



# THE SET Newsletter



**M**ajor players in the Thai capital industry aim to move towards being an integrated high-profile regional market in the next three years. This vision is underpinned by a number of strategic initiatives to be undertaken by The Stock Exchange of Thailand, Market for Alternative Investment, Bond Electronic Exchange, and Thailand Futures Exchange PCL. Please turn to page 6 for more details...

*Continued on page 6*



# Accounting for Employee Benefits<sup>1</sup>

By Angkarat Priebjivat, Ph.D.<sup>2</sup>

This article elaborates what International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) requirements in regard to employee benefits, Thai companies' current practices in this area, anticipated problems and suggestions on beginning the implementation of these standards.

## Background

In May 2006, as Chairperson of the Thai Accounting Standard Setting Committee (TASSC), I was invited to discuss Thai accounting standards and practices for employee benefits at the 2006 IASB-Regional Standard-Setters Meeting together with representatives from Indonesia and the Philippines. This article is derived from that event.

Although Thailand had no accounting standards for employee benefits, TASSC was in the process of issuing a standard consistent with IAS 19 and investigating implementation and possible amendments. I had previously discussed with several auditors and accountants practical issues that could arise if Thailand issued such accounting standards. I initially thought that if other ASEAN countries encountered similar problems in complying with IAS 19, accounting standards for employee benefits would not be established. Contrary to my expectations, other countries had developed standards which met international criteria.

The approach of most ASEAN countries was to meet IAS requirements first, and later deal any problems. Thailand, on the contrary, examined possible regulatory and implementation problems before specifying standards.

Thus, Thai accounting standard requirements might be easier to implement, through being more flexible, than those of IAS.

At their present pace, The Federation of Accounting Professions will have brought Thai accounting standards to comply with IAS and IFRS by 2007. Their report, *Accounting for Employee Benefits*, will comply with *IAS 19: Employee Benefits*, and *Accounting for Share-based Payments*, dealing with employee benefits in the form of shares or options, will comply with *IFRS2: Share-based Payments*.

If we turn to the key provisions in the area, we see some matters requiring examination:

## Current Situation Employee Benefits

IAS 19 covers four categories of employee benefits:

- Short-term employee benefits (if payable within 12 months of the end of the accounting period), including monetary benefits (such as salaries and bonuses) and non-monetary compensation, such as medical care, housing and motor vehicles.
- Post-employment benefits, e.g., pensions and post-employment medical care.
- Other long-term employee benefits (if they are payable 12 months or more after the end of the accounting period), e.g., 10-year or silver jubilee period payments and long-service leave.
- Termination benefits.

1 This article is based on a presentation at "The International Seminar on Accounting, IFRS Implementation: Experience from Around the World", May 31 2006, Jakarta, Indonesia, at 2006 IASB-Regional Standard-Setters Meeting.  
2 Associate professor of School of Business Administration, National Institute of Development Administration (NIDA). Opinions expressed herein are the sole responsibility of the author, and may not represent those of other bodies.

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### Short-term Employee Benefits

Under IAS 19, the recognition of short-term employee benefits applies on an accrual basis — the usual practice in Thailand. The benefit expense equals the cash payment and no specific disclosure is required. Consequently, Thai companies comply with the short-term benefits requirements under IAS 19.

### Post-employment Benefits

Under IAS 19, post-employment benefit plans are classified as either a defined contribution or a defined benefit plan.

### Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company promises to pay fixed contributions to a separate entity (a fund) in each period and has no legal or other obligation to pay further contributions should the fund not be able to pay all benefits relating to employee's service in the current and prior periods. Accounting practice for this plan is straightforward: the benefit expense equals the cash contribution payable by the company in each accounting period. No liability or asset is recognized on the balance sheet. The company is required to disclose the amount recognized as an expense in the period. Currently Thai companies comply with IAS 19 in this area.

### Defined Benefit Plan


A defined benefit plan is the post-employment benefit plan under which the company promises to pay employees a specified amount. Payout might take place as a single payment (e.g., as from a provident fund), in installments (e.g., as from a pension fund), or when a pre-determined event occurred (e.g., medical welfare). Generally, this type of post-retirement benefit involves funding obligations for the employer. IAS requires companies to apply actuarial valuations using the projected unit credit method in determining the service cost and defined benefit obligation. Defined benefit plans may be wholly or partly funded by company, and sometimes employee, contributions, into an entity or fund which pays the employee benefits, and is legally separate from the company. Regardless of the yield on investment, the company is liable to pay employees' benefits as determined in the plan or make good any shortfall in the fund's assets. The service cost and the defined benefit obligation make up the benefit expense (or income) and the net liability (or asset) of the company. IAS 19 also requires extensive disclosure of defined benefit plans.

In applying the actuarial valuation method to estimate cost of services rendered by employees and

liabilities of employee benefits, several financial and demographic assumptions are required. Financial assumptions include the discount rate, expected yield rate of the retirement fund, incremental amount of salary and ascending benefits. Demographic assumptions include probability of death, departure, disability before retirement, retirement age and period for which benefits are to be paid.

Before the Government Pension Fund Act of 1996 and the amendment of the Social Security Act 1998, government, state enterprise and some large private company employees and officials received annuity or lump sum retirement benefits in proportion to their years of service and age at services termination. In most cases, employees also received post-retirement medical care. These Acts changed the original pension scheme in Thailand from defined benefit to defined contribution. According to information obtained from some auditors and accountants, currently there should be no company listed on SET that provides defined benefit plans which include post-retirement benefits. However, there may be a few entities that provide defined benefit plans or have obligations to employees who were in service prior to the enactment of law and chose not to switch to the provident fund.

There is varying treatment by Thai companies of post-employment defined benefit plans under IAS 19. The expense is normally recognized when post-employment benefits are paid. There are some companies that recognize liabilities under defined benefit plans, however, only a few use actuarial valuation methods in estimating these liabilities.

Requiring companies to apply actuarial valuation is not easy. The actuarial concept is not well-understood outside of the insurance industry. Some large Thai firms which are investigating the possibility of doing actuarial valuations found the method and assumptions unfamiliar and requiring several years of statistical data. Appointment of an actuary brought other problems, such as the high cost of hiring one (some companies declared that this was much more expensive than an audit fee), a shortage of licensed actuarial experts in Thailand, and that the identification of key assumptions remained the company's responsibility. Another important issue is that the first-time recognition of employee benefits may significantly affect the company's financial statements, especially past service costs. 

*(To be continued in the next issue.)*

## Thai listed firms record THB 370 billion profit in 9M/2006

Listed companies on The Stock Exchange of Thailand (SET) posted profits of THB 371 billion (approx. USD 9.84 billion) for the period ending September 30, 2006, a year-on-year (y-o-y) increase of THB 3.49 billion. Ninety-six percent, or 499 of the 521 listings (including eight property funds) on SET and Market for Alternative Investment (mai), submitted their financial statements for 9M/2006.

Of the 483 SET-listed companies, 461 submitted their 9M/2006 financial statements, and 377 were profitable. These posted a total of THB 369.67 billion profit, an increase of 1% or THB 3.29 billion over last year's THB 366.38 billion, although their costs were affected by this year's rising oil prices and interest rates. Total sales from these 461 firms were THB 4.0 trillion (approx. USD 106.13 billion), up 21% y-o-y.

The three most profitable industry groups were Resources, Financials, and Property & Construction with THB 151.53 billion, THB 76.30 billion, and THB 44.29 billion profit, respectively.

The five most profitable companies were, in descending order, PTT PCL (PTT) with THB 79.70 billion profit, Siam Cement PCL (SCC) with THB 24.78 billion, PTT Exploration and Production PCL (PTTEP) with THB 21.93 billion, Thai Oil PCL (TOP) with THB 14.75 billion, and Bangkok Bank PCL (BBL) with THB 13.81 billion.

The top three industry groups recording highest growth were Industrials, Resources, and Consumer Products:

**1. Industrials Industry Group** (composed of 69 firms in petrochemicals & chemicals, industrial materials & machinery, packaging, paper & printing materials, and automotive sectors)

These firms posted a combined net profit of THB 30.11 billion, a 42% rise y-o-y, due to gains from exchange rates, higher product turnover and increased spreads between raw material costs and sales prices.

**2. Resources Industry Group** (composed of 20 firms in energy and utilities and mining sectors)

This group's combined net profit was THB 151.53 billion, a y-o-y increase of 11%. Their sales expanded 29% as they gained from higher oil, natural gas and petrochemical product prices.

**3. Consumer Products Industry Group** (composed of 41 firms in home & office products, fashion, and personal products and pharmaceuticals sectors)

This group posted net profits of THB 4.39 billion, up 9% y-o-y, due to higher gross profit margin and exchange rate gains.

Operational results from firms in eight industry groups showed improved sales except for the

Transportation & Logistics and Professional Services sectors. 444 firms in all eight industry groups, excluding 17 non-compliance (NC) and non-performing group (NPG) companies, posted a total net profit of THB 362.07 billion, or 98% of the total net profit of all listed firms.

Seventeen of the 29 companies that may have been subject to delisting (posted with an "NC" or "non-compliance" sign), or that were in the "non-performing group" ("NPG"), submitted financial statements.

Six out of the 11 NC companies being traded in their normal sectors posted a combined net profit of THB 6.27 billion. They enjoyed quadruple gains from debt restructuring.

Eleven NPG firms submitted financial results, and recorded net profits of THB 1.33 billion, a tremendous surge from THB 3 million profit last year, as gross profit margins and gains from debt restructuring increased whilst interest expenses declined.

The following is a summary of the status of NC and NPG companies' debt restructuring from January 1 - November 15, 2006.

Currently there are 12 companies that are no longer subject to delisting and are trading in their regular sectors:

- Eastern Printing PCL (EPCO)
- Everland PCL (EVER)
- Inter Far East Engineering PCL (IFEC)
- IRPC PCL (IRPC)
- PAE (Thailand) PCL (PAE)
- Premier Enterprise PCL (PE)
- Premier Engineering & Technology PCL (PE&T)
- Preecha Group PCL (PRECHA)
- Siam Agro-Industry Pineapple and Others PCL (SAICO)
- Thai Heat Exchange PCL (THECO)
- Thai Nam Plastic PCL (TNPC)
- Thai Wire Products PCL (TWP)

Meanwhile, Srithai Food & Beverage PCL (SRI) was moved to NPG.

Turning to mai-listed companies, all 38 submitted their 9M/2006 results, with 35 posting profits. These firms recorded a total of THB 21.40 billion sales, an increase of 14% y-o-y. Their 9M/2006 net profit was THB 1.34 billion, up 18% y-o-y.

For Q3/2006, mai-listed firms announced net profits of THB 668 million, up 98% y-o-y, due principally to 12 firms enjoying net profit growth in excess of 100%.

The three most profitable companies in Q3/2006 were, in descending order, Unimit Engineering PCL (UEC) with THB 105.40 million net profit, The Brooker Group PCL (BROOK) with THB 74.21 million, and Unique Mining Services PCL (UMS) with THB 62.88 million.

## Financial Results of Listed Companies for 9M/2006 (Ending September 30, 2006)

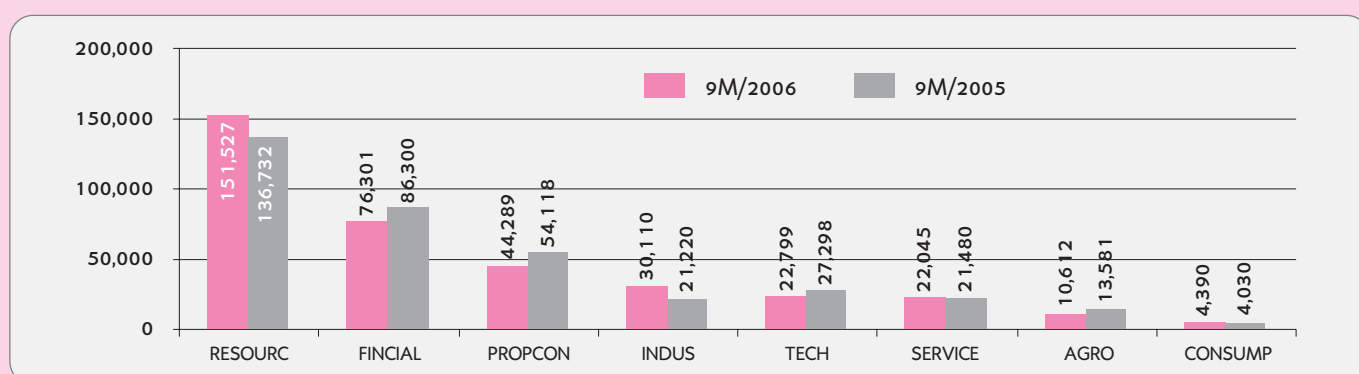
Unit: THB million

Item	Total (499 firms)		Listed companies on SET					
			Seven industry groups (379 firms)		Financials (65 firms)		NC and NPG companies (17 firms)	
	9M/2006	9M/2005	9M/2006	9M/2005	9M/2006	9M/2005	9M/2006	9M/2005
EBITDA	703,874	631,592	592,890	523,012	105,456	104,903	2,802	1,376
Net profit (losses)	371,004	367,508	285,773	278,460	76,301	86,300	7,595	1,616
% of net profit (or loss)	9%	11%	8%	9%	21%	33%	45%	8%
Sales	4,022,019	3,323,521	3,622,298	3,023,590	361,385	261,471	16,934	19,681
Total assets*	12,437,760	11,595,558	4,399,886	4,175,187	7,981,676	7,365,157	32,581	33,716
Liabilities*	9,454,975	8,849,095	2,213,696	2,163,071	7,193,920	6,630,357	35,649	44,947
Shareholder equity*	2,864,437	2,639,638	2,075,178	1,911,732	783,011	730,296	-5,519	-13,039

Remark: \* September 30, 2006 figures compared with those of December 31, 2005.

## Total Net Profits of Eight Industry Groups for 9M/2006

Unit: THB million



Industry group	Resources	Financials	Property & Construction	Industrials	Technology	Services	Agro & food Industry	Consumer Products
% Growth of net profit	11%	(12%)	(18%)	42%	(16%)	3%	(22%)	9%

## Thai exchange members support banking industry chief to join Board

**K**hunying Jada Wattanasiritham was approved as a Governor of The Stock Exchange of Thailand (SET) by the members' recent general meeting. Khunying Jada is currently Chairperson of the Thai Bankers Association, President and CEO of Siam Commercial Bank PCL, and won 'Best CEO of the Year' at the recent SET Awards 2006. Her term will be from October 3, 2006 – May 27, 2008.

Representing all major stakeholders, the Board of Governors consists of up to eleven people, five being appointed by the Securities and Exchange Commission (SEC), and five elected by members of the Exchange. The SET President, appointed by the Board, is an ex-officio member of the Board.

Four governors representing SET members are elected by member companies and one is chosen from a list by the members' nomination committee. A candidate must not be a director, manager, or employee of a member company.

The current Board is made up of experts from various fields, who hold office for two years, and may be re-elected or appointed for another term. However, they cannot assume a position for more than two consecutive terms. The SET President may hold office for four years and may be reappointed.

### SET Board of Governors (October 3, 2006)

- |  |               |
|--|---------------|
| 1. Mr. Vijit Supinit                           | Chairman      |
| 2. Mr. Kampanart Lohacharoenvanich             | Vice Chairman |
| 3. Mrs. Asvini Tailanga                        | Governor      |
| 4. Khunying Jada Wattanasiritham               | Governor      |
| 5. Associate Professor Niputh Jitprasonk       | Governor      |
| 6. Mrs. Pattera Dilokkrungthirapop             | Governor      |
| 7. Mr. Pichit Akrathit, Ph.D.                  | Governor      |
| 8. Asst. Professor Sauwanee Thairungroj, Ph.D. | Governor      |
| 9. Mr. Suraphol Kulsiri                        | Governor      |
| 10. Dr. Vallobh Vimolvanich                    | Governor      |
| 11. Mrs. Patareeya Benjapolchai                | President     |

## Thai bourse moves towards becoming an integrated high-profile market

Within three years, The Stock Exchange of Thailand will become an integrated market, offering a complete range of quality investment products, be an important Exchange in the region and a significant international strategic partner.

The above expresses The Stock Exchange of Thailand (SET)'s strategic vision for the next three years (2007–2009)—a vision underpinned by a range of initiatives to be undertaken by SET, Market for Alternative Investment (mai), Bond Electronic Exchange (BEX), and Thailand Futures Exchange PCL (TFEX).

These exchanges, operating under the SET group's umbrella and representing the nation's equity, bond, and financial derivatives markets, have committed themselves to specific strategies over the next three years.

*"Our goals are contained within the recently-formulated eight strategic agendas and 11 action plans, and include raising the Thai capital industry's regional profile, achieving market integration, expanding product variety, networking and developing strategic partnerships,"* SET President Ms. Patareeya Benjapolchai declared.

> **1<sup>st</sup> strategic agenda: increasing market integration,** through three strategic actions:

- 1) *Introducing new products*, such as exchange-traded funds (ETFs), by Q2/2007. The initiative has been approved by the SET Board, with an initial public offering (IPO) of THB 300 million. The Exchange has allocated THB 100 million towards its establishment. TFEX will launch SET50 index options by Q3/2007. BEX will increase its degree of securitization, with securitized papers available by 2008.
- 2) *Increasing the number of listed firms*, by targeting 64 potential companies. Forty firms are expected to list on SET next year, with another 24 listing on mai. Potential listings include large private firms, state enterprises and their sister organizations, companies in the service industry, and Thai firms with investments overseas. mai will lift its profile and use its 'Matching Fund', a venture capital (VC) fund being established this year, to support and develop new businesses listing on the market.
- 3) *Boosting liquidity* by raising the average free-float of qualified companies (those exceeding 15% free-float) from 45% to 50%, and ensuring a minimum of three additional market-makers in 2007. The bond market's private repo service will be finalized next year.



**Ms. Patareeya Benjapolchai**  
SET President

- > **2<sup>nd</sup> strategic agenda: integrating fundamental structure and information technology systems** prior to connecting all trading systems, and amending regulations to enable investors to access all types of securities through a single account
- 4) *Open the investment knowledge center, and the "Integrated Information Portal"*, to offer trade data from all markets on the SET website, during 2007. Further studies and system development are planned to accommodate the interconnection of trading, back office and related systems to introduce an integrated investor accounts structure. In addition, integrated trading screens and inter-market surveillance at BEX and TFEX will be ready in 2009.
- > **3<sup>rd</sup> strategic agenda: modernizing trade channels for all instrument types and expanding the investor base**
- 5) *Offering direct market access (DMA)* from 2007 onwards, so that institutional investors can transmit their trade orders to SET and TFEX more efficiently.
- 6) *Expanding the investor base via the internet*, using a web-based program that responds to a variety of investor demands. Organizing more marketing activities and campaigns to promote internet investment, and promoting Money Channel as the premier broadcaster of financial information.



SET expects to see increased investor numbers in every market, from those investing directly or through funds, e.g., mutual, provident or government pension funds. The target is five million investors by 2007. The Exchange will promote "Ownership Investment" and forecasts to achieve 200,000 active accounts by 2007, and raise the proportion of institutional investors to 20% by 2009. To boost market liquidity, SET will double its turnover and mai will increase its by 50%.

After introducing SET50 index options, DMA and market-makers for new products in 2007, TFEX expects to see its daily turnover rise to 5,500 – 6,000 contracts.

➤ **4<sup>th</sup> strategic agenda: revamping regulations and standards to match those in regional markets**

- 7) *Reducing time and procedures for stock listing* to no longer than 60 days by 2009. This will be achieved in close collaboration with financial advisors and related agencies.
- 8) *Pursuing good corporate governance (CG) amongst all listed companies*, emphasizing stockholders' rights, accountability of boards of directors, monitoring CG implementation and improving relations between investors and listed companies through staff training.
- 9) *Upgrading accounting standards* to meet the International Financial Reporting Standard (IFRS). The Extensible Business Reporting Language (XBRL) will also be developed.

➤ **5<sup>th</sup> strategic agenda: collaborating with commercial banks and securities companies** to encourage investors nationwide to use the internet for securities-related transactions with commercial banks. This will enhance choice and convenience in executing trade orders.

➤ **6<sup>th</sup> strategic agenda: promoting inter-exchange linkage**

10) *Expanding the interconnections of mai, BEX and TFEX* with other Thai exchanges and foreign markets to increase bilateral and multilateral linkages and cooperation with stock exchanges in the ASEAN region and elsewhere.


BEX and SET will connect trading systems with foreign markets to enhance information exchange among bond markets within ASEAN. BEX will encourage increased linkages between the trading systems of local and foreign bond markets, and will facilitate regulation amendments on cross-listing and cross-trading to attract investors to Thai markets.

➤ **7-8<sup>th</sup> strategic agendas: collaborating with other parties to support government policies benefiting the Thai capital market**

11) *Collaborating with state and private agencies to further strengthen cooperation and networks needed to implement policies benefiting the Thai capital market*, such as tax privileges for listed companies, promotion of mandatory savings and tax exemptions for profits on bond trading. mai will work with various agencies to amend regulations affecting venture capital.

Furthermore, SET will boost its market promotion and educational campaigns to continue investor base expansion. As part of this effort, SET will deliver personal finance and investment education and promotion to the general public and students at all levels.

The Exchange is targeting more than 10,000 schools nationwide with academic campaigns, curriculum development, or train-the-trainer programs for teachers and e-learning systems. As a result, the SET anticipates that more than 20,000 youths will understand more about personal finance and investment, especially with support from Money Channel as the premier financial broadcaster.

*"SET is confident that implementing these strategic agendas, supported by mai, BEX, TFEX, Thailand Securities Depository Co., Ltd (TSD), SETTRADE.COM and all subsidiary units, will achieve our three-year strategic vision to become the region's integrated and interesting secondary market, a major force in the domestic capital market and an important driver of the Thai economy," Ms. Patareeya concluded.* 

## Thai listed companies score well in corporate governance

Thai public firms showed progress in corporate governance (CG), scoring an average of 71 (on a 100-point scale), up from 69 in 2005. This was the finding of the latest **“Corporate Governance Report of Thai Listed Companies 2006”**, conducted by Thai Institute of Directors (Thai IOD). The report was launched at a seminar co-hosted by the Subcommittee on Investors Education and Public Relations and on Corporate Governance in Thailand, National Corporate Governance Committee (NCGC), in conjunction with The Stock Exchange of Thailand (SET), Securities and Exchange Commission (SEC), and Thai IOD. The report has been produced by Thai IOD for five consecutive years, and is aimed at promoting CG among Thai public companies.



This year’s report presented data from 402 companies listed on SET and Market for Alternative Investment (mai) using criteria based on the OECD CG principles:

- 1) Rights of shareholders;
- 2) Equitable treatment of shareholders;
- 3) Role of stakeholders;
- 4) Disclosure and transparency;
- 5) Board responsibilities.

### Thai listed firms showed overall improvement in CG scores

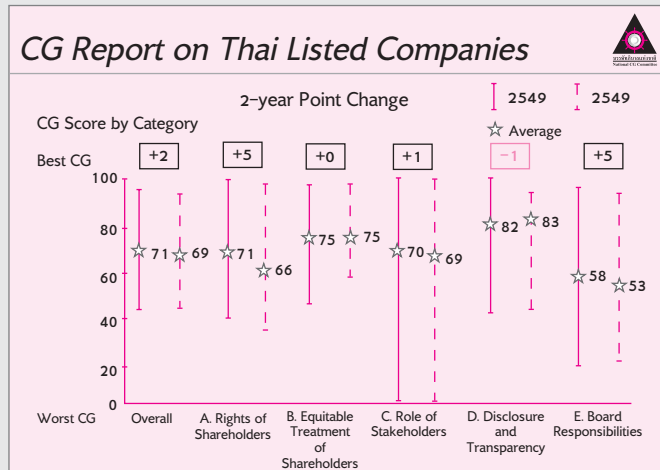
Thai companies averaged 82 in *Disclosure and transparency*, while scoring 75 in *Equitable treatment of shareholders*, and leaping from 66 to 71 in *Rights of shareholders*. *Board responsibilities* also increased from 53 to 58.

The three industries with best scores were the: 1) Resources Group, with an average of 81, led by the Energy Sector; 2) Financials Group, with 75, led by the Banking Sector; 3) Technology Group, at 73, led by the Communication Sector.

Large companies in SET50 Index scored above average at 81, up from 79 in 2005. Small and medium-sized companies averaged 72 and 68 respectively.

### 216 Thai listed companies rated as ‘good’ to ‘excellent’

This year’s assessment scale has been refined from the previous four CG levels to six,— *excellent*, *very good*, *good*, *satisfactory*, *pass*, and *should try harder*. Each group scoring above 49 points was awarded a certain number of NCGC logos:



Although a tighter assessment restricted scores, the report demonstrates that Thai listed firms did well qualitatively in several aspects. However, there is room for improvement in areas such as the roles of directors, and their responsibilities to stakeholders, society and the environment.

Thai companies did especially well in *Rights of shareholders*. Nearly all hosted a shareholders’ meeting with proper notification of shareholders, dealt well with those not present, clearly disclosed important information in their annual reports, and appointed audit committees as required.

### CG Report on Thai Listed Companies

Score Range	Number of Logo	Description	Number of Listed Firms	%
Less than 50	No logo given	N/A	5	1%
50-59	1 logo	Pass	48	12%
60-69	2 logos	Satisfactory	133	33%
70-79	3 logos	Good	145	36%
80-89	4 logos	Very Good	62	16%
90-100	5 logos	Excellent	9	2%

This year nine companies were rated as *Excellent*. These were:

- 1 Banpu PCL (BANPU)
- 2 Bangkok Bank PCL (BBL)
- 3 The Bangchak Petroleum PCL (BCP)
- 4 Kasikornbank PCL (KBANK)
- 5 Krung Thai Bank PCL (KTB)
- 6 PTT PCL (PTT)
- 7 PTT Exploration and Production PCL (PTTEP)
- 8 Ratchaburi Electricity Generating Holding PCL (RATCH)
- 9 The Siam Commercial Bank PCL (SCB)

Over the past five years, the report has promoted awareness among listed firms and motivated them to implement CG. The next step is to inculcate a healthy CG culture, where the principles are adapted to each corporation, and their stakeholders benefit noticeably.



## Thai Depository accepts direct deposits in move toward scriptless system

From November 1, 2006, securities holders can deposit certificates directly with Thailand Securities Depository Co., Ltd. (TSD), without having to open accounts with brokers. The service enables investors who do not have accounts with brokers to store their shares certificates safely and conveniently. The change reflects TSD's progress in protecting shareholders' rights and benefits, and its evolution towards a 100% scriptless system.

*"A scriptless depositing system allows shareholders to trade without having to actually hold certificates, which is especially convenient on a first trading day. Under this arrangement, shareholders' rights and benefits have the same protection as when they physically have the share certificates with them. Depositors will receive a regular six-monthly report, a monthly summary where there are changes in their securities, and receive securities deposit, reception and transfer services, free-of-charge,"* said TSD President Ms. Sopawadee Lertmanaschai.

*"Currently about 74% of shares are in the scriptless system, but when the system becomes 100% scriptless,*



**Ms. Sopawadee Lertmanaschai**  
TSD President

*after-trade services will be faster and more efficient. TSD greatly appreciates the cooperation of listed firms, who obviously recognize this initiative's benefits to shareholders and the industry,"* Ms. Sopawadee added.

Shareholders of listed companies who are members of TSD can deposit directly. As depository accounts for these shareholders are already provided, they may access the new service from its commencement using the issuer's account.

Persons interested in TSD's securities depository service can contact the TSD Call Center on 66 2229 2888 or visit [www.tsd.co.th](http://www.tsd.co.th).

## Thailand Futures Exchange to trade SET50 index options in 2007

Thailand Futures Exchange PCL (TFEX) will launch its latest product — SET50 index options — in 2007, anticipating a daily average turnover of 5,500 – 6,000 contracts. The SET50 Index is made up of the top 50 companies listed on The Stock Exchange of Thailand (SET).

The TFEX board approved the launch and will be exploring the feasibility of other products, including interest- and commodity-linked derivatives, TFEX Managing Director Ms. Kesara Manchusree said.

*"SET50 index options should be well-received by investors, as they are useful for both trading and hedging.*

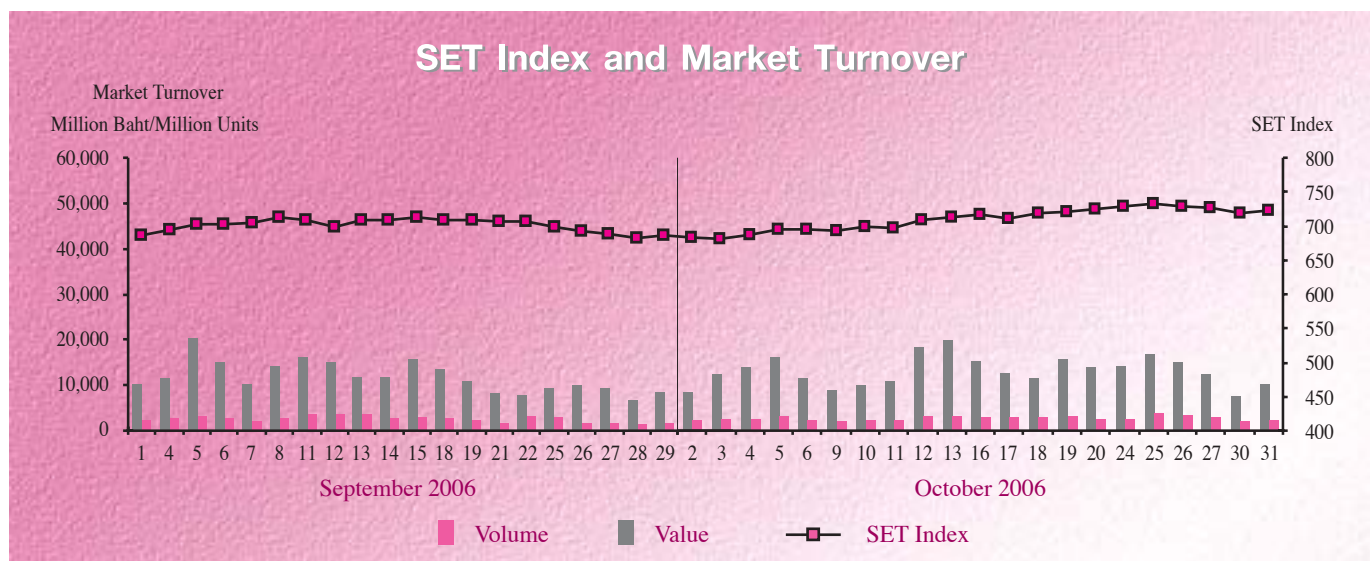
*In overseas markets, index options are very popular, as investors use them for loss limitation. To ensure sufficient liquidity, there will be market-makers for the options,"* Ms. Kesara said.

Prior to the launch TFEX will be cooperating with brokers about marketing and promotion, and educating the market about the product with support from SET and Thailand Securities Institute.

Recently, TFEX hosted free seminars in Chiang Mai province for investors and people interested in derivatives. These were well-received by local investors and others living in the northern region.

## Change in Name of Listed Companies

Date	Before Changing	Symbol	After Changing	Symbol
03/10/2006	BNT Entertainment Public Company Limited	BNT	Live Incorporation Public Company Limited	LIVE
24/10/2006	Ayudhya Investment and Trust Public Co, Ltd.	AITCO	Ayudhya Auto Lease Public Company Limited	AYAL
03/11/2006	Premier Engineering and Technology Public Company Limited	PE&T	Premier Technology Public Company Limited	PT
06/11/2006	Thai Petrochemical Industry Public Company Limited	TPI	IRPC Public Company Limited	IRPC



### The Stock Price Indices in October 2006

Index	High (Date)	Low (Date)	Close	
			October 2006	Compared with September 2006 (%)
SET	732.80 (25)	681.84 (3)	722.46	↑ 5.30%
SET50	513.67 (25)	476.70 (3)	504.55	↑ 5.05%
SET100*	1,118.17 (25)	1,037.26 (3)	1,099.96	↑ 5.31%
mai	176.51 (31)	161.94 (2)	176.51	↑ 9.50%

\* The SET100 Index was launched on May 3, 2005.

### Stock Market Turnover in October 2006

	Volume (Million Shares)				Value (Million Baht)				
	October 2006		Compared with September 2006 (%)		October 2006		Compared with September 2006 (%)		
	SET	mai	SET	mai	SET	mai	SET	mai	
Total	52,791.37	1,196.56	↓ 25.45%	↑ 144.84%	Total	271,022.61	2,932.43	↓ 11.87%	↑ 147.83%
Daily Average	2,513.87	56.98	↓ 29.00%	↑ 133.14%	Daily Average	12,905.84	139.64	↓ 16.06%	↑ 136.04%

### Statistics of Listed Debentures in October 2006

Issues	Total Outstanding Value (Million Baht)	Total Turnover	
		Volume (Units)	Value (Million Baht)
582	3,055,963.63	37,900	37.57

### Transactions by Type of Investors\*

Unit : Million Baht

Type of Investors	September 2006				October 2006			
	Buy	%	Sell	%	Buy	%	Sell	%
Foreigners (corporate & individual)	122,644.85	39.73	111,526.82	36.13	101,683.13	37.12	83,442.23	30.46
Local Institutions**	38,317.28	12.41	39,672.98	12.85	33,028.44	12.05	39,254.39	14.33
Local Investors	147,735.64	47.86	157,497.97	51.02	139,243.47	50.83	151,258.43	55.21
<b>Total</b>	<b>308,697.77</b>	<b>100.00</b>	<b>308,697.77</b>	<b>100.00</b>	<b>273,955.05</b>	<b>100.00</b>	<b>273,955.05</b>	<b>100.00</b>

\* Including securities companies, mutual funds, banks, finance firms, insurance companies, juridical entities and provident funds

\*\* Including transactions of mai

## Top Ten Securities with Highest Market Value in October 2006

Rank	Securities		Market Value	
			Million Baht	% of Total
1	PTT	PTT	622,621	12.06
2	PTT Exploration and Production	PTTEP	358,118	6.94
3	The Siam Cement	SCC	290,400	5.63
4	Advanced Info Service	ADVANC	265,770	5.15
5	Bangkok Bank	BBL	219,516	4.25
6	Kasikornbank	KBANK	164,368	3.18
7	Krung Thai Bank	KTB	145,336	2.82
8	Thai Petrochemical Industry	TPI	139,425	2.70
9	Thai Oil	TOP	124,441	2.41
10	The Siam Commercial Bank	SCB	124,030	2.40
<b>Total</b>			<b>2,454,025</b>	<b>47.54</b>

## Top Ten Most Actively Traded Securities (Main Board) in October 2006

Rank	Securities		Number of Securities	Turnover Value	
				Million Baht	% of Total
1	PTT	PTT	89,301,432	19,445.04	7.62
2	Bangkok Bank	BBL	107,882,658	12,127.85	4.76
3	PTT Exploration and Production	PTTEP	97,864,872	10,613.08	4.16
4	The Siam Cement	SCC	39,732,195	9,703.14	3.80
5	Thai Oil	TOP	128,781,194	7,957.20	3.12
6	The Siam Commercial Bank	SCB	118,442,734	7,509.55	2.94
7	Kasikornbank	KBANK	89,987,246	6,201.13	2.43
8	Krung Thai Bank	KTB	503,185,582	6,142.10	2.41
9	Thai Petrochemical Industry	TPI	675,141,338	4,779.62	1.87
10	Land and Houses	LH	590,242,130	4,611.51	1.81
<b>Total</b>			<b>2,440,561,381</b>	<b>89,090.22</b>	<b>34.92</b>

\* Excluding transactions on Foreign Board and mai

## Top Ten Most Actively Traded Securities (Foreign Board) in October 2006

Rank	Securities		Number of Securities	Turnover Value	
				Million Baht	% of Total
1	Bangkok Bank	BBL-F	41,331,686	4,841.51	30.32
2	Kasikornbank	KBANK-F	46,136,506	3,303.67	20.69
3	Advanced Info Service	ADVANC-F	27,688,000	2,511.73	15.73
4	The Siam Cement	SCC-F	8,049,330	2,120.94	13.28
5	Land and Houses	LH-F	180,004,329	1,513.39	9.48
6	Banpu	BANPU-F	2,699,600	434.78	2.72
7	Krung Thai Bank	KTB-F	21,683,500	262.29	1.64
8	Bank of Ayudhya	BAY-F	13,759,600	258.03	1.62
9	Thai Union Frozen Products	TUF-F	6,989,800	172.89	1.08
10	Electricity Generating	EGCOMP-F	1,408,500	122.06	0.76
<b>Total</b>			<b>349,750,851</b>	<b>15,541.29</b>	<b>97.32</b>

\* Excluding transactions of mai

## Top Ten Outstanding Non-Voting Depository Receipts (NVDRs) in October 2006

Rank	Securities	Number of NVDRs	% of Paid-up Capital	
1	Raimon Land	RAIMON-W	433,373,318	55.98
2	Golden Land Property Development	GOLD	215,260,412	34.16
3	Jasmine International	JAS-W	27,157,520	30.27
4	Tisco Finance	TISCO	161,255,551	29.80
5	Raimon Land	RAIMON	617,351,664	29.28
6	Hemaraj Land and Development	HEMRAJ-W	118,071,591	27.99
7	LPN Development	LPN	397,076,228	26.91
8	Land and Houses	LH	2,071,184,466	24.44
9	Pranda Jewelry	PRANDA	75,847,500	24.24
10	Univentures	UV	123,276,349	23.24

## Market data of TFEX\*

Transaction Summary	Aug 2006	Sep 2006	Oct 2006	Apr-Oct 2006
Total Volume (Contracts)	23,470	35,597	28,695	118,999
Daily Average Volume (Contracts)	1,066.82	1,779.85	1,366.43	959.67
Total Value (Million Baht)	11,386.11	17,413.47	14,338.86	57,913.41
Daily Average Value (Million Baht)	517.55	870.67	682.80	467.04
Month-end Open Interest (Contracts)	3,634	3,708	6,196	6,196

Market Summary: SET50 Index Futures		Open	High	Low	Settle
Symbol	Contract Month				
S50Z06	Dec-06	489.50	518.70	482.40	512.30
S50H07	Mar-07	489.00	518.70	483.00	512.30
S50M07	Jun-07	490.00	517.00	486.50	511.00
S50U07	Sep-07	490.00	512.50	485.00	513.30

\* TFEX started its trading on April 28, 2006.

## Thai bourse holds “Northern Money Expo Chiangmai 2006”



On October 13 – 15, The Stock Exchange of Thailand (SET) and other organizations held “Money Expo” road show at Chiang Mai University. The event, which attracted over 50,000 visitors from Chiang Mai province and surrounding areas, provided unique insights into the capital market industry and up-to-date investment information. Twenty-two participating organizations, including 17 commercial banks and other financial institutions, offered credit card services and personal, SME and housing loans. Transactions at the show totaled over THB 13 billion (approx. USD 34.82 billion). ✍

## Corporate governance forum for banks

Focusing on corporate governance best practice for Thai banks, this year’s third Corporate Governance Forum, hosted by Sub-committee on Investors Education and Public Relations and on Corporate Governance in Thailand, National Corporate Governance Committee, was held on October 12, at the SET building.



Khunying Jada Wattanasiritham, Chairman of Thai Bankers’ Association, gave the opening speech, while Deputy Prime Minister and Finance Minister M.R. Pridiyathorn Devakula delivered the keynote address. A policy briefing from Organization for Economic Cooperation and Development (OECD) on the Asian banking sector was presented by Mr. Yuth Vorachattam, Advisor, SET Corporate Governance Center. ✍

## “Bonds for the People” fair in Khon Kaen



On October 28, SET hosted the third “Bonds for the People” investment fair – this time, in Khon Kaen province. The event provided residents and investors in the northeastern region with an opportunity to learn more about using debt instruments for secure and profitable savings management.

The seminars “Buying bonds, gaining interest and securing savings”, “Bonds: a profitable choice”, “Investing strategy for the year’s last quarter”, and a workshop on bond-trading were well-attended. About a dozen financial institutions, including commercial banks and securities companies, offered investment advice. ✍

## SET seminar on sufficiency economy

To provide a more sophisticated understanding of the principles of sufficiency economy, SET and Economic Reporters Association co-hosted a special seminar: “Insights into sufficiency economy” at the SET Building on October 25. Distinguished guest speakers included Deputy Prime Minister and Industry Minister H.E. Kosit Panpiemras and Dr. Supavud Saicheua, Managing Director (Head of Research Group), Phatra Securities PCL. The seminar attracted considerable public and media attention. ✍



## Thailand venture capital forum 2006-7

A special lecture providing Thai entrepreneurs and business operators with up-to-date information on venture capital trends in the United States was initiated by SET, in collaboration with Faculty of Commerce and Accountancy, Thammasat University. Held on October 11, the session: “New directions for venture capital in North America”, was part of the “Thammasat Asia Moot Corp 2007” program. ✍



## SET’s Thai Investors’ Day targets young people

To stimulate young people’s thinking about investment alternatives and money management, SET used the theme: “Young Generation: Thinking About Investing” at its most recent Thai Investors’ Day, November 4 – 5.

The fair showcased the personal financial management approaches of celebrities and young, successful investors. Investment gurus and professionals provided financial insights and tips. Seminars such as “Knowledgeable young investors” and “The road to successful savings and investment” were well-attended, indicating Thai young people’s enthusiasm for the topic.

To make a reservation for future seminars at next Thai Investors’ Days, please visit [www.thaiinvestors.com](http://www.thaiinvestors.com), call 66 2237 1992-3, or contact the SET Call Center at 66 2229 2222. ✍

