



**ThaiBMA**  
The Thai Bond Market Association

# Annual Report 2011



Towards a Fair and Efficient Bond Market

# CONTENT

---

<b>Organization Profile</b>	<b>2</b>
<b>ThaiBMA's Board of Director 2011</b>	<b>4</b>
<b>Report of The Audit Committee</b>	<b>5</b>
<b>Good Corporate Governance Framework</b>	<b>6</b>
<b>Activities and Development in 2011</b>	<b>12</b>
<b>Financial Statement</b>	<b>17</b>

# ORGANIZATION PROFILE

*The Thai Bond Market Association (ThaiBMA) is a securities business related association under the Securities and Exchange Commission Act B.E. 2535. 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 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.*

## 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

### Membership

The SEC requires that financial institutions having debt securities dealing license be members of ThaiBMA. Membership of ThaiBMA is classified into 3 types; 1) Ordinary member 2) Extraordinary member (applied for inter-dealer brokers/IDB) and 3) Associate member (open for dealers who remain inactive i.e trading value less than 100 million baht a month. Each of which is subject to different membership fee and requirement. As of December 2011, ThaiBMA's members consists of 49 ordinary members, 2 Extraordinary members and 2 associate members.

### Roles and functions

ThaiBMA plays key functional roles in four main areas;

#### 1. Self-Regulatory Organization (SRO)

ThaiBMA oversees and monitors the conduct of its members in order to ensure fairness and efficiency in debt securities trading. It is committed to retaining the confidence of its members, regulators and investors. Highlight of SRO tasks include the following:

- Perform market monitoring and surveillance to ensure that all trading activities comply with relevant laws and regulation and act as the front line regulator to detect any fraud or unfair trading practices.
- Established Ethics and Code of Conduct for members and traders.
- Issuing rules and guidelines regarding debt securities trading and good market practice.
- Responsible for bond trader examination and registration and provide them with ongoing education to enhance their professionalism.
- Implement enforcement procedure to penalize those who do not comply with the regulation.

#### 2. Bond Information Center and Pricing Agency

Mandated as the sole information center and pricing agency for the bond market, ThaiBMA is an authorized source for Thai bond market data. It disseminates information on both the primary and secondary market through its website [www.thaibma.or.th](http://www.thaibma.or.th) and [www.thaibond.com](http://www.thaibond.com). Both website consists of trading information, bond features, reference yield and relevant market news and regulatory updates. It constantly attempts to improve the efficiency of the information services provided to its members and customers.

As "Bond Pricing Agency", ThaiBMA provides daily mark-to-market prices for investors. For actively-traded bonds, the mark-to-market prices are based on trading and quotation information. For illiquid debts securities and structured bonds, ThaiBMA developed model yield to be used as fair prices and references for investors.

#### 3. Market Convention and Standard

As trading in the bond market is mainly over-the-counter rather than on an exchange, ThaiBMA serves to enhance standards within the marketplace through extensive consultation with market participants. Example of convention and standards issued by ThaiBMA are as follow:

- Establishment of symbols for bonds and short-term debt securities. The ThaiBMA symbols have been widely recognized and become common standard in the market.
- Standard formula for price / yield calculation for various types of bonds. This helps eliminate discrepancies arising from employing different practices and to be in line with the international standards.
- Bond registration standards that meet international practices.

#### **4. Market Development and Education**

As part of ThaiBMA's commitment to enhancing market development and professional practice, ThaiBMA has developed and implemented several key information essential for market development as follows:

- **Yield Curve and Benchmark Bonds.** Thai BMA provides information to the public on the government bond yield curve and benchmark bonds on a daily basis through website and newspaper.
- **Market Education and Promotion.** To expand investor understanding of the bond market, Thai BMA provides extensive seminars and training programs for market participants and the general public. It also produces a comprehensive range of publications for the benefits of those involved in the bond market.
- **Financial data innovation.** ThaiBMA has initiated financial data innovation such as Bond indices, Zero coupon yield curve, credit spread curve, key rate duration, bond portfolio analysis, Value-at-Risk (VaR) as additional tools for bond investment and portfolio management.

## THAIBMA'S BOARD OF DIRECTORS 2011

Name	Position	Company / Organization
<b>Mr.Bandid Nijathaworn</b>	Chairman	The Thai Bond Market Association
<b>Mr.Sirichai Sakornratanakul</b>	Vice Chairman & Independent Director	Policy Director Thai Public Broadcasting Service
<b>Mr.Pakhawat Kovithvathanaphong</b>	Director	Chief Executive Officer Trinity Securities Company Limited
<b>Mrs.Suchada Sodtsihapakul</b>	Director	Managing Director KGI Securities (Thailand) Public Company Limited
<b>Mr.Sa-Ard Theerarojanawong</b>	Director	Executive Vice President Bangkok Bank Plc.
<b>Mr.Vichai Tangjettanaporn</b>	Director	Head of Trading KASIKORNBANK Plc.
<b>Mr. Chatri Sotangkur</b>	Director	EVP, Division Head, Treasury Division Siam Commercial Bank Plc.
<b>Mr.Prakob Phiencharoen</b>	Director	Head of Debt Capital Markets Hongkong and Shanghai Banking Corporation Limited, The
<b>Mr.Sara Lamsam</b>	Independent Director	President and Chief Executive Officer Muang Thai Life Assurance Co.,Ltd.
<b>Mrs. Voravan Tarapoom</b>	Independent Director	Chairman Association of Investment Management Companies
<b>Mr. Niwat Kanjanaphoomin</b>	President	The Thai Bond Market Association

# AUDIT COMMITTEE REPORT FOR 2011

---

## To: members and stakeholders,

The Audit Committee of the Thai Bond Market Association (“the Association”) consists of four members from the Board of Directors, three of whom are independent directors as followed; Mr Singha Nikornphan, Chairman from 26 April 2007 to 22 April 2011 who was replaced by Mr. Sirichai Sakornratanakul, Mrs. Voravan Tarapoom (from 9 June 2010) and Mr. Sara Lamsam (from 26 April 2010). The fourth member is Mr. Prakob Phiencharoen (from 9 December 2011). Ms Ariya Tiranaprakij, Executive Vice President, Regulation & Surveillance serves as the Committee Secretary.

The Audit Committee is appointed by and accountable to the Board of Directors. The Committee performs its duties as set forth in the Audit Committee Charter.

The Committee met three times in 2011 and the issues discussed and reviewed in the meetings were summarized as followed:

- Review the annual financial statements for the year 2011 for the submission to the Board of Directors and Annual General Meeting (AGM) for approval,
- Selection of the external auditor for the year 2011 and considering the remuneration for submission to the Board in order to propose to the AGM for appointment,
- Review and approval of the cross-function internal audit plan for the year 2011. The Audit Committee also reviewed audit results and provided recommendations for more efficient operations and proper control system.
- Review and approval of risk management policies and plan of the Association. The Audit Committee also followed up on the progress and results of the risk management activities and provided recommendations for effective risk management procedures,
- Selection and approval of the Outsourced Internal Auditor of the Association for the year 2012-2014, as well as setting the scope of internal audit.

The Committee is confident that the Association’s internal control and risk management control are adequate and proper. The Committee also added an appraisal system in order to make sure that the Association operates in compliance with relevant laws, rules and regulations.

The Committee has exercised independent discretion and expressed its opinions straightforwardly in the utmost interests of the Association. The Association has given full support for the Committee.

The Committee also provides necessary advice and recommendations so that the Association follows good corporate governance practices. This will certainly lay a strong foundation for the Association to achieve stable and sustainable growth and earn recognition and trust from members and stakeholders, in line with the spirit of the SRO, as well as the Information Center of the Thai bond market.

**Mr. Sirichai Sakornratanakul**  
**Chairman of the Audit Committee**  
**March 12, 2012**

# GOOD CORPORATE GOVERNANCE FRAMEWORK

The Thai Bond Market Association (ThaiBMA) realizes the importance of adherence to the good corporate governance principles. It is fully 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**

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**

### **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 not exceeding 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 a Self Regulatory Organization (SRO) in the Thai bond market. 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**

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 are as follows:

Market Practice Committee  
Market Regulation Committee  
Market Information Committee  
Disciplinary Committee and Appeal Committee  
Risk Management Committee

## **Chapter 4 Selection and Remunerations of the Committees and Sub-Committees**

The selection and screening of members of the Board of Directors and top management as well as the selection 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 as well as 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 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**

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:

### **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.

### **Market Convention and Standard**

In order to enhance standards within the marketplace, major convention 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.

### **Bond Information Center and Services**

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.

### **Market Development and Education**

Yield Curve and Benchmark Bonds. Thai BMA provides information to the public on the

government bond yield curve and benchmark bonds on a daily basis through website and newspaper.

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

Market Education and Promotion. To expand investor understanding of the bond market, Thai BMA provides extensive seminars and training programs for market participants and the general public. It also produces a comprehensive range of publications.

The ThaiBMA strictly adheres to good corporate governance practices in taking the roles of bond market SRO 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**

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:

### **Regulatory bodies and supporting government agencies**

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

### **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.

### **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.

### **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.

### **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.

### **The Society**

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

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](http://www.thaibma.or.th), [www.thaibond.com](http://www.thaibond.com) and [www.ibond.thaibma.or.th](http://www.ibond.thaibma.or.th) Arranging for the arbitration procedure and complaint process. The website [www.thaibma.or.th/sro/complaint.html](http://www.thaibma.or.th/sro/complaint.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**

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 Working Group, and 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.

### **Chapter 8 Business Ethics**

The ThaiBMA is fully confident that the adoption of code of conduct and business ethics is 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 to pursue 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**

The Association realizes the importance of avoiding any potential bias or 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 seconding and transfer of employees to other departments, etc.

## Annex

The composition of the Board of Directors, the Audit Committee during 2011 were as follows:

### 1. Board of Directors

No.	Name	Position	Term in Office	Attendance of meeting
1.	Dr.Bandid Nijathaworn	Chairman of the Board	22 Apr 11 – 21 Apr 14	8/8*
2.	Mr.Sirichai Sakornratanakul	Director	22 Apr 11 – 21 Apr 14	8/8*
3.	Mr. Sa-Ard Theerarojanawong	Director	28 Apr 09 – 27 Apr 12	12/12
4.	Mr. Prakob Phiencharoen	Director	21 Jul 09 – 27 Apr 12	11/12
5.	Mr. Chatri Sotangkur	Director	26 Apr 10 – 25 Apr 13	7/12
6.	Mr. Vichai Tangjettanaporn	Director	26 Apr 10 – 25 Apr 13	8/12
7.	Mr.Pakhawat Kovithvathanaphong	Director	22 Apr 11 – 21 Apr14	7/8**
8.	Mrs.Suchada Sodtsihapakul	Director	22 Apr 11 – 21 Apr 14	7/8**
9.	Mrs. Voravan Tarapoom	Independent Director	9 Jun 10 – 27 Apr 12	8/12
10.	Mr. Sara Lamsam	Independent Director	26 Apr 10 – 25 Apr 13	7/12
11.	Mr. Niwat Kanjanaphoomin	Managing Director	17 May 10 – 16 May 14	12/12
12.	Mr. Tada Phutthitada	Adviser	-	11/12
13.	Mr. Singchai Bunyayothin	Adviser	-	11/12
<b>Retired Directors</b>				
1.	Mr. Pakorn Malakul Na Ayudhya	Director	28 Apr 08 – 7 Apr 11	4/4
2.	Mr. Singha Nikornpun	Director	28 Apr 08 – 27 Apr 11	3/4
3.	Mr. Paiboon Nalinthrangkurn	Director	21 Jul 09 – 27 Apr 11	2/4
<b>Resigned Director</b>				
1.	Mr. Yarnsak Manomaiphiboon	Director	28 Apr 09 – 10 Mar 11	2/3

**Remark:** \* Dr. Bandid Nijathaworn and Mr.Sirichai Sakornratanakul were elected as the new Independent directors to by the Ordinary General Meeting of Members on 22 Apr 2011.

\*\* Mr. Mr.Pakhawat Kovithvathanaphong and Mrs.Suchada Sodtsihapakul were elected as the new directors to by the Ordinary General Meeting of Members on 22 Apr 2011.

### 2. Audit Committee

No.	Name	Position	Term in Office	Attendance of meeting
1.	Mr. Sirichai Sakornratanakul	Chairman of the Audit Committee	22 Apr 10 – 21 Apr 13	2/2 *
2.	Mr. Sara Lamsum	Audit Committee	26 Apr 10 – 25 Apr 13	1/3
3.	Mrs. Voravan Tarapoom	Audit Committee	9 Jun 10 – 27 Apr 12	3/3
4.	Mr.Prakob Phiencharoen		9 Dec 10 – 14 May 11	1/3
<b>Retired Director</b>				
1.	Mr. Singha Nikornpun	Chairman of the Audit Committee	27 Apr 07 – 26 Apr 10	1/1*

**Remark:** \* Mr. Sirichai Sakornratanakul was elected as the new Independent Director to replace Mr. Singha Nikornpun by the Ordinary Meeting of Members on 22 Apr 2010.

# THAIBMA'S ACTIVITIES & DEVELOPMENTS 2011

As an empowered self-regulatory organization (SRO) and information center for the bond market, ThaiBMA has played an active role in driving the development of the Thai bond market. In 2011 ThaiBMA carried out a number of activities with regard to its roles in three main areas; SRO, information center and market development. Major achievements can be summarized as follows:

## 1. Self-Regulatory Organization (SRO)

In 2011, ThaiBMA continued to strengthen its SRO roles to promote market integrity and fairness through several activities.

### 1.1 Member Inspection & Supervision

To promote fairness and investor confidence, ThaiBMA regularly performs on-site inspection of members to ensure that they comply with relevant rules and regulations. During 2011, a total of 13 member firms, comprising of banks and securities firms, were inspected. Risk Based Approach (RBA) was adopted in the process of selecting and prioritizing member firms to be inspected. The area of inspection covered bond dealing practices, trade reporting compliance, trader qualification, ethics and code of conduct, operational control and risk management. In addition to audit reports, audit ratings and scores were also assigned to results of the inspection of each member.

Moreover, ThaiBMA employed alerting procedures to help improve member firms' self-disciplines particularly on trading report compliance. The procedures have been used to monitor and keep track on member firms with high rate of late report in order to encourage them to improve their compliance with the reporting rules. Late report transactions appeared to improve in 2011 with only 0.56% of total, compared to 1.29% late transactions recorded in the previous year.

### 1.2 Improving regulations in tune with Market Environment

To ensure an appropriate enforcement that is in line with market practice and business environment,

ThaiBMA made revision on the following regulations;

#### *Regulation regarding Administrative Sanctions on Bond Trading Reports*

- Exemption of fines imposed on late transactions for members who have no more than 6 late transactions or not over 1% of total transactions during half calendar year (Enforced in August 2011).
- Imposing progressive fines on members who continue to have late transactions of 5% or higher for 3 consecutive months. Fines of 5,000 baht will be charged on the third month and additional of 10,000 baht fines will be applied on every following month of successive late. (Enforced on 1 July 2011.)

#### *Regulation on ThaiBMA bond registration standards*

- Expansion of closing book date for long-term bonds paying monthly interest from 10 days to 14 days. The new practice would be in line with that of other corporate bonds and provide registrars with sufficient operation time in delivering interests to bondholders.

### 1.3 Disciplinary actions

In 2011, ThaiBMA held 3 meetings of Disciplinary committee and 1 meeting of Appeal committee to consider and review enforcement actions and sanctions imposed on members that violated applicable rules and regulations. Nine members were fined totaling of 724,900 baht due to non-compliance with trading report rules found from onsite inspection.

### 1.4 Promoting compliance competency

Compliance unit of member firms are important in providing advices to the management in conducting business in compliance with applicable rules and regulations. To enhance knowledge and understanding particularly on bond trading and dealing conduct, ThaiBMA organized a training course for compliance officers of members in 2011, covering regulations of related authorities that are

applicable to bond trading business such as Securities and Exchange Commission, The Bank of Thailand and Anti-money laundering office as well as ThaiBMA. The course was expected to be held regularly to support compliance officers to perform their tasks more effectively.

### **1.5 Improvement of Bond Trader Curriculum for Qualification Examination**

To uplift professionalism of bond traders in the market, ThaiBMA has formed the Committee Working Group on Bond Trader Curriculum in 2011 to review and improve the scope and content of qualification examination. This is to ensure that the qualification requirements are up to date and cover all sufficient knowledge on bond trading, ethics and standard of practices of the bond market. The new curriculum will be effective from July 2012 onward.

During the year 2011, ThaiBMA organized 4 trader examinations covering two main parts; 1) bond market knowledge and 2) regulations and ethics for bond traders. Bond traders are required to pass both parts of the examination to be qualified as ThaiBMA-registered traders.

In addition, to reinforce compliance with trading regulations and keep up with advances and changes in the bond market, ThaiBMA held a trader's Refresher Course "Regulatory Update & Advances in the Thai Bond Market" on 26 February 2011 to registered traders and market participants. Over 200 participants have attended the training course.



### **1.6 Implementation of One-Stop Reporting and Self-monitoring system for members**

Aimed to support members in complying with trading report rules, ThaiBMA has launched the "One-stop Service Reporting and Self-monitoring System--ORS" in June 2011. The ORS helps facilitate members in self-monitoring their reported transactions on a real-time basis to ensure accuracy and completeness of trading transactions submitted to ThaiBMA. Together with the launch of "ORS", a number of training courses on the use of ORS were provided throughout the year to ensure member practical understanding.

## **2. Bond Information Center**

### **2.1 Enhancing efficiency of short-term bond registration**

Increasing issuance of short-term commercial paper in 2011 has addressed the needs to streamline registration procedures in order to enhance efficiency and reduce paperwork in daily registration process. Therefore, ThaiBMA has developed and launched bond registration system called "Electronic Short-term Bond Registration (ESBR)" in October 2011. The system was designed to facilitate issuers of commercial paper to submit application for registration to ThaiBMA electronically through secured website, thereby reducing error in data entry and shortening time of registration. The issuers are also able to check status of bond registration on a real-time basis as well as historical registration information. At the end of 2011, there were 12 companies submit registration for short-term bonds via ESBR system.



## 2.2 Development and Dissemination of valued-added bond information

Further valued-added information relevant to the bond market was developed and disseminated through ThaiBMA’s website during 2011. They are as follows;

**Transition Probability Matrix:** Transition Probability Matrix (TPM) is the matrix that shows the probability of changing bond credit rating in all rating classes ranging from AAA to default. The TPM may be used in a number of different applications, for example, it is a key component in credit risk models, credit migration forecasts, risk management, and bond pricing estimation. The TPM data shown on ThaiBMA website is engineered by Professor Anya Khanthavit, Thammasat University, under the collaboration of Thammasat Business School, ThaiBMA and TRIS Rating. The probability distribution is derived by Bayesian method, using the Global Bond matrix provided by Standard & Poor’s and information for bond rating change in Thailand from TRIS rating.

**RP Reference Yield (with settlement T+2 and T+3):** In REPO markets, the value of bond collateral varies according to the settlement date of each transaction. In order to facilitate participants in an aspect of bond collateral valuation on different settlement dates, ThaiBMA has provided pricing information for REPO transactions that settle on a T+2, and a T+3 basis (business days) in addition to a T+1 basis, currently published on iBond website.

**Short-Term Government Index:** The Treasury bills (T-bills) outstanding has been recorded as zero since September 2011. Therefore, the T-bill index has shown no movement ever since, making it more

difficult for investors who use the index for benchmarking their investment portfolio. Therefore, ThaiBMA has developed the short-term government bond index to serve as a benchmark for short-term risk-free investment. The index is constructed from all option-free, short term government debt securities (e.g. T-bills and CBs). The base date of the index is 1st September 2006.

**Commercial paper (CP) Index:** ThaiBMA has published the commercial paper index on iBond and ThaiBMA websites for investors to use in benchmarking, comparing, measuring and analyzing the performance of short-term corporate bond investment. The index is constructed from short-term debt securities issued by private sectors, which have the issue-term of less than 270 days, and no embedded-option. The index is categorized into 3 sub-groups according to issuer’s credit rating (AA-up, A- up, BBB- up) to suite investors’ portfolio. The index was set at 100 on the base date of 1st September 2006.

## 3. Market Development

### 3.1 Thai Bond Market Development Plan

ThaiBMA organized round table meetings “Thai Bond Market Development Plan” with market participants in May 2011 to discuss and brainstorm issues concerning the Thai bond market development. The opinions shared in the meetings were valuable inputs for drafting “Thai Bond Market Development Plan” to be proposed to the Capital Market Development Board chaired by the Finance Minister. In addition, ThaiBMA has formed a working group with the Bank of Thailand, the Public Debt management office and the Securities and Exchange Commission to follow up closely on the progress of the plan.

### 3.2 Launching of “Thaibond.com” and “bondmart” screen

To promote knowledge and accessibility of retail investors in the bond market, ThaiBMA has launched the website designed for non-professional and retail investors, WWW.THAIBOND.COM in November 2011. The website offers new bond information, price data, investment articles, as well as market news and commentary. The highlighted features of the website is the screen called “BONDMART”, the information platform displaying real-time bids and offers of government and corporate bonds from active dealers. BONDMART enables retail investors to compare prices of

selected bonds from a number of dealers at the same time and then can contact such dealers directly by the given direct phone number. This provides investors with more convenience and help save time in searching for the best prices.

Moreover, ThaiBMA has employed the use of social media, facebook and twitter for dissemination of bond market information to the new generation.



Symbol	Rating	Yield (%)	Price	Volume	Change	Market Cap	Issuer
SCG1209	PP	4.00	108.45	295	108.56	3000.00	TRIS A+
SCG1208	PP	3.80	107.91	345	107.85	3000.00	FITCH AA-
SCG1206	PP	1.70	102.51	194	102.20	3000.00	TRIS AA-
SCG1204	PP	2.68	103.57	250	104.15	3000.00	TRIS AAA
THAI1204	PP	2.90	104.30	210	104.64	3000.00	TRIS BBB-
THAI1206	PP	4.00	101.12	345	101.27	3000.00	TRIS A+
THAI1208	PP	2.36	102.88	290	102.12	3000.00	TRIS BBB-
THAI1209	PP	4.05	98.00	380	98.25	3000.00	TRIS AAA
THAI1204	PP			520	102.28	3000.00	TRIS A
THAI1206	PP	6.25	100.15	575	101.07	3000.00	FITCH A

### 3.3 Seminar and Training

Based on a training program drawn up annually, ThaiBMA has provided a variety of training courses for members with an emphasis on further improving the quality of the personnel in the bond market as well as to reinforce compliance and help them keep up with the advances and development in the bond market. In 2011, several seminars and training sessions were organized as follows;

1. Member training. Various training classes for members were held at ThaiBMA training room on a monthly basis to enhance and update understanding on issues related to bond market practices.
  - Training on One-Stop Reporting System (ORS) to members.
  - Training on the use of iBond website to members and subscribers.
  - Training on Market Convention on Inflation

### Linked Bond

2. Seminar on “Professional Practices on Bond Issuance” on July 27, 2011 at Arnoma hotel. The seminar was targeted to existing and potential bond issuers as well as listed companies with the objective to provide them knowledge and understanding on bond issuance practices. The topics included Thailand economics after election, bond issuance regulation update, comparison of fund raising alternatives and viewpoints from panel discussion about the prospects of the bond market.

3. Seminar on “Bond Market for Securities Firms” on December 19, 2011 at the Stock Exchange of Thailand. This was aimed to promote participation of securities firms in the bond market. The topics included key success factors for securities firms in doing bond business and how to get start by using repo.

4. Best Bond Awards on March 29, 2011 at intercontinental Hotel. It was held for the ninth consecutive years with the objectives to promote standards and professionalism in the bond market. The selection of award winners was voted by stakeholders and the committee. There were a total of 10 awards, namely Best Bond House, Deal of the Year, Most Creative issue, Dealer of the Year, Best Market Contributor, Top Underwriter, Best Dealer Compliance, Best Bond Securities Firms and Best Investor Relation Issuer.



5. Financial training courses

*Value at Risk (VaR) & Cases in Mismanagement of Financial market risk*, June 16-17, 2011. The course aimed to provide knowledge of risk management and apply modern quantitative tools on market risk management for financial risk managers.

*Fixed Income Strategies and Portfolio management*, 4-5 August 2011. The course provided knowledge of



fixed-income securities management and modern quantitative tools to establish a return-enhancement culture with best practices and to have an effective use of risk-based strategies to enhance return on fixed income securities.

*Bond Investment Management*, 15-16 September 2011. The course was targeted at co-operatives and non-profit organizations to enhance skills and knowledge about bond investment and help them develop and implement asset management strategies to increase investment returns and lower credit risks.

### 3.4 Private Repo Development

During 2011, ThaiBMA in corporation with BOT and market participants has worked on the drafting of Thai version standard agreement on Private Repo to be an alternative for unsophisticated investors in addition to the Global Master Repurchase Agreement (GMRA). The creation of standard agreement in Thai language is aimed to simplify complication of documentation and is expected to expand investor base of repo market. In addition, explanations for use of Thai version and GMRA version are also provided to enhance understanding on the key concepts of agreement clauses. The new Thai version Private repo agreement is expected to be finalized by beginning of 2012.

### 3.5 Market convention setting

Thailand has experienced unexpected holidays from time to time. When this occurs, it's necessary for market participants to have common practices on settlement of transactions executed before the holiday announcement. ThaiBMA, therefore, held meetings with Market Practice Committee together with market hearings to find the standard that was most appropriate and practical for the market. This has led to the announcement of standard practice for outright transaction in case of unexpected holidays in June 2011.

### 3.6 Promoting corporate bond issuance by regular visits to potential issuers

To promote issuance of bonds as a low-cost funding alternative for corporate sector, in 2011 ThaiBMA visited 21 bond issuer companies to discuss and share views on bond market trends and updated rules of SEC and ThaiBMA relevant to issuance of corporate bonds. The visits were also aimed to provide advices on SEC filing and ThaiBMA registration procedures as well as benefits of bond

issuance to potential issuers that might be unfamiliar with operational procedures of the bond market. In 2011, new corporate bond issuance totaled 212 billion from 46 companies (excluding issuers of commercial paper). Out of these 46 companies, 9 companies issuing 21.762 billion worth of bonds were the newcomers to the bond market and part of them was a result from the visits. Issuers of corporate bond in 2011

Companies	Corporate bonds		Commercial Papers	
	Number of Companies	Issue Size (THB mln)	Number of Companies	Issue Size (THB mln)
SET Listed Companies	40	185,217.00	45	418,861.61
Non-SET listed Companies	6	26,782.60	15	522,300.13

THE THAI BOND MARKET ASSOCIATION

---

FINANCIAL STATEMENTS  
AS AT DECEMBER 31, 2011 AND 2010

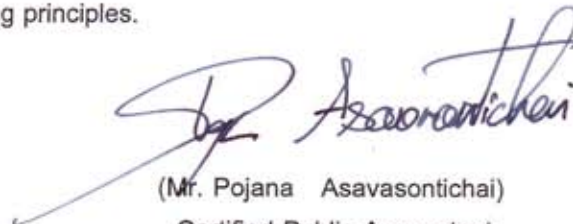
## REPORT OF THE AUDITOR

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, 2011, 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. The financial statement for the year ended December 31, 2010, of The Thai Bond Market Association which are present herewith for comparative purpose, were audited by another auditor in my firm whose report dated March 30, 2011, expressed an unqualified opinion on those financial statements.

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, 2011, 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.



(Mr. Pojana Asavasontichai)

Certified Public Accountant

Registration No. 4891

Dharmniti Auditing Company Limited  
Bangkok, Thailand  
March 13, 2012  
2012/132/0884

THE THAI BOND MARKET ASSOCIATION  
BALANCE SHEETS  
AS AT DECEMBER 31, 2011 AND 2010

	Note	Baht	
		2011	2010 (Restated)
<b>Current assets</b>			
Cash and cash equivalents	4	5,656,230.50	13,959,559.29
Current investments	5	35,697,559.68	5,091,162.24
Loans to cooperative	6	-	1,000,000.00
Prepaid expenses supported by the Ministry of Finance	14	550,771.45	1,374,671.47
Other current assets		4,412,134.78	1,613,095.36
<b>Total Current Assets</b>		<b>46,316,696.41</b>	<b>23,038,488.36</b>
<b>Non-current assets</b>			
Long-term investment	2.6, 7	15,014,970.57	15,044,648.00
Investment in Private Fund	2.7, 8	281,300,276.76	267,653,334.01
Equipment - net	2.8, 9	4,179,756.45	3,858,788.33
Equipment supported by the Ministry of			
Finance - net	2.8, 10	538,687.02	3,767,325.47
Intangible assets - net	2.9, 11	4,949,007.29	9,051,332.67
Intangible assets supported by the Ministry of			
Finance - net	2.9, 12	9,900,520.38	26,353,206.29
Other non-current assets		1,594,042.90	1,396,689.16
<b>Total Non-Current Assets</b>		<b>317,477,261.37</b>	<b>327,125,323.93</b>
<b>TOTAL ASSETS</b>		<b>363,793,957.78</b>	<b>350,163,812.29</b>

Notes to the financial statements form an integral part of these statements.

THE THAI BOND MARKET ASSOCIATION  
BALANCE SHEETS (Cont.)  
AS AT DECEMBER 31, 2011 AND 2010

LIABILITIES AND CAPITAL FUND

	Note	Baht	
		2011	2010 (Restated)
Current liabilities			
Other payable		2,541,712.22	2,597,937.49
Accrued expenses		565,540.75	1,104,338.28
Deferred income	2.5, 13	5,198,943.18	3,158,723.26
Deferred income of support fund from the Ministry of Finance	14	10,989,978.85	31,495,203.23
Demolition provisions		876,000.00	850,508.40
Other current liabilities		4,696,803.00	2,612,835.02
Total Current Liabilities		<u>24,868,978.00</u>	<u>41,819,545.68</u>
Non-current liabilities			
Deferred annual fee of registered debt securities	2.4, 2.5	44,169,507.23	42,461,331.05
Provisions for employee benefit	15	344,568.69	-
Total Non-Current Liabilities		<u>44,514,075.92</u>	<u>42,461,331.05</u>
TOTAL LIABILITIES		<u>69,383,053.92</u>	<u>84,280,876.73</u>
Capital fund			
Donated fund		185,529,785.29	185,529,785.29
Initial capital fund from members	2.3	26,960,000.00	21,710,000.00
Accumulated fund		81,921,118.57	58,643,150.27
TOTAL CAPITAL FUND		<u>294,410,903.86</u>	<u>265,882,935.56</u>
TOTAL LIABILITIES AND CAPITAL FUND		<u>363,793,957.78</u>	<u>350,163,812.29</u>

Notes to the financial statements form an integral part of these statements.

THE THAI BOND MARKET ASSOCIATION  
STATEMENTS OF INCOME AND EXPENDITURE  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Note	Baht	
		2011	2010 (Restated)
<b>INCOME</b>			
Membership annual fees	2.4	7,623,006.83	6,931,186.25
Admission fees for registered debt instruments	2.4	21,465,540.79	22,558,864.15
Annual fees for registered debt instruments	2.4	17,294,594.42	16,328,341.75
Service fees for data provision	2.4	33,594,680.11	21,614,132.56
Training fees and book support		2,277,320.56	2,263,953.74
Examination fees, training fees and registration fees for registered traders		1,973,781.42	1,716,905.29
Consultancy services		-	3,257,367.62
Support fund income from the Ministry of Finance	14	20,505,224.38	15,814,563.58
Earnings from investment in Private Fund	2.7, 8	8,646,942.75	15,100,344.26
Interest income		1,380,682.38	619,247.07
Other income		933,103.27	319,423.86
Total income		<u>115,694,876.91</u>	<u>106,524,330.13</u>
<b>EXPENDITURE</b>			
Data system expenses	14	5,025,430.90	5,431,165.79
Staff costs		44,671,777.64	43,977,775.39
Business development expenses		8,667,532.05	8,918,349.67
Consultancy project expenses		-	2,396,485.98
Administrative expenses		7,765,267.24	6,796,176.56
Depreciation		4,591,269.35	6,067,407.49
Amortization of computer software		20,897,419.39	11,379,020.69
Finance costs	19	25,491.60	24,790.80
Total expenditure		<u>91,644,188.17</u>	<u>84,991,172.37</u>
Income over (under) expenditure for the year		<u>24,050,688.74</u>	<u>21,533,157.76</u>

Notes to the financial statements form an integral part of these statements.

**THE THAI BOND MARKET ASSOCIATION**  
**STATEMENTS OF CHANGES IN CAPITAL FUND**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

		Baht			
		Donated fund	Initial capital fund from members	Accumulated Fund	Total
	Note				
Balance as at December 31, 2009		185,529,785.29	18,710,000.00	37,398,490.39	241,638,275.68
The effect of changes in					
Accounting policies	3	-	-	(288,497.88)	(288,497.88)
Balance after adjustment		185,529,785.29	18,710,000.00	37,109,992.51	241,349,777.80
Income over (under) expenditure					
for the year 2010		-	-	21,533,157.76	21,533,157.76
Initial capital fund from associate member		-	3,000,000.00	-	3,000,000.00
Balance as at December 31, 2010		185,529,785.29	21,710,000.00	58,643,150.27	265,882,935.56
The effect of changes in					
Accounting policies	3	-	-	(772,720.44)	(772,720.44)
Balance after adjustment		185,529,785.29	21,710,000.00	57,870,429.83	265,110,215.12
Income over (under) expenditure					
for the year 2011		-	-	24,050,688.74	24,050,688.74
Initial capital fund from ordinary member		-	5,250,000.00	-	5,250,000.00
Balance as at December 31, 2011		<u>185,529,785.29</u>	<u>26,960,000.00</u>	<u>81,921,118.57</u>	<u>294,410,903.86</u>

Notes to the financial statements form an integral part of these statements.

THE THAI BOND MARKET ASSOCIATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Baht	
	2011	2010 (Restated)
<u>Cash flows from operating activities :</u>		
Income over(under) expenditure for the year	24,050,688.74	21,533,157.76
Adjustment for :		
Depreciation	1,362,630.90	2,215,684.18
Amortization of computer software	4,444,733.48	420,523.16
Loss (gain) on sales of assets	-	(229,956.05)
Loss on write-off of assets	192.64	510.76
Expenses (income) for employee benefits	(428,151.75)	-
Earnings from investment in Private Fund	(8,646,942.75)	(15,100,344.26)
Interest income	(1,380,682.38)	(619,247.07)
Finance cost	25,491.60	24,790.80
Change in operating assets and liabilities		
Current assets	(2,495,721.99)	3,223,272.51
Other non-current assets	(197,353.74)	(10,800.00)
Other payable	(56,225.27)	2,224,699.27
Accrued expenses	(538,797.53)	388,013.02
Other current liabilities	2,083,967.98	89,108.26
Deferred income	2,040,219.92	(1,071,389.99)
Deferred annual fees of registered debt securities	1,708,176.18	4,157,814.91
Net cash provided by (used in) operating activities	<u>21,972,226.03</u>	<u>17,245,837.26</u>

Notes to the financial statements form an integral part of these statements.





**THE THAI BOND MARKET ASSOCIATION**  
**STATEMENTS OF CASH FLOWS (Cont.)**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	Baht	
	2011	2010 (Restated)
<u>Cash flows from investing activities :</u>		
(Increase)Decrease in current investments	(30,606,397.44)	35,791,754.82
(Increase)Decrease in loans to cooperative	1,000,000.00	1,000,000.00
(Increase)Decrease in long-term investment	29,677.43	(15,047,249.85)
Cash paid for additional investment in Private fund	(5,000,000.00)	(30,000,000.00)
(Increase)Decrease in investment in Private Fund	(8,646,942.75)	(15,100,344.26)
Earnings(loss) from investment in Private Fund	8,646,942.75	15,100,344.26
Sales of equipment	-	580,373.83
Purchases of equipment	(1,683,782.66)	(2,209,139.16)
Intangible assets	(342,417.10)	(2,347,963.74)
Interest received	1,077,364.95	461,750.24
Net cash provided by (used in) investing activities	<u>(35,525,554.82)</u>	<u>(11,770,473.86)</u>
<u>Cash flows from financing activities :</u>		
Initial capital fund from member	5,250,000.00	3,000,000.00
Net cash provided by (used in) financing activities	<u>5,250,000.00</u>	<u>3,000,000.00</u>
Increase (decrease) in cash and cash equivalents, net	(8,303,328.79)	8,475,363.40
Cash and cash equivalents, beginning balance	13,959,559.29	5,484,195.89
Cash and cash equivalents, ending balance	<u>5,656,230.50</u>	<u>13,959,559.29</u>

Notes to the financial statements form an integral part of these statements.



**THE THAI BOND MARKET ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**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 21<sup>st</sup> 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 (Cont.)**  
**DECEMBER 31, 2011 AND 2010**

(C) Data of membership

As at December 31, 2011 and 2010 membership of the Association consists of:

Ordinary Member	49	members and 51 members, respectively
Extraordinary Member	2	members and 2 members, respectively
Associate Member	2	members and 2 members, respectively

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. 20 : Accounting for Government Grant and Disclosure of Government Assistance.

In addition, the Association has applied some financial reporting standards for Publicly Accountable Entities in the preparation of the financial statements as follows:

TAS 7 (revised 2009) Statement of Cash Flows

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The financial statements in Thai language are the official statutory financial statements of the Association. The financial statements in English language have been translated from such financial statements in Thai language.

2.2 New financial reporting standards promulgated during the year

During the year 2011, the Federation of Accounting Professions has issued the FAP Announcement No.20/2011 dated April 12, 2011 to mandate the use of the financial reporting standards for Non-Publicly Accountable Entities (referred to as NPAEs). These financial reporting standards are to be applied to the financial statements for the reporting period beginning on or after January 1, 2011 onwards.

THE THAI BOND MARKET ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS (Cont.)  
DECEMBER 31, 2011 AND 2010

These standards set the objectives, scope, and framework for the preparation and presentation of the financial statements, including the items specified in the standards for performing accounting practice and preparing the financial statements for Non-Publicly Accountable Entities (NPAEs) on the following captions.

Presentation of financial statements  
Changes in accounting policies, changes in accounting estimates and error corrections  
Cash and cash equivalents  
Accounts receivable  
Inventories  
Investments  
Property, plant and equipment  
Intangible assets  
Investment property  
Borrowing costs  
Leases  
Income taxes  
Provisions and contingent liabilities  
Events after the reporting period  
Revenues  
Recognition of revenue from the sale of real estate  
Construction contracts  
The effects of changes in foreign exchange rates

In addition, the Federation of Accounting Professions has issued the FAP Announcement No. 29/2554 dated June 17, 2011 re: "Description of the requirements under the financial reporting standards for Non-Publicly Accountable Entities" to create correct understanding in complying with the requirements of those standards. The requirements are to be applied to the financial statements for the reporting period beginning on or after January 1, 2011 onwards.

THE THAI BOND MARKET ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS (Cont.)  
DECEMBER 31, 2011 AND 2010

The Association is classified as a non-publicly accountable entity in accordance with the FAP Announcement No. 20/2554 mentioned above and the Association has complied with the financial reporting standards for Non-Publicly Accountable Entities in the preparation of its financial statements for the year beginning on January 1, 2011 onwards. Have the effects of changes in the Association's accounting policies as disclosed in Note 3. These changes of accountings policies mostly affect to the presentation of financial statements in new format and prospective adjustment, except for the accounting standards of Employee Benefits which the Association has adopted by adjusting to the beginning accumulated fund in full amount.

2.3 Recognition of initial capital fund

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

2.4 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.

Revenue from data provision is recognized based on the service period.

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.

THE THAI BOND MARKET ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS (Cont.)  
DECEMBER 31, 2011 AND 2010

2.5 Deferred income

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

2.6 Investment

Investment in debt securities and expected to be held to maturity, are accounted at amortized cost by the effective rate method.

The Association calculated cost of the securities by the weighted average cost method.

2.7 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.

THE THAI BOND MARKET ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS (Cont.)  
DECEMBER 31, 2011 AND 2010

2.8 Equipment/Depreciation

Equipment are stated at cost accumulated depreciation and allowance on decline in value (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company (if any).

Depreciation of equipment is calculated by cost less residual value on the straight-line basis over the following estimated useful lives:

Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	5 years

The Association has reviewed the residual value and useful life of the assets regularly.

The depreciation for each asset component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.


Depreciation is included in determining income.

No depreciation is provided equipment under installation.

Equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of income and expenditure.

2.9 Intangible assets

Intangible assets are stated at cost less accumulated amortization and allowance on decline in value (if any). Intangible assets are amortized in the statement of income and expenditure on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are 5 years.





**THE THAI BOND MARKET ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**  
**DECEMBER 31, 2011 AND 2010**

2.10 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.

2.11 Employee benefits

Short-term employment benefits

The Association recognizes salary, wage, bonus and contributions to social security fund and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

The Association and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Association. The fund's assets are held in a separate trust fund and the Association's contributions are recognized as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Association has obligations in respect of the severance payments that it must pay to the employees upon retirement under the labor law and policy of the Association and other employee benefit plans (if any). The Association treats these severance payment obligations as a defined benefit plan and calculates post-employment benefits for employees who work for the Association until retirement.

The Association has opted to record immediately the entire amount of this liability as an adjustment accumulated fund as at January 1, 2011.

2.12 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.



THE THAI BOND MARKET ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS (Cont.)  
DECEMBER 31, 2011 AND 2010

2.13 Cash and cash equivalents

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

3. EFFECT OF CHANGES IN ACCOUNTING POLICIES DUE TO ADOPTION OF NEW ACCOUNTING STANDARDS

From January 1, 2011, consequent to the adoption of new and revised TFRS, the Association has affected to the financial statements as follows:

Adjustment of financial statements

Statement of financial position as at December 31, 2010

	Baht
Accumulated fund as at December 31, 2009 - as reported	37,398,490.39
Demolition provisions (retroactive)	<u>(288,497.88)</u>
Accumulated fund as at December 31, 2009 (after adjustment)	37,109,992.51
Income over (under) expenditure for the year 2010 – as reported	21,625,055.06
Demolition provision (retroactive)	
Increase depreciation	(67,106.50)
Increase finance costs	<u>(24,790.80)</u>
Income over (under) expenditure for the year 2010 – (after adjustment)	21,533,157.76
Provision for employee benefit (prospective)	<u>(772,720.44)</u>
Accumulated fund as at December 31, 2010	<u><u>57,870,429.83</u></u>

3.1 Employee benefit obligation

Statement of income and expenditure for the year ended December 31, 2011

	Baht
Decrease in employee expenses resulting in:	
Decrease in employee benefit	<u>(482,151.75)</u>
Expenditure (income) in employee benefit	<u><u>(482,151.75)</u></u>

THE THAI BOND MARKET ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS (Cont.)  
DECEMBER 31, 2011 AND 2010

3.2 Equipment

Impact of the adoption of new accounting policies that are applied prospective and retrospective approach to the financial statements

The Association has prospectively and retrospectively applied as Financial Reporting Standards about Equipment in respect estimate of the residual value and the demolition provisions, respectively. The effects of the changes on the statements of financial position as at December 31, 2010 and the statements of income and expenditure for the year ended December 31, 2010.

Estimate of the residual value by prospective recognition

The statement of income for the year ended December 31, 2011

	Baht
Decrease in depreciation	138,612.55

The demolition provisions by the retrospective approach

The statements of financial position as at December 31, 2010

	Baht
Increase in equipment, net	470,113.22
Increase in demolition provisions for equipment	850,508.40

The statements of income and expenditure for the year ended December 31, 2010

	Baht
Increase in depreciation	67,106.50
Increase in financial costs	24,790.80
Decrease in net profit	91,897.30

THE THAI BOND MARKET ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS (Cont.)  
DECEMBER 31, 2011 AND 2010

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of :

	Baht	
	2011	2010
Cash on hand	104,900.00	30,000.00
Cash at banks - Savings accounts	5,550,330.50	13,928,559.29
Cash at banks - Current accounts	1,000.00	1,000.00
Total	<u>5,656,230.50</u>	<u>13,959,559.29</u>

5. CURRENT INVESTMENTS

	Interest rate (%)		Baht	
	2011	2010	2011	2010
Fixed deposits at banks (3 - 6 months)	2.00 – 7.00	0.85 - 2.00	16,100,000.00	5,091,162.24
Mutual fund	2.50 – 2.70	-	8,666,651.76	-
Bank of Thailand bond	3.10 – 3.11	-	10,930,907.92	-
Total			<u>35,697,559.68</u>	<u>5,091,162.24</u>

6. LOANS TO COOPERATIVE

As at December 31, 2010, the Association has loan to the ThaiBMA Saving Cooperative, Limited amount of Baht 1.0 million with the condition to repay of principal within June 29, 2011 and interest rate of 1.15%p.a.

7. LONG-TERM INVESTMENT

	Interest rate (%)		Baht	
	2011	2010	2011	2010
Bank of Thailand Bond	2.475	2.475	15,014,970.57	15,044,648.00
(Maturity date on July 16, 2012)			<u>15,014,970.57</u>	<u>15,044,648.00</u>

**THE THAI BOND MARKET ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**  
**DECEMBER 31, 2011 AND 2010**

**8. INVESTMENT IN PRIVATE FUND**

	Baht	
	2011	2010
Investment in private fund - beginning balance	192,000,000.00	162,000,000.00
<u>Add</u> Investment during the year	5,000,000.00	30,000,000.00
	<u>197,000,000.00</u>	<u>192,000,000.00</u>
Accumulated earnings on investment - beginning balance	75,653,334.01	60,552,989.75
<u>Add</u> Earnings from investment for the year	8,646,942.75	15,100,344.26
	<u>84,300,276.76</u>	<u>75,653,334.01</u>
Total investment in private fund	<u>281,300,276.76</u>	<u>267,653,334.01</u>

In the year 2010, investment in private fund was managed by TISCO Asset Management Co., Ltd. and Thanachart Fund Management Co., Ltd.

As at December 31, 2011 investment in private fund separated by fund manager consisted of :

	2011			
	Tisco	KASSET	Thanachart	Total
Investment (at fair value)				
(Tisco : at cost of Baht 133,049,012.75)				
(KASSET : at cost of Baht 138,673,464.40)				
Deposits at financial institutions	7,493,580.54	14,035,809.44	-	21,529,389.98
Promissory notes	5,000,000.00	10,000,000.00	-	15,000,000.00
Bills of exchange	17,000,000.00	10,000,000.00	-	27,000,000.00
Equity securities	20,606,513.00	8,556,027.00	-	29,162,540.00
Bonds	5,995,737.08	50,290,112.71	-	56,285,849.79
Debentures	79,294,271.11	46,764,457.26	-	126,058,728.37
	<u>135,390,101.73</u>	<u>139,646,406.41</u>	<u>-</u>	<u>275,036,508.14</u>
<u>Add</u> Accrued interest income	835,334.95	1,274,590.79	-	2,109,925.74
Accounts receivable- sales of investments and other	5,529,715.81	-	-	5,529,715.81
<u>Less</u> Accrued expenses	(1,220,731.16)	(155,141.77)	-	(1,375,872.93)
Net assets	<u>140,534,421.33</u>	<u>140,765,855.43</u>	<u>-</u>	<u>281,300,276.76</u>
Net assets:				
Fund brought forward include accumulated earnings/transfer	136,782,266.44	130,252,158.30	130,871,067.57	397,905,492.31
Contribution in the year	-	5,000,000.00	-	5,000,000.00
Earnings from investment for the year	3,752,154.89	5,513,697.13	(618,909.27)	8,646,942.75
Transfer from Thanachart to K-ASSET	-	-	(130,252,158.30)	(130,252,158.30)
Total	<u>140,534,421.33</u>	<u>140,765,855.43</u>	<u>-</u>	<u>281,300,276.76</u>

THE THAI BOND MARKET ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS (Cont.)

DECEMBER 31, 2011 AND 2010

	2011			
	Tisco	KASSET	Thanachart	Total
Earnings from investment for the year:				
Income from investment net after expense	4,563,575.50	3,842,110.40	333,010.44	8,738,696.34
Gain(loss) on sales of investment	1,787,614.80	698,644.72	458,100.34	2,944,359.86
Unrealized gain(loss) on securities valuation	(2,599,035.41)	972,942.01	(1,410,020.05)	(3,036,113.45)
Total	3,752,154.89	5,513,697.13	(618,909.27)	8,646,942.75

In the year 2011, the Association had transferred the investment in private fund that was managed by Thanachart Fund Management Co., Ltd. to Kasikorn Asset Management Co., Ltd. The transfer was completed on March 1, 2011. As at December 31, 2011, the investment was managed by TISCO Asset Management Co., Ltd. and Kasikorn Asset Management Co., Ltd.

As at December 31, 2010 investment in private fund separated by fund manager consisted of :

	2010		
	Tisco	Thanachart	Total
Investment (at fair value)			
(Tisco : at cost of Baht 142,869,861.78)			
(Thanachart : at cost of Baht 126,201,878.96)			
Deposits at financial institutions	1,317,209.24	824,869.60	2,142,078.84
Treasury Bill	10,993,629.24	-	10,993,629.24
Equity securities	19,757,834.00	18,905,595.00	38,663,429.00
Bonds	62,898,522.86	71,478,221.53	134,377,744.41
Debentures	54,159,000.05	39,304,679.61	93,463,679.66
	149,127,195.41	130,513,365.74	279,640,561.15
<u>Add</u> Accrued interest income	794,593.88	386,902.30	1,181,496.18
Receivables from sale of securities	207,455.09	-	207,455.09
<u>Less</u> Accrued expenses	(355,676.76)	(29,200.47)	(384,877.23)
Payables to purchase of securities	(12,991,301.18)	-	(12,991,301.18)
Net assets	136,782,266.44	130,871,067.57	267,653,334.01
Net assets:			
Fund brought forward include accumulated earnings	114,272,718.88	108,280,270.87	222,552,989.75
Increase in investments	15,000,000.00	15,000,000.00	30,000,000.00
Earnings(loss) from investment for the year	7,509,547.56	7,590,796.70	15,100,344.26
Total	136,782,266.44	130,871,067.57	267,653,334.01
Earnings(loss) from investment for the year:			
Income from investment net after expenses	3,180,000.82	2,473,113.77	5,653,114.59
Gain(loss) on sales of investment	1,007,144.51	2,281,485.59	3,288,630.10
Unrealized gain(loss) on securities valuation	3,322,402.23	2,836,197.34	6,158,599.57
Total	7,509,547.56	7,590,796.70	15,100,344.26

THE THAI BOND MARKET ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS (Cont.)  
DECEMBER 31, 2011 AND 2010

9. EQUIPMENT - NET

	Baht					Balance per book as at Dec. 31, 2011
	Balance per book as at Dec. 31, 2010	Effect of Changes in Accounting policies	Balance per book as at Dec. 31, 2010 (Restated)	Addition	Deduction	
<i>At cost</i>						
Office equipment	3,511,038.40	-	3,511,038.40	136,137.77	54,074.04	3,593,102.13
Furniture and fixtures	4,297,646.07	755,637.60	5,053,283.67	-	8,226.64	5,045,057.03
Computer equipment	6,842,003.82	-	6,842,003.82	1,547,644.89	691,243.00	7,698,405.71
Vehicles	1,530,900.00	-	1,530,900.00	-	-	1,530,900.00
<b>Total</b>	<b>16,181,588.29</b>	<b>755,637.60</b>	<b>16,937,225.89</b>	<b>1,683,782.66</b>	<b>753,543.68</b>	<b>17,867,464.87</b>
<i>Less Accumulated depreciation</i>						
Office equipment	2,978,180.15	-	2,978,180.15	337,589.81	53,909.40	3,261,860.56
Furniture and fixtures	3,824,973.58	285,524.38	4,110,497.96	495,782.32	8,226.64	4,598,053.64
Computer equipment	5,825,044.56	-	5,825,044.56	361,691.07	691,224.00	5,495,511.63
Vehicles	164,714.89	-	164,714.89	167,567.70	-	332,282.59
<b>Total</b>	<b>12,792,913.18</b>	<b>285,524.38</b>	<b>13,078,437.56</b>	<b>1,362,630.90</b>	<b>753,360.04</b>	<b>13,687,708.42</b>
<b>Equipment - net</b>	<b>3,388,675.11</b>	<b>470,113.22</b>	<b>3,858,788.33</b>			<b>4,179,756.45</b>

	Baht					Balance per book as at Dec. 31, 2010 (Restated)
	Balance per book as at Dec. 31, 2009	Effect of Changes in Accounting policies	Balance per book as at Dec. 31, 2009 (Restated)	Addition	Deduction	
<i>At cost</i>						
Office equipment	3,422,557.65	-	3,422,557.65	90,160.75	1,680.00	3,511,038.40
Furniture and fixtures	4,297,646.07	755,637.60	5,053,283.67	-	-	5,053,283.67
Computer equipment	12,420,430.78	-	12,420,430.78	588,078.41	6,166,505.37	6,842,003.82
Vehicles	1,687,388.00	-	1,687,388.00	1,530,900.00	1,687,388.00	1,530,900.00
<b>Total</b>	<b>21,828,022.50</b>	<b>755,637.60</b>	<b>22,583,660.10</b>	<b>2,209,139.16</b>	<b>7,855,573.37</b>	<b>16,937,225.89</b>
<i>Less Accumulated depreciation</i>						
Office equipment	2,414,246.08	-	2,414,246.08	565,150.31	1,216.24	2,978,180.15
Furniture and fixtures	3,029,569.01	218,417.88	3,247,986.89	862,511.07	-	4,110,497.96
Computer equipment	11,489,325.62	-	11,489,325.62	502,185.31	6,166,466.37	5,825,044.56
Vehicles	1,215,847.62	-	1,215,847.62	285,837.49	1,336,970.22	164,714.89
<b>Total</b>	<b>18,148,988.33</b>	<b>218,417.88</b>	<b>18,367,406.21</b>	<b>2,215,684.18</b>	<b>7,504,652.83</b>	<b>13,078,437.56</b>
<b>Equipment - net</b>	<b>3,679,034.17</b>	<b>537,219.72</b>	<b>4,216,253.89</b>			<b>3,858,788.33</b>
Depreciation 2011						1,362,630.90
Depreciation 2010						2,215,684.18



**THE THAI BOND MARKET ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**  
**DECEMBER 31, 2011 AND 2010**

As at December 31, 2011 and 2010, equipment supported by the ministry of finance of the Association were fully depreciated but still in use, amounting to a total cost of Baht 10.5 million and Baht 0.9 million, respectively.

**11. INTANGIBLE ASSETS - NET**

	Baht				
	Balance per book as at Dec. 31, 2010	Addition	Deduction	Transfer in (Transfer out)	Balance per book as at Dec. 31, 2011
	<u>At cost</u>				
Computer software	13,698,317.13	342,417.10	538,400.00	37,500.00	13,539,834.23
Computer software - in progress	37,500.00	-	-	(37,500.00)	-
Total	<u>13,735,817.13</u>	<u>342,417.10</u>	<u>538,400.00</u>	<u>-</u>	<u>13,539,834.23</u>
<u>Less Accumulated amortization</u>					
Computer software	4,684,484.46	4,444,733.48	538,391.00	-	8,590,826.94
Computer software - net	<u>9,051,332.67</u>				<u>4,949,007.29</u>

	Baht				
	Balance per book as at Dec. 31, 2009	Addition	Deduction	Transfer in (Transfer out)	Balance per book as at Dec. 31, 2010
	<u>At cost</u>				
Computer software	5,905,290.77	245,160.00	526,900.00	8,074,766.36	13,698,317.13
Computer software - in progress	6,009,462.62	2,102,803.74	-	(8,074,766.36)	37,500.00
Total	<u>11,914,753.39</u>	<u>2,347,963.74</u>	<u>526,900.00</u>	<u>-</u>	<u>13,735,817.13</u>
<u>Less Accumulated amortization</u>					
Computer software	4,790,853.30	420,523.16	526,892.00	-	4,684,484.46
Computer software - net	<u>7,123,900.09</u>				<u>9,051,332.67</u>
Software amortization 2011					<u>4,444,733.48</u>
Software amortization 2010					<u>420,523.16</u>

As at December 31, 2011 and 2010, intangible assets of the Association were fully amortization but still in use, amounting to a total cost of Baht 14.9 million and Baht 3.7 million, respectively.



THE THAI BOND MARKET ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS (Cont.)  
DECEMBER 31, 2011 AND 2010

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

	Baht				Balance per book as at Dec. 31, 2011
	Balance per book as at Dec. 31, 2010	Addition	Deduction	Transfer in (Transfer out)	
<u>At cost</u>					
Computer software	64,606,536.96	-	-	-	64,606,536.96
Total	64,606,536.96	-	-	-	64,606,536.96
<u>Less Accumulated amortization</u>					
Computer software	38,253,330.67	16,452,685.91	-	-	54,706,016.58
Computer software - net	<u>26,353,206.29</u>				<u>9,900,520.38</u>

	Baht				Balance per book as at Dec. 31, 2010
	Balance per book as at Dec. 31, 2009	Addition	Deduction	Transfer in (Transfer out)	
<u>At cost</u>					
Computer software	54,606,536.96	-	-	10,000,000.00	64,606,536.96
Computer software - in progress	10,000,000.00	-	-	(10,000,000.00)	-
Total	64,606,536.96	-	-	-	64,606,536.96
<u>Less Accumulated amortization</u>					
Computer software	27,294,833.14	10,958,497.53	-	-	38,253,330.67
Computer software - net	<u>37,311,703.82</u>				<u>26,353,206.29</u>
Software amortization 2011					<u>16,452,685.91</u>
Software amortization 2010					<u>10,958,497.53</u>

As at December 31, 2011 and 2010, intangible assets supported by the ministry of finance of the Association were fully amortization but still in use, amounting to a total cost of Baht 10.3 million and Baht 2.00 million, respectively.



**THE THAI BOND MARKET ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**  
**DECEMBER 31, 2011 AND 2010**

13. DEFERRED INCOME

Deferred income consisted of :

	Baht	
	2011	2010
Membership fees of data system - iBond	2,964,000.00	1,440,500.01
Membership fees of data system - iRisk	957,500.03	1,634,166.66
Other	1,277,443.15	84,056.59
Total	5,198,943.18	3,158,723.26

14. 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).

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, so that total support fund from the Ministry of Finance was Baht 164,688,271.07.

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.



THE THAI BOND MARKET ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS (Cont.)  
DECEMBER 31, 2011 AND 2010

Support fund income from the Ministry of Finance for the year 2011 and 2010 of Baht 20,505,224.38 and Baht 15,814,563.58, respectively, shown as income is equal to expenditure for the year 2011 and 2010 and consisted of:

	Baht	
	2011	2010
Support fund used for expenditure and classified by type of expenditure:		
Data system expenses	823,900.02	1,004,342.74
Depreciation	3,228,638.45	3,851,723.31
Amortization of computer software	16,452,685.91	10,958,497.53
Total expenditure of the project for the year	<u>20,505,224.38</u>	<u>15,814,563.58</u>

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.

15. Employee benefit obligations

The details of employee benefit obligations for the year ended December 31, 2011 are shown as follows:

	Baht
Employee benefit obligations as at January 1, 2011	772,720.44
Current service costs (Decrease)	<u>(428,151.75)</u>
Employee benefit obligations as at December 31, 2011	<u>344,568.69</u>

The Income recognized in the statement of income and expenditure for the year ended December 31, 2011 amounted to Baht 428,151.75



**THE THAI BOND MARKET ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**  
**DECEMBER 31, 2011 AND 2010**

16. COMMITMENTS OF LONG-TERM LEASE AGREEMENT

As at December 31, 2011 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, 2009 to February 28, 2012 with commitment to pay yearly rental charges and common utility charge of Baht 2.5 million per annum.

As at December 31, 2011 the Association has commitment under the agreements for the rental fee as follows:-

	Million Baht
Payable within:	
1 year	0.42
More than 1 year to 5 years	-

17. AGREEMENTS OF PRIVATE FUND MANAGEMENT

17.1 TISCO Asset Management Co., Ltd. is appointed the fund manager under the agreement made on March 7, 2006. Later, on March 1, 2011, the Association had entered into a new private fund management contract. Both agreements have a term of 1 year and 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.

17.2 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. The asset balance of the private fund had been transferred as of February 28, 2011 to Kasikorn Asset Management Co., Ltd.

17.3 Kasikorn Asset Management Co., Ltd. is appointed the fund manager under the agreement made on February 22, 2011. The agreement is effective from the date of the contract and ending on December 31, 2011 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.



**THE THAI BOND MARKET ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont.)**  
**DECEMBER 31, 2011 AND 2010**

**18. 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 2011, Baht 2.4 million has been contributed to the fund by the Association. (year 2010, Baht 2.4 million)

**19. RECLASSIFICATION IN THE STATEMENTS OF CASH FLOWS**

Certain amounts in the statements of cash flows for the year ended December 31, 2010 have been reclassified to conform to the changes in accounting policies as described in Note 3.2. The reclassifications are as follows :

<u>Accounts</u>	Baht	
	Reclassification to	Former classification
Depreciation	2,215,684.18	2,148,577.68
Finance costs	24,790.80	-

**20. APPROVAL OF FINANCIAL STATEMENTS**

These financial statements have been approved by the Board of Directors on March 13, 2012.