Equipment - net	15,510,972.81	9,764,215.68
Intangible assets (computer software) - net	59,065,219.16	18,947,625.61
Prepaid expenses	7,884,173.16	-
	82,460,365.13	28,711,841.29
Balance of support fund from the Ministry of Finance	5,311,728.93	2,603,069.69
Add Interests received from savings account of the project	162,460.34	38,504.76
Less Return the balance of support fund to the Ministry of Finance (October 2007)	(5,474,189.27)	-
Balance of support fund from the Ministry of Finance stated as advance	-	2,641,574.45

THE THAI BOND MARKET ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

As at December 31, 2006, advance support fund from the Ministry of Finance of Baht 2,641,574.45 shown as liabilities in the balance sheet is equal to the net assets of the support fund from the Ministry of Finance account which is shown as assets in the balance sheet, details are as follows:

	Baht
	2006
Deposits at financial institution	3,974,008.71
Other current assets	1,466,245.59
Accounts payable and notes payable	(2,085,818.88)
Other current liabilities	(712,860.97)
Net assets	2,641,574.45

The Association has received support fund from the Ministry of Finance amount of Baht 170 million for the operating period from October 12, 2004 to October 11, 2007. As at the close date of project, the remain cash balance of Baht 5,311,728.93 was sent back to the Ministry of Finance on October 2007 and included interest income from bank book of the project of Baht 162,460.34.

However, the account of deferred income of support fund from Ministry of Finance and support fund income are shown throughout the period of depreciation and amortization of assets supported by the fund over the useful life of those assets.

Support fund income from the Ministry of Finance for the year 2007 and 2006 of Baht 44,809,008.92 and Baht 29,961,465.23, respectively, shown as income is equal to expenditure for the year 2007 and 2006 and consisted of:

	Baht	
	2007	2006
Support fund used for expenditure and classified by type of expenditure:		
Data system expenses	3,823,828.79	1,558,203.00
Staff costs	12,033,154.17	7,867,955.49
Business development expenses	19,574,205.22	18,353,070.26
Administrative expenses	942,249.60	1,053,924.96
Depreciation	3,386,479.44	681,051.28
Amortization of computer software	5,049,091.70	447,260.24
Total expenditure of the project for the year	44,809,008.92	29,961,465.23

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2007 AND 2006

As for the support fund from the Ministry of Finance, the Thai Bond Market Association separated the account recording system for the project from its normal recording as specified in the memorandum of agreement between the Public Debt Management Office, Ministry of Finance, Securities and Exchange Commission, and The Thai Bond Market Association dated February 20, 2006. The Association must completely follow the stipulation in the memorandum of agreement to be entitled to receive the above support fund.

12. TRANSFER OPERATIONS OF THE THAI BOND DEALING CENTRE TO THE THAI BOND MARKET ASSOCIATION

According to the government's policy, the SEC had informed about the resolution of the committee in charge of the infrastructure of the bond market to transform the status of The Thai Bond Dealing Centre, whose bond trading system had been sold to the Stock Exchange of Thailand (SET), to be The Thai Bond Market Association. Therefore, the extraordinary meeting of members of The Thai Bond Dealing Centre No.1/ 2005 held on June 10, 2005 agenda no. 2 had the resolution to approve the transfer of assets, liabilities, rights, and obligations including all employees to The Thai Bond Market Association and taking effect from January 1, 2006 onwards.

Net asset value as at January 1, 2006 of The Thai Bond Dealing Centre having been totally transferred to The Thai Bond Market Association consisted of :

<u>Assets</u>	<u>Baht</u>
Cash and deposit at financial institutions	42,406,212.38
Current investment	18,059,795.64
Other current assets	2,056,143.54
Investment in Private Fund	173,633,849.78
Equipment - net	7,688,383.50
Intangible assets - net	4,953,856.80
Other non-current assets	1,150,500.00
Total assets	249,948,741.64

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2007 AND 2006

	Baht
<u>Liabilities</u>	
Accrued expenses	947,263.37
Deferred membership fees	300,000.00
Deferred membership fees of data system	1,700,418.39
Deferred annual fees	24,002,939.61
Deferred support books	1,550,000.00
Other current liabilities	1,921,837.12
Support fund from Ministry of Finance received in advance	28,920,283.81
Deferred income of support fund from Ministry of Finance	2,987,260.57
Total liabilities	62,330,002.87
Net assets as at January 1, 2006	187,618,738.77
<u>Less</u> Net income and expenses of The Thai Bond Dealing Centre during January 1, 2006 up to the date of liquidation	(128,953.48)
Net assets transferred to the Association	187,489,785.29
Net assets consisted of	
Donated fund	135,300,000.00
Initial capital fund	11,960,000.00
Accumulated fund	40,229,785.29
Total net assets	187,489,785.29

13. COMMITMENTS OF LONG-TERM LEASE AGREEMENT

As at December 31, 2007 the Association has commitments of long-term lease agreement as follows:-

1. Office rental agreement on 21 Floor of Vanissa Building with Piyanarongvit Co.,Ltd. is for a period of 3 years from March 1, 2006 to February 28, 2009 with commitment to pay yearly rental charges and common utility charge of Baht 1.08 million per annum.

2. Office rental agreement on 11 Floor of Vanissa Building with Piyanarongvit Co.,Ltd. is for a period of 3 years from December 1, 2005 to November 30, 2008 with commitment to pay yearly rental charges and common utility charge of Baht 0.50 million per annum.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

14. AGREEMENTS OF PRIVATE FUND MANAGEMENT

14.1 TISCO Asset Management Co., Ltd. is appointed the fund manager under the agreement made on March 7, 2006 for a period of 1 year and the agreement term will be automatically extended for 1 year at a time. The said company has the right, duty and responsibility to manage the private fund and conform to the details laid down within this agreement as well as to receive management fee at the rate as stipulated in the agreement.

14.2 Thanachart Fund Management Co., Ltd. is appointed the fund manager under the agreement made on February 1, 2006 for a period of 1 year and the agreement term will be automatically extended for 1 year at a time. The said company has the right, duty and responsibility to manage the private fund and conform to the details laid down within this agreement as well as to receive management fee at the rate as stipulated in the agreement.

15. PROVIDENT FUND

The Association has established a provident fund for its employees. Such fund is monthly contributed by both the employees and the Association at the rates specified in the provident fund regulations.

The fund is managed by MFC Asset Management Plc.

During the year 2007, Baht 1.79 million has been contributed to the fund by the Association. (year 2006, Baht 1.41 million)

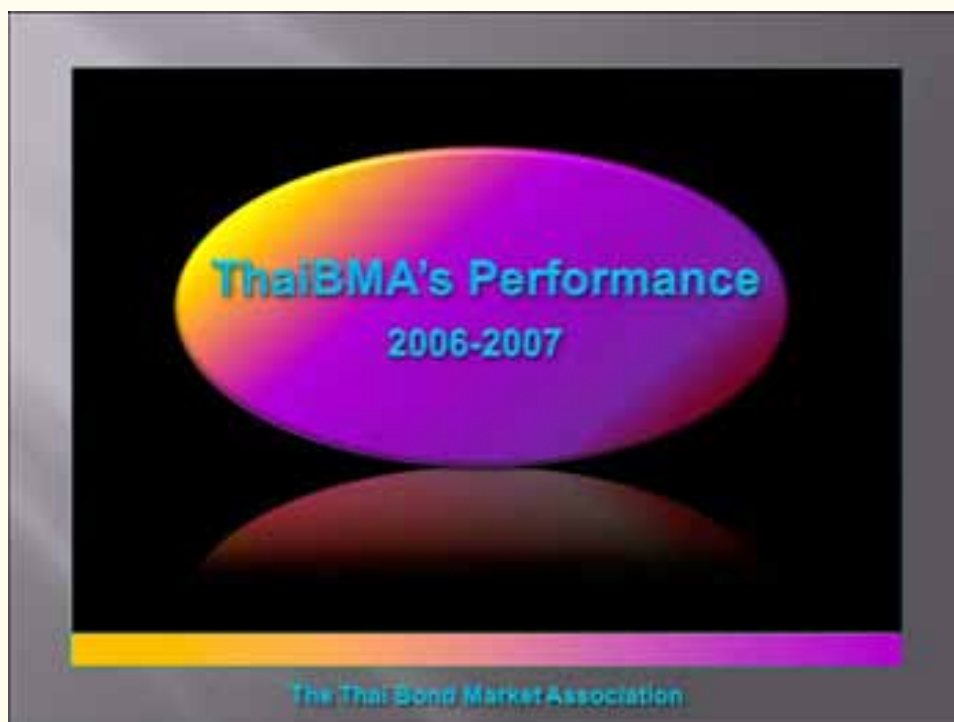
16. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on April 4, 2008.

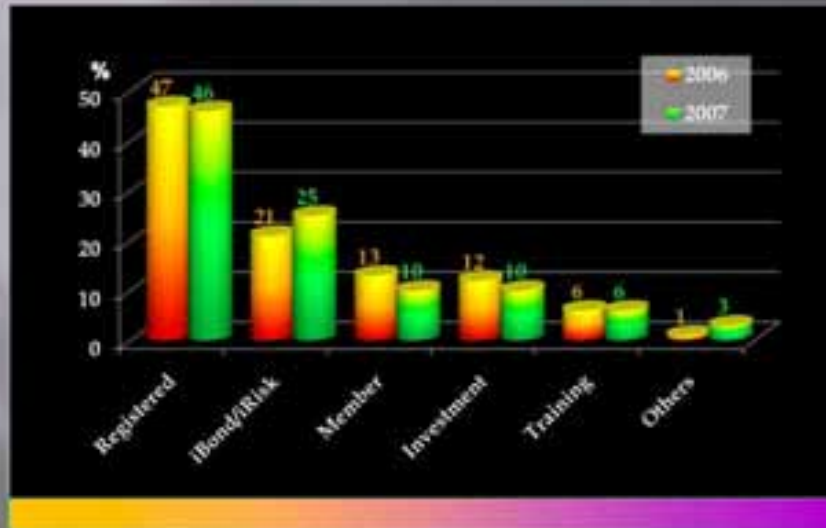
09

FINANCIAL HIGHLIGHTS





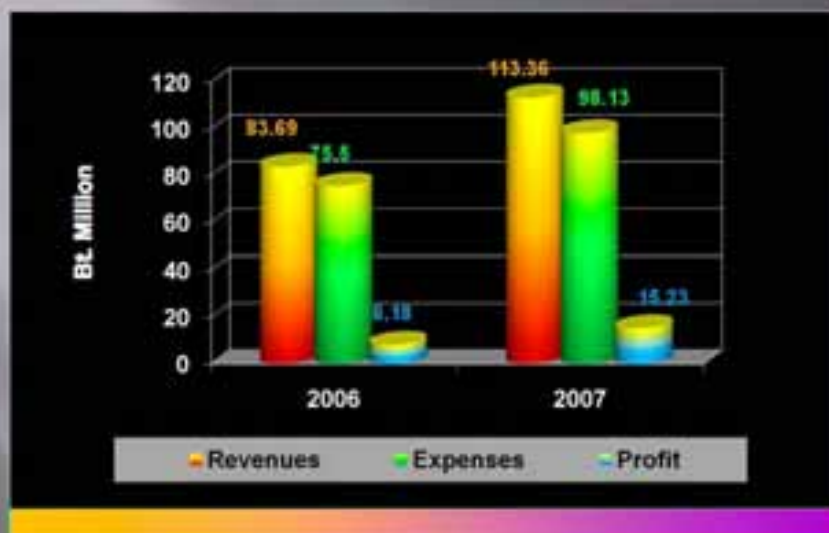
Revenues 2006 and 2007



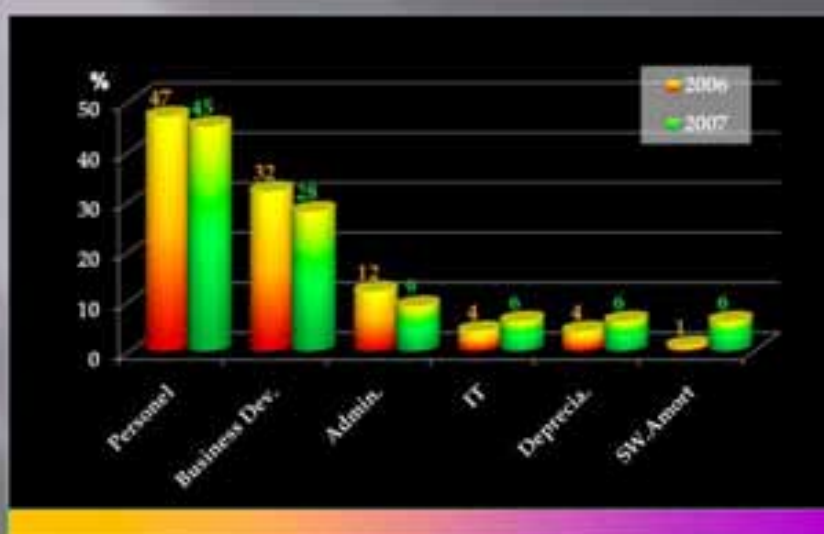
Income Statement (Excluded MOF)



Income Statement (Included MOF)



Expenses 2006 and 2007



10 PLANS FOR 2008



During the past two years, ThaiBMA has put focus on the activities related to projects set out in the MOU signed with the Public Debt management Office, Ministry of Finance. The project under MOF financial support has been completed in October 2007. Therefore, next year would be a challenging year for ThaiBMA in term of financial self-sustainability while continuing to strengthen our role as an efficient SRO and information center for the Thai bond market with the ultimate goal towards the vision of “Towards fair and efficient Bond Market”.

To achieve our vision and mission, in 2008 ThaiBMA has divided our operational units into three major groups based on our strategic themes;

1. **Self Regulatory Organization (SRO)** : Responsible for activities related to self regulation to promote integrity and fairness of the bond market. Other tasks include activities for enhancing professional standard and promoting best practices for the industry.

2. **Bond Market Development (BMD)** : Responsible for developing tools, knowledge and information as well as other innovation for the development of the Thai bond market.

3. **Financial Self Sufficiency (FSS)** : Responsible for generating additional revenue for the organization through the delivery of value-added products and services.

Major Initiatives for 2008 based on each strategic theme are demonstrated in the table below:

Group	Major Tasks in 2008
SRO	1. Enhance Market Surveillance System <ul style="list-style-type: none"> Fully implement surveillance software Training program for new system
	2. Improve Trade Report system <ul style="list-style-type: none"> New reporting screen to facilitate report of new instruments i.e. Derivatives Improve capacity of reporting system
	3. Conduct member inspection <ul style="list-style-type: none"> Onsite inspection
	4. Enhance bond trader professionalism <ul style="list-style-type: none"> E-testing/ traders’ refresher course Review and publish trader manual for exam preparation
	5. Fully implement operational risk management (ERM) for the organization

Group	Major Tasks in 2008
BMD	1. Promote market education & knowledge <ul style="list-style-type: none">• Public training (to retail investors)• Academic training i.e. Bond trading competition ("Bond Star Challenge")• Professional training (to issuers, investors, dealers)• Publications & Books i.e. securitization, Thai bond market, Bond digest, etc
	2. Research & Studies <ul style="list-style-type: none">• Trading & liquidity issues• Legal & tax issues
	3. Implement E-learning, knowledge management program
	4. Implement E-registration service for bond issuers & regulators
	5. Improve contents of bond information service ("iBond")
	6. Develop new analytical tools <ul style="list-style-type: none">• Structured note pricing• Intra-day government bond yield curve• Corporate spread curve• Corp & Composite ZRR index, etc
FSS	1. Increase revenue from new & existing services
	2. Develop new operation software for asset management
	3. Training & Seminar
	<ul style="list-style-type: none">• In-house training services• Advanced training for professionals

11 OVERVIEW OF THE THAI BOND MARKET IN 2007



I. Primary Market

New issues of State Agency bonds registered with the Thai BMA increased significantly by 311% in 2007. The total new issues of registered bonds at the ThaiBMA stood at THB 6,246.88 billion in 2007, 103% higher than the amount of THB 3,077.38 billion in 2006 (See Table 1). THB 4,121.55 billion of the Bank of Thailand (BOT) bonds were auctioned off in 2007, up by 311.50% from the previous year. New issues of long-term corporate bonds were THB 194.82 billion, increasing by 34.85% from the previous year. The number of such issues rose from 73 issues of 37 companies in 2006 to 92 issues of 43 companies in 2007, with the issue size ranging from THB 3.5 million to THB 15 billion, and the issue rating ranging from AAA to BBB.

Table 1 : The ThaiBMA New Issuance Registered Bonds

Unit : THB Billion

TYPE	2005	2006	2007
Government Bond	172.90	220.72	330.22
T-Bills	494.00	895.20	553.00
SOE	100.14	69.73	64.83
State Agency Bond	988.28	1,001.60	4,121.55
Long Term Corporate Bond	135.44	144.47	194.82
Commercial Paper	n.a	736.56	975.69
Foreign Bond	7.00	9.10	6.77
Total	1,897.76	3,077.38	6,246.88

Sources : BOT, SEC and MOF

State Owned Enterprise (SOE) new issuance registered bonds totaled THB 64.83 billion in 2007, or 7.03% lower than those in 2006. Also, the auctioned T-Bills amounted to THB 553 billion, down by 38.23% from the previous year; whereas the auctioned government bonds amounted to THB 330.22 billion, up by 49.61% from those in 2006.

Outstanding Value of ThaiBMA Registered Bonds

The total outstanding value of ThaiBMA registered bonds as of December 2007 amounted to THB 4,698 billion, representing an increase of 18.92% from the previous year. This total outstanding value consisted of THB 1,717.25 billion of government bonds, THB 1,425.20 billion of State Agency (SA) bonds, THB 678.67 billion of long-term corporate bonds, THB 342.28 billion of guaranteed SOE bonds, THB 177.47 billion of non-guaranteed SOE bonds, THB 218.20 billion of commercial papers, THB 114 billion of T-Bills and THB 25.87 billion of foreign bonds (See Table 2).

Table 2 : The ThaiBMA Registered Bond Outstanding

Unit : THB Billion

TYPE	2005	2006	2007
Government Bonds	1,291.66	1,469.26	1,717.25
T-Bills	209.00	228.00	114.00
State Enterprises	486.12	490.92	519.71
- Guaranteed	361.76	348.48	342.28
- Non Guaranteed	124.36	142.44	177.43
State Agency Bond	641.33	896.70	1,425.20
Long-term Corporate Bonds	487.04	608.91	678.67
Commercial Papers	0.00	241.42	218.18
Foreign Bonds	7.00	16.10	25.87
Total	3,122.16	3,951.31	4,698.88

Sources : BOT, SEC and MOF

Remark : Preliminary figures collected from the following registrars : BAY/ BBL/ BFIT/ TFB/ TSD, etc.

The largest portion of corporate bonds outstanding was in the energy sector (23%), followed by construction material sector (15%), banking sector (11%), financial institution sector (10%), communication sector (7%), property sector (7%), petroleum sector (3%), and others (24%). In terms of credit rating, the majority of corporate bonds are A-rated bonds, accounting for THB 625.62 billion or 93% of the total outstanding value. The remaining 6% consisted of THB 46.83 billion of B-rated bonds (1%) and THB 6.22 billion of non-rated bonds (1%).

II. Bond Trading Activities in 2007

In 2007, total outright trading value was THB 10,532.49 billion, 146.23% higher than in 2006 (See Table 3). Average daily outright trading value surged to THB 42.99 billion in 2007, compared to only THB 17.60 billion in 2006. Similar to the previous year, trading activities were concentrated in BOT bonds, accounting for THB 8,406.20 billion or 79.81% of the total outright trading value in 2007. This was followed by THB 1,112.26 billion of government bonds, THB 799.73 billion of T-Bills, and THB 71.80 billion of SOE bonds, representing a share of 10.56%, 7.59%, and 0.68% of the total outright trading value, respectively. With regards to SOE bonds, the total trading value of guaranteed SOE bonds and non-guaranteed SOE bonds were worth THB 45.76 billion and THB 26.04 billion, respectively.

Table 3 : ThaiBMA Outright Trading and Outstanding Value in 2005-2007

Unit : THB Million

TYPE OF SECURITIES	2005		2006		2007	
	Trading	Outstanding	Trading	Outstanding	Trading	Outstanding
Government	438,157.52	1,291,663.90	631,117.30	1,469,263.55	1,112,263.01	1,717,248.55
State Enterprise	110,079.47	486,122.82	83,832.72	490,921.75	71,795.90	519,708.42
- Guaranteed	71,928.46	361,761.19	51,554.84	332,900.01	45,756.43	342,275.30
- Non Guaranteed	38,151.01	124,361.63	32,277.87	158,021.74	26,039.47	177,433.12
T- Bills	908,448.94	209,000.00	1,500,202.87	228,000.00	799,731.23	114,000.00
State Agency	1,282,437.01	641,332.00	1,968,201.76	896,702.00	8,406,201.12	1,425,199.58
Corporate	77,685.45	487,037.40	92,543.82	850,327.33	135,136.74	896,849.28
Foreign	394.00	7,000.00	1,602.01	16,100.00	7,359.78	25,874.00
Total Value	2,817,202.39	3,122,156.12	4,277,500.48	3,951,314.63	10,532,487.78	4,698,879.83
- Monthly Average	234,766.87		356,458.37		877,707.32	
- Daily Average	11,498.79		17,602.88		42,989.75	
- No. of trading days	245		243		245	
No. of transactions	40,870.00		52,117.00		83,794.00	
- Monthly Average	3,406		4,343		6,983	
- Daily Average	167		214		342.02	
Dealers Participation	41		40		36	

Source : ThaiBMA

Trading value of corporate bonds (including long-term corporate bonds and commercial papers) in 2007 totaled THB 135.14 billion or 1.28% of the total outright trading value. The total outright trading value of corporate bonds consisted of bonds in the energy sector (27%), financial institution sector (18%), communication sector (13%), banking sector (7%), construction material sector (6%), property sector (5%), transportation and logistics sector (4%), and others (21%).

Market Participants

In 2007, 61% of the total outright trading value, or THB 6,384.65 billion, came from transactions between dealers and their clients, whereas 39% or THB 4,147.85 billion was from the transactions among dealers themselves. Major investors trading bonds with dealers were mutual funds (53%), domestic companies (DCO) (22%), non-dealer financial institutions (NDL) (5%), foreign companies (FCO) (2%), insurance companies (2%), individuals (1%) and others (15%).

The top ten active member dealers in 2007 comprised seven domestic banks, namely, Siam Commercial Bank Public Company Limited (18.69% market share), Kasikornbank Public Company Limited (16.06%), Bank Thai Public Company Limited (10.01%), Bangkok Bank Public Company Limited (9.16%), TMB

Bank Public Company Limited (7.64%), United Overseas Bank (Thai) Public Company Limited (6.26%), Bank of Ayudhya Public Company Limited (4.54%); and three foreign banks: Deutsche Bank AG (5.94%), the Hongkong and Shanghai Banking Corporation Limited (4.74%), and Citibank, N.A. (4.5%) (See Table 4).

Table 4 : Top Ten Active Member Dealers 2007

Unit : THB Billion

Rank	Dealers	% Market Share	Trading Value			
			Outright	Financing	Other	Total
1	Siam Commercial Bank Plc.	18.69%	2741.83	851.82	18.09	3611.73
2	Kasikornbank Plc.	16.06%	2355.81	980.29	12.11	3348.22
3	Bank Thai Plc.	10.01%	1468.33	112.93	0.00	1581.26
4	Bangkok Bank Plc.	9.16%	1344.32	1139.56	0.00	2483.88
5	Thai Military Bank Plc.	7.64%	1120.26	7.61	2.54	1130.42
6	United Overseas Bank (Thai) Plc.	6.26%	917.78	132.57	15.15	1065.50
7	Deutsche Bank AG, Bangkok Branch	5.94%	871.83	0.36	0.22	872.41
8	The Hongkong and Shanghai Banking Corp., Ltd.	4.74%	694.95	801.46	0.00	1496.40
9	Bank of Ayudhya Plc.	4.54%	666.02	11.30	3.72	681.04
10	Citibank, N.A.	4.50%	660.05	1.62	0.00	661.67
	Other	12.46%	1827.24	3351.95	31.93	5211.12
Total		100.00%	14,668.42	7,391.48	83.76	22,143.66

Source : ThaiBMA

Market Liquidity

In 2007, the turnover ratio (outright transaction only) for all types of bonds was 224.15%, up by 107% from the ratio of 108.25% in 2006. In particular, the turnover ratio of T-Bills was 701.52%, up by 7% from the previous year. The turnover ratio for SA bonds was 589.83%, followed by that of government bonds (64.77%), SOE bonds (13.81%), and corporate bonds which consisted of long-term corporate bond and commercial papers (15.07%), respectively.

The top five active issues of government bonds were LB191A, LB267A, LB137A, LB145B and LB175A (See Table 5), whereas the top five active SOE bonds were PEA129A, PEA168A, ETA139A, GHB173A and EXIM083A (See Table 6). With regards to long-term corporate bonds, the top five active issues were PTTC153A, PTTC160A, AIS139A, EFAI070A and AIS119A (See Table 7).

Table 5 : Top Five Most Active Government Bonds

Issue	Type/ Rating	TTM (Yr)	YTM (%)	Trading Value (THB Mln)	% of Total Trading	Turnover Ratio (%)	Last trade Date
Government Bonds							
LB191A	GB	11.06	5.230000	161,455.03	1.53	350.99	25-Dec
LB267A	GB	18.54	5.350000	128,044.04	1.22	261.31	28-Dec
LB137A	GB	5.55	4.500000	92,073.21	0.87	177.06	28-Dec
LB145B	GB	6.38	4.620000	89,888.95	0.85	192.67	27-Dec
LB175A	GB	9.42	4.910000	79,506.79	0.75	181.40	28-Dec

Source : ThaiBMA

Table 6 : Top Five Most Active State-Owned Enterprise Bonds

Issue	Type / Rating	TTM (Yr)	YTM (%)	Trading Value (THB Mln)	% of Total Trading	Turnover Ratio (%)	Last trade Date
State Owned Enterprise Bonds							
PEA129A	-	4.7	4.620000	3,110.84	0.03	200.70	28-Dec
PEA168A	-	8.6	4.950000	2,909.58	0.03	193.97	28-Dec
ETA139A	G	6.01	4.225453	2,556.81	0.02	255.68	12-Sep
GHB173A	G	9.78	4.300000	2,375.38	0.02	118.77	12-Jun
EXIM083A	/AAA(thai)	0.33	3.570000	2,131.84	0.02	21.32	22-Nov

Source : ThaiBMA

Table 7 : Top 5 Most Active Registered Corporate Bonds

Issue	Type / Rating	TTM (Yr)	YTM (%)	Trading Value (THB Mln)	% of Total Trading	Turnover Ratio (%)	Last trade Date
Corporate Debentures							
PTTC153A	/AA+(thai)	7.24	5.520000	7,900.21	0.08	131.67	26-Dec
PTTC160A	/AA+(thai)	8.8	5.650000	6,848.24	0.07	85.60	26-Dec
AIS139A	/AA	5.72	5.700000	4,843.63	0.05	121.09	20-Dec
EFAI070A	/AA-	0.07	3.300000	3,488.58	0.03	39.64	18-Sep
AIS119A	/AA	3.74	5.250000	3,452.26	0.03	86.31	13-Dec

Source : ThaiBMA

Yield Movement and the ThaiBMA Bond Index

The Bank of Thailand's Monetary Policy Committee (MPC) cut its 1-day RP rate down 4 times in 2007, accounting for a total of 175 bps, and made RP rate hold at 3.25% at the end of 2007. Although during the third quarter of 2007 market believed that domestic interest rates were already set at the lowest rate and BOT would consider raising the policy rate, such market sentiment changed in the last quarter with government yield curves shifting down due to expectations on declining interest rates and the US sub-prime crisis which seemed unlikely to be resolved soon. The yield of short-term bonds with 1 month to 3 years maturity decreased dramatically in the range of -100 to -180 bps, whereas the medium-term bond with 5-10 years maturity were down by -50 to -63 bps, and the long-term bond with more than 10 years maturity dropped by -40 to -45 bps.

The ThaiBMA government clean price index closed the year 2007 at 98.70, with a positive total return of 2.35%. Returns on ThaiBMA government index subgroup 1 (1-3 years), subgroup 2 (3-7 years), subgroup 3 (7-10 years), subgroup 4 (over 10 years) and subgroup 5 (less than 10 years) were 6.11%, 7.45%, 7.77%, 9.78% and 7.07%, respectively.

Corporate clean price index closed at 103.22 at the end of December 2007 with a positive return of 2.17%. Also, total returns on corporate bond index rose from 6.56% in 2006 to 7.35% in 2007.

Outlook of the Thai Bond Market in 2008

(Source: Opinion survey from underwriters and active dealers by the ThaiBMA)

Primary Market

New debt securities in 2008 are expected to expand by 8% from 2007. The BOT is predicted to issue large amount of new debt securities. In term of growth rate, issuance of foreign bonds is likely to have the highest growth of 156%. New SA bonds are expected to grow continuously by 12% from the previous year, followed by long-term corporate bonds (9%) and SOE bonds (7%). On the other hand, T-Bills are likely to decrease by 14%.

In the private sector, new corporate debt securities are also predicted to increase due to the continued support of the government in the encouraging business expansion and the downtrend of domestic interest rates. Most of the new issuance of corporate bonds are likely to concentrate on short-term bonds with maturity not over 5 years which are more preferred by most investors than long-term corporate bonds. Financial institutions and the property sector are expected to issue more debt securities than other business sectors.

Secondary Market

In 2008, the secondary bond market is predicted to expand from the previous year and trading activities are likely to concentrate in short-term bonds such as BOT bonds since BOT tends to issue new bonds continuously in 2008. Financing transactions are expected to increase since BOT will close its repurchase market (BOT repo) in February 2008 and encourage non-primary dealers to enter into private repo transactions with primary dealers instead.

Trading of corporate bonds is expected to slow down and the spread of corporate bonds over government bonds is likely to widen in order to compensate the increase in price and inflation risks.

Table 8 : Yield Curve Prediction

TTM	Yield (%)
1 Month < TTM ≤ 1 Year	2.90 % - 4.00 %
2 Years < TTM ≤ 4 Years	3.00 % - 5.00 %
5 Years < TTM ≤ 10 Years	4.00 % - 5.80 %
10 Years < TTM ≤ 15 Years	4.50 % - 6.00 %
TTM > 15 Years	4.50 % - 6.50 %

12

APPENDIX : LIST OF MEMBERS



MEMBERS OF THE THAIBMA

The membership structure of the ThaiBMA has changed significantly in conformation to its expanding roles and functions. Currently there are 3 categories of ThaiBMA members namely Ordinary Members, Extraordinary Members and Associate Members. The different types of membership are subject to different fees and requirements.

1. **Ordinary member** is a financial institution that has the debt trading license (dealer).
2. **Extraordinary member** is a company that has inter-dealer broker license (IDB).
3. **Associate member** is a dealer who has monthly average trading value in the past one year less than THB 100 million.

As of December 2007, ThaiBMA's members comprise 49 ordinary members, 2 extraordinary members and 1 associate member.

No.	NAME	ADDRESS
Ordinary Members		
1	ABN-AMRO Bank N.V. (ABNA)	3rd - 4th Floor, Bangkok City Tower, 179/3 South Sathorn Rd., Bangkok 10120 Phone : (662) 679-5900 Fax : (662) 679-5908 Website : http://www.abnamro.com
2	ADKINSON Securities Public Company Limited (ASL)	132 Sindhorn Building 1, 2/F And Sindhorn Tower 3 12/F, Wireless Rd., Lumpinee, Bangkok 10330 Phone : (662) 205-7000 Fax : (662) 205-7032 Website : http://www.adkinsononline.com
3	Merill Lynch Securities (Thailand) Limited (ML)	87/2 20 Fl., 4 unit CRC Tower All Seasons Place, Wireless Rd., Lumpinee, Bangkok 10330
4	ACL Securities Company Limited (ACLS)	999/9 The Offices at Centralworld, 18th Floor, Rama 1 Road, Pathumwan, Pathumwan, Bangkok 10330 Phone : (662) 658-9000 Fax : (662) 658-9110 Website : http://www.acls.co.th
5	Ayudhya Securities Public Company Limited (AYS)	999/9 The Offices at Centralworld, 12/F, Rama 1 Rd., Pathumwan, Bangkok 10330 Phone : (662) 659-7000 Fax : (662) 646-1100 Website : http://www.ays.co.th
6	Bangkok Bank Public Company Limited (BBL)	333 Silom Rd., Bangkok 10500 Phone : (662) 231-4333 Fax : (662) 236-8278 Website http://www.bangkokbank.com

No.	NAME	ADDRESS
7	Bank of America, National Association (BofA)	All Seasons Place, CRC Tower, 33rd Floor, 87/2 Wireless Road, Pathumwan Bangkok 10330 Phone : (662) 305-2900 Fax : (662) 305-2809 Website : http://www.bankofamerica.com
8	United Overseas Bank (Thai) Public Company Limited (UOB)	191 South Sathon Road, Bangkok 10120 Phone : (662) 213-2601-3 Fax : (662) 285-1375 Website : http://www.uob.co.th
9	Bank of Ayudhya Public Company Limited (BAY)	1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120 Phone : (662) 296-2000 Fax : (662) 683-1603 Website : http://www.krungsri.com
10	Barclays Capital Securities (Thailand) Limited (BARCAP)	87/2 C.R.C All Seasons Place Building 21/F, Wireless Rd., Lumpinee, Pathumwan, Bangkok 10330 Phone : (662) 686-1900 Fax : (662) 686-1901 Website : http://www.barcap.com
11	BFIT Securities Plc. (BSEC)	191 Silom Complex Tower, 14 Fl., 16 Fl., Silom Road, Bangkok 10500 Phone : (662) 200-2111 Fax : (662) 632-0191 Website : http://www.bfitsec.com
12	BNP Paribas, Bangkok Branch (BNPP)	990 Aubdul Rahim Building, 29/F, Rama iv Rd., Silom, Bangrak, Bangkok 10550 Phone : (662) 636-1900 Fax : (662) 636-1935 Website : http://www.bnpparibas.com
13	BT Securities Company Limited (BT Sec)	44 Bankthai Building, G Fl., 24 -26 Luang Suan, Ploenchit Rd., Pathumwan, Bangkok 10330 Phone : (662) 657-9000 Fax : (662) 657-9822 Website : http://www.BTsecurities.com
14	Calyon, Bangkok Branch (Calyon)	152 Wireless Rd., Bangkok 10330 Phone : (662) 651-4590-2 Fax : (662) 651-4593 Website : http://www.calyon.com
15	Capital Nomura Securities Public Company Limited (CNS)	21/3 Thai Wah Tower, Ground Floor, South Sathorn Rd., Bangkok 10120 Phone : (662) 285-0060 Fax : (662) 285-0886 Website : http://www.cns.co.th
16	Citibank, N.A. (CITI)	18th 82 North Sathorn Road, Silom, Bangrak, Bangkok 10500 Phone : (662) 232-2000 Fax : (662) 639-2564 Website : http://www.citibank.com/thailand
17	Citicorp Securities (Thailand) Limited (CST)	21st, 22nd Floor, Citibank Tower, 82 North Sathorn Rd., Silom, Bangrak, Bangkok 10500 Phone : (662) 232-2200 Fax : (662) 639-2246 Website : http://www.citigroup.com

No.	NAME	ADDRESS
18	DBS Vickers Securities (Thailand) Company Limited (DBSV)	989 Siam Tower, 14th-15th Floor, Rama 1 Road, Pathumwan, Bangkok 10330 Phone : (662) 657-7000 Fax : (662) 658-1258 Website : http://www.dbsvitrade.com
19	Deutsche Bank AG (DBBK)	208 Wireless Rd., Bangkok 10330 Phone : (662) 651-5000 Fax : (662) 651-5210 Website : http://www.db.com
20	Far East Securities Company Limited (FES)	87/2 CRC Tower, All Seasons Place Building 18,38,39/F, Wireless Rd., Lumpini, Patumwan, Bangkok 10330 Phone : (662) 648-1111 Fax : (662) 648-1000 Website : http://www.fes.co.th
21	Finansa Securities Limited (FSL)	48/14-15 Tisco Tower 8/F, North Sathorn Rd., Bangkok 10500 Phone : (662) 697-3700 Fax : (662) 697-0301 Website : http://www.finansa.com
22	Globex Securities Company Limited (GLOBLEX)	87/2 CRC All Seasons Place 8th, 12th Floor. Wireless Road, Lumpini, Patumwan, Bangkok 10330 Phone : 0-2672-5999 Fax: 0-2672-5956 Website : http://www.globlex.co.th
23	The Hongkong and Shanghai Banking Corporation Limited (HSBC)	HSBC Building, 968 Rama IV Road, Silom, Bangkok 10500 Phone : (662) 614-4000 Fax : (662) 632-4900 Website : http://www.hsbc.com
24	I V Global Securities Public Company Limited (IVG)	17th-18th Fl., 540 Mercury Tower, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 Phone : 0-2658-5800 Fax: 0-2658-5799 Website : http://www.ivglobal.co.th
25	J.P. Morgan Securities (Thailand) Limited (JPM)	20 Bubphajit Building, 2/F, Northsathorn Rd., Silom, Bangkok 1050 Phone : (662) 684-2600 Fax : (662) 684-2720 Website : http://www.jpmorgan.com
26	Kasikornbank Public Company Limited (KBANK)	1 Soi Kasikornthai Ratburana Road Bangkok 10140 Phone : (662) 470-3042-7 Fax : (662) 871-3637 Website : http://www.kasikornbank.com
27	KGI Securities (Thailand) Public Company Limited (KGI)	323 United Center Building, 23/F, Silom Rd., Bangkok 10500 Phone : (662) 231-1111 Fax : (662) 267-8315 Website : http://www.kgi.co.th
28	Kiatnakin Securities Company Limited (KKS)	7 th Floor Amarin Tower 500 Ploenchit Rd., Pathumwan Bangkok 10330 Phone : (662) 680-2222 Fax : (662) 256-9783 Website : http://www.kks.co.th

No.	NAME	ADDRESS
29	Kim Eng Securities (Thailand) Limited (KEST)	999/9 The Offices at Centralworld 20-21/F ,Rama1 Rd., Pathumwan, Bangkok 10330 Phone : (662) 658-6300 Fax : (662) 658-6855 Website : http://www.kimeng.co.th
30	Thanachart Securities Public Company Limited (TNS)	444 MBK Tower, 14,18/F&19/F , Phayathai Rd.,, Patumwan, Bangkok 10330 Phone : 0-2217-8888 Fax : 0-2217-9814 Website : http://www.thanachartsec.co.th
31	Phatra Securities Public Company Limited (Phatra)	6, 8-11/F Muang Thai-Phatra Office Tower 1, 252/6 Ratchadaphisek Road Huaykwang Bangkok 10310 Phone : (662) 275-0888 Fax : (662) 693-2353 Website : http://www.phatrasecurities.com
32	SCB Securities Company Limited (SCBS)	130-132, Sindhorn Building Tower 3 20,24-26,28/F, Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Phone : (662) 686-2000 Fax : (662) 263-3808 Website : http://www.scbs.com
33	SEAMICO Securities Public Company Limited (ZMICO)	287 Liberty Square, 8-9,15-17,20-21/F, Silom Rd., Bangkok 10500 Phone : (662) 695-5000 Fax : (662) 631-1707 Website : http://www.seamico.co.th
34	Siam City Bank Public Company Limited (SCIB)	1101 Newpetchburi Rd.,Rajthevi, Bangkok 10400 Phone : (662) 208-5000 Fax : (662) 651-7856 Website : http://www.scib.co.th
35	Siam City Securities Company Limited (SCIS)	999/9 9th Fl., The Offices at Centralworld, Rama 1 Rd., Pathumwan, Bangkok 10330 Phone. (662) 624-8888 Fax. (662) 624-8899 Website : http://www.scis.co.th
36	Siam Commercial Bank Public Company Limited (SCB)	9 Rajadapisek Rd., Chatuchak, Bangkok 10900 Phone : (662) 544-2335 Fax : (662) 937-7969 Website : http://www.scb.co.th
37	SICCO Securities Public Company Limited (SSEC)	130-132 Sindhorn Tower 2,1-2,6/F, Wireless Rd., Lumpinee, Patumwan, Bangkok 10330 Phone : (662) 627-3100 Fax : (662) 263-2043 Website : http://www.ssec-online.com
38	Standard Chartered Bank (Thai) Public Company Limited	90 North Sathorn Road,Silom, Bangrak,Bangkok 10500 Phone : (662) 724-4000 Fax : (662) 724-4444 Website : http://www.standardchartered.com/th
39	Syrus Securities Company Limited (SYRUS)	9th, 12th, 14th, 15th , 17th, 18th, Fl., Alma Link Building, 25 Soi Chidlom, Ploenchit, Lumpini, Patumwan, Bangkok 10330 Phone : (662) 646-9999 Fax : (662) 646-4535 Website : http://www.syrus.co.th

No.	NAME	ADDRESS
40	TMB Bank Public Company Limited (TMB)	3000 Phaholyothin Road, Chomphon, Chatuchak, Bangkok 10900 Phone : (662) 299-1111 Website : http://www.tmbbank.com
41	TISCO Bank Public Company Limited (TISCO)	48/2 TISCO Tower 1st Floor, North Sathorn Rd., BKK 10500 Phone : (662) 633-6000 Fax : (662) 633-6800 Website : http://www.tisco.co.th
42	Trinity Securities Company Limited	25 th Floor Bangkok City Tower, 179/109-110 South Sathon Rd., Sathon, Bangkok 10120 Phone : (662) 286-3999 Fax : (662) 286-8444 Website : http://www.trinitythai.com
43	UBS Securities Limited (UBS)	93/1 GPF Wireless Tower A, 2/F, Wireless Rd., Patunwan Bangkok 10330 Phone : (662) 651-5700 Fax : (662) 651-5731 Website : http://www.ubs.com
44	United Securities Public Company Limited (US)	1550 Dhanaphoom Building ,Grang Amarin Tower, 4-5/F, New Petchburi Rd., Rachtavee, Bangkok 10400 Phone : (662) 207-0038 Fax : (662) 652-8977 Website : http://www.unitedsec.com
45	UOB Kay Hian Securities (Thailand) Public Company Limited (UOBKHST)	130-132 Sindhorn Tower 1&3, 3/F,Tower1, 15 &19/ F,Tower 3, Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Phone : (662) 659-8000 Fax : (662) 659-8163 Website : http://www.uobkayhian.co.th
46	J. P. Morgan Chase Bank (JPMCB)	20 North Sathorn Rd.,3rd Floor, Silom Bangrak Bangkok 10500 Phone : (662) 684-2693 Fax: (662) 684-2690
47	Krung Thai Bank Public Company Limited (KTB)	35 Sukhumvit Road, Klong Toey Nua Subdistrict, Wattana District, Bangkok, 10110 Phone : (662) 255-2222 Fax : (662) 255-9391-6 Website : http://www.ktb.co.th
48	Bankthai Public Company Limited (BT)	44 North Sathon Road , Silom , Bangrak , Bangkok 10500 Phone : (662) 633-9000-3 Fax : (662) 633-9026 Website : http://www.bankthai.co.th
49	Bualuang Securities Public Company Limited (BLS)	29/F, Silom Complex Off.Bldg., 191 Silom Road, Bangrak, Bangkok 10500 Phone: (662) 231-3777 Fax : (662) 231-3951 Website : http://www.bualuang.co.th

No.	NAME	ADDRESS
Extraordinary Members		
50	ICAP Securities Company Limited (ICAP)	55 Wave Place Building, 13th Floor, Wireless Road, Lumpini, Pathumwan Bangkok, 10330 Phone : (662) 256-0888 Fax : (662) 256-0999 Website : http://www.icap.com
51	Wall Street Tullett Prebon Securities Limited (WSTPS)	33/64 Wall Street Tower, 13th Floor, Surawong Road, Bangrak, Bangkok 10500 Phone : (662) 266-8889 Fax : (662) 632-7375
Associate Member		
52	Asia Plus Securities Public Company Limited (ASP)	175 Sathorn City Tower 3/F, South Sathorn Rd., Tungmahamek, Sathorn, Bangkok 10120 Phone : (662) 285-1666, 680-1111 Fax : (662) 285-1901 Website : http://www.asiaplus.co.th



ThaiBMA

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ThaiBMA

THE THAI BOND MARKET ASSOCIATION

ANNUAL REPORT 2007

Towards a Fair and Efficient Bond Market



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01 MESSAGE FROM THE CHAIRMAN OF THE BOARD





A handwritten signature in dark ink, reading "Pakorn Malakul Na Ayudhya".

Mr. Pakorn Malakul Na Ayudhya
Chairman
The Thai Bond Market Association

After undergoing a transition from the “Dealing Center” to the “Association” two years ago, the Thai Bond Market Association (ThaiBMA) has now well-established as the full Self Regulatory Organization (SRO), the first non-Exchange SRO in Thailand’s capital market. Since our inception, the ThaiBMA has been working towards fair and efficient bond market and being a key entity to push ahead the market development. Despite market volatility and many challenges facing the financial industry during the past year, the ThaiBMA has made considerable progress in fulfilling its tasks.

The year 2007 was quite a volatile year for the bond market as yield declined in the first half and went up steeply in the second half. Impact from the central bank’s capital control measure also kept foreign investors distance from the Thai bond market. However, we still saw remarkable growth in both primary and secondary bond markets. Market turnover jumped by 2.5 times and total outstanding value rose by 20% from the prior year.

The top priorities of the ThaiBMA in the last year were to fulfill our tasks mandated by the authorities as the SRO and information center. The project which was financially supported by the Public Debt management Office, Ministry of Finance, was aimed to strengthen our SRO status and build up an efficient and complete information center for the Thai bond market. One of the major accomplishments was a successful development of the surveillance software to facilitate our regulatory activities in an advanced manner. As a self-regulator, the ThaiBMA oversees the efficient functioning of the bond market through enforcement of rules covering market best practices. Other financial software developed during the last year included risk management program, auction system, and bond trading simulation program. The support also covered training and education area with an aim to uplift professionalisms among professionals and academics and disseminate knowledge on bond market investment to retail investors.

In addition, the ThaiBMA has introduced a great number of innovations to create more value added services for our members and stakeholders. For example, our pricing agency service has been enhanced to cover a wider range of fixed-income products. Additional comprehensive bond data and tools have also been integrated into our bond information service (“iBond”) provided to investors.

Looking forward, there continue to be many signs of positive news to the Thai bond market. The capital control measure is expected to be lifted soon which will bring back foreign investors and improved liquidity into the bond market. The Public Debt Management Law which is a crucial law for the development of the bond market will also be brought into effect early next year.

As the Thai bond market is growing rapidly, it has become increasingly important to Thailand’s capital market and Thailand financial integrity. Therefore, it is necessary for the government, regulators and the private sector to work together hand-in-hand. The ThaiBMA is proud to be part of this fruitful cooperation and we will continue to dedicate our full efforts to accomplish our mission. I gratefully appreciate all market participants for your contributions and support throughout the past year. Your continued support will help us overcome the challenges ahead and fulfill our tasks efficiently.

02 MESSAGE FROM THE PRESIDENT





A handwritten signature in black ink, appearing to read 'Nattapol'.

Nattapol Chavalitcheevin

President

The Thai Bond Market Association

The year 2007 was the year that the ThaiBMA has undertaken the role of an SRO for two years and it is also marked with successful accomplishment of the “SRO & Bond Information Improvement Program” under which financial support was granted by the Ministry of Finance. The outcomes of this Program have enabled the ThaiBMA to completely and efficiently pursue its mission as mandated by the authorities, i.e., to play the functional roles of an SRO, a bond information center, a bond pricing agency, as well as to support the development of the nation’s bond market.

For the year 2008 which is the third year of operation of the ThaiBMA, we remain fully committed to gear towards the development of the Thai bond market in accordance with our vision: “Towards Fair and Efficient Bond Market”. In particular, this will be the first year that the Association performs field examination on member companies and officially adopts advanced surveillance software to investigate the improper practices of members. As a result, all participants in the Thai Bond market will be completely assured of a fair and equitable treatment.

As a Bond Information Center, the ThaiBMA has assisted bond traders in searching bond prices and related information speedily and efficiently. We are under the process of developing new analytical tools to help bond traders better monitor the market movements. For instance, the intra-day government bond yield curves are being established which will be published soon after the closing of the morning session in addition to those published after market closing at the end of the day. The Association is also developing a more comprehensive Corporate Spread Curve for use in determining the pricing of corporate bonds more conveniently and better reflects the real value of the securities.

The ThaiBMA in collaboration with the Office of the Securities and Exchange Commission has upgraded the bond pricing services to accommodate the pricing of more complicated products such as structured notes which have become a popular fund raising instruments among bond issuers recently. The ThaiBMA currently renders testing service for the pricing model of this type of product before offering to investors which can be deemed as a mean to provide investors’ protection.

In the next 3-5 years, we aim to be a strong SRO fully equipped with state-of-the-art and comprehensive surveillance mechanisms that can be regarded as a prototype for neighboring countries. At the same time, we will make every endeavor to become the best bond information and knowledge center in the region. We also have the goal to become a financially strong and self-sufficient organization in order to enhance the role of the ThaiBMA in participating in the development of a more vigorous and sophisticated domestic bond market.

03 REPORT OF THE AUDIT COMMITTEE



To Members and Stakeholders,

The Board of Directors of the Thai Bond Market Association (ThaiBMA) appointed the Audit Committee on November 23, 2005 to support its oversight responsibilities by monitoring and overseeing the management process in order to enhance good governance practices and to ensure that the Management performs in compliance with the policy set forth by the Board of Directors efficiently and effectively. The Audit Committee is composed of three independent directors.

The Audit Committee held 5 meetings during 2007, with the Executive Vice President, Supervision & Surveillance, serving as the Committee Secretary. Issues discussed and reviewed in the meetings were summarized as follows:

- Consideration on the appointment of the Outsourced Internal Auditor for the year 2007. Consideration on the appointment of the Consultant for the ThaiBMA's Enterprise Risk Management (ERM) Project.
- Review and approval of the internal audit plan for the year 2007. The Audit Committee also reviewed the internal audit report of each department within the organization for the year 2007 and provided recommendations for efficient operations and proper control system.
- Review of the report on IT Audit and Efficiency Evaluation for the year 2007. Recommendations were provided for the improvement of necessary and urgent issues to ensure an efficient and more secure IT system.
- Review and approval of the annual financial statements for the year 2006 of the Thai Bond Market Association for submission to the Board of Directors for consideration.
- Consideration on and approval of the risk evaluation report for the year 2007, the risk management system, and key risk control measures; to make certain that appropriate and adequate risk control and management systems have been put in place for significant risks.
- Review of the reports prepared by the Independent Auditor for the project of "SRO and Bond Information Center Improvement Program", sponsored by the Ministry of Finance, for the Fiscal Year 2007 (October 2006 to September 2007). Recommendations on further improvement of supply and service procurement procedures of the Association have been made accordingly.
- Review of the draft ThaiBMA Notification Regarding Rules and Procedures on the Investment in or Holding of Securities by Management and Staffs in order to comply with the Association's Corporate Governance Framework concerning conflicts of interest.

The Committee has proposed to the Board of Directors the appointment of Dharmniti Auditing Company Limited as the Auditor of the Association for the year 2007 and its remuneration. The proposal has been endorsed by the Board of Directors and proposed to the Annual General Meeting of Members for approval.

The Committee is confident that the existing internal control system of the Association is sufficient and appropriate and has been developed continually. Such internal control system has been monitored and evaluated carefully to ascertain that the Association is operated in compliance with relevant law, rules and regulations.

In performing its duties, the Committee has exercised independent discretion and expressed its opinions straightforwardly at the utmost interests of the Association without any constraints regarding resources, information and cooperation of the Association. In addition, the Committee supports the operations of the ThaiBMA in accordance with good corporate governance practices. This will certainly lay a foundation for the ThaiBMA to attain stable and sustainable growth and earn recognition and trust from the members and stakeholders in conformation with the intention of the Association in assuming the role of the SRO as well as the Information Center of the Thai bond market.



Dr. Warapatr Todhanakasem
Chairman of the Audit Committee
March 28, 2008

04 THE BOARD OF DIRECTORS





Mr. Pakorn Malakul Na Ayudhya

Chairman

The Thai Bond Market Association



Mr. Pakhawat Kovithvathanaphong

Director

Chairman

Trinity Securities Company Limited



Mr. Bordin Unakul

Director

Executive Vice President

Bangkok Bank Public Company Limited



Mr. Thiti Tantikulanan

Director

Capital Market Business Head

Kasikornbank Public Company Limited



Mr. Patchara Surajaras, Ph. D.

Director

Executive Director

Asia Plus Securities Public Company Limited



Mr. Pakorn Peetathawatchai, Ph. D.

Director

Executive Vice President, Division Head, Treasury Division

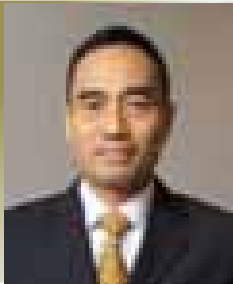
Siam Commercial Bank Public Company Limited



Mr. Preecha Techarungchaikul
Director

Head of Rates Trading

The Hongkong and Shanghai Banking Corporation Limited



Mr. Singha Nikornpun
Independent Director

Deputy Secretary General

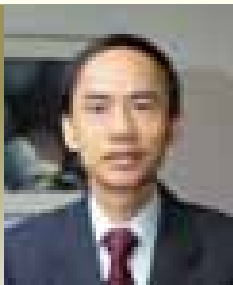
Government Pension Fund



Mr. Ekachai Chongvisal
Independent Director

Deputy Managing Director / Chief Investment Officer

TISCO Asset Management Company Limited



Mr. Warapatr Todhanakasem, Ph.D.
Independent Director

President

TRIS Rating Company Limited



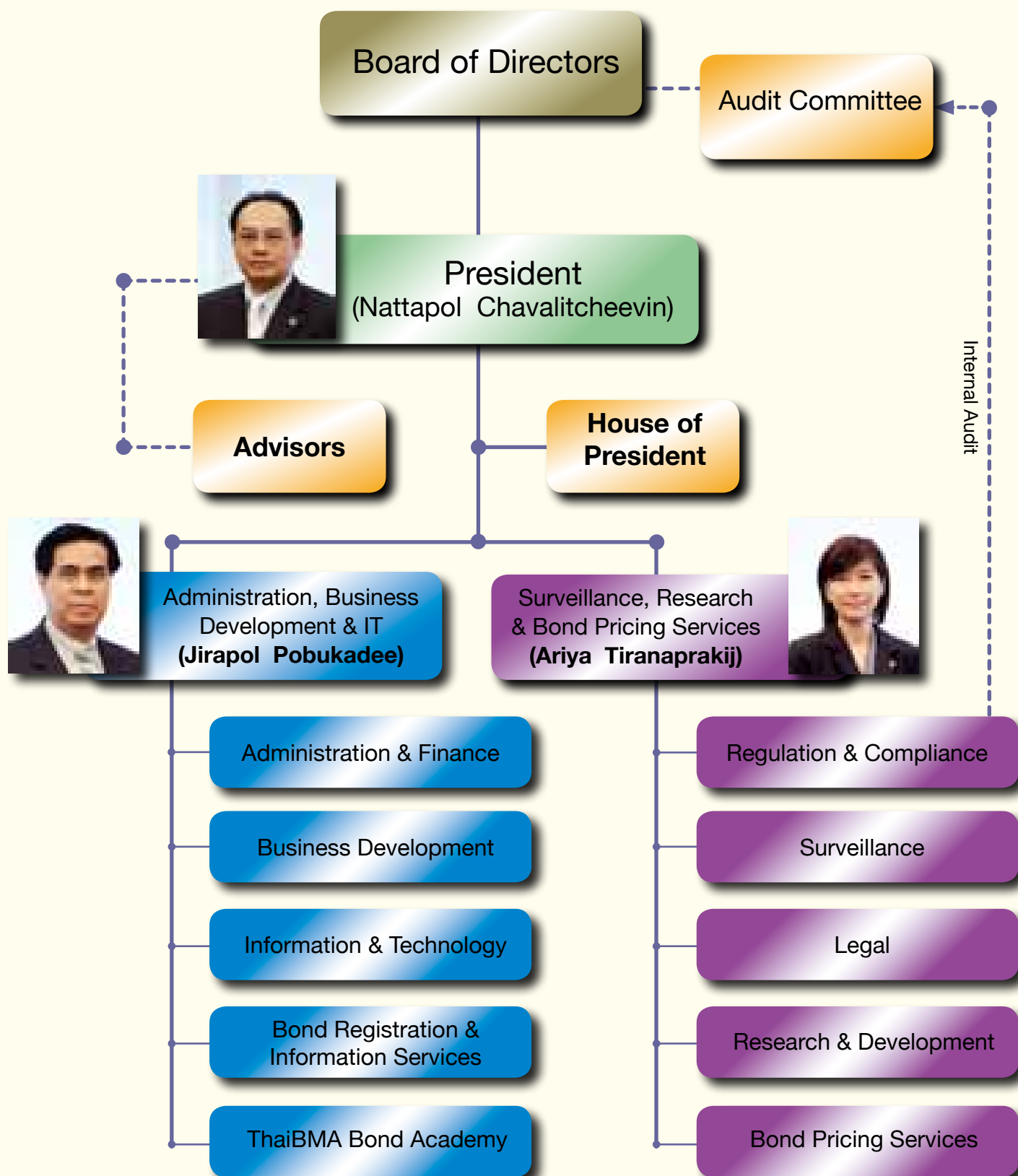
Mr. Nattapol Chavalitcheevin
President

The Thai Bond Market Association

05 ORGANIZATIONAL STRUCTURE



The Thai Bond Market Association Organization Chart



Effective January 17, 2007

06

GOOD CORPORATE GOVERNANCE FRAMEWORK

Go TO ►►

Chapter 1 : Corporate Governance Policy

Chapter 2 : The Board of Directors and Committees

Chapter 3 : Sub-Committees

Chapter 4 : Selection and Remunerations of the Committees and Sub-Committees

Chapter 5 : The Role of the ThaiBMA

Chapter 6 : Relationships with Stakeholders

Chapter 7 : Risk Management and Internal Control

Chapter 8 : Business Ethics

Chapter 9 : Conflicts of Interest Prevention

ANNEX

The Thai Bond Market Association (ThaiBMA) realizes the importance of adherence to the good corporate governance principles. It is confident that good corporate governance is an essential factor that promotes the efficiency and effectiveness of the Association's operations in achieving its goal and mission, and lays a foundation for the organization to attain solid and sustained growth by pursuing its operations with strong ethical standards and compliance with relevant laws and regulations. Moreover, good corporate governance also enhances the creditability and trustworthiness of the Association among stakeholders.

Chapter 1 : Corporate Governance Policy

[Back](#)

The Board of Directors of the ThaiBMA has set forth good corporate governance policy which is in line with the vision and mission of the Association. The policy covers principles of good corporate governance including the Structure and Responsibilities of the Board of Directors, the Roles and Responsibilities of the ThaiBMA, Risk Management and Internal Control, Relationships with Stakeholders, Business Ethics, and Prevention of Conflicts of Interest.

The ThaiBMA has publicly disclosed the corporate governance principles to its stakeholders. The principle has also been communicated to all directors, executives and staffs to ensure understanding and compliance. Proper oversight and monitoring activities have been undertaken to ensure compliance with the policy. The policy has been reviewed and adapted from time to time in order to cope with the ever-changing environment.

Chapter 2 : The Board of Directors and Committees

[Back](#)

1. The Board of Directors of the ThaiBMA

According to the ThaiBMA's Articles of Association, the structure and composition of the Board of Directors are as follows:

(1) Structure of the Board of Directors

The Board of Directors is composed of no more than 11 members elected by the ordinary and extraordinary members of the ThaiBMA. They represent the members and every group of stakeholders in the Thai bond market in conformation with the role of the ThaiBMA as the Thai bond market's Self Regulatory Organization (SRO). The members of the Board of Directors are selected from representatives of all parties concerned in the market such as the Thai Bankers' Association, the Foreign Banks' Association, and the Association of Securities Companies. There should be at least 3 independent directors who are not executive directors, managing directors, persons who have authorities in the management, staffs, or employees of the ordinary and extra-ordinary members; or major shareholders of these members.

(2) Roles and Responsibilities of the Board of Directors

The Board of Directors has the responsibilities to set out policies and strategies of the ThaiBMA in accordance with the Association's objectives, Articles of Association, and the resolution of the General Meeting of Members; to supervise the President and executives of the Association to ensure compliance with the Board of Directors' policy guidelines; to determine and approve the rules, regulations, notifications, orders, as well as the Code of Conduct of the Association; to consider the acceptance or revocation of membership; to consider the punishment of members or related persons who violate the rules, regulations, notifications, orders, as well as the Code of Conduct of the Association; and to consider the appointments of sub-committees and advisors of the Association.

(3) Board Meetings and Meeting Quorum

The ThaiBMA officially arranges the Board meetings once a month with a pre-set schedule throughout the year. The Board of Directors may also hold special meetings occasionally as it deems appropriate. The ThaiBMA shall arrange to send a meeting notice, agenda, and related documents to each Board member at least 7 days in advance in order to allow sufficient time for each director to study the matters prior to the meeting. In case of emergency, the related documents may be sent less than 7 days in advance of the meeting.

All directors are able to express their opinions openly and liberally. Each item of agenda and resolution are recorded in writing and minutes of the meetings which have been endorsed by the Board of Directors are maintained at the Association for examination by directors and related parties.

2. The Audit Committee

The ThaiBMA strictly adheres to good corporate governance practices and has accordingly appointed an Audit Committee to monitor and supervise the operations of the Management to ensure that the Association is operated in accordance with rules and code of ethics under an efficient and effective internal control system. The Audit Committee comprises 3 independent directors and has a 3-year term of office.

(1) Roles, Duties and Responsibilities

The Audit Committee has the tasks and responsibilities to review the financial statements of the Association to ascertain that the statements are accurate and disclose sufficient information; to review the Association's operation to ensure that there are appropriate internal control and audit systems; as well as to review policies related to financial management, risk management, and the compliance with business ethics of the Association's executives and staffs. The Audit Committee also joins the Association's executives in the review of material reports required by law for public disclosure and prepare the Audit Committee's report containing opinions about the accuracy, completeness, and reliability of the annual financial statements; the adequacy of internal control system; the appointment of external auditor; the compliance with related laws and regulations; as well as the opinion pertaining to any reports that should be disclosed to the members

under the scope of responsibilities assigned by the Board of Directors.

(2) Meeting of the Audit Committee

During each Audit Committee's meeting, the agenda is set in advance and related documents are circulated to members of the Audit Committee and other participants at least 7 days in advance to allow sufficient time to study the matters or request for supporting information. The agenda shall include the review of financial statements and related financial reports, review of the adequacy of internal control and internal audit systems, review and approval of the annual audit plan to which the risk-based methodology is applied, jointly review with the internal auditors on the problems or constraints arising during the internal audit process, jointly review with the external auditors on the problems and constraints arising from the audit of the Association's financial statements, and review of the operations of the ThaiBMA in accordance with relevant laws, and other activities assigned by the Board of Directors.

The Audit Committee's meetings are normally held at least once a quarter. The Chairman of the Audit Committee may call a special meeting upon request of the members of the committee, the external auditors, or the Chairman of the Board of Directors to jointly consider essential matters.

Chapter 3 : Sub - Committees

[Back](#)

The ThaiBMA has appointed a number of sub-committees to consider and provide recommendations on the Association's operations as assigned by the Board of Directors. The sub-committees appointed by the Association are as follows:

1. Market Practice Sub-Committee

The Market Practice Sub-Committee considers and provides recommendations on the guidelines and standards of practice pertinent to the ThaiBMA's operations to ensure that the Association's operations are efficient, appropriate and meet international standards. This Sub-Committee comprises representative of members, the Association's Board of Director of the Association, the Office of the SEC, the Bank of Thailand, the Federation of Accounting Profession, the Association of Investment Management Companies, and the Custodian Cub, as well as experts in related fields.

2. Market Regulation Sub-Committee

The Market Regulation Sub-Committee considers and provides recommendations on guidelines for promoting and expanding the SRO role of the ThaiBMA as well as guidelines for promoting business ethics and good corporate governance standard of the bond market and practitioners. It also considers and recommends improvements of regulations and the Association's notifications pertinent to supervisory of

members' activities. The Sub-Committee comprises representatives of members, the Association's Board of Directors, the Office of the SEC, the Bank of Thailand, and the Association of Investment Companies, as well as experts in related fields.

3. Market Information Sub-Committee

The Market Information Sub-Committee considers and provides recommendations on guidelines for promoting and expanding the SRO role of the ThaiBMA as well as guidelines for promoting business ethics and good corporate governance standard of the bond market and practitioners. It also considers and recommends improvements of regulations and the Association's notifications pertinent to supervisory of members' activities. The Sub-Committee comprises representatives of members, the Association's Board of Directors, the Office of the SEC, the Bank of Thailand, and the Association of Investment Companies, as well as experts in related fields.

4. Disciplinary Sub-Committee and Appeal Sub-Committee

The Disciplinary Sub-Committee considers the offence of ordinary and extraordinary members and bond traders who violate or take part in the violation of the regulations of the ThaiBMA and impose a disciplinary action on them. The Sub-Committee consists of 5 members, including one member of the Board of Directors, no fewer than 3 distinguished members who are not form member companies (one of whom must be an expert in securities business and one of whom must be a legal expert), and the President of the ThaiBMA as the ex officio member.

The Appeal Sub-Committee investigates the appeal filed by the offender and scrutinizes matters which are beyond the authority of the Disciplinary Committee. The Sub-Committee consists of 5 members, including one member of the Board of Directors, no fewer than 3 distinguished members who are not form member companies (one of whom must be a legal expert, one of whom must be an expert in accountancy and finance, and one of whom must be an expert in securities business). The Appeal Sub-Committee must be approved by the Office of the SEC.

5. Risk Management Sub-Committee

The Risk Management Sub-Committee formulates the Association's risk management policy, reviews the risk management policy and framework on an annual basis, supervises the risk management structure and process, promotes risk awareness among the Association's employees, and follows up the Association's risk management in order to ensure that its overall risk management is adequate and appropriate. The Sub-Committee also reviews the risk management and related reports as well as closely monitors the Association's key risk factors to ascertain that the risk management policy and framework is always in correspondence with the business environment.

The Risk Management Sub-Committee consists of 4 members, including the President, 2 Executive Vice Presidents and an one external member. The Sub-Committee holds no fewer than 2 meetings a year.

Chapter 4 : Selection and Remunerations of the Committees and Sub - Committees

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The nomination and qualification scrutiny of directors and top management as well as the nomination and appointment of members of the sub-committees and the President of the ThaiBMA shall be in accordance with the resolution of the Board of Directors. In addition, the Board has the tasks to review the remuneration structure of top management and to consider and provide recommendations or opinions pertaining to the policy of remunerations and other benefits of the Association. The remunerations for members of the Board of Directors, the Audit Committee and Sub-Committees are as follows:

1. Remunerations for the Board of Directors

The remuneration for the Board of Directors is in accordance with the resolutions of the annual ordinary meeting of the members. The monthly remunerations for the Chairman of the Board, the vice chairman, and members of the Board are set at Baht 25,000, Baht 18,000 and Baht 12,500, respectively.

2. Remunerations for the Audit Committee

The Chairman of the Audit Committee and the members of the Audit Committee are entitled to receive a monthly remuneration of Baht 16,000 and Baht 8,000, respectively, according to the resolution of the Board of Directors.

3. Remunerations for Members of Sub-Committees

The Board of Directors has resolved to pay the remunerations to members of each sub-committee in the form of meeting fees. In this respect, the Chairman of the sub-committee is entitled to a fee of Baht 4,000 per meeting whereas each member of the sub-committee is entitled to a fee of Baht 3,000 per meeting.

Chapter 5 : The Role of the ThaiBMA

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The ThaiBMA is licensed to operate as a securities business related association under the Section 230 of the Securities and Exchange Commission Act B.E. 2535 (1992), with the main function to promote the Thai bond market development. The key functional roles the ThaiBMA are as follows:

1. Self-Regulatory Organization (SRO)

- Performing market monitoring and surveillance to ensure that all trading activities are in compliance with relevant laws and regulations as well as to prevent any unfair trading practices.
- Examining trading reports and disclosing information about bond trading in order that the market can use such information for reference in investment decision-making.
- Setting forth code of ethics and standard of good market practice on secondary bond market; issuing rules and guidelines for member supervision; and determining enforcement procedure and penalty provisions against those who act in breach of relevant rules and regulations to ensure fair trading. The regulations and notifications issued by the Association are carefully scrutinized and discussed by related sub-committee before submitting for the Board of Directors' approval. Hearings are held before submitting for the Board of Directors' approval every time when the issuance of notification or any amendments thereof may have impact on the members. Moreover, any issuance of or amendment to notification relating to bond registration fees which has been approved by the Board of Directors must also be approved by the Office of the Securities and Exchange Commission (SEC) before coming into effect.
- Arranging bond trader examination and registration. The examination covers both professional skills as well as code of ethics in an attempt to enhance professionalism of market practitioners.

2. Market Conventions and Standards

- In order to enhance standards within the marketplace, major conventions and standards issued by ThaiBMA are as follows:
 - Standard formula for price/yield calculation for various types of bonds.
 - Symbols for bond and short-term debt securities.
 - Bond registration standards.

The Thailand Annex of Global Master Repurchase Agreement which incorporates the supplemental terms and conditions for Thai domestic transactions.

- Market operational guidelines in case of emergency holidays.

3. Bond Information Services and Bond Information Center

- Accepting registration for both government and private debt securities. The objective is to promote efficiency and transparency in disclosing, monitoring and verifying information related to the debt securities and their issuers.

- Acting as center for compilation and dissemination of bond related information via various channels including basic information of debt securities in the primary market and trading data in the secondary market, reference yields of different types of debt securities, analysis for investment, as well as investment news.

- Acting as a Bond Pricing Agency to disseminate reference yields for investors especially mutual funds for the purpose of mark to market.

4. Market Development and Education

- Development of various benchmarks for the bond markets such as Yield Curve and Bond Indices. It also initiates other developments to accommodate new financial innovations.

- Preparation and dissemination of documents, publications, electronic medias, text books, and other forms of knowledge to enhance the knowledge and understanding about the bond market and related standards of business ethics.

- Organization of training programs to enhance efficiency of bond market participants as well as to provide knowledge and understanding about the bond market for retail investors, government and private sector institutional investors, students, interested persons, and the general public.

- The ThaiBMA strictly adheres to good corporate governance practices in taking the roles of SRO in the Thai bond market and Bond Information Center in order to assure the stakeholders that the market is supervised and treated in a fair and equitable manner.

Chapter 6 : Relationships with Stakeholders

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The Board of Directors of The ThaiBMA realizes importance of relationships with stakeholders and places emphasis on the rights of all stakeholders based on fair and equitable treatment as follows:

1. Regulatory Bodies and Supporting Government Agencies

The ThaiBMA acts in compliance with relevant laws and regulations promulgated by the regulators, and every process of its operations is ready for inspection. The Association gives due regard to administration with integrity, transparency, and efficiency in order to attain the mandated mission; supporting the nation's economic development; and preventing any possible conflicts of interest.

2. Members

Members of the ThaiBMA are supervised and treated on a fair and equitable manner. Besides, the arbitration process is arranged to settle any disputes which may arise as a result of trading activities between members and their counterparties to ascertain that the disputes are resolved with fairness.

3. Bond Issuers

The ThaiBMA promotes fund mobilization through issuance of debt instruments which is deemed as an alternative for lower cost of financing. Fund raising via bond issuance will enable issuers to manage their financial positions more efficiently. In this regards, the ThaiBMA regularly and consistently organizes seminars and trainings for prospective issuers to enhance their understanding about the method and process of bond issuance as well as related rules and regulations.

4. Information Users

The ThaiBMA realizes the importance of those who use data and information for analysis and supporting investment decision making. Accordingly, the Association has consistently developed and upgraded the efficiency in rendering information services in terms of format, content quality and dissemination channels. The ThaiBMA's website which serves as the main channel for information dissemination has been well recognized by international circles and cited as the most comprehensive website for domestic bond information.

5. Employees

The ThaiBMA places emphasis on the quality of life of its employees and is committed to create a favorable and pleasant working environment in order to maintain quality staffs with the organization. Moreover, the Association provides its employees with strong supports and opportunities for knowledge and skills development to ensure their maximum work efficiency.

6. The Society

The Association bears in mind its role and responsibility to the society, hence strongly supporting and contributing to social benefit activities. In particular, it acts as a major organization in disseminating information and knowledge related to the Thai bond market.

In addition, the ThaiBMA also puts emphasis on educational activities to promote knowledge and pays due regard to information disclosure to ensure that all stakeholders, including its members, investors, non-member securities companies, students and academics, as well as the general public are provided with accurate, sufficient, and timely information for decision making. The efforts of the ThaiBMA in this regard are as follows:

- Providing of information via websites of the Association, namely, www.thaibma.or.th, www.thaibond.com and www.ibond.thaibma.or.th

- Arranging for the arbitration procedure and complaint process. The website www.thaibma.or.th/sro/complain.html is designated as a channel to receive complaints from investors and related parties to ascertain that all complaints, disputes, and any shortcomings are properly handled and all parties concerned are treated with fairness.
- Establishment of ThaiBMA Academy which is a training room fully equipped with computerized facilities for accommodation of various training programs; and also serves as a library providing comprehensive resources of up-to-date textbooks on finance and debt instruments for members and the general public.
- Organizing of annual “ThaiBMA Best Bond Awards” ceremony to promote evolutions of the Thai bond markets on various aspects as well as to enhance quality and professionalism of institutions involving in market transactions which is essential for the consistent and vigorous development of domestic bond market.

Chapter 7 : Risk Management and Internal Control

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The Association recognized the importance of risk management and internal control systems, thus establishing the Association’s risk management policy and framework which is in accordance with international enterprise risk management (ERM) principles. The ThaiBMA has also implemented the risk management structure within the organization by setting up a Risk Management Sub-Committee, and appointing the Risk Manager and the Risk Representatives of each department. Concurrently, operational systems and internal management processes of the Association have been developed to ensure that the risk management process is implemented efficiently and covers all key risk factors.

Regarding internal control system, the ThaiBMA undertakes annual internal audit covering all main functions and reports to the Audit Committee to ensure efficient operations and sufficient and proper internal control system.

Besides, the ThaiBMA has set out related policies and regulations such as the Chinese Wall Policy to prevent information leakage. It also places emphasis on the information technology system, bond database, data backup and computer systems security to ensure the efficiency of data processing and the accuracy of data.

The ThaiBMA has arranged to have the Disaster Recovery Plan and Alternative Site in place to accommodate any contingencies which may arise and have the Business Continuity Plan to ensure the Association’s uninterrupted operations, in particular provision of services to external parties, under any circumstances.

Chapter 8 : Business Ethics

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The ThaiBMA is fully confident that the adoption of code of conduct and business ethics is the fundamental factor for the promotion and upgrading of good corporate governance. The Board of Directors has granted approval to the Association's code of conduct which sets out the operational guidelines for directors, executives and staffs in carrying out their duties and responsibilities according to good corporate governance principles. The code of conduct is published in the form of hard copy for distribution to directors, executives and employees. Every employee shall sign off to acknowledge the receipt of the code of conduct handbook and be committed to act in compliance with the said code of conduct which provides the framework for the ThaiBMA's standard of practice.

Chapter 9 : Conflicts of Interest Prevention

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The Association realizes the importance of avoiding any potential event that would lead to a conflict of interest. The policy of conflict of interest prevention is clearly stated in the code of conduct such that the directors, executives and employees are forbidden from entering any transactions that might lead to conflicts of interest with the Association. In case where there is a conflict of interest, due regard should be paid to the benefit of the Association and disclosure must be made to the Board of Directors, or the President or the superior and immediately reported to the Department of Regulations and Compliance. In addition, the ThaiBMA has issued a number of notifications and regulations in an attempt to prevent conflicts of interest, for instance, the ThaiBMA's Notification regarding investment in or holding of securities by its executives and staffs, the ThaiBMA's Notification regarding information confidentiality and insider information, and the ThaiBMA's Regulation on guidelines for inter-departmental borrowing and transfer of employees, etc

Annex

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The structure of the Board of Directors, the Audit Committee and Sub-Committees of the ThaiBMA during 2007 were as follows:

1. Board of Directors

No.	Name	Position	Term in Office
1	Mr. Pakorn Malakul Na Ayudhya	Chairman of the Board	17 Jan 07 – 11 Oct 08
2	Mr. Pakhawat Kovithvathanaphong	Director	25 Apr 06 – 24 Apr 09
3	Mr. Bordin Unakul	Director	25 Apr 06 – 24 Apr 09
4	Mr. Thiti Tantikulan	Director	27 Apr 07 – 26 Apr 10
5	Mr. Pakorn Peetathawatchai, Ph. D.	Director	27 Apr 07 – 26 Apr 10
6	Mr. Patchara Surajaras, Ph. D.	Director	12 Oct 05 – 11 Oct 08
7	Mr. Preecha Techarungchaikul	Director	25 Apr 06 – 24 Apr 09
8	Mr. Warapatr Todhanakasem, Ph.D.	Independent Director	27 Apr 07 – 26 Apr 10
9	Mr. Singha Nikornpun	Independent Director	12 Oct 05 – 11 Oct 08
10	Mr. Ekachai Chongvisal	Independent Director	25 Apr 06 – 24 Apr 09
11	Mr. Nattapol Chavalitcheevin	Director	12 Oct 05 – 11 Oct 09
12	Mr. Tada Phutthitada	Adviser	-
13	Mr. Singchai Bunyayothin	Adviser	-

Remark : * Mr. Thiti Tantikulan, Mr. Pakorn Peetathawatchai, Ph. D., and Mr. Warapatr Todhanakasem, Ph. D. completed their term of office by drawing lots on 11 Apr 2007 and were re-elected by the General Meeting of Members on 27 Apr 2007.

2. Audit Committee

No.	Name	Position	Term in Office
1.	Mr. Warapatr Todhanakasem, Ph.D.	Chairman of the Audit Committee	23 Nov 05 – 22 Nov 08
2.	Mr. Singha Nikornpun	Audit Committee	23 Nov 05 – 22 Nov 08
3.	Mr. Ekachai Chongvisal	Audit Committee	23 Nov 05 – 22 Nov 08

3. Market Practice Sub-Committee

No	Name	Position	Organization
1.	Mr. Nattapol Chavalitcheevin	Chairman	ThaiBMA
2.	Mr. Suvichya Rojanavanich	Member	Ministry of Finance
3.	Miss Suchada Chuanchai	Member	Office of the SEC
4.	Mrs. Supawadee Punnasri	Member	Bank of Thailand
5.	Miss Somboon Suppasiripinyo	Member	Federation of Accounting Profession
6.	Mr. Teeraphan Jittalarn	Member	Association of Investment Management Companies (AIMC)
7.	Mrs. Utumporn Wiranuwat	Member	Custodian Club
8.	Prof. Anya Khanthavit, Ph D	Member	Thammasat University
9.	Mr. Anucha Laokwansatit	Member	American International Assurance Co. Ltd.
10.	Mr. Sa-ard Theerarojanawong	Member	Bangkok Bank Public Co., Ltd
11.	Mr. Apisak Kiewkarnkha	Member	Siam Commercial Bank Public Co., Ltd
12.	Mr.Chongrak Boonchayanurak	Member	Kasikornbank Public Co., Ltd.
13.	Mr. Manop Lertboonchu	Member	Thanachart Bank Public Co., Ltd
14.	Miss Ariya Tiranaprakij	Member	ThaiBMA
15.	Mr. Thananun Siwamogsatham, Ph.D.	Secretary	ThaiBMA

4. Market Regulation Sub - Committee

No	Name	Position	Organization
1.	Mr. Pakhawat Kovithvathanaphong	Chairman	Trinity Securities Co., Ltd.
2.	Mr. Tada Phutthitada	Member	Ministry of Finance
3.	Miss Suchada Chuanchai	Member	Office of the SEC
4.	Mr. Yuth Khunsihaphak	Member	Bank of Thailand
5.	Mr. Chumpol Ratanamongkol	Member	Government Savings Bank
6.	Mr. Ekachai Chongvisal	Member	Tisco Asset Management Co., Ltd.
7.	Mr. Tawit Thanachanan	Member	Kasikornbank Public Co., Ltd.
8.	Mr. Peerapol Suradarunsri	Member	Siam Commercial Bank Public Co., Ltd.
9.	Mrs. Ada Ingawani	Member	ABN AMRO Bank N.V. (Thailand)
10.	Mr. Patchara Surajaras, Ph. D.	Member	Asia Plus Securities Public Co., Ltd.
11.	Mr. Nattapol Chavalitcheevin	Member	ThaiBMA
12.	Miss Ariya Tiranaprakij	Secretary	ThaiBMA

5. Market Information Sub - Committee

No	Name	Position	Organization
1.	Mr. Bordin Unakul	Chairman	Bangkok Bank Public Co., Ltd.
2.	Mr. Visuth Chanmanee	Member	Ministry of Finance
3.	Miss Suchada Chuanchai	Member	Office of the SEC
4.	Mr. Yuth Khunsihaphak	Member	Bank of Thailand
5.	Mr. Kris Na Songhla	Member	Krung Thai Asset Management Public Co., Ltd. (AIMC)
6.	Representative of Custodians	Member	Custodian Club
7.	M.L. Kornkasiwat, Kasemsri	Member	Government Pension Fund
8.	Mr. Pracha Phrommaweera	Member	Siam Commercial Bank Public Co., Ltd.
9.	Mr. Preecha Techrunghachai	Member	The Hongkong and Shanghai Banking Corp., Ltd.
10.	Mr. Teekawuth Photibuathong	Member	Trinity Securities Co., Ltd
11.	Mr. Warapatr Todhanakasem, Ph.D.	Member	TRIS Rating Co., Ltd.
12.	Mr. Nattapol Chavalitcheevin	Member	ThaiBMA
13.	Mr. Dusit Domethong	Secretary	ThaiBMA

6. Disciplinary Sub - Committee

No	Name	Position	Organization
1.	Mr. Warapatr Todhanakasem, Ph.D.	Chairman	TRIS Rating Co., Ltd.
2.	Asso. Prof. Pises Sethsathira	Member	Trinity Advisory 2001 Co., Ltd.
3.	Mr. Weerachote Jirabowornwongsa	Member	Association of Investment Management Companies (AIMC)
4.	Mr. Nattapol Chavalitcheevin	Member	ThaiBMA

7. Risk Management Sub - Committee

No	Name	Position	Organization
1.	Mr. Nattapol Chavalitcheevin	Chairman	ThaiBMA
2.	Mr. Jirapol Pobukadee	Member	ThaiBMA
3.	Miss Ariya Tiranaprakij	Member	ThaiBMA
4.	Miss Waraporn Kanchanatip	Member	ThaiBMA

07 ACTIVITIES AND DEVELOPMENT IN 2007



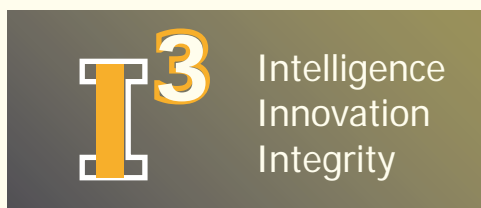
Vision

Towards a Fair and Efficient Bond Market

Mission

- ♥ To be an effective Self-Regulatory Organization (SRO) for the Thai bond market
- ♥ To be the center of complete Information for the bond market.
- ♥ To be a leader in bond knowledge, intelligence and development.
- ♥ To be an efficient forum for stakeholders to participate in bond market activities.

Corporate value



The Thai Bond Market Association (ThaiBMA) is a securities business related association under the Securities and Exchange Commission Act B.E. 2535 (SEC Act). Its main purposes are to be a self-regulatory organization (SRO) for a fair and efficient operation of the bond market and to be an information center for the Thai bond market. It also plays functional roles on market development, market convention and standards and being a Bond Pricing Agency for the industry. In addition, ThaiBMA provides a forum through which industry professionals can response to current issues and plays a role in shaping the future of the Thai bond market.

Historical Background

Although the ThaiBMA was granted a status of securities business related association and SRO from the SEC in September 2005, its foundation has started for more than a decade. The first stage of its operation began in November 1994, when it was set up as the [Bond Dealers Club \(BDC\)](#) under the Association of Securities Companies (ASCO). The BDC played roles as the first and only organized secondary market for bonds and it introduced an electronic bond trading system called 'Bondnet' for the first time in the history of the Thai bond market. After 3 years of successful operation, the BDC changed its legal status to be in line with its membership structure and to support a more expansive bond market. It was restructured as the Bond Exchange under the SEC Act and renamed as the [Thai Bond Dealing Centre \(ThaiBDC\)](#) in April 1998. The primary roles of the Thai BDC were to facilitate the operation of the secondary market for bond trading and to be a forum for discussing issues on bond market development. One of its

missions was to move towards a full self regulatory organization (SRO) to oversee the orderly practices of the Thai bond market.

The ThaiBDC had continuously expanded its functions and had taken active roles in various areas of bond market development. In December 2004, the Bond Market Development Committee chaired by the Finance Minister initiated a major reform of the Thai bond market. One of the measures was to centralize the trading platform at the Stock Exchange of Thailand (SET). Under this policy, the ThaiBDC sold its newly developed electronic trading platform to the SET in 2005 and transformed itself into an SRO and information center for the bond market. To reiterate its focus on SRO functions and its role as an information center, the ThaiBDC with the support of the SEC changed its status and was granted the license of a securities related association under the SEC Act under the name of “[The Thai Bond Market Association \(ThaiBMA\)](#)” on September 8, 2005.

Corporate Strategies

The ThaiBMA holds corporate strategies sessions amongst the Board of Directors, top executives and staffs on a regular basis to review the organization strategies and policies in order to cope with current market conditions. Realizing that a well-coordinated environment amongst management and staffs creates greater efficiencies and a suitable work place, the ThaiBMA reinforces staffs coordination and unity through semi-annual seminars. As a result, the ThaiBMA is able to effectively clarify its vision, mission, and strategies to achieve its goals. In 2006, ThaiBMA has undertaken a range of activities to fulfill its mandate, which are to perform the SRO function, to enhance Thai bond market transparency, to provide updated bond information via quality and comprehensive services, to deploy innovative and cost-effective solutions, to encourage members to actively participate in bond market development, to join forces with strategic partners, and to build a learning organizational culture.

Membership

The membership structure of the ThaiBMA has changed significantly in conformation to its expanding roles and functions. Currently there are 3 categories of ThaiBMA members namely Ordinary Members, Extraordinary Members and Associate Members. The different types of membership are subject to different fees and requirements.

1. **Ordinary member** is a financial institution that has the debt trading license (dealer).
2. **Extraordinary member** is a company that has inter-dealer broker license (IDB).
3. **Associate member** is a dealer who has monthly average trading value in the past one year less than THB 100 million.

As of December 2007, ThaiBMA's members comprise 49 ordinary members, 2 extraordinary members and 1 associate member.

ThaiBMA Activities and Developments in 2007

Following the change of status, the ThaiBMA has become a one stop information service center for the Thai bond market covering both primary and secondary data. It also acts as the Bond Pricing Agency providing mark-to-market prices for fund management businesses in accordance with the Notification of the Securities and Exchange Commission (SEC). The ThaiBMA has continuously contributed to the strengthening of the Thai bond market structure with many developments and services including the enhancement of SRO roles and functions to ensure market integrity, the development of “iBond” website to more efficiently facilitate the professionals in the bond market, the initiation of analytical tools “iRisk” for measuring and managing investment risks both market and credit risks. It is also in the process of developing “iPort” - a financial tool for portfolio management. Activities of the ThaiBMA in 2007 can be highlighted as follows:

1. Bond Registration

The ThaiBMA accepts registration of all types of debt securities issued by both the government and corporate sectors. As of December 2007, there were a total of 3,319 bonds worth THB 6.25 trillion. Registration of new issuance bonds increased by 102.99% from THB 3,077.38 billion in 2006 to THB 6,246.88 billion in 2007. New registered long-term corporate bonds in 2007 amounted to THB 194.82, an increase of 34.85% from THB 144.47 billion in 2006. Meanwhile, new registered commercial papers in 2007 amounted to THB 975.69 billion, an increase of 32.47% from THB 736.56 billion in 2006.

New Issuance of Registered Bonds

Unit : THB bln			
Type	2006	2007	Growth
Government Bonds	220.72	330.216	49.61
T-Bills	895.2	553	-38.23
State Owned Enterprise Bonds	69.73	64.83	-7.03
State Agency Bonds	1,001.60	4,121.55	311.5
Corporate Bonds	850.33	1,170.51	37.65
Long-term	144.47	194.82	34.85
Commercial Papers	736.56	975.69	32.47
Foreign Bonds	9.1	6.77	-25.6
Total	3,077.38	6,246.88	102.99

Sources: BOT, SEC and MOF.

Outstanding of Registered Bonds

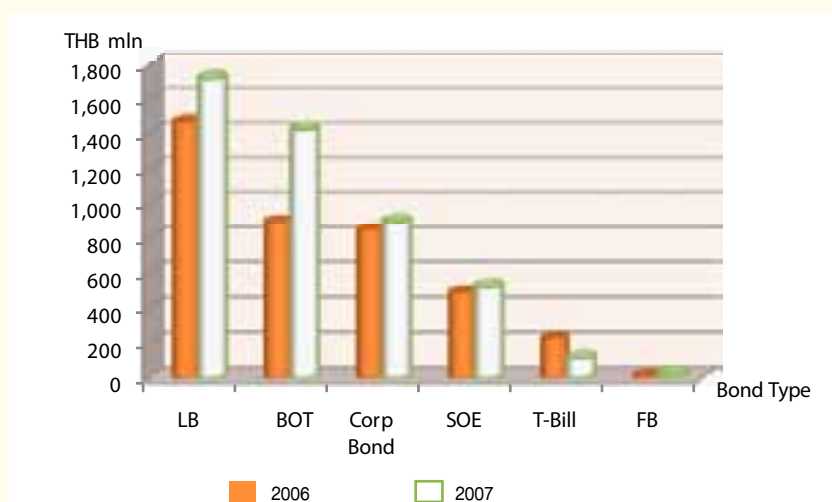
Unit : THB bln

Type	2006	2007	Growth
Government Bonds	1,469.26	1,717.25	16.87
T-Bills	228	114	-50
State Owned Enterprise Bonds	490.92	519.71	5.86
State Agency Bonds	896.7	1,425.20	58.93
Corporate Bonds	850.33	896.85	5.47
Long-term	608.91	678.67	11.46
Commercial Papers	241.42	218.18	-9.63
Foreign Bonds	16.1	25.87	60.68
Total	3,951.31	4,698.88	18.91

Sources : BOT, SEC , and MOF

Remark : Preliminary figures collected from the following registrars : BAY, BBL, BFIT, KBANK, TSD, etc.

Outstanding Value of Registered Bonds in 2006 and 2007



2. Market Development

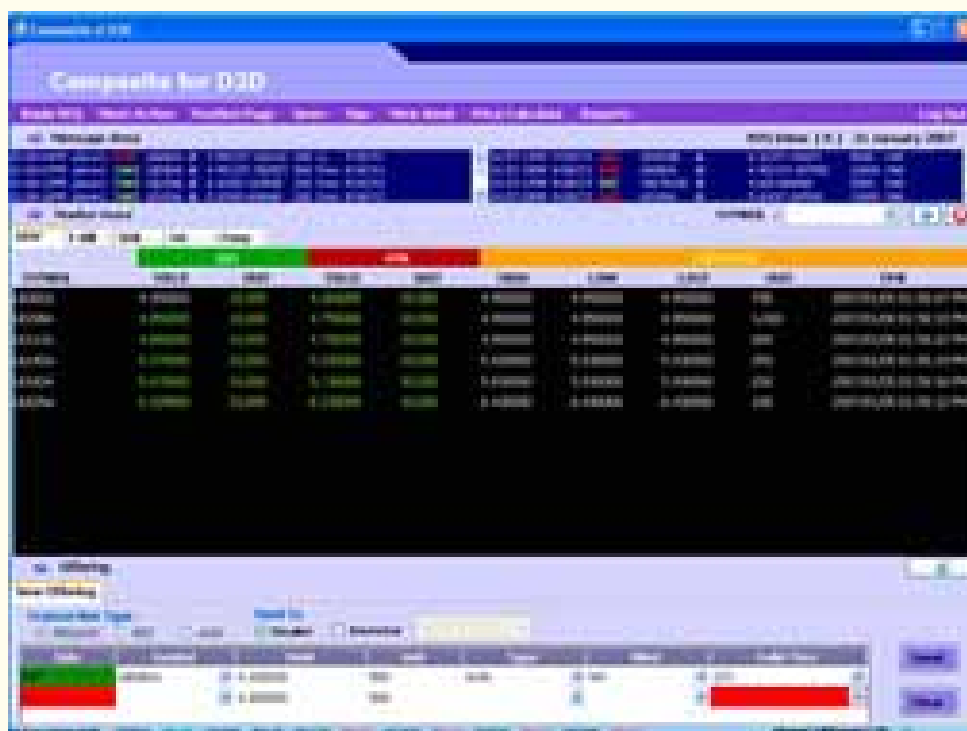
Mark to Market Prices for Structured Products

Due to the expanding number of issues of structured products and their popularity among investors in Thai market, it is essential for investors to determine the fair value of the invested structured products. ThaiBMA has launched the separated page to provide Mark-to-market prices for structured products. The Mark-to-market prices for structured products are provided daily for mutual, provident funds and other investors in calculating bond value and the net asset value (NAV) of their portfolio.

Bond	Maturity	TTM YTM	Type	Rating		Last Trade		Last Quotation		Model Gross Price %	MTM Gross Price %	Relevant Statistics
				TRIS	FITCH	Date	Est. Gross Price %	Date	Av. Gross Price %			
ABN000A	16-Oct-08	0.67	Straight					31-Jan-08	102.345000		102.345000	Click
ABN000B	20-Mar-09	1.10	Straight					31-Jan-08	98.420000		98.420000	Click
ABN000C	25-May-09	1.20	Straight					31-Jan-08	99.736000		99.736000	Click
ABN000D	08-Jun-09	1.30	Straight					31-Jan-08	104.530000		104.530000	Click
ABN000E	09-Jul-09	1.40	Straight					31-Jan-08	94.520000		94.520000	Click
ABN000F	19-Aug-10	2.52	Straight					31-Jan-08	96.310000		96.310000	Click
ABN000G	19-Jul-10	2.43	Straight					31-Jan-08	103.305386		103.305386	Click
ABN000H	29-Jan-14	5.96	Straight	AA		06-Sep-05	103.305386	31-Jan-08	98.500000		98.500000	Click
ABN000I	29-Apr-08	0.21	Straight					31-Jan-08	97.400000		97.400000	Click
ABN000J	10-Aug-08	0.51	Straight					31-Jan-08	97.600000		97.600000	Click
ABN000K	27-Aug-08	0.52	Straight					31-Jan-08	100.604110		100.604110	Click
ABN000L	29-May-08	0.29	Straight					31-Jan-08	100.071820		100.071820	Click
ABN000M	24-Jul-09	1.44	Straight					31-Jan-08	101.000950		101.000950	Click
ABN000N	30-Nov-09	1.80	Straight					31-Jan-08	101.163151		101.163151	Click
ABN000O	06-Sep-10	2.56	Straight					31-Jan-08	101.374250		101.374250	Click
ABN000P	20-Sep-10	2.60	Straight					31-Jan-08	106.410000		106.410000	Click
ABN000Q	25-Feb-09	1.04	Straight					31-Jan-08	103.000000		103.000000	Click
ABN000R	18-Jun-09	1.35	Straight	AA+	AA+			31-Jan-08	103.030000		103.030000	Click
ABN000S	12-Sep-09	1.58	Straight					31-Jan-08	103.000000		103.000000	Click
ABN000T	18-Dec-09	1.05	Straight					31-Jan-08	99.000000		99.000000	Click
ABN000U	04-Oct-09	1.64	Straight					31-Jan-08	99.000000		99.000000	Click
ABN000V	18-Jan-10	1.93	Straight					31-Jan-08	100.360000		100.360000	Click
ABN000W	19-May-14	6.27	Straight					15-Jan-08				Click
ABN000X	19-Nov-14	6.77	Straight					31-Jan-08				Click
ABN000Y	10-Nov-14	6.75	Straight	AA+	AA+			31-Jan-08				Click

Bond Trading Simulator

Bond trading simulator is a system designed to simulate variety scenarios of bond investment in over-the-counter (OTC) market. Each user/player acts as investors or dealers investing in bonds, and competes with each others to gain the highest return on his/her bond portfolio. The bond trading simulator mainly aims to provide knowledge and better understandings about bond investment for university students and lecturers. The novelty of our bond trade simulator is about the computer players acting as dealers and market makers. Thus, human players will not be able to easily manipulate the market. In addition, the software administrator can input simulated yield curve at the beginning so that the computer players will interact according to the direction of pre-programmed yield curve.



The Ultimate Solution for Financial Risk Management (iRisk)

After launching iRisk in 2003, the ThaiBMA has continuously got more recognition from industry as one of professionals in modern financial risk management, both training and software development. Throughout 2007, iRisk had been developed on two focus points namely technical features and batch calculations, for extending its capacity to serve the clients. For technical features enhancement, iRisk had been upgraded version 3.2 by adding more advanced features of Market Value at Risk (Market VaR) comprised of Marginal VaR, Relative VaR, Expected Shortfall (Conditional VaR), Exponential Weighted Moving Average (EWMA), Short Position, Theoretical Yield of Bond Class, Regulatory and Designable Stress Test. For batch calculation, the ThaiBMA launched HMP Version (Hierarchical Multiple Portfolios Calculation) to support multiple portfolios calculation based on organization chart or supervisory hierarchy of each customer. HMP allows users to design hierarchical outputs, to manage the passwords and to assign the responsible persons for managing and monitoring portfolios up to their own needs. iRisk HMP Version had been specially designed for servicing fund management businesses that can help users to reduce a huge time of VaR calculation on multiple portfolios. Besides Market Risk, the ThaiBMA has also developed Credit Risk Models and provides the credit VaR measurement for all financial institutions and investment companies by using leading methodologies on international framework.

In 2008, ThaiBMA has strongly committed to develop iRisk 3.2 to version 4.0- The Ultimate Solution for Financial Risk Management, by extending its features and functionalities to measure risks on foreign investment, financial derivatives and commodity products i.e. oil, gold and rubber. After launching, iRisk 4.0 will be the first financial risk management tool developed by Thai organization that covers market risk measurement on six major types of assets comprised of Bonds, Equities, Foreign Currencies, Commodity Products, International Investment Indices, and Derivatives. Apart from market risk, iRisk also provides credit risk measurement by using 5 advanced credits VaR models and Future VaR for capturing risks on long-term investment.

ThaiBMA provides iRisk to serve all types of business organizations both financial and non-financial sectors since 2003. Currently, there are more than 10 leading companies subscribing iRisk that cover a wide range of businesses i.e. Banks, Finance Company, Asset Management Companies, Life and Non-Life Insurance Companies, and Big Investment Fund. More than 5 years of trust, ThaiBMA is getting more customers and potential users who are interested in a modern financial tool for enhancing their business performance.

Example Pages of iRisk 4.0

Hydrogen Breakdown

Hydrogen Breakdown		Hydrogen Breakdown	
Category	Value	Category	Value
Hydrogen	100.0000	Hydrogen	100.0000
Deuterium	0.0000	Deuterium	0.0000
Tritium	0.0000	Tritium	0.0000
Helium	0.0000	Helium	0.0000
Neon	0.0000	Neon	0.0000
Argon	0.0000	Argon	0.0000
Krypton	0.0000	Krypton	0.0000
Xenon	0.0000	Xenon	0.0000
Radiation	0.0000	Radiation	0.0000
Total	100.0000	Total	100.0000



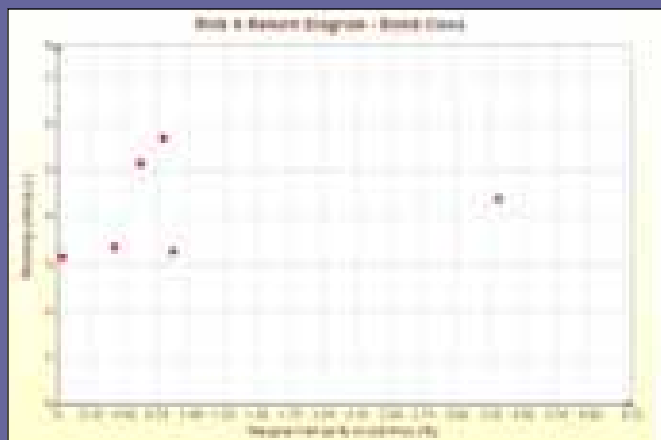
Risk Report

Holding Period	95.0% CL	97.5% CL	99.0% CL
1 Day	100.0000	100.0000	100.0000
10 Days	100.0000	100.0000	100.0000
1 Month	100.0000	100.0000	100.0000

Holding Period	95.0% CL	97.5% CL	99.0% CL
1 Day	0.0000	0.0000	0.0000
10 Days	0.0000	0.0000	0.0000
1 Month	0.0000	0.0000	0.0000

Holding Period	95.0% CL	97.5% CL	99.0% CL
1 Day	0.0000	0.0000	0.0000
10 Days	0.0000	0.0000	0.0000
1 Month	0.0000	0.0000	0.0000

Holding Period	95.0% CL	97.5% CL	99.0% CL
1 Day	0.0000	0.0000	0.0000
10 Days	0.0000	0.0000	0.0000
1 Month	0.0000	0.0000	0.0000





Example Pages of iRisk (Credit VaR)

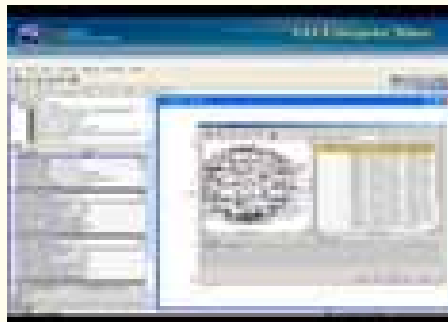


3. Self-Regulatory Organization (SRO)

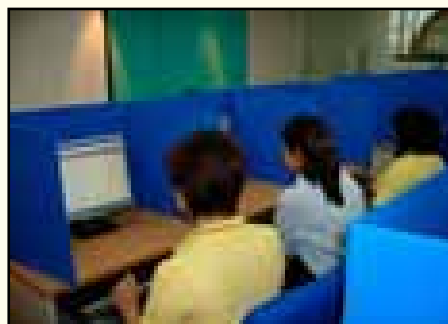
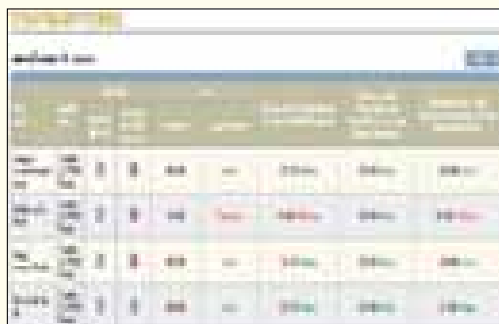
ThaiBMA is well aware of the importance of our role as a self-regulatory organization (SRO) and of our obligation to contribute to the development of the bond market. We believe that by properly fulfilling our self-regulatory function, it will contribute to market integrity and increased investor confidence in the Thai bond market.

- Development of Surveillance Software

TMS includes several techniques, such as data mining, rule-based inference, and knowledge-based data representation. It will be fully implemented in 2008.



To ensure that bond traders meet certain qualifications before registration, they are required to take an exam administered by ThaiBMA. In 2007, the ThaiBMA launched an electronic testing program (E-Testing) which has helped increase efficiency and timeliness of the exam process. It also enabled exam takers to get the result as soon as the exam is completed. The ThaiBMA's E-Testing program has been evaluated by the exam takers with satisfactory results.



For the clarity of the SRO status and for the efficiency of regulatory cooperation, the SEC and ThaiBMA have signed an MOU in May 2007. Under the MOU, the ThaiBMA roles and responsibilities are clarified under the power designated by the SEC to perform the functions of a self-regulatory organization (SRO).

information center, bond pricing agency and industry forum for the bond market. ThaiBMA status therefore is strengthened as the front-line regulator for the bond market to ensure market integrity and adequacy of investors' protection.

- **Issuing of new regulations governing members**

In 2007, the ThaiBMA had issued a number of rules governing conduct of members such as

- Rule regarding disciplinary action for late and error report. To enforce dealers in compliance with the set reporting rule, sanctions ranging from warning to fine will be imposed.
- Notification for a relaxation of member annual fee payment.
- Regulations relating trading and business conduct for members.

- **CG and Risk Management Implementation**

Good corporate governance is a crucial element to the operation of our organization, one that helps improving efficiency and building confidence to stakeholders. In 2007, ThaiBMA has established in writing a CG Policy in accordance with IOSCO and International Best Practices. We have also established a number of ethical standards, specified roles and responsibilities of ThaiBMA Board of Directors and implemented several internal control mechanisms such as disclosure rule for bond investment of staff, staff confidentiality policy, computer security procedure for staff, etc.

Furthermore, in order to ensure correct, appropriate and efficient management, ThaiBMA has implemented a risk management system for risk identification, measurement, control and monitoring. We have specified Key Risk Indicators (KRIs) in significant operational areas such as SRO and Bond Pricing Service including maximum limits of the system downtime, maximum errors of mark to market price, etc., so as to be in line with our corporate strategies which can effectively provide early warnings of potential future damages. The KRIs will be reported regularly to the Board.

- **SRO Educational Activities**

In 2007, the ThaiBMA with financial support from the Public Debt Management Office (PDMO), Ministry of Finance has organized over 50 trainings and seminars both in Bangkok and provincial areas, aimed to enhance knowledge and understanding on several aspects of the bond market to various group of bond market participants. The topics included portfolio management, market convention, ethics, compliance, accounting and taxation related to fixed income investment. Several training programs were held in collaboration with leading professional associations, such as the Securities Analysts Association and the Institute of Internal Auditors of Thailand.

In addition to trainings, a number of publications were published and disseminated in 2007 such as Regulation and Notifications of the ThaiBMA, Taxation on fixed income investment, Steps towards bond investment, and many relevant booklets.



4. Market Education

• ThaiBMA's Financial Training Courses

The ThaiBMA had regularly organized financial training courses which focused on intermediate and advanced levels. These courses were held in limited seats and in a workshop style, allowing attendants to understand each topic with a hands on approach. In addition, we always provide course materials in CD-ROM for attendants to refer to and reinforce the training content. ThaiBMA training programs which were organized in 2007 are as follows:

1. Exotic Derivative Securities towards a Fair Pricing with State-of-Art Modeling on November 7-9, 2007.
2. Pricing, Measuring and Modeling Techniques of Credit Risk Securities: Credit Derivatives, Structured Credit Products and Portfolio Credit Risk on November 21-23, 2007.
3. The Science and Arts of Operational Risk Management towards a Business Excellency on November 28-30, 2007

Besides regular seminars and training programs, the ThaiBMA quality staffs have been actively participating in local conferences and events sharing knowledge and expertise as part of the Thai bond development. Furthermore, the ThaiBMA staffs also occasionally produce articles which have been published in local newspapers and financial magazines.

08 FINANCIAL STATEMENTS



FINANCIAL STATEMENTS AS AT DECEMBER 31, 2007 AND 2006 REPORT OF THE AUDITOR

To The Board of Directors and Members of The Thai Bond Market Association

I have audited the accompanying balance sheets of The Thai Bond Market Association as at December 31, 2007 and 2006, and the related statements of income and expenditure, changes in capital fund and cash flows for the years then ended. These financial statements are the responsibility of the Association's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Thai Bond Market Association as at December 31, 2007 and 2006, and the results of its operations, its changes in capital fund and its cash flows for the years then ended in accordance with generally accepted accounting principles.



(Miss Usa Choochinprakarn)

Certified Public Accountant

Registration No. 3522

Dharmniti Auditing Company Limited
Bangkok, Thailand
April 4, 2008
2008 / 367 / 8056

THE THAI BOND MARKET ASSOCIATION
BALANCE SHEETS
 AS AT DECEMBER 31, 2007 AND 2006

ASSETS

		Baht	
	Note	2007	2006
Current assets			
Cash and deposits at financial institutions	3	11,839,648.94	7,683,810.66
Current investments	4	25,449,027.86	20,000,000.00
Net assets of support fund from the Ministry of Finance	11	-	2,641,574.45
Prepaid expenses supported by the Ministry of Finance	11	7,884,173.16	-
Other current assets		2,284,260.71	3,153,993.39
Total Current Assets		47,457,110.67	33,479,378.50
Non-current assets			
Investment in Private Fund	2.5, 5	211,551,549.69	
Equipment - net	2.6, 6	7,896,291.19	10,146,614.85
Equipment supported by the Ministry of Finance - net	2.6, 7	15,510,972.81	9,764,215.68
Intangible assets - net	2.7, 8	2,140,535.60	2,304,338.87
Intangible assets supported by the Ministry of Finance - net	2.7, 9	59,065,219.16	18,947,625.61
Other non-current assets, net		1,276,569.16	1,276,569.16
Total Non-Current Assets		297,441,137.61	242,956,851.69
TOTAL ASSETS		344,898,248.28	276,436,230.19

THE THAI BOND MARKET ASSOCIATION
BALANCE SHEETS

AS AT DECEMBER 31, 2007 AND 2006

LIABILITIES AND CAPITAL FUND

		Baht	
	Note	2007	2006
Current liabilities			
Accrued expenses		797,724.85	1,487,424.45
Deferred income	2.4, 10	4,785,715.96	3,969,307.69
Support fund from the Ministry of Finance received in advance	11	-	2,641,574.45
Deferred income of support fund from the Ministry of Finance	11	82,460,365.13	28,711,841.29
Other current liabilities		2,634,570.21	2,765,727.24
Total Current Liabilities		90,678,376.15	39,575,875.12
Non-current liabilities			
Deferred annual fee of registered debt securities	2.3, 2.4	26,953,502.12	24,824,743.88
Total Non-Current Liabilities		26,953,502.12	24,824,743.88
TOTAL LIABILITIES		117,631,878.27	64,400,619.00
Capital fund	12		
Donated fund		185,529,785.29	185,529,785.29
Initial capital fund from members	2.2	18,410,000.00	18,410,000.00
Accumulated fund		23,326,584.72	8,095,825.90
TOTAL CAPITAL FUND		227,266,370.01	212,035,611.19
TOTAL LIABILITIES AND CAPITAL FUND		344,898,248.28	276,436,230.19



THE THAI BOND MARKET ASSOCIATION
STATEMENTS OF INCOME AND EXPENDITURE
 FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

		Baht	
	Note	2007	2006
INCOME			
Membership annual fees	2.3	6,675,040.04	6,653,268.31
Admission fees for registered debt instruments	2.3	16,869,235.25	15,032,384.14
Annual fees for registered debt instruments	2.3	12,901,907.84	8,183,870.39
Service fees for data provision	2.4	16,103,630.56	10,303,610.70
Training fees and book support		2,429,596.00	4,712,863.08
Examination fees and registration fees for registered traders		505,000.00	1,191,698.37
Support fund income from the Ministry of Finance	11	44,809,008.92	29,961,465.23
Earnings from investment in Private Fund	2.5, 5	11,034,062.17	6,883,637.73
Interest income		889,203.43	457,449.84
Other income		1,150,927.26	316,167.16
Total income		113,367,611.47	83,696,414.95
EXPENDITURE			
	11		
Data system expenses		5,674,784.41	3,020,983.65
Staff costs		45,249,109.52	35,126,047.91
Business development expenses		27,919,325.57	24,463,875.22
Administrative expenses		7,595,587.79	9,036,831.14
Depreciation		6,169,650.39	2,795,409.69
Amortization of computer software		5,528,394.97	1,066,827.75
Total expenditure		98,136,852.65	75,509,975.36
Income over (under) expenditure for the year		15,230,758.82	8,186,439.59



THE THAI BOND MARKET ASSOCIATION
STATEMENTS OF CHANGES IN CAPITAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

		Baht			
	Note	Donated fund	Initial capital fund from members	Accumulated fund	Total
Balance as at December 31, 2005		10,000,000.00	–	(90,613.69)	9,909,386.31
Initial fund received from members	2.2	–	6,450,000.00	–	6,450,000.00
Fund transferred from Thai BDC	12	135,300,000.00	11,960,000.00	40,229,785.29	187,489,785.29
Income over (under) expenditure for the year 2006		–	–	8,186,439.59	8,186,439.59
Transfer accumulated fund from Thai BDC to donated fund		40,229,785.29	–	(40,229,785.29)	–
Balance as at December 31, 2006		185,529,785.29	18,410,000.00	8,095,825.90	212,035,611.19
Income over (under) expenditure for the year 2007		–	–	15,230,758.82	15,230,758.82
Balance as at December 31, 2007		185,529,785.29	18,410,000.00	23,326,584.72	227,266,370.01



THE THAI BOND MARKET ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	Baht	
	2007	2006
Cash flows from operating activities :		
Net income for the year	15,230,758.82	8,186,439.59
Adjustment for :		
Depreciation	2,783,170.95	2,114,358.41
Amortization of computer software	479,303.27	619,567.51
Loss (gain) on sales of assets	59,854.89	(49,948.43)
Earnings from investment in Private Fund	(11,034,062.17)	(6,883,637.73)
Change in operating assets and liabilities		
Current assets	869,732.68	(3,152,544.39)
Other non-current assets	-	(1,152,369.16)
Accrued expenses	(689,699.60)	1,425,471.03
Other current liabilities	(131,157.03)	2,598,678.24
Deferred income	816,408.27	3,969,307.69
Deferred annual fees of registered debt securities	2,128,758.24	24,824,743.88
Net cash provided by (used in) operating activities	10,513,068.32	32,500,066.64
Cash flows from investing activities :		
Current investment	(5,449,027.86)	(20,000,000.00)
Investment in Private Fund	(11,034,062.17)	(200,517,487.52)
Earnings from investment in Private Fund	11,034,062.17	6,883,637.73
Sales of equipment	1,500.00	71,900.00
Purchases of equipment	(594,202.18)	(12,282,924.83)
Intangible assets	(315,500.00)	(2,923,906.38)
Net cash provided by (used in) investing activities	(6,357,230.04)	(228,768,781.00)

THE THAI BOND MARKET ASSOCIATION
STATEMENTS OF CASH FLOWS (CONT.)
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	Baht	
	2007	2006
Cash flows from financing activities :		
Donation fund	-	-
Initial capital from new members	-	6,450,000.00
Net fund transferred from Thai BDC	-	187,489,785.29
Net cash provided by (used in) financing activities	-	193,939,785.29
Increase (decrease) in cash and cash equivalents, net	4,155,838.28	(2,328,929.07)
Cash and cash equivalents, beginning balance	7,683,810.66	10,012,739.73
Cash and cash equivalents, ending balance	11,839,648.94	7,683,810.66

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

1. GENERAL INFORMATION

(A) Legal status and address

The Thai Bond Market Association was established as a juristic entity on September 8, 2005, and granted the license by the SEC, registration number 4/2548, according to Articles 231 and 232 of the Securities and Exchange Commission Act B.E. (2535)

The address of its registered office is as follows

29 Vanissa Building 21st Floor, Soi Chidlom, Ploenchit Rd., Lumpini, Patumwan, Bangkok.

(B) Nature of the operation

The Thai Bond Market Association was established following the resolution of the committee in charge of the infrastructure of the bond market under the Domestic Bond Market Development Steering Committee, Ministry of Finance, as a securities business related association under Article 230 of the Securities and Exchange Commission Act B.E. 2535. The main functions of the Association are to serve as a Self-Regulatory Organization (SRO) and to be an information center for the Thai bond market. It also plays functional roles on market development.

Objectives of the Association are as follows :

- (1) To be Center of information of debt instrument market and to provide services of such information;
- (2) To promote and develop debt instrument market and to conduct debt instrument business;
- (3) To promote, develop and prescribe standard of procedures in conducting debt instrument business;
- (4) To supervise Members to comply with the rules and regulations, ethics and standard of procedures in the debt instrument market;
- (5) To promote and foster the research and education regarding debt instruments including providing professional views of the related subjects as well as to publicize and disseminate the information concerning the debt instrument market to the public;
- (6) To promote the relationship and cooperation among Members;
- (7) To compromise and resolve the dispute over conducting the debt instrument business between Members or between Members and the third parties;
- (8) To carry out activities for public benefits or work on other activities to satisfy the Association's foregoing objectives. The foregoing objectives are all non-political related.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

(C) Data of membership

As at December 31, 2007 membership of the Association consists of:

Ordinary Member	49	members
Extraordinary Member	2	members
Associate Member	1	member

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis for preparation of financial statements

The financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles under the Accounting Act of B.E. 2543 being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547. The Association has adopted in 2006, prior to its effective date, the Thai Accounting Standard No. 55 : Accounting for Government Grant and Disclosure of Government Assistance.

2.2 Recognition of initial capital fund

Revenue from the membership admission fees is recognized in full as initial capital fund upon membership application.

2.3 Recognition of revenue and expenditure

Revenue from annual membership fees is recognized based on the membership period.

Revenue from admission fees from registering debt instrument is recognized in full upon its registration.

Revenue from annual fees of registered debt instrument is recognized based on the maturity and not exceeding seven years.

Interest income is recognized on an accrual basis.

- Support fund income from the Ministry of Finance for the project is recognized as follows:

- Support fund used for expenditure in the period is recognized as income when expenditure is incurred in the period.

- Support fund used for fixed assets and deferred expenditure are recorded as deferred income of support fund from the Ministry of Finance and recognized as income in proportion to depreciation and amortization of assets in the period.

Other income and expenditure are recognized on an accrual basis.

2.4 Deferred income

Deferred income is realized to income by the straight-line method throughout the period of the agreement.

THE THAI BOND MARKET ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2007 AND 2006

2.5 Investment in Private Fund

Investment in private fund is stated at the net asset value invested. Earnings from investment are recorded immediately as gain or loss in the statement of income and expenditure in that period.

Investment in private fund is an investment in trading securities and stated at fair value. The fair value of any listed equity securities are derived from the closing price of the Stock Exchange of Thailand, while the fair value of debt securities are calculated from the yield announced by The Thai Bond Market Association. The gain (loss) from investment valuation is recognized as unrealized gain (loss) and shown as earnings from investment in the current period.

Earnings from investment is recognized on an accrual basis as follows :

Interest income is recognized on an accrual basis.

Dividend income is recognized on the date eligible to receive.

Realized gain or loss from sales of investment is recognized as revenue or expense at the selling date. Cost of investment sold is calculated by the weighted average method.

Management fee and other expenses are recognized on an accrual basis and recorded as deduction from earnings of the periods.

2.6 Equipment - net

Equipment is stated at cost, net of accumulated depreciation.

Depreciation is calculated by the straight-line method over the estimated useful lives of the assets as follows :-

Furniture and fixtures	5 Years
Office equipment	5 Years
Vehicles	5 Years

2.7 Intangible assets

Intangible assets are computer softwares pending for amortization. Amortization is calculated by the straight-line method over the estimated useful lives of 5 years.

2.8 Using of Accounting Estimation

Preparation of financial statements in conformity with generally accepted accounting principles in Thailand requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

THE THAI BOND MARKET ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2007 AND 2006

2.9 Employee benefits

The Association operates a provident fund as a defined contribution plan. The assets of which are held in a separate fund which is managed by the external fund manager. The provident fund is funded by payments from employees and by the Association. Contributions to the provident fund are charged to the statement of income and expenditure in the year to which they relate. The Association's contributions and earnings will be paid to employees upon termination of membership and according to the regulation of the fund.

2.10 Income tax

The Thai Bond Market Association has been registered as a securities business related association with the Securities and Exchange Commission to be a juristic entity under Article 233 of the Securities and Exchange Commission Act B.E. 2535 whose nature does not interpret as "juristic company or partnership" defined under article 39 of the Revenue Code. The Association is thus not enforced to pay corporate income tax.

2.11 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and deposits held at call at financial institutions.

3. CASH AND DEPOSITS AT FINANCIAL INSTITUTIONS

Cash and deposits at financial institutions consisted of :

	Baht	
	2007	2006
Cash on hand	20,000.00	20,500.00
Cash at banks - Savings accounts	11,819,648.94	7,663,310.66
Total	11,839,648.94	7,683,810.66

4. CURRENT INVESTMENTS

	Interest rate (%)		Baht	
	2007	2006	2007	2006
Fixed deposits at banks (3 - 6 months)	2.25 - 3.0	4.625 - 4.750	15,450,642.60	20,000,000.00
Bank of Thailand bond (13 days)	2.95	-	9,998,385.26	-
Total			25,449,027.86	20,000,000.00

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

5. INVESTMENT IN PRIVATE FUND

	Baht	
	2007	2006
Investment in private fund - beginning balance	162,000,000.00	142,000,000.00
<u>Add</u> Contribution in the year	-	20,000,000.00
	162,000,000.00	162,000,000.00
Accumulated earnings on investment - beginning balance	38,517,487.52	31,633,849.79
<u>Add</u> Earnings from investment for the year	11,034,062.17	6,883,637.73
	49,551,549.69	38,517,487.52
Total investment in private fund	211,551,549.69	200,517,487.52

As at December 31, 2007 investment in private fund separated by fund manager consisted of :

	2007		
	Tisco	Thanachart	Total
Investment (at fair value)			
Deposits at financial institutions	209,567.52	577,348.73	786,916.25
Promissory notes	2,956,240.30	5,000,000.00	7,956,240.30
Bills of exchange	-	10,000,000.00	10,000,000.00
Bonds	40,472,506.56	67,234,888.32	107,707,394.88
Debentures	62,105,852.35	21,011,390.72	83,117,243.07
	105,744,166.73	103,823,627.77	209,567,794.50
<u>Add</u> Accrued interest income	1,278,213.36	838,166.52	2,116,379.88
<u>Less</u> other liabilities	(99,662.14)	(32,962.55)	(132,624.69)
Net assets	106,922,717.95	104,628,831.74	211,551,549.69
Net assets:			
Fund brought forward include accumulated earnings/transfer	100,371,779.92	100,145,707.60	200,517,487.52
Earnings from investment for the year	6,550,938.03	4,483,124.14	11,034,062.17
Total	106,922,717.95	104,628,831.74	211,551,549.69
Earnings from investment for the year:			
Income from investment net after expense	4,708,913.30	3,746,629.41	8,455,542.71
Gain(loss) on sales of investment	365,560.56	461,292.31	826,852.87
Unrealized gain(loss) on securities valuation	1,476,464.17	275,202.42	1,751,666.59
Total	6,550,938.03	4,483,124.14	11,034,062.17

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2007 AND 2006

As at December 31, 2006 investment in private fund separated by fund manager consisted of :

	2006			
	Tisco	Thanachart	UOB	Total
Investment (at fair value)				
Deposits at financial institutions	1,028,029.70	975,488.68	-	2,003,518.38
Promissory notes	8,848,969.07	7,000,000.00	-	15,848,969.07
Bills of exchange	-	10,000,000.00	-	10,000,000.00
Equity securities	17,029,069.00	17,712,515.00	-	34,741,584.00
Bonds	8,478,396.87	23,199,458.28	-	31,677,855.15
Debentures	63,616,789.61	40,534,775.94	-	104,151,565.55
	99,001,254.25	99,422,237.90	-	198,423,492.15
<u>Add</u> Accrued interest income	1,463,447.21	607,853.88	-	2,071,301.09
Other receivables	-	147,803.56	-	147,803.56
<u>Less</u> other liabilities	(92,921.54)	(32,187.74)	-	(125,109.28)
Net assets	100,371,779.92	100,145,707.60	-	200,517,487.52
Net assets:				
Fund brought forward include accumulated earnings/transfer	87,136,889.92	87,641,482.03	86,496,959.87	261,275,331.82
Contribution in the year	10,000,000.00	10,000,000.00	-	20,000,000.00
Earnings from investment for the year	3,234,890.00	2,504,225.57	1,144,522.16	6,883,637.73
Transfer from UOB to Thanachart	-	-	(87,641,482.03)	(87,641,482.03)
Total	100,371,779.92	100,145,707.60	-	200,517,487.52
Earnings from investment for the year:				
Income from investment net after expense	4,125,817.81	2,891,379.00	194,849.20	7,212,046.01
Gain(loss) on sales of investment	684,159.07	707,812.50	779,016.33	2,170,987.90
Unrealized gain(loss) on securities valuation	(1,575,086.88)	(1,094,965.93)	170,656.63	(2,499,396.18)
Total	3,234,890.00	2,504,225.57	1,144,522.16	6,883,637.73

In the year 2006, investment in private fund was managed by TISCO Asset Management Co., Ltd. (from January 1, 2006 to December 31, 2006), Thanachart Fund Management Co., Ltd. (from February 6, 2006 to December 31, 2006) and UOB Asset Management (Thailand) Co., Ltd. (from January 1, 2006 to January 15, 2006).

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

6. EQUIPMENT - NET

	Baht			
	Balance per book as at Dec. 31, 2006	Addition	Deduction	Balance per book as at Dec. 31, 2007
<u>At cost</u>				
Office equipment	3,305,558.84	427,575.84	247,004.85	3,486,129.83
Furniture and fixtures	4,394,091.69	76,362.47	5,447.94	4,465,006.22
Computer equipment	13,483,348.17	90,263.87	-	13,573,612.04
Vehicles	1,687,388.00	-	-	1,687,388.00
Total	22,870,386.70	594,202.18	252,452.79	23,212,136.09
<u>Less</u> Accumulated depreciation				
Office equipment	1,034,898.58	609,127.89	185,652.96	1,458,373.51
Furniture and fixtures	993,177.06	774,509.25	5,444.94	1,762,241.37
Computer equipment	10,492,284.21	1,062,054.81	-	11,554,339.02
Vehicles	203,412.00	337,479.00	-	540,891.00
Total	12,723,771.85	2,783,170.95	191,097.90	15,315,844.90
Equipment - net	10,146,614.85			7,896,291.19
Depreciation 2007				2,783,170.95
Depreciation 2006				2,114,358.41

As at December 31, 2007 and 2006, equipment of the Association were fully depreciated but still in use, amounting to a total cost of Baht 11.99 million and Baht 10.19 million, respectively.

7. EQUIPMENT SUPPORTED BY THE MINISTRY OF FINANCE - NET

	Baht			
	Balance per book as at Dec. 31, 2006	Addition	Deduction	Balance per book as at Dec. 31, 2007
<u>At cost</u>				
Office equipment	475,848.28	188,947.82	-	664,796.10
Furniture and fixtures	1,532,674.68	-	-	1,532,674.68
Computer equipment	8,494,574.85	8,944,288.75	-	17,438,863.60
Total	10,503,097.81	9,133,236.57	-	19,636,334.38
<u>Less</u> Accumulated depreciation				
Office equipment	60,050.72	111,028.50	-	171,079.22
Furniture and fixtures	29,321.80	306,534.30	-	335,856.10
Computer equipment	649,509.61	2,968,916.64	-	3,618,426.25
Total	738,882.13	3,386,479.44	-	4,125,361.57
Equipment - net	9,764,215.68			15,510,972.81
Depreciation 2007				3,386,479.44
Depreciation 2006				681,051.28

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

8. INTANGIBLE ASSETS - NET

	Baht			
	Balance per book as at Dec. 31, 2006	Addition	Deduction	Balance per book as at Dec. 31, 2007
<u>At cost</u>				
Computer software	4,409,958.00	5,500.00	-	4,415,458.00
Computer software - in progress	1,226,500.00	310,000.00	-	1,536,500.00
Total	5,636,458.00	315,500.00	-	5,951,958.00
<u>Less</u> Accumulated amortization				
Computer software	3,332,119.13	479,303.27	-	3,811,422.40
Computer software - Net	2,304,338.87			2,140,535.60
Software amortization 2007				479,303.27
Software amortization 2006				619,567.51

9. INTANGIBLE ASSETS SUPPORTED BY THE MINISTRY OF FINANCE - NET

	Baht			
	Balance per book as at Dec. 31, 2006	Addition	Transfer in	Balance per book as at Dec. 31, 2007
<u>At cost</u>				
Computer software	6,120,361.84	2,691,523.72	44,377,614.66	53,189,500.22
Computer software-in progress	13,319,489.87	42,475,161.53	-	11,417,036.74
Total	19,439,851.71	45,166,685.25	44,377,614.66	64,606,536.96
<u>Less</u> Accumulated amortization				
Computer software	492,226.10	5,049,091.70	-	5,541,317.80
Computer software - Net	18,947,625.61			59,065,219.16
Software amortization 2007				5,049,091.70
Software amortization 2006				447,260.24

10. DEFERRED INCOME

Deferred income consists of

	Baht	
	2007	2006
Membership fees of data system - iBond	2,269,300.11	2,042,000.00
Membership fees of data system - iRisk	2,516,415.85	1,627,307.69
Deferred training fees	-	300,000.00
Total	4,785,715.96	3,969,307.69

THE THAI BOND MARKET ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

11. SUPPORT FUND FROM THE MINISTRY OF FINANCE

In the year 2004, the Securities and Exchange Commission had applied for financial support from the Ministry of Finance through the Public Debt Management Office to The Thai Bond Dealing Centre for the Project "Creation of a Self-Regulatory Organization and Information Center for the Thai Bond Market" to which the conclusion was reached by the Cabinet on October 12, 2004 approving support fund under the 2004 budget of additional expenses, central budget, for the expense of enhancing national competitiveness and sustainable development in the amount of Baht 170 million for a period of 3 years (October 12, 2004 - October 11, 2007).

In the year 2005, The Thai Bond Dealing Centre received the funding of Baht 39.30 million, and it has transferred the said amount in full to The Thai Bond Market Association in year 2006.

In the year 2006, the Association received the transfer of the said fund from The Thai Bond Dealing Centre in the amount of Baht 39.30 million plus addition of the period at Baht 29.43 million.

In the year 2007, the Association received the funding of Baht 101.27 million in full amount of Baht 170 million.

As at 31 December 2007 and 2006, details of the operation of the Project to create a self-regulatory organization and information center for the Thai bond market are presented as follows:-

	Baht	
	2007	2006
Total support fund from the Ministry of Finance	170,000,000.00	68,733,808.00
Used as expenditure during the year (include depreciation and amortization)		
In 2005 used by The Thai Bond Dealing Centre	7,457,431.79	7,457,431.79
In 2006 used by The Thai Bond Market Association	29,961,465.23	29,961,465.23
In 2007 used by The Thai Bond Market Association	44,809,008.92	-
	82,227,905.94	37,418,897.02
Used as fixed assets and prepaid expenses (Stated as deferred income of support fund from the Ministry of Finance)		
Equipment - net	15,510,972.81	9,764,215.68
Intangible assets (computer software) - net	59,065,219.16	18,947,625.61
Prepaid expenses	7,884,173.16	-
	82,460,365.13	28,711,841.29
Balance of support fund from the Ministry of Finance	5,311,728.93	2,603,069.69
Add Interests received from savings account of the project	162,460.34	38,504.76
Less Return the balance of support fund to the Ministry of Finance (October 2007)	(5,474,189.27)	-
Balance of support fund from the Ministry of Finance stated as advance	-	2,641,574.45

THE THAI BOND MARKET ASSOCIATION NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

As at December 31, 2006, advance support fund from the Ministry of Finance of Baht 2,641,574.45 shown as liabilities in the balance sheet is equal to the net assets of the support fund from the Ministry of Finance account which is shown as assets in the balance sheet, details are as follows:

	Baht
	2006
Deposits at financial institution	3,974,008.71
Other current assets	1,466,245.59
Accounts payable and notes payable	(2,085,818.88)
Other current liabilities	(712,860.97)
Net assets	2,641,574.45

The Association has received support fund from the Ministry of Finance amount of Baht 170 million for the operating period from October 12, 2004 to October 11, 2007. As at the close date of project, the remain cash balance of Baht 5,311,728.93 was sent back to the Ministry of Finance on October 2007 and included interest income from bank book of the project of Baht 162,460.34.

However, the account of deferred income of support fund from Ministry of Finance and support fund income are shown throughout the period of depreciation and amortization of assets supported by the fund over the useful life of those assets.

Support fund income from the Ministry of Finance for the year 2007 and 2006 of Baht 44,809,008.92 and Baht 29,961,465.23, respectively, shown as income is equal to expenditure for the year 2007 and 2006 and consisted of:

	Baht	
	2007	2006
Support fund used for expenditure and classified by type of expenditure:		
Data system expenses	3,823,828.79	1,558,203.00
Staff costs	12,033,154.17	7,867,955.49
Business development expenses	19,574,205.22	18,353,070.26
Administrative expenses	942,249.60	1,053,924.96
Depreciation	3,386,479.44	681,051.28
Amortization of computer software	5,049,091.70	447,260.24
Total expenditure of the project for the year	44,809,008.92	29,961,465.23

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2007 AND 2006

As for the support fund from the Ministry of Finance, the Thai Bond Market Association separated the account recording system for the project from its normal recording as specified in the memorandum of agreement between the Public Debt Management Office, Ministry of Finance, Securities and Exchange Commission, and The Thai Bond Market Association dated February 20, 2006. The Association must completely follow the stipulation in the memorandum of agreement to be entitled to receive the above support fund.

12. TRANSFER OPERATIONS OF THE THAI BOND DEALING CENTRE TO THE THAI BOND MARKET ASSOCIATION

According to the government's policy, the SEC had informed about the resolution of the committee in charge of the infrastructure of the bond market to transform the status of The Thai Bond Dealing Centre, whose bond trading system had been sold to the Stock Exchange of Thailand (SET), to be The Thai Bond Market Association. Therefore, the extraordinary meeting of members of The Thai Bond Dealing Centre No.1/ 2005 held on June 10, 2005 agenda no. 2 had the resolution to approve the transfer of assets, liabilities, rights, and obligations including all employees to The Thai Bond Market Association and taking effect from January 1, 2006 onwards.

Net asset value as at January 1, 2006 of The Thai Bond Dealing Centre having been totally transferred to The Thai Bond Market Association consisted of :

<u>Assets</u>	<u>Baht</u>
Cash and deposit at financial institutions	42,406,212.38
Current investment	18,059,795.64
Other current assets	2,056,143.54
Investment in Private Fund	173,633,849.78
Equipment - net	7,688,383.50
Intangible assets - net	4,953,856.80
Other non-current assets	1,150,500.00
Total assets	249,948,741.64

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2007 AND 2006

	Baht
<u>Liabilities</u>	
Accrued expenses	947,263.37
Deferred membership fees	300,000.00
Deferred membership fees of data system	1,700,418.39
Deferred annual fees	24,002,939.61
Deferred support books	1,550,000.00
Other current liabilities	1,921,837.12
Support fund from Ministry of Finance received in advance	28,920,283.81
Deferred income of support fund from Ministry of Finance	2,987,260.57
Total liabilities	62,330,002.87
Net assets as at January 1, 2006	187,618,738.77
<u>Less</u> Net income and expenses of The Thai Bond Dealing Centre during January 1, 2006 up to the date of liquidation	(128,953.48)
Net assets transferred to the Association	187,489,785.29
Net assets consisted of	
Donated fund	135,300,000.00
Initial capital fund	11,960,000.00
Accumulated fund	40,229,785.29
Total net assets	187,489,785.29

13. COMMITMENTS OF LONG-TERM LEASE AGREEMENT

As at December 31, 2007 the Association has commitments of long-term lease agreement as follows:-

1. Office rental agreement on 21 Floor of Vanissa Building with Piyanarongvit Co.,Ltd. is for a period of 3 years from March 1, 2006 to February 28, 2009 with commitment to pay yearly rental charges and common utility charge of Baht 1.08 million per annum.

2. Office rental agreement on 11 Floor of Vanissa Building with Piyanarongvit Co.,Ltd. is for a period of 3 years from December 1, 2005 to November 30, 2008 with commitment to pay yearly rental charges and common utility charge of Baht 0.50 million per annum.

THE THAI BOND MARKET ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

14. AGREEMENTS OF PRIVATE FUND MANAGEMENT

14.1 TISCO Asset Management Co., Ltd. is appointed the fund manager under the agreement made on March 7, 2006 for a period of 1 year and the agreement term will be automatically extended for 1 year at a time. The said company has the right, duty and responsibility to manage the private fund and conform to the details laid down within this agreement as well as to receive management fee at the rate as stipulated in the agreement.

14.2 Thanachart Fund Management Co., Ltd. is appointed the fund manager under the agreement made on February 1, 2006 for a period of 1 year and the agreement term will be automatically extended for 1 year at a time. The said company has the right, duty and responsibility to manage the private fund and conform to the details laid down within this agreement as well as to receive management fee at the rate as stipulated in the agreement.

15. PROVIDENT FUND

The Association has established a provident fund for its employees. Such fund is monthly contributed by both the employees and the Association at the rates specified in the provident fund regulations.

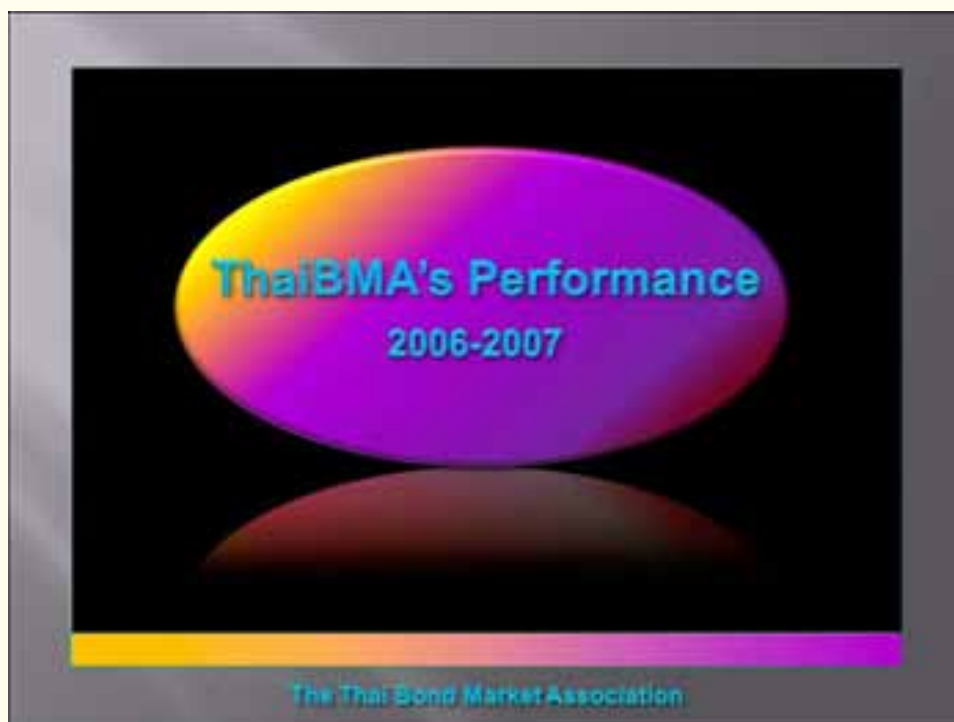
The fund is managed by MFC Asset Management Plc.

During the year 2007, Baht 1.79 million has been contributed to the fund by the Association. (year 2006, Baht 1.41 million)

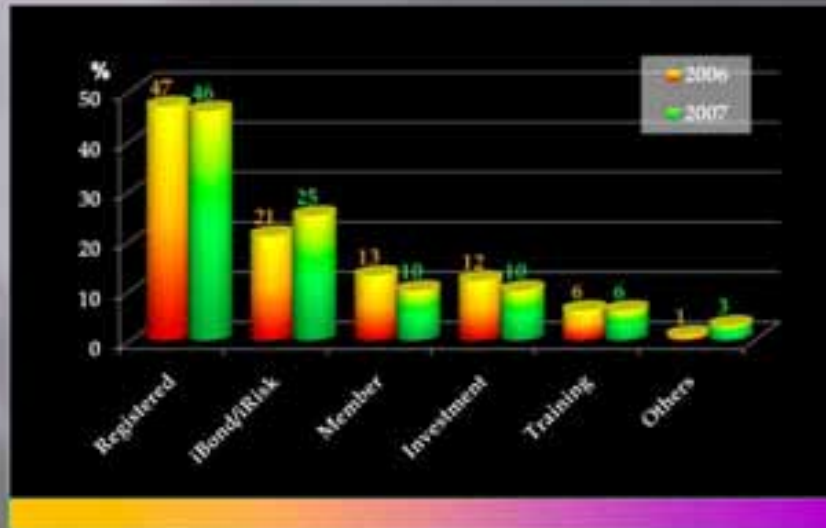
16. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors on April 4, 2008.

09
FINANCIAL
HIGHLIGHTS



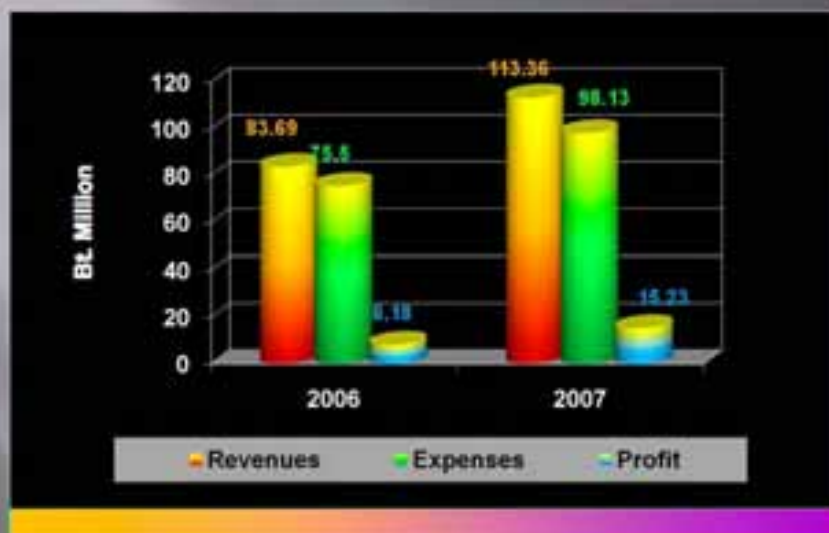
Revenues 2006 and 2007



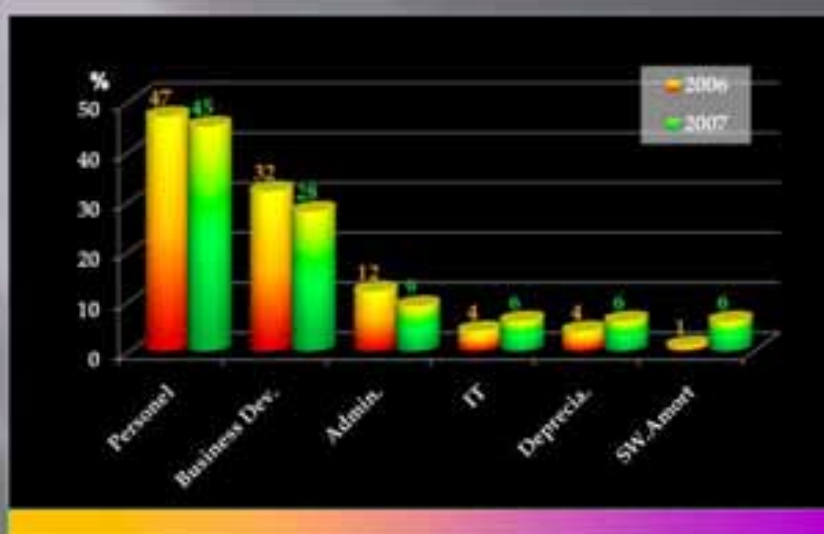
Income Statement (Excluded MOF)



Income Statement (Included MOF)



Expenses 2006 and 2007



10 PLANS FOR 2008



During the past two years, ThaiBMA has put focus on the activities related to projects set out in the MOU signed with the Public Debt management Office, Ministry of Finance. The project under MOF financial support has been completed in October 2007. Therefore, next year would be a challenging year for ThaiBMA in term of financial self-sustainability while continuing to strengthen our role as an efficient SRO and information center for the Thai bond market with the ultimate goal towards the vision of “Towards fair and efficient Bond Market”.

To achieve our vision and mission, in 2008 ThaiBMA has divided our operational units into three major groups based on our strategic themes;

1. **Self Regulatory Organization (SRO)** : Responsible for activities related to self regulation to promote integrity and fairness of the bond market. Other tasks include activities for enhancing professional standard and promoting best practices for the industry.

2. **Bond Market Development (BMD)** : Responsible for developing tools, knowledge and information as well as other innovation for the development of the Thai bond market.

3. **Financial Self Sufficiency (FSS)** : Responsible for generating additional revenue for the organization through the delivery of value-added products and services.

Major Initiatives for 2008 based on each strategic theme are demonstrated in the table below:

Group	Major Tasks in 2008
SRO	1. Enhance Market Surveillance System <ul style="list-style-type: none"> Fully implement surveillance software Training program for new system
	2. Improve Trade Report system <ul style="list-style-type: none"> New reporting screen to facilitate report of new instruments i.e. Derivatives Improve capacity of reporting system
	3. Conduct member inspection <ul style="list-style-type: none"> Onsite inspection
	4. Enhance bond trader professionalism <ul style="list-style-type: none"> E-testing/ traders’ refresher course Review and publish trader manual for exam preparation
	5. Fully implement operational risk management (ERM) for the organization

Group	Major Tasks in 2008
BMD	1. Promote market education & knowledge <ul style="list-style-type: none">• Public training (to retail investors)• Academic training i.e. Bond trading competition ("Bond Star Challenge")• Professional training (to issuers, investors, dealers)• Publications & Books i.e. securitization, Thai bond market, Bond digest, etc
	2. Research & Studies <ul style="list-style-type: none">• Trading & liquidity issues• Legal & tax issues
	3. Implement E-learning, knowledge management program
	4. Implement E-registration service for bond issuers & regulators
	5. Improve contents of bond information service ("iBond")
	6. Develop new analytical tools <ul style="list-style-type: none">• Structured note pricing• Intra-day government bond yield curve• Corporate spread curve• Corp & Composite ZRR index, etc
FSS	1. Increase revenue from new & existing services
	2. Develop new operation software for asset management
	3. Training & Seminar
	<ul style="list-style-type: none">• In-house training services• Advanced training for professionals

11 OVERVIEW OF THE THAI BOND MARKET IN 2007



I. Primary Market

New issues of State Agency bonds registered with the Thai BMA increased significantly by 311% in 2007. The total new issues of registered bonds at the ThaiBMA stood at THB 6,246.88 billion in 2007, 103% higher than the amount of THB 3,077.38 billion in 2006 (See Table 1). THB 4,121.55 billion of the Bank of Thailand (BOT) bonds were auctioned off in 2007, up by 311.50% from the previous year. New issues of long-term corporate bonds were THB 194.82 billion, increasing by 34.85% from the previous year. The number of such issues rose from 73 issues of 37 companies in 2006 to 92 issues of 43 companies in 2007, with the issue size ranging from THB 3.5 million to THB 15 billion, and the issue rating ranging from AAA to BBB.

Table 1 : The ThaiBMA New Issuance Registered Bonds

Unit : THB Billion

TYPE	2005	2006	2007
Government Bond	172.90	220.72	330.22
T-Bills	494.00	895.20	553.00
SOE	100.14	69.73	64.83
State Agency Bond	988.28	1,001.60	4,121.55
Long Term Corporate Bond	135.44	144.47	194.82
Commercial Paper	n.a	736.56	975.69
Foreign Bond	7.00	9.10	6.77
Total	1,897.76	3,077.38	6,246.88

Sources : BOT, SEC and MOF

State Owned Enterprise (SOE) new issuance registered bonds totaled THB 64.83 billion in 2007, or 7.03% lower than those in 2006. Also, the auctioned T-Bills amounted to THB 553 billion, down by 38.23% from the previous year; whereas the auctioned government bonds amounted to THB 330.22 billion, up by 49.61% from those in 2006.

Outstanding Value of ThaiBMA Registered Bonds

The total outstanding value of ThaiBMA registered bonds as of December 2007 amounted to THB 4,698 billion, representing an increase of 18.92% from the previous year. This total outstanding value consisted of THB 1,717.25 billion of government bonds, THB 1,425.20 billion of State Agency (SA) bonds, THB 678.67 billion of long-term corporate bonds, THB 342.28 billion of guaranteed SOE bonds, THB 177.47 billion of non-guaranteed SOE bonds, THB 218.20 billion of commercial papers, THB 114 billion of T-Bills and THB 25.87 billion of foreign bonds (See Table 2).

Table 2 : The ThaiBMA Registered Bond Outstanding

Unit : THB Billion

TYPE	2005	2006	2007
Government Bonds	1,291.66	1,469.26	1,717.25
T-Bills	209.00	228.00	114.00
State Enterprises	486.12	490.92	519.71
- Guaranteed	361.76	348.48	342.28
- Non Guaranteed	124.36	142.44	177.43
State Agency Bond	641.33	896.70	1,425.20
Long-term Corporate Bonds	487.04	608.91	678.67
Commercial Papers	0.00	241.42	218.18
Foreign Bonds	7.00	16.10	25.87
Total	3,122.16	3,951.31	4,698.88

Sources : BOT, SEC and MOF

Remark : Preliminary figures collected from the following registrars : BAY/ BBL/ BFIT/ TFB/ TSD, etc.

The largest portion of corporate bonds outstanding was in the energy sector (23%), followed by construction material sector (15%), banking sector (11%), financial institution sector (10%), communication sector (7%), property sector (7%), petroleum sector (3%), and others (24%). In terms of credit rating, the majority of corporate bonds are A-rated bonds, accounting for THB 625.62 billion or 93% of the total outstanding value. The remaining 6% consisted of THB 46.83 billion of B-rated bonds (1%) and THB 6.22 billion of non-rated bonds (1%).

II. Bond Trading Activities in 2007

In 2007, total outright trading value was THB 10,532.49 billion, 146.23% higher than in 2006 (See Table 3). Average daily outright trading value surged to THB 42.99 billion in 2007, compared to only THB 17.60 billion in 2006. Similar to the previous year, trading activities were concentrated in BOT bonds, accounting for THB 8,406.20 billion or 79.81% of the total outright trading value in 2007. This was followed by THB 1,112.26 billion of government bonds, THB 799.73 billion of T-Bills, and THB 71.80 billion of SOE bonds, representing a share of 10.56%, 7.59%, and 0.68% of the total outright trading value, respectively. With regards to SOE bonds, the total trading value of guaranteed SOE bonds and non-guaranteed SOE bonds were worth THB 45.76 billion and THB 26.04 billion, respectively.

Table 3 : ThaiBMA Outright Trading and Outstanding Value in 2005-2007

Unit : THB Million

TYPE OF SECURITIES	2005		2006		2007	
	Trading	Outstanding	Trading	Outstanding	Trading	Outstanding
Government	438,157.52	1,291,663.90	631,117.30	1,469,263.55	1,112,263.01	1,717,248.55
State Enterprise	110,079.47	486,122.82	83,832.72	490,921.75	71,795.90	519,708.42
- Guaranteed	71,928.46	361,761.19	51,554.84	332,900.01	45,756.43	342,275.30
- Non Guaranteed	38,151.01	124,361.63	32,277.87	158,021.74	26,039.47	177,433.12
T- Bills	908,448.94	209,000.00	1,500,202.87	228,000.00	799,731.23	114,000.00
State Agency	1,282,437.01	641,332.00	1,968,201.76	896,702.00	8,406,201.12	1,425,199.58
Corporate	77,685.45	487,037.40	92,543.82	850,327.33	135,136.74	896,849.28
Foreign	394.00	7,000.00	1,602.01	16,100.00	7,359.78	25,874.00
Total Value	2,817,202.39	3,122,156.12	4,277,500.48	3,951,314.63	10,532,487.78	4,698,879.83
- Monthly Average	234,766.87		356,458.37		877,707.32	
- Daily Average	11,498.79		17,602.88		42,989.75	
- No. of trading days	245		243		245	
No. of transactions	40,870.00		52,117.00		83,794.00	
- Monthly Average	3,406		4,343		6,983	
- Daily Average	167		214		342.02	
Dealers Participation	41		40		36	

Source : ThaiBMA

Trading value of corporate bonds (including long-term corporate bonds and commercial papers) in 2007 totaled THB 135.14 billion or 1.28% of the total outright trading value. The total outright trading value of corporate bonds consisted of bonds in the energy sector (27%), financial institution sector (18%), communication sector (13%), banking sector (7%), construction material sector (6%), property sector (5%), transportation and logistics sector (4%), and others (21%).

Market Participants

In 2007, 61% of the total outright trading value, or THB 6,384.65 billion, came from transactions between dealers and their clients, whereas 39% or THB 4,147.85 billion was from the transactions among dealers themselves. Major investors trading bonds with dealers were mutual funds (53%), domestic companies (DCO) (22%), non-dealer financial institutions (NDL) (5%), foreign companies (FCO) (2%), insurance companies (2%), individuals (1%) and others (15%).

The top ten active member dealers in 2007 comprised seven domestic banks, namely, Siam Commercial Bank Public Company Limited (18.69% market share), Kasikornbank Public Company Limited (16.06%), Bank Thai Public Company Limited (10.01%), Bangkok Bank Public Company Limited (9.16%), TMB

Bank Public Company Limited (7.64%), United Overseas Bank (Thai) Public Company Limited (6.26%), Bank of Ayudhya Public Company Limited (4.54%); and three foreign banks: Deutsche Bank AG (5.94%), the Hongkong and Shanghai Banking Corporation Limited (4.74%), and Citibank, N.A. (4.5%) (See Table 4).

Table 4 : Top Ten Active Member Dealers 2007

Unit : THB Billion

Rank	Dealers	% Market Share	Trading Value			
			Outright	Financing	Other	Total
1	Siam Commercial Bank Plc.	18.69%	2741.83	851.82	18.09	3611.73
2	Kasikornbank Plc.	16.06%	2355.81	980.29	12.11	3348.22
3	Bank Thai Plc.	10.01%	1468.33	112.93	0.00	1581.26
4	Bangkok Bank Plc.	9.16%	1344.32	1139.56	0.00	2483.88
5	Thai Military Bank Plc.	7.64%	1120.26	7.61	2.54	1130.42
6	United Overseas Bank (Thai) Plc.	6.26%	917.78	132.57	15.15	1065.50
7	Deutsche Bank AG, Bangkok Branch	5.94%	871.83	0.36	0.22	872.41
8	The Hongkong and Shanghai Banking Corp., Ltd.	4.74%	694.95	801.46	0.00	1496.40
9	Bank of Ayudhya Plc.	4.54%	666.02	11.30	3.72	681.04
10	Citibank, N.A.	4.50%	660.05	1.62	0.00	661.67
	Other	12.46%	1827.24	3351.95	31.93	5211.12
Total		100.00%	14,668.42	7,391.48	83.76	22,143.66

Source : ThaiBMA

Market Liquidity

In 2007, the turnover ratio (outright transaction only) for all types of bonds was 224.15%, up by 107% from the ratio of 108.25% in 2006. In particular, the turnover ratio of T-Bills was 701.52%, up by 7% from the previous year. The turnover ratio for SA bonds was 589.83%, followed by that of government bonds (64.77%), SOE bonds (13.81%), and corporate bonds which consisted of long-term corporate bond and commercial papers (15.07%), respectively.

The top five active issues of government bonds were LB191A, LB267A, LB137A, LB145B and LB175A (See Table 5), whereas the top five active SOE bonds were PEA129A, PEA168A, ETA139A, GHB173A and EXIM083A (See Table 6). With regards to long-term corporate bonds, the top five active issues were PTTC153A, PTTC160A, AIS139A, EFAI070A and AIS119A (See Table 7).

Table 5 : Top Five Most Active Government Bonds

Issue	Type/ Rating	TTM (Yr)	YTM (%)	Trading Value (THB Mln)	% of Total Trading	Turnover Ratio (%)	Last trade Date
Government Bonds							
LB191A	GB	11.06	5.230000	161,455.03	1.53	350.99	25-Dec
LB267A	GB	18.54	5.350000	128,044.04	1.22	261.31	28-Dec
LB137A	GB	5.55	4.500000	92,073.21	0.87	177.06	28-Dec
LB145B	GB	6.38	4.620000	89,888.95	0.85	192.67	27-Dec
LB175A	GB	9.42	4.910000	79,506.79	0.75	181.40	28-Dec

Source : ThaiBMA

Table 6 : Top Five Most Active State-Owned Enterprise Bonds

Issue	Type / Rating	TTM (Yr)	YTM (%)	Trading Value (THB Mln)	% of Total Trading	Turnover Ratio (%)	Last trade Date
State Owned Enterprise Bonds							
PEA129A	-	4.7	4.620000	3,110.84	0.03	200.70	28-Dec
PEA168A	-	8.6	4.950000	2,909.58	0.03	193.97	28-Dec
ETA139A	G	6.01	4.225453	2,556.81	0.02	255.68	12-Sep
GHB173A	G	9.78	4.300000	2,375.38	0.02	118.77	12-Jun
EXIM083A	/AAA(thai)	0.33	3.570000	2,131.84	0.02	21.32	22-Nov

Source : ThaiBMA

Table 7 : Top 5 Most Active Registered Corporate Bonds

Issue	Type / Rating	TTM (Yr)	YTM (%)	Trading Value (THB Mln)	% of Total Trading	Turnover Ratio (%)	Last trade Date
Corporate Debentures							
PTTC153A	/AA+(thai)	7.24	5.520000	7,900.21	0.08	131.67	26-Dec
PTTC160A	/AA+(thai)	8.8	5.650000	6,848.24	0.07	85.60	26-Dec
AIS139A	/AA	5.72	5.700000	4,843.63	0.05	121.09	20-Dec
EFAI070A	/AA-	0.07	3.300000	3,488.58	0.03	39.64	18-Sep
AIS119A	/AA	3.74	5.250000	3,452.26	0.03	86.31	13-Dec

Source : ThaiBMA

Yield Movement and the ThaiBMA Bond Index

The Bank of Thailand's Monetary Policy Committee (MPC) cut its 1-day RP rate down 4 times in 2007, accounting for a total of 175 bps, and made RP rate hold at 3.25% at the end of 2007. Although during the third quarter of 2007 market believed that domestic interest rates were already set at the lowest rate and BOT would consider raising the policy rate, such market sentiment changed in the last quarter with government yield curves shifting down due to expectations on declining interest rates and the US sub-prime crisis which seemed unlikely to be resolved soon. The yield of short-term bonds with 1 month to 3 years maturity decreased dramatically in the range of -100 to -180 bps, whereas the medium-term bond with 5-10 years maturity were down by -50 to -63 bps, and the long-term bond with more than 10 years maturity dropped by -40 to -45 bps.

The ThaiBMA government clean price index closed the year 2007 at 98.70, with a positive total return of 2.35%. Returns on ThaiBMA government index subgroup 1 (1-3 years), subgroup 2 (3-7 years), subgroup 3 (7-10 years), subgroup 4 (over 10 years) and subgroup 5 (less than 10 years) were 6.11%, 7.45%, 7.77%, 9.78% and 7.07%, respectively.

Corporate clean price index closed at 103.22 at the end of December 2007 with a positive return of 2.17%. Also, total returns on corporate bond index rose from 6.56% in 2006 to 7.35% in 2007.

Outlook of the Thai Bond Market in 2008

(Source: Opinion survey from underwriters and active dealers by the ThaiBMA)

Primary Market

New debt securities in 2008 are expected to expand by 8% from 2007. The BOT is predicted to issue large amount of new debt securities. In term of growth rate, issuance of foreign bonds is likely to have the highest growth of 156%. New SA bonds are expected to grow continuously by 12% from the previous year, followed by long-term corporate bonds (9%) and SOE bonds (7%). On the other hand, T-Bills are likely to decrease by 14%.

In the private sector, new corporate debt securities are also predicted to increase due to the continued support of the government in the encouraging business expansion and the downtrend of domestic interest rates. Most of the new issuance of corporate bonds are likely to concentrate on short-term bonds with maturity not over 5 years which are more preferred by most investors than long-term corporate bonds. Financial institutions and the property sector are expected to issue more debt securities than other business sectors.

Secondary Market

In 2008, the secondary bond market is predicted to expand from the previous year and trading activities are likely to concentrate in short-term bonds such as BOT bonds since BOT tends to issue new bonds continuously in 2008. Financing transactions are expected to increase since BOT will close its repurchase market (BOT repo) in February 2008 and encourage non-primary dealers to enter into private repo transactions with primary dealers instead.

Trading of corporate bonds is expected to slow down and the spread of corporate bonds over government bonds is likely to widen in order to compensate the increase in price and inflation risks.

Table 8 : Yield Curve Prediction

TTM	Yield (%)
1 Month < TTM ≤ 1 Year	2.90 % - 4.00 %
2 Years < TTM ≤ 4 Years	3.00 % - 5.00 %
5 Years < TTM ≤ 10 Years	4.00 % - 5.80 %
10 Years < TTM ≤ 15 Years	4.50 % - 6.00 %
TTM > 15 Years	4.50 % - 6.50 %

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APPENDIX : LIST OF MEMBERS



MEMBERS OF THE THAIBMA

The membership structure of the ThaiBMA has changed significantly in conformation to its expanding roles and functions. Currently there are 3 categories of ThaiBMA members namely Ordinary Members, Extraordinary Members and Associate Members. The different types of membership are subject to different fees and requirements.

1. **Ordinary member** is a financial institution that has the debt trading license (dealer).
2. **Extraordinary member** is a company that has inter-dealer broker license (IDB).
3. **Associate member** is a dealer who has monthly average trading value in the past one year less than THB 100 million.

As of December 2007, ThaiBMA's members comprise 49 ordinary members, 2 extraordinary members and 1 associate member.

No.	NAME	ADDRESS
Ordinary Members		
1	ABN-AMRO Bank N.V. (ABNA)	3rd - 4th Floor, Bangkok City Tower, 179/3 South Sathorn Rd., Bangkok 10120 Phone : (662) 679-5900 Fax : (662) 679-5908 Website : http://www.abnamro.com
2	ADKINSON Securities Public Company Limited (ASL)	132 Sindhorn Building 1, 2/F And Sindhorn Tower 3 12/F, Wireless Rd., Lumpinee, Bangkok 10330 Phone : (662) 205-7000 Fax : (662) 205-7032 Website : http://www.adkinsononline.com
3	Merill Lynch Securities (Thailand) Limited (ML)	87/2 20 Fl., 4 unit CRC Tower All Seasons Place, Wireless Rd., Lumpinee, Bangkok 10330
4	ACL Securities Company Limited (ACLS)	999/9 The Offices at Centralworld, 18th Floor, Rama 1 Road, Pathumwan, Pathumwan, Bangkok 10330 Phone : (662) 658-9000 Fax : (662) 658-9110 Website : http://www.acls.co.th
5	Ayudhya Securities Public Company Limited (AYS)	999/9 The Offices at Centralworld, 12/F, Rama 1 Rd., Pathumwan, Bangkok 10330 Phone : (662) 659-7000 Fax : (662) 646-1100 Website : http://www.ays.co.th
6	Bangkok Bank Public Company Limited (BBL)	333 Silom Rd., Bangkok 10500 Phone : (662) 231-4333 Fax : (662) 236-8278 Website http://www.bangkokbank.com

No.	NAME	ADDRESS
7	Bank of America, National Association (BofA)	All Seasons Place, CRC Tower, 33rd Floor, 87/2 Wireless Road, Pathumwan Bangkok 10330 Phone : (662) 305-2900 Fax : (662) 305-2809 Website : http://www.bankofamerica.com
8	United Overseas Bank (Thai) Public Company Limited (UOB)	191 South Sathon Road, Bangkok 10120 Phone : (662) 213-2601-3 Fax : (662) 285-1375 Website : http://www.uob.co.th
9	Bank of Ayudhya Public Company Limited (BAY)	1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120 Phone : (662) 296-2000 Fax : (662) 683-1603 Website : http://www.krungsri.com
10	Barclays Capital Securities (Thailand) Limited (BARCAP)	87/2 C.R.C All Seasons Place Building 21/F, Wireless Rd., Lumpinee, Pathumwan, Bangkok 10330 Phone : (662) 686-1900 Fax : (662) 686-1901 Website : http://www.barcap.com
11	BFIT Securities Plc. (BSEC)	191 Silom Complex Tower, 14 Fl., 16 Fl., Silom Road, Bangkok 10500 Phone : (662) 200-2111 Fax : (662) 632-0191 Website : http://www.bfitsec.com
12	BNP Paribas, Bangkok Branch (BNPP)	990 Aubdul Rahim Building, 29/F, Rama iv Rd., Silom, Bangrak, Bangkok 10550 Phone : (662) 636-1900 Fax : (662) 636-1935 Website : http://www.bnpparibas.com
13	BT Securities Company Limited (BT Sec)	44 Bankthai Building, G Fl., 24 -26 Luang Suan, Ploenchit Rd., Pathumwan, Bangkok 10330 Phone : (662) 657-9000 Fax : (662) 657-9822 Website : http://www.BTsecurities.com
14	Calyon, Bangkok Branch (Calyon)	152 Wireless Rd., Bangkok 10330 Phone : (662) 651-4590-2 Fax : (662) 651-4593 Website : http://www.calyon.com
15	Capital Nomura Securities Public Company Limited (CNS)	21/3 Thai Wah Tower, Ground Floor, South Sathorn Rd., Bangkok 10120 Phone : (662) 285-0060 Fax : (662) 285-0886 Website : http://www.cns.co.th
16	Citibank, N.A. (CITI)	18th 82 North Sathorn Road, Silom, Bangrak, Bangkok 10500 Phone : (662) 232-2000 Fax : (662) 639-2564 Website : http://www.citibank.com/thailand
17	Citicorp Securities (Thailand) Limited (CST)	21st, 22nd Floor, Citibank Tower, 82 North Sathorn Rd., Silom, Bangrak, Bangkok 10500 Phone : (662) 232-2200 Fax : (662) 639-2246 Website : http://www.citigroup.com

No.	NAME	ADDRESS
18	DBS Vickers Securities (Thailand) Company Limited (DBSV)	989 Siam Tower, 14th-15th Floor, Rama 1 Road, Pathumwan, Bangkok 10330 Phone : (662) 657-7000 Fax : (662) 658-1258 Website : http://www.dbsvitrade.com
19	Deutsche Bank AG (DBBK)	208 Wireless Rd., Bangkok 10330 Phone : (662) 651-5000 Fax : (662) 651-5210 Website : http://www.db.com
20	Far East Securities Company Limited (FES)	87/2 CRC Tower, All Seasons Place Building 18,38,39/F, Wireless Rd., Lumpini, Patumwan, Bangkok 10330 Phone : (662) 648-1111 Fax : (662) 648-1000 Website : http://www.fes.co.th
21	Finansa Securities Limited (FSL)	48/14-15 Tisco Tower 8/F, North Sathorn Rd., Bangkok 10500 Phone : (662) 697-3700 Fax : (662) 697-0301 Website : http://www.finansa.com
22	Globex Securities Company Limited (GLOBLEX)	87/2 CRC All Seasons Place 8th, 12th Floor. Wireless Road, Lumpini, Patumwan, Bangkok 10330 Phone : 0-2672-5999 Fax: 0-2672-5956 Website : http://www.globlex.co.th
23	The Hongkong and Shanghai Banking Corporation Limited (HSBC)	HSBC Building, 968 Rama IV Road, Silom, Bangkok 10500 Phone : (662) 614-4000 Fax : (662) 632-4900 Website : http://www.hsbc.com
24	I V Global Securities Public Company Limited (IVG)	17th-18th Fl., 540 Mercury Tower, Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 Phone : 0-2658-5800 Fax: 0-2658-5799 Website : http://www.ivglobal.co.th
25	J.P. Morgan Securities (Thailand) Limited (JPM)	20 Bubphajit Building, 2/F, Northsathorn Rd., Silom, Bangkok 1050 Phone : (662) 684-2600 Fax : (662) 684-2720 Website : http://www.jpmorgan.com
26	Kasikornbank Public Company Limited (KBANK)	1 Soi Kasikornthai Ratburana Road Bangkok 10140 Phone : (662) 470-3042-7 Fax : (662) 871-3637 Website : http://www.kasikornbank.com
27	KGI Securities (Thailand) Public Company Limited (KGI)	323 United Center Building, 23/F, Silom Rd., Bangkok 10500 Phone : (662) 231-1111 Fax : (662) 267-8315 Website : http://www.kgi.co.th
28	Kiatnakin Securities Company Limited (KKS)	7 th Floor Amarin Tower 500 Ploenchit Rd., Pathumwan Bangkok 10330 Phone : (662) 680-2222 Fax : (662) 256-9783 Website : http://www.kks.co.th

No.	NAME	ADDRESS
29	Kim Eng Securities (Thailand) Limited (KEST)	999/9 The Offices at Centralworld 20-21/F ,Rama1 Rd., Pathumwan, Bangkok 10330 Phone : (662) 658-6300 Fax : (662) 658-6855 Website : http://www.kimeng.co.th
30	Thanachart Securities Public Company Limited (TNS)	444 MBK Tower, 14,18/F&19/F , Phayathai Rd.,, Patumwan, Bangkok 10330 Phone : 0-2217-8888 Fax : 0-2217-9814 Website : http://www.thanachartsec.co.th
31	Phatra Securities Public Company Limited (Phatra)	6, 8-11/F Muang Thai-Phatra Office Tower 1, 252/6 Ratchadaphisek Road Huaykwang Bangkok 10310 Phone : (662) 275-0888 Fax : (662) 693-2353 Website : http://www.phatrasecurities.com
32	SCB Securities Company Limited (SCBS)	130-132, Sindhorn Building Tower 3 20,24-26,28/F, Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Phone : (662) 686-2000 Fax : (662) 263-3808 Website : http://www.scbs.com
33	SEAMICO Securities Public Company Limited (ZMICO)	287 Liberty Square, 8-9,15-17,20-21/F, Silom Rd., Bangkok 10500 Phone : (662) 695-5000 Fax : (662) 631-1707 Website : http://www.seamico.co.th
34	Siam City Bank Public Company Limited (SCIB)	1101 Newpetchburi Rd.,Rajthevi, Bangkok 10400 Phone : (662) 208-5000 Fax : (662) 651-7856 Website : http://www.scib.co.th
35	Siam City Securities Company Limited (SCIBS)	999/9 9th Fl., The Offices at Centralworld, Rama 1 Rd., Pathumwan, Bangkok 10330 Phone. (662) 624-8888 Fax. (662) 624-8899 Website : http://www.scis.co.th
36	Siam Commercial Bank Public Company Limited (SCB)	9 Rajadapisek Rd., Chatuchak, Bangkok 10900 Phone : (662) 544-2335 Fax : (662) 937-7969 Website : http://www.scb.co.th
37	SICCO Securities Public Company Limited (SSEC)	130-132 Sindhorn Tower 2,1-2,6/F, Wireless Rd., Lumpinee, Patumwan, Bangkok 10330 Phone : (662) 627-3100 Fax : (662) 263-2043 Website : http://www.ssec-online.com
38	Standard Chartered Bank (Thai) Public Company Limited	90 North Sathorn Road,Silom, Bangrak,Bangkok 10500 Phone : (662) 724-4000 Fax : (662) 724-4444 Website : http://www.standardchartered.com/th
39	Syrus Securities Company Limited (SYRUS)	9th, 12th, 14th, 15th , 17th, 18th, Fl., Alma Link Building, 25 Soi Chidlom, Ploenchit, Lumpini, Patumwan, Bangkok 10330 Phone : (662) 646-9999 Fax : (662) 646-4535 Website : http://www.syrus.co.th

No.	NAME	ADDRESS
40	TMB Bank Public Company Limited (TMB)	3000 Phaholyothin Road, Chomphon, Chatuchak, Bangkok 10900 Phone : (662) 299-1111 Website : http://www.tmbbank.com
41	TISCO Bank Public Company Limited (TISCO)	48/2 TISCO Tower 1st Floor, North Sathorn Rd., BKK 10500 Phone : (662) 633-6000 Fax : (662) 633-6800 Website : http://www.tisco.co.th
42	Trinity Securities Company Limited	25 th Floor Bangkok City Tower, 179/109-110 South Sathon Rd., Sathon, Bangkok 10120 Phone : (662) 286-3999 Fax : (662) 286-8444 Website : http://www.trinitythai.com
43	UBS Securities Limited (UBS)	93/1 GPF Wireless Tower A, 2/F, Wireless Rd., Patunwan Bangkok 10330 Phone : (662) 651-5700 Fax : (662) 651-5731 Website : http://www.ubs.com
44	United Securities Public Company Limited (US)	1550 Dhanaphoom Building ,Grang Amarin Tower, 4-5/F, New Petchburi Rd., Rachtavee, Bangkok 10400 Phone : (662) 207-0038 Fax : (662) 652-8977 Website : http://www.unitedsec.com
45	UOB Kay Hian Securities (Thailand) Public Company Limited (UOBKHST)	130-132 Sindhorn Tower 1&3, 3/F,Tower1, 15 &19/ F,Tower 3, Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Phone : (662) 659-8000 Fax : (662) 659-8163 Website : http://www.uobkayhian.co.th
46	J. P. Morgan Chase Bank (JPMCB)	20 North Sathorn Rd.,3rd Floor, Silom Bangrak Bangkok 10500 Phone : (662) 684-2693 Fax: (662) 684-2690
47	Krung Thai Bank Public Company Limited (KTB)	35 Sukhumvit Road, Klong Toey Nua Subdistrict, Wattana District, Bangkok, 10110 Phone : (662) 255-2222 Fax : (662) 255-9391-6 Website : http://www.ktb.co.th
48	Bankthai Public Company Limited (BT)	44 North Sathon Road , Silom , Bangrak , Bangkok 10500 Phone : (662) 633-9000-3 Fax : (662) 633-9026 Website : http://www.bankthai.co.th
49	Bualuang Securities Public Company Limited (BLS)	29/F, Silom Complex Off.Bldg., 191 Silom Road, Bangrak, Bangkok 10500 Phone: (662) 231-3777 Fax : (662) 231-3951 Website : http://www.bualuang.co.th

No.	NAME	ADDRESS
Extraordinary Members		
50	ICAP Securities Company Limited (ICAP)	55 Wave Place Building, 13th Floor, Wireless Road, Lumpini, Pathumwan Bangkok, 10330 Phone : (662) 256-0888 Fax : (662) 256-0999 Website : http://www.icap.com
51	Wall Street Tullett Prebon Securities Limited (WSTPS)	33/64 Wall Street Tower, 13th Floor, Surawong Road, Bangrak, Bangkok 10500 Phone : (662) 266-8889 Fax : (662) 632-7375
Associate Member		
52	Asia Plus Securities Public Company Limited (ASP)	175 Sathorn City Tower 3/F, South Sathorn Rd., Tungmahamek, Sathorn, Bangkok 10120 Phone : (662) 285-1666, 680-1111 Fax : (662) 285-1901 Website : http://www.asiaplus.co.th



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