



**BUALUANG
SECURITIES**

ANNUAL REPORT 2004



BUALUANG SECURITIES PUBLIC COMPANY LIMITED

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To Serve You Better

L

Learning



O

Open

Vision

To be a leading securities company in Thailand

T

Trust

STOCK		
SIN	252	252
TPLE	685	685
TT&T	1790	16
UCOM	470	422
CTV		
DE	0.78	0.55
DISTAR	1750	2150
IT	58	57
MIDA	2030	2030
SIS	555	555
SVOR	10	10.10
DEET	78	74
STPKTY	1880	1880

Mission

Excellence In
*B*rand
*L*eadership
*S*ervice



U

Unity

S

Service





Message from the Chairman

Dear Shareholders,

The year 2004 was another bullish year for the Thai capital market with successively high trade in the Stock Exchange of Thailand (SET). The average daily turnover in the SET and the Market for Alternative Investment (MAI) was as high as Baht 20,647.43 million in 2004, up from Baht 19,030.25 million in 2003 or a year-on-year increase of 8.50%.

Apart from the surging trading volume, 36 companies were newly listed on the SET with aggregate fund raising of Baht 36,223.84 million and 14 companies on the MAI with aggregate fund raising of Baht 1,399.99 million. As such, there were altogether 439 SET-listed companies and 24 MAI-listed companies as of 2004 year-end.

The SET index as of 2004 year-end closed at 668.10 points, declining by 104.05 points or 13.48% from 2003 year-end close. This was attributable to several external and internal factors, i.e. the continued crude oil price hikes in the world market, the foreign exchange fluctuations, upward trend of interest rates, the bird flu outbreak, the unrest in the three southernmost provinces, and the tsunami tidal wave that ravaged six provinces in the south of Thailand.

In April 2004, Bualuang Securities Plc. (“BLS” or “the Company”) opened its 22nd new branch, Ramindra Branch, to accommodate the expansion of **Securities Brokerage Business** which is its core business. BLS achieved a market share of 3.32% in its securities brokerage business in 2004. It aims to increase its market share to at least 5% in the next 3-5 years and enlarge the proportion of institutional investors’ trading volume. As for its **Investment Banking Business**, since the start of its commercial operation, BLS has provided financial advisory and underwriting services for companies with huge fund raising amount, such as Thai Airways International Plc., Krung Thai Bank Plc., and most recently Thai Oil Plc. With regard to its **Private Fund Management Business**, BLS recorded a continued rise in funds under its management amounting to Baht 5,517 million as of 2004 year-end, representing a market share of 4.09%. In addition to private fund management, BLS has endeavored in provident fund management in 2005. This has broadened its scope of fund management services to cover all target groups.



The Company continued to register satisfactory operating results in 2004 with total revenues of Baht 989 million and a net profit of Baht 155 million, thus earning a handsome return on equity of 30%. The main source of income has been from securities brokerage accounting for as high as 84.32% of total revenues.

The year 2004 marked a milestone in BLS's history. On September 14, 2004, the Company registered its transformation into a public limited company in preparation for the listing on the SET. The fund raising from the initial public offering would be used for its business expansion, development of information technology, and renovation of office and office equipment. This will accordingly enable the Company to provide diversified services to its customers with higher quality and efficiency, corresponding with its motto of "To Serve You Better".

Furthermore, given the strong determination to run the organization with transparency and a high code of conduct, BLS has strictly complied with the corporate governance principles. This is to enhance confidence among, and protect the interests of, the shareholders and all concerned parties, as well as to increase the Company's competitiveness which will be the main engine driving the Company towards solid advancement and prosperity.

All the above undertakings have come to fruition mainly as a result of the concerted support, cooperation, dedication and contribution of all the parties concerned, involving our shareholders, customers, patrons, business alliances, as well as all our staff. We would like to take this opportunity to thank all of them and wish them happiness and success in their career and family lives.

(Mr. Sansem Wongcha-um)
Chairman of the Board of Directors

Note: BLS undertook an initial public offering of its new ordinary shares during February 16-18, 2005 and was listed on the SET on February 28, 2005.



Report of the Audit Committee

Dear Shareholders :

The Board of Directors of Bualuang Securities Public officially formed the Audit Committee on October 15, 2003. Following the company's transformation into a public limited company on September 14, 2004, the shareholders' meeting decided that the Audit Committee would comprise three independent directors. The appointees were Mr. Prin Chirathivat (Chairman), Dr. Upatham Saisangjan and Mr. Thiraphong Chansiri. Mr. Thiraphong Chansiri was appointed as a director on September 9, 2004 and at the shareholders' meeting, joined the two existing directors as the third independent director on the Audit Committee.

The Audit Committee performed duties under the delegation of authority set out by the Board of Directors. In 2004, a total of six Audit Committee meetings were held, with joint attendance by the management, the Auditor and the Compliance and Internal Audit Department, as deemed necessary. The Committee's performance can be concluded as below:

1. Reviewed and approved the quarterly and yearly financial statements to ensure compliance with the generally accepted accounting standards and disclosure of key information before proposing them for the Board's approval.
2. Reviewed and monitored the annual corporate compliance and internal audit plan, and gave recommendations which would boost effectiveness and ensure compliance with auditing procedures of an international standard.
3. Reviewed the disclosure of information on transactions between the company and its affiliates or any transactions, which may have been perceived as potentially causing conflicts of interest.
4. Considered the selection and nomination of the auditor and fixing of audit fee for 2004.

For 2005, the Audit Committee has considered and nominated Ernst and Young Company Limited as the auditor of the Company and fixed the audit fee, for proposal to the Board for further submission to the Ordinary General Meeting for the Shareholders' approval.

We are of the opinion that Bualuang Securities Public Company Limited has appropriate and reliable procedures of financial information preparation and disclosure, and in addition, adequate corporate governance and internal control systems.

A handwritten signature in blue ink, appearing to read 'P. Chirathivat', is positioned above the printed name of the Chairman.

(Mr. Prin Chirathivat)
Chairman of the Audit Committee

Board of Directors



Mr. Sansern Wongcha-um
Chairman of the Board of Directors
Chairman of the Executive Committee



Mr. Piyapan Tayanithi
Director / Executive Director



Ms. Chanida Sophonpanich
Director



Mr. Chong Toh
Director / Executive Director
President



Mr. Yarnsak Manomaiphiboon
Director / Executive Director
Managing Director



Mr. Prin Chirathivat
Director
Chairman of the Audit Committee and Independent Director



Mr. Upatham Saisangjan
Director
Audit Committee and Independent Director



Mr. Thiraphong Chansiri
Director
Audit Committee and Independent Director

Management



Mr. Chong Toh
President



Mr. Padermpob Songkroh
Executive Vice President
Non-Institutional Broking (NIB) Group*



Mr. Paisan Kutragoon
Executive Vice President
Technology & Operations Group



Mr. Yarnsak Manomaiphiboon
Managing Director



Mr. Vivat Vichitboonyaseth
Executive Vice President
Private Client Investment Management Group



Mr. Sumek Chantrasuriyarat
Executive Vice President
Institutional Sales & Research Group



Ms. Ian Kric
Executive Vice President
General Management Group

Remark :* Mr. Padermpob Songkroh had been promoted from Executive Vice President to Deputy Managing Director with effect from 1 January 2005



Profile of the Board of Directors and Management Team

Name-Surname	Age	Highest Education	% of Share Holding as of Feb 22, 2005	Working Experiences for the last 5 years		
				Period	Position	Company/Organization
1. Mr. Sansern Wongcha-um Chairman of the Board of Directors / Chairman of the Executive Committee (Authorized Director)	57	Master of Business Administration University of Bridgeport, USA Chairman 2000 Program 8/2003	0.025%	2003 – Present 2002 – Present 1999 - 2002	Chairman Director Secretary General	Bualuang Securities Public Company Limited The Deves Insurance Public Company Limited National Economic and Social Development Board
2. Mr. Piyapan Tayanithi Director / Executive Director (Authorized Director)	42	Ph.D. - Decision Support Georgia Institute of Technology, USA Director Accreditation Program (DAP) 22/2004 Director Certification Program (DCP) 45/2004 Audit Committee Program 4/2005	0.021%	2001 – Present 1999 – Present 1998 - 1999	Director / Executive Director Executive Vice President- Audit & Control Division Senior Vice President & Manager- Audit & Control Division	Bualuang Securities Public Company Limited Bangkok Bank Public Company Limited Bangkok Bank Public Company Limited
3. Ms. Chanida Sophonpanich Director (Mr. Chong Toh's Spouse)	33	Master of Business Administration Massachusetts Institute of Technology, USA	0.017%	2001 – Present 2001 – Present 2001 – Present 1998 - 1999	Director Director Director Officer	Bualuang Securities Public Company Limited Chainart Company Limited/ Investment Company Chai Wattana Company Limited /Property Rental Bangkok Bank Public Company Limited
4. Mr. Chong Toh Director / Executive Director and President (Authorized Director) (Ms.Chanida Sophonpanich's spouse)	36	Master of Science in Management Massachusetts Institute of Technology, USA Master of Arts in Philosophy, Politics and Economics, Oxford University, UK	7.111%	2001 – Present 1999 – Present 2000 – Present 2001 – Present 2002 – Present 2000 – 2001 1998 - 2000	Director / Executive Director Director Director Director President Vice President- Investment Banking	Bualuang Securities Public Company Limited Bualuang Finance Company Limited Asia Cement Public Company Limited Bumrungrad Hospital Public Company Limited Bumrungrad Medical Center Company Limited Bualuang Finance Company Limited Bangkok Bank Public Company Limited

Name-Surname	Age	Highest Education	% of Share Holding as of Feb 22, 2005	Working Experiences for the last 5 years		
				Period	Position	Company/Organization
5.Mr.Yarnsak Manomaiphiboon Director / Executive Director and Managing Director (Authorized Director)	42	Master of Business Administration Indiana University at Bloomington, USA Director Accreditation Program (DAP) 23/2004	1.661%	2001 – Present	Director / Executive Director	Bualuang Securities Public Company Limited
				1998 - 2003	Audit Committee and Independent Director	Ayudhya Allianz C.P. Life Public Company Limited
				1999 – 2001	Director	Market for Alternative Investment
				1994 - 2001	Director and Executive Vice President – Non Institution Broking	J.F. Thanakom Securities Limited
6.Mr. Prin Chirathivat Director / Chairman of the Audit Committee and Independent Director	42	Master of Business Administration SASIN Graduate Institute of Business Administration Chulalongkorn University Director Certification Program (DCP) 2/1997	0.021%	2003 – Present	Director / Chairman of the Audit Committee	Bualuang Securities Public Company Limited
				2003 – Present	Executive Director	Central Plaza Hotel Public Company Limited
				2002 – Present	Executive Director	Central Group of Companies
				1996 - Present	Executive Director	Central Retail Corporation Limited
				1994 – Present	Director / Executive Director	Central Pattana Public Company Limited
				1990 – 2002	Executive Director	Central Department Store Company Limited
				1993 – Present	Director	Central Realty Sevices Company Limited
				1993 – Present	Director	Central Plaza Hotel Public Company Limit
				1995 – Present	Director	General Card Services Company Limited
				1999 – Present	Director	Indara Insurance Public Company Limited
				1999 – Present	Director	Malee Sampran Public Company Limited
				2002 – Present	Director	Dhanamitr Factoring Public Company Limited
				1998 – 2004	Executive Director	Interlife John Hancock Assurance Public Company Limited
2004– Present	Advisor	Market for Alternative Investment				
7.Mr. Upatham Saisangjan Director / Audit Committee and Independent Director	63	Ph.D. Statistics University of Iowa, USA Director Accreditation Program (DAP) 24/2004	0.017%	2003– Present	Director / Audit Committee	Bualuang Securities Public Company Limited
				2003– Present	Dean, Faculty of Business Administration	Dhurakij Pundit University
				2000 – 2003	Senior Executive Vice President	Bangkok Life Assurance Company Limited
				1971 – 2000	Associate Professor, School of Applied Statistics	National Institute of Development Administration



Name-Surname	Age	Highest Education	% of Share Holding as of Feb 22, 2005	Working Experiences for the last 5 years		
				Period	Position	Company/Organization
8. Mr. Thiraphong Chansiri Director / Audit Committee and Independent Director	39	Master of Business Administration (Management) University of San Francisco, USA Director Certification Program (DCP) 10/2001	0.017%	2004 – Present	Director / Audit Committee	Bualuang Securities Public Company Limited
				1990 – Present	President	Thai Union Frozen Products Public Company Limited
				1993 – Present	President	T-Holding Company Limited / Distributor of fish snack & canned tuna
				1995 – Present	President	Thai Union Graphic Company Limited / Printing house
				1996 – Present	President	Thai Union International, Inc. / Foreign investment company
				1996 – Present	Chairman	Thai Union Seafood Company Limited / Producer and exporter of frozen shrimp
				1997 – Present	Executive Director	Thai Union Manufacturing Company Limited/ Producer and exporter of canned seafood
				1999 – Present	Executive Director	Songkla Canning Public Company Limited / Producer and exporter of canned seafood
				1988 – Present	Director	Chansiri Real Estate Company Limited / Property
				1990 – Present	Director	Asian-Pacific Can Company Limited / Manufacturer and distributor of food packaging products
				1993 – Present	Director	Venture Tech Marketing Company Limited /Distributor of crab stick
				1997 – Present	Director	Tri-Union Seafoods, LLC. / Producer and distributor of canned Tuna
				2000 – Present	Director	Thai Union Feedmill Company Limited / Producer and distributor of animal feeds
				2000 – Present	Director	Biz Dimension Company Limited / Electronic commerce
				2002 – Present	Director	Lucky Union Foods Company Limited / Producer and exporter of imitation crab stick
2003 – Present	Director	Marine Biotech Company Limited / Distributor of aquaculture products				
2003 – Present	Director	Thai Marine Development Products Company Limited / Shrimp Farm				
2003 – Present	Director	Empress International Limited / Distributor of frozen seafood products				

Name-Surname	Age	Highest Education	% of Share Holding as of Feb 22, 2005	Working Experiences for the last 5 years		
				Period	Position	Company/Organization
9.Mr. Padermpob Songkroh Deputy Managing Director- Non-Institutional Broking (NIB) Group	37	Master of Business Administration (Finance) Kasetsart university	0.408 %	2005 - Present 2001 – 2004 1999 - 2001	Deputy Managing Director – Non- Institutional Broking (NIB) Group Executive Vice President - Non- Institutional Broking (NIB) Group Senior Vice President- Non-Institutional Broking (NIB)	Bualuang Securities Public Company Limited Bualuang Securities Public Company Limited J.F. Thanakom Securities Limited
10.Mr. Paisan Kutragoon Executive Vice President - Technology & Operations Group	41	Master of Business Administration Thammasat University	0.044 %	2001 – Present 1995 - 2001	Executive Vice President - Technology & Operations Group Senior Vice President- Technology & Operations	Bualuang Securities Public Company Limited J.F. Thanakom Securities Limited
11.Mr. Vivat Vichitboonyaseth Executive Vice President - Private Client Investment Management Group	42	Master of Business Administration University of North Carolina at Chaper Hill	0.150 %	2002 – Present 1998 - 2002	Executive Vice President -Private Client Investment Management Group Senior Vice President	Bualuang Securities Public Company Limited MFC Asset Management Public Company Limited
12.Mr. Sumek Chantrasuriyarat Executive Vice President - Institutional Sales & Research Group	40	Master of Operations Management National Institute of Development Administration	0.164 %	2002 – Present 1998 - 2002	Executive Vice President - Institutional Sales & Research Group Vice President- Research	Bualuang Securities Public Company Limited Merrill Lynch Phatra Securities Company Limited
13.Ms. Ian Kric Executive Vice President - General Management Group	51	Bachelor of Accounting (Accounting Theory) Chulalongkorn University CPA Registration No. 3324	0.042 %	2001– Present 19898 - 2001	Executive Vice President - General Management Group Executive Vice President - Accounting	Bualuang Securities Public Company Limited J.F. Thanakom Securities Limited



General Information

Name	:	Bualuang Securities Public Company Limited
Business Operation	:	To operate securities business, which include Securities Brokerage Business, Investment Banking Business, Private Fund Business and Selling Agent Business
Head Office Address	:	29 th Floor Silom Complex Office Building 191 Silom Road Bangrak Bangkok 10500
Registration No.	:	0107574700840
Homepage	:	www.bualuang.co.th
Telephone	:	0-2231-3777, 0-2632-0777
Facsimile	:	0-2231-3951
Par Value	:	Baht 2 per share
Registered Capital	:	Baht 360 million
Paid-up Capital	:	Baht 360 million

Other References

Share Registrar	:	Thailand Securities Depository Company Limited 4 th , 6-7 th Floor The Stock Exchange of Thailand Building 62 Ratchadapisek Road, Klongtoey Bangkok 10110 Telephone 0-2229-2800 Fax 0-2359-1266
2004 Auditor	:	Mr. Suphamit Techamontrikul CPA registration No. 3356 and/or Ms. Chongchitt Leekbhai CPA registration No. 2649 and/or Mr. Niti Jungnitnirunda CPA registration No. 3809 and/or Mr. Permsak Jerajakwattana CPA registration No. 3427 and/or Ms. Nachalee Boonyakarnkul CPA registration No. 3126 and/or

Deloitte Touche Tohmatsu Jaiyos Co., Ltd.

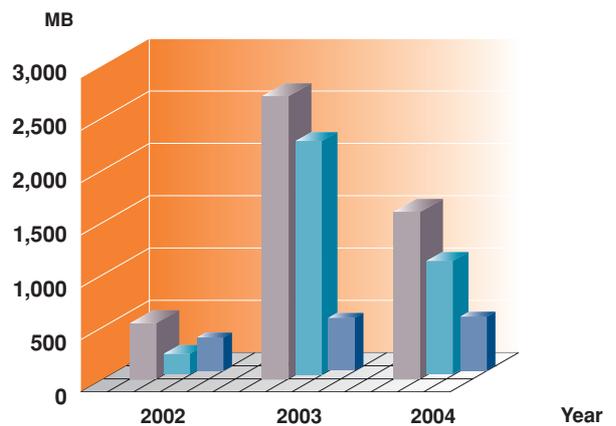
Rajanakarn Building, 25th Floor, 183 South Sathorn Road,
Yannawa, Sathorn, Bangkok 10120

Telephone 0-2676-5700 Fax 0-2676-5757-8

FINANCIAL HIGHLIGHTS

Financial Status

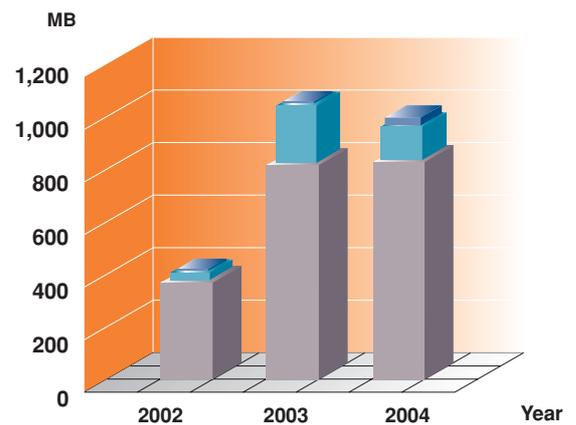
	MB		
	2002	2003	2004
Total Assets	523.3	2,708.1	1,624.1
Total Liabilities	202.7	2,200.4	1,098.5
Shareholders' Equity	320.6	507.7	525.6



■ Total Assets ■ Total Liabilities ■ Shareholders' Equity

Performance

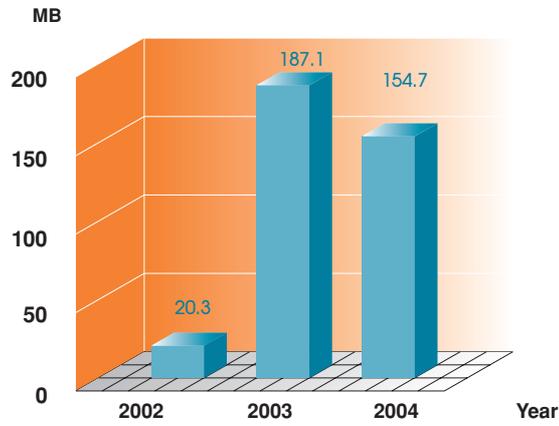
	MB		
	2002	2003	2004
Brokerage Fees	370.9	816.0	834.3
Fees & Services income	25.5	218.5	129.8
Other Revenues	6.7	7.7	25.3
Total Revenue	403.1	1,042.2	989.4



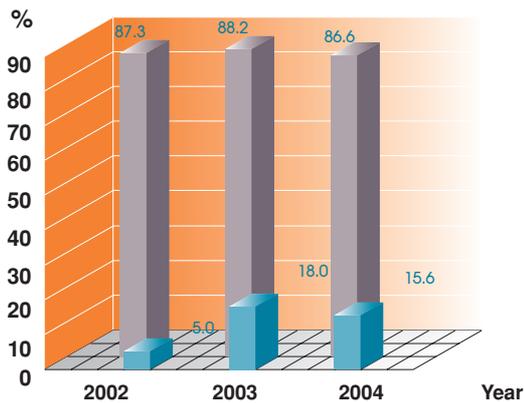
■ Brokerage Fees ■ Fees & Services income ■ Other Revenues



Net Profit

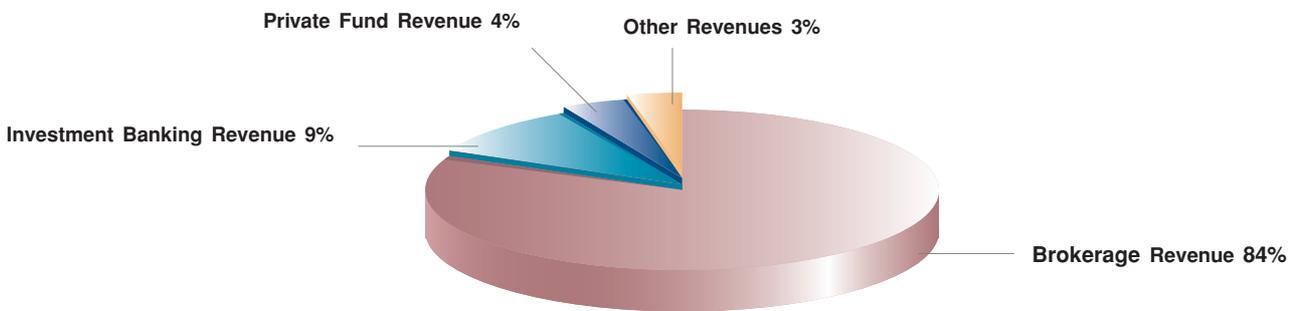


Gross Profit Margin and Net Profit Margin



■ Gross Profit Margin ■ Net Profit Margin

2004 Revenue Structure



■ Brokerage Revenue ■ Investment Banking Revenue ■ Private Fund Revenue ■ Other Revenues

Major Business

Bualuang Securities Public Company Limited has seven licenses to engage in securities brokerage, securities trading, investment advisory, securities underwriting, financial advisory, private fund management and selling agent activities.

Presently, the Company undertakes four major activities namely, securities brokerage, investment banking, private fund management, and selling agent.

BLS derives its main revenue from securities brokerage income. In 2004, brokerage income was Baht 834.25 million or 84.32% of total revenue. It has a total of 23 branches covering all regions of the country, of which 14 are in Bangkok and vicinities, and 9 in the provinces.

Company Revenue Structure

Revenue	2002		2003		2004	
	Baht mil.	%	Baht mil.	%	Baht mil.	%
Brokerage Fees	370.87	92.01	815.97	78.29	834.25	84.32
Fees and Services Income	25.53	6.33	218.41	20.95	129.83	13.12
Loss on Trading in Securities	(0.93)	(0.23)	(1.72)	(0.16)	(2.51)	(0.25)
Interest and Dividend	1.98	0.49	2.37	0.23	3.67	0.37
Interest on margin Loans	4.36	1.08	5.72	0.55	16.91	1.71
Other Revenue	1.27	0.32	1.47	0.14	7.21	0.73
Total Revenue	403.08	100.00	1,042.22	100.00	989.35	100.00

Securities brokerage business

Securities brokerage is BLS's core business. It provides the service to both general individual investors and institutional investors. In 2004, the trading volume contribution of its individual and institutional customers accounted for about 92.86% and 7.14% of the total volume respectively. The Company has a high level of diversification, and no one particular customer accounts for over 3% of its revenues.



Total trading turnover, market share and ranking of the Company are as follows :

	2004
Total Market Turnover (Baht mil.) (SET & MAI)	5,058,620
Company Trading Turnover (Baht mil.) (SET & MAI)	336,279
Market Share (%)	3.32
Ranking	8

Research

BLS prioritizes the role of its research which supports its various activities directly and indirectly. It emphasizes access to accurate and comprehensive news and information, as well as timely analysis conducted on a knowledgeable and informed basis. It produces various analysis reports tailored to the different needs of various customer segments, such as individual investors and institutional investors, both local and overseas.

The Company's research includes presentation of investment strategies, economic outlook, stock market conditions, as well as fundamental and technical analysis of securities. Its research covers around 130 SET-listed firms, representing about 81% of total market value. Besides, the Company has been honored to run a television program titled "Koo-Hoo Koo-Hoon" which serves as another channel for general investors to access information on the stock market. It enjoys a high rating and is come out very popular among investors.

Investment banking business

BLS engages in investment banking (IB) business, rendering financial advisory and securities underwriting services, with approval given by the Office of Securities and Exchange Commission (SEC) on June 12, 2002. Its IB team consists of professionals with expertise and experience in both local and overseas markets. In 2004, BLS's revenue from the IB business totaled Baht 93.20 million, or 8.94% of its total revenues.

The Company provides a full range of IB services, ranging from lead managing initial public Offering (IPO) for mid & large companies, to undertaking complex merger & acquisition activities. BLS has successfully established a good track record in the IB business through its active participation in significant transactions for blue chip clients such as Thai Airways, Thai Oil, Bumrungrad Hospital and Minor International.

In 2004, BLS's revenue from the IB business totaled Baht 93.20 million, 8.94% of its total revenues.

(Unit : Baht mil.)	2004
Financial Advisory	46.21
Securities Underwriting	46.99
Total	93.20

This business area has also helped to broaden the Company's securities brokerage customer base, through offering of shares of the companies for which BLS is the financial advisor or underwriter.

Private fund management

Private fund management offers a fee-based discretionary investment management service for both individual and institutional clients. Investment policies are tailored to meet the client's investment objectives for risk and return.

In carrying out the service, the Company will ensure that the clients' best interests and needs are met. The investment process consists of a comprehensive set of standards together with a business code of conduct. The portfolios are managed within the parameters stipulated in the Investment Policy Statement.

The Company was licensed by the SEC to operate a private fund management business on January 29, 2002. As at December 31, 2004, total net asset value of private funds under management amounted to Baht 5,517 million, with a market share of 4.09%. Fee income generated from management fee was Baht 35.02 million, or 3.36% of the Company's total revenues.

BLS's fund managers are highly experienced professionals in the field of fund management delivering investment decisions which factor in both clients' return objectives and risk tolerances.

Currently, there are four main types of fund offered to clients, these include:

1. Equity fund
For investors looking to achieve a high return, who can also accept higher levels of risk.
2. Fixed-income fund
For investors who expect an assured and consistent return at a low level of risk
3. A Fund with investment in both equity and debt instruments. The composition of each instrument varies upon the clients' risk and return objectives.
4. Fund-of-funds
For investors expecting high investment liquidity and tax privileges.



In addition to its private fund management service, on February 1, 2005, BLS launched a provident fund management service, under the same license as for its private fund management. This has enabled the Company to offer diversified fund management services to better serve its customer's needs.

Selling Agent Business

BLS was approved by the SEC to offer selling agent service on January 16, 2002. This business creates additional value to the Company by extending its range of services to meet all customers' needs.

At present, the Company has been appointed as a selling agent of unit trusts by three fund management companies. It recorded a fee income of Baht 1.61 million in 2004.

Key Milestones in BLS's Business Operations and Management

- 2004** :
- : April 23 - the Company opened its 22nd branch, Ramindra
 - : May and July - The Company changed shareholder structure where its previous major shareholder, Bualuang Finance Co., Ltd transferred its holding to its parent company, Bangkok Bank Plc. ("Bangkok Bank" or "BBL"), such that BBL holds directly 64.73% of the Company's paid-up capital.
 - : September 9 - the extraordinary shareholders' meeting passed a resolution to increase the authorized share capital from Baht 250 million to Baht 360 million by issuing 55 new common shares, to be allocated as follows :
 1. 27.5 million shares for the initial public offering ("IPO")
 2. 7.0 million shares for the directors and employees
 3. 20.5 million shares to be reserved for the conversion of the convertible debenture held by BBL.

- : September 14 - the Company was transformed into a public limited company named “Bualuang Securities Public Company Limited” and changed its share par value from Baht 10 to Baht 2 per share.
- : November 25 - the Company issued convertible debenture in amount of Baht 300 million with maturity of 2 years to BBL.
- : December 2-3 - the Company issued 7 million new common shares to directors and employees of the company at Baht 4.10 per share.

2005

- : 16 February - BBL converted the debenture to common shares totaling 20,500,000 shares.
- : 16 - 18 February - The Company undertook its initial Public Offering (IPO), offering 40,000,000 shares at Baht 12 per share. This comprises of 27,500,000 new shares issued by the Company, and 12,500,000 existing shares offered by the shareholders, JPMorgan Securities (Thailand) Limited and J.P. Morgan International Finance Limited.
- : 28 February - The Company listed its shares on the Stock Exchange of Thailand with “BLS” as its stock ticker.



Market and Competition

Broking Business

Market Data of SET

	2002	2003	2004
SET Index (Points)	356.48	772.15	668.10
Total Market Capitalization (MB.)	1,986,236	4,789,857	4,521,894
Total Market Trading Turnover (MB.)	2,047,442	4,670,281	5,024,399
Average Daily Trading Turnover (MB.)	8,357	18,908	20,508
Market Dividend Yield (%)	2.72	1.18	2.75
Market P/E Ratio (%)	6.98	13.65	9.40
Number of Listed Companies	389	405	439

Source: SET

In 2004, the average daily trading volume in the SET was Baht 20,508 million, up 8.46% year-on-year, whereas the SET index dropped by 104.05 points from 772.15 at the end of 2003 to 668.10 by the end of 2004, or a drop of 13.48%. The negative factors affecting the stock market were the bird flu outbreak in Thailand and the Asian region, terrorist attacks overseas, the unrest in the three southernmost provinces, the rising interest rate trend, and the oil price hikes.

The top 10 Brokers with the highest turnover captured an aggregate market share of 51.57% of the total market trade in 2004, marginally up from that of 51.13% a year earlier. BLS ranked eighth with a market share of 3.32%.

Investment Banking Business

The capital market in 2004 continued its turnaround pace thanks to the revival of the economy and the business sector. This was coupled with the government's policy on promoting stock listings on the SET through several incentive measures, notably the reduction of corporate tax for listed companies and the adjustment of listing criteria on both the SET and the MAI. Moreover, the government's privatization scheme, targeting profitable, large-scale state enterprises to be listed on the SET and raising fund through the capital market, encouraged many more companies to follow suit in raising funds through the capital market, resulting in the growth of IB-related transactions. In 2004, there were altogether 36 companies listed on the SET and 14 companies on the MAI, with funds raised totaling Baht 36,224 million and Baht 1,400 million respectively.

	2002	2003	2004
SET			
SET Index (Points)	356.48	772.15	668.10
Number of SET Newly Listed Companies	18	21	36
Subscription Value of Newly Listed Companies (MB.)	9,602.03	18,677.01	36,223.84
Number of Listed Companies	389	407	439
Total Market Capitalization (MB.)	1,986,236	4,789,857	4,521,894
MAI			
MAI Index (Points)	127.49	343.70	188.07
Number of MAI Newly Listed Companies	6	6	14
Subscription Value of Newly Listed Companies (MB.)	610.65	764.80	1,399.99
Number of Listed Companies	9	13	24
Total Market Capitalization (MB.)	3,798	13,691	11,702.88

Source : SET & MAI

As of December 31, 2004, there are a total of 71 companies licensed by the SEC to perform as financial advisors under the scope prescribed. Of this total, 31 are securities firms with licenses to operate securities underwriting business. Given such a large number of players, competition is keen. BLS continues to focus on service quality and transaction diversity and the introduction of innovative financial services and products.

Private Fund Management Business

The country's financial and economic outlook play a big role in the private fund management business. As the Thai capital market is on an uptrend, the private funds under BLS's management have thus posted consistent growth.

The Company's private fund management secured a market share of 4.09% in 2004. As of December 31, 2004, private fund assets under its management amounted to Baht 5,516.64 million.

	2002		2003		2004	
	Baht mil.	%	Baht mil.	%	Baht mil.	%
Bualuang Securities Public Company Limited	4,235.98	4.76	4,982.15	4.11	5,516.64	4.09
Ayudhya Securities Company Limited	1,242.31	1.40	852.21	0.70	976.12	0.72
SCB Securiteis Company Limited	-	-	-	-	413.02	0.31



Risk Factors

1. Risk from market fluctuations

The Company's revenues derives primarily from securities brokerage, which hinges on the economic and capital market conditions, the stock market turnover and investor confidence. The total SET and MAI trading turnover in 2004 was Baht 20,648 million. Given a bearish stock market, securities turnover will likely decline and the Company's income from brokerage fee will be lowered accordingly. On the contrary, a bullish market condition may boost securities trading and, hence, increase the Company's income from brokerage commission.

To cope with the risk from market fluctuations, the Company seeks to maintain its market share in brokerage business while expanding the customer base. Furthermore, it continues to increase the diversification of the revenue base by increasing income from non-broking businesses such as investment banking, private fund management, and selling agent service, which accounted for 13.12% of total revenue in 2004.

2. Risk from high competition in securities business

Brokerage commission rates were liberalized during October 1, 2000 to January 13, 2002 which resulted in intense competition on commissions. The Company restarted operations during that period. However on January 14, 2002 brokerage commission rates were set at fixed commission of 0.25% for 3 years until January 13, 2005. This was extended to January 13, 2007. The intense competition in brokerage commission thus decreased, allowing companies to compete on services.

Competition in the securities business remains high due to the increasing number of securities companies or brokers which have joined the SET. There were 27 brokers in 2001 and this increased to 37 in 2004, resulting in a greater level of competition in the brokerage business.

The Company continues to focus on enhancing service quality, and dedicates efforts on IT development, personnel development, and the introduction of new value-added products, such as mobile trading service, to meet customer satisfaction better.

3. Risk from payment defaults by customers

This type of risk arises from customers' failure to meet the payment within three days of their securities purchases, caused by the stock market fluctuations and customers' cash shortfall.

In 2004, net settlement trade recorded by the Company was around 30% of its total trading value, which was close to the industry average. Its cash account and credit balance trade contributed 90.55% and 9.45% respectively to total volume. Bad debts incurred on both customer groups were very low at not over 0.5% of total revenues.

As a measure to ward off such risks, the Company sets an appropriate account limit for the individual customers based on their occupation, regular income, background, financial soundness, etc. Trading account for each customer is set at not over one time that of the liquid assets presented by him/her, and reviews are made regularly. The SET's rules and procedures on cash account trade requiring the customers to make, before trading, a deposit of at least 10% of the trade limit can help mitigate the risks to a certain extent. As regards credit balance trade, to minimize the risks from payment defaults, the Company has mapped out a policy of setting a proper trade limit and credit limit for each customer, identification of marginable securities and setting of appropriate initial margin, control on concentration of any particular securities and credit analysis based on information from the customers, as well as regular follow-ups with customers.

4. Risk of adverse price effect when the Company's directors and employees sell their shares after the silent period

Before the IPO, the Company has offered 7,000,000 shares to its directors and employees at Baht 4.10 per share, representing 3.89% of the Company post-IPO paid-up capital. The share offering to directors and employees was completed on December 3, 2004. The said offer price to directors and employees is lower than the IPO price. There may be risk of adverse price effect when the Company's directors, and employees sell their shares after the silent period. However, those shares are subject to a silent period of two years in accordance with the SET's requirement.



5. Risk from securities underwriting

The Company provides securities underwriting services and thus bears the risk of failure to sell out the securities completely as agreed. In this case, it will have to take up all the unsold securities and will potentially suffer losses if the market price of those shares is lower than the offer price. The Company has not encountered this situation in 2004.

Recognizing such risks, the Company has set up an underwriting committee to evaluate the risks associated with the securities to be underwritten and the identify the Company's underwriting capacity based on its net capital ratio.

6. Risk from staff turnover

Securities business requires skilled personnel. A buoyant investment atmosphere and increased investor confidence leads to tougher competition and a higher rate of personnel turnover. The Company does not suffer materially from personnel turnover in 2004.

In order to ameliorate this problem, the Company has arranged a continuous training program for its staff to enhance their skills in servicing customers. It has a policy of retaining employees' long-term service with incentives offered to them through salary, welfare, bonus, and other compensation packages at appropriate levels and in line with the market conditions and competition. An Employee Stock Option Plan has also been introduced with the Company's shares given to directors and employees to build up a sense of ownership. The compensation scale for marketing staff as set out by the SET has helped curb the high turnover rate of these skilled employees to some extent.

7. Risk from deficiency of IT system

Computer systems play a key role in the operations of securities business. Computer system disruption or malfunction will adversely impact the operations and reliability of a securities company. The Company currently adopts the Front Office Integrated System for its securities trading and the Securities Back Office Automation for its operation and settlement. The Securities Back Office Automation (SBA) has been put in place for trade settlement between its clients and Thailand Securities Depository Co., Ltd.

In addition, the Company has set measures and contingency plans to adequately cushion the risks from computer disruptions. It also has a computer backup center, located at Ladprao Branch on Central Plaza Ladprao office building.

It regularly carries out a total system test and business procedure review on a yearly basis in accordance with the business continuity plan to ensure the functionality and efficiency of the work systems.

8. Risk from management by major shareholder

The Company is a subsidiary of BBL. After the IPO and the conversion of convertible debenture, BBL's shareholding in the Company was diluted to 56.34%, though still enabling BBL to have almost total control over the shareholder meeting's resolutions on such issues as director appointment, or any issues requiring a majority vote, except for the issues to be determined by three-fourths of the total vote as required by law or the Company's Articles of Association. As such, other shareholders may be unable to collect enough votes to make a check and balance on some issues raised by the major shareholder.

However, as a subsidiary of BBL, the country's largest commercial bank in term of asset and deposit base, the Company has enjoyed a great acceptance by its customers, investors and the public. Furthermore, being a BBL subsidiary increases business opportunities for the Company. It has only one BBL representative on its Board of Directors, namely Mr. Piyapan Tayanithi, and has all along transacted business with the major shareholder based on good corporate governance practices.



Shareholding Structure

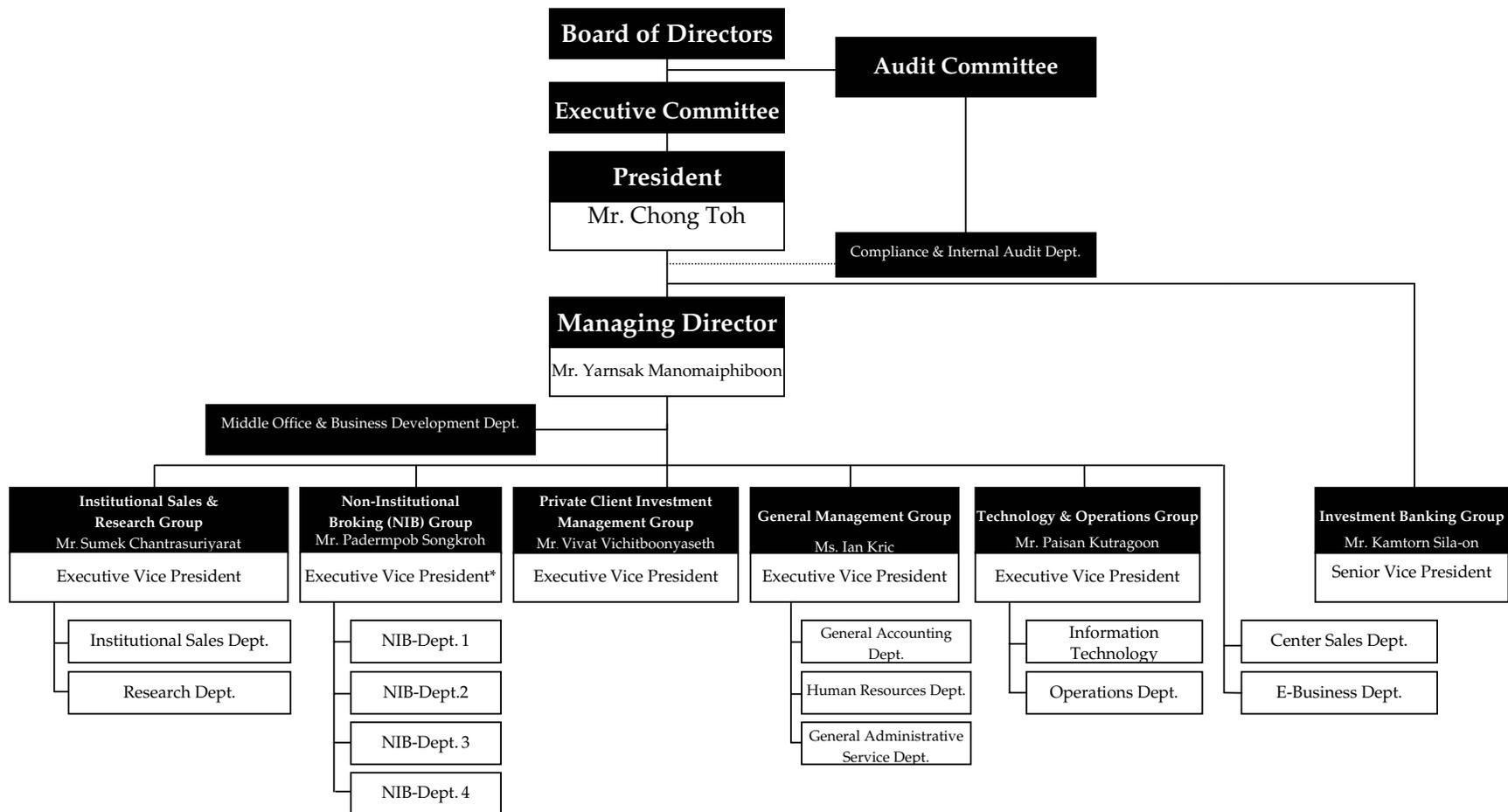
Top 10 Major Shareholders

No.	Name	As of February 22, 2005	
		Shares Amount	%
1.	Bangkok Bank Public company Limited	101,409,325	56.34
2.	Mr. Chong Toh's Group	12,830,000	7.13
	2.1 Mr. Chong Tob	12,800,000	7.11
	2.2 Ms. Chanida Sophonpanich	30,000	0.02
3.	Mr. Korn Chatikavanij	6,250,000*	3.47
4.	Mr. Yarnsak Manomaiphiboon	2,990,030	1.66
5.	Mr. Padermpob Songkroh	735,000	0.41
6.	Mr. Mongkol Sukjaroenkana	600,000	0.33
	Ms. Piyada Chaiamnuay	600,000	0.33
7.	Mrs. Mukda Hongjindakate	570,735	0.32
8.	Mrs. Vilai Chaiamnuay	550,500	0.31
9.	Ms. Sophit Poosanakom	485,000	0.27
10.	Ms. Panita Tuchinda	485,000	0.25
	Top 10 major shareholders	127,475,590	70.82
	Total Paid-up Shares	180,000,000	100.00

* Mr. Korn Chatikavanij offered his portion of 5,650,000 shares to the Company's directors and employees in a big lot transaction on the first trading day (28 February 2005) at the IPO price (Baht 12 per share), thus reducing his holding to 0.33%.

Management

Organization Structure as of December 31, 2004



*Remark : * Mr. Padermpob Songkroh had been promoted from Executive Vice President to Deputy Managing Director with effect from 1 January 2005*





The Company has set up various committees, namely the Board of Directors, the Executive Committee, and the Audit Committee. The members of the committees and the management are competent persons with full qualifications pursuant to Section 68 of the Public Limited Companies Act, B.E. 2535 and the Notification of the SEC no. Kor.Jor. 12/2543 (and amendment thereto) pertaining to qualification of listed companies. The detailed composition of BLS's management structure is as shown below:

Board of Directors

As of 31 December 2004, the Company's Board of Directors consisted of 8 members as follow:

No.	Name	Position as Director	Other Positions
1.	Mr. Sansern Wongcha-um	Chairman of the Board of Directors	Chairman of the Executive Committee
2.	Mr. Piyapan Tayanithi	Director	Executive Director
3.	Ms. Chanida Sophonpanich	Director	
4.	Mr. Chong Toh	Director	Executive Director
5.	Mr. Yarnsak Manomaiphiboon	Director	Executive Director
6.	Mr. Prin Chirathivat	Director	Chairman of the Audit Committee and Independent Director
7.	Mr. Upatham Saisangjan	Director	Audit Committee and Independent Director
8.	Mr. Thiraphong Chansiri	Director	Audit Committee and Independent Director

Ms. Pantip Koeythong is the Board of Directors' Secretary and Company's Secretary

The Authorized Director

The Directors who are empowered to sign on behalf of the Company are : the joint signatures of any two of the following four Directors with the Company's seal affixed, namely : Mr. Sansern Wongcha-um , Mr. Piyapan Tayanithi, Mr.Chong Toh and Mr.Yarnsak Manomaiphiboon

Authority and Responsibilities of the Board of Directors

1. The board of directors shall perform and carry out the Company's business in compliance with the laws, objectives and Articles of Association of the Company including the shareholders' meeting resolutions with good faith and with care to preserve the interests of the Company;
2. To set out targets, guidelines, policy, plans and budgets, monitor and supervise business administration to be aligned with the assigned policy and the provisions set forth by the SET, except for the issues that require prior approval of the shareholders' meeting, e.g. capital increase/decrease, issue of debentures, sale or transfer of business in whole or in part to any other party, or acquisition or acceptance of transfer of business, amendment to

memorandum or articles of association, payment of allowances or remuneration to directors, and others;

3. To control and follow-up the Company's operations to ensure compliance with the rules and regulations of the authorities, adequate disclosure of information to shareholders and the parties concerned, and transparent management to ensure optimal benefits to shareholders; and
4. To consider appointment of directors as deemed proper to sit on the Executive Committee or other subcommittees to supervise business operations as assigned by the Board.

In 2004, there were totally 7 meetings held. The meeting attendance of each directors is tabled below :

Name	Number of Meeting (Times)	Attendance (Times)
1. Mr. Sansern Wongcha-um	7	7
2. Mr. Piyapan Tayanithi	7	7
3. Ms. Chanida Sophonpanich	7	7
4. Mr. Chong Toh	7	7
5. Mr. Yarnsak Manomaiphiboon	7	7
6. Mr. Prin Chirathivat	7	7
7. Mr. Upatham Saisangjan	7	6
8. Mr. Thiraphong Chansiri *	3*	3*

Remark : The number of meeting attendance of Mr. Thiraphong differed from other directors' because Mr. Thiraphong has just been appointed to be a director on September 2004

Audit Committee

As of 31 December 2004, the Company's Audit Committee consisted of 3 members as follow :

No.	Name	Position
1.	Mr. Prin Chirathivat	Chairman of the Audit Committee and Independent Director
2.	Mr. Upatham Saisangjan	Audit Committee and Independent Director
3.	Mr. Thiraphong Chansiri	Audit Committee and Independent Director

Terms of office of Chairman of the Audit Committee and member of Audit Committee : 3 years



Authority and Responsibilities of the Audit Committee

The Audit Committee has authority and responsibilities as assigned by the Board of Directors as follows :

1. To review and ensure the Company's financial reporting process is accurate and adequately disclosed.
2. To review and ensure the Company's internal control and internal audit systems are appropriate and effective.
3. To review the Company's compliance with laws of securities and exchange, regulations of the Stock Exchange and laws relating to the Company's business.
4. To consider, select, and nominate the Company's auditor and recommend the auditing fee.
5. To consider and ensure the accuracy and completeness of the disclosure of information of the Company in case of a connected transaction or transaction that may lead to conflicts of interest.
6. To prepare the Audit Committee's report, duly signed by the Audit Committee Chairman, for disclosure in the Company's annual report.
7. To perform any other act as assigned by the Board of Directors with the consent of the Audit Committee.

In 2004, there were in total 6 Audit Committee meetings held. The meeting attendance of each audit committees is tabled below :

Name	Number of Meeting (Times)	Attendance (Times)
Mr. Prin Chirathivat	6	6
Mr. Upatham Saisangjan	6	6
Mr. Thiraphong Chansiri*	2*	2*

Remark : The number of meeting attendance for Mr. Thiraphong differed from others' because Mr. Thiraphong has just been appointed since September 2004

The Executive Committee

As of 31 December 2004, the Company's Executive Committee consisted of 4 members as follow :

No.	Name	Position
1.	Mr. Sansern Wongcha-um	Chairman of the Executive Committee
2.	Mr. Piyapan Tayanithi	Executive Director
3.	Mr. Chong Toh	Executive Director
4.	Mr. Yarnsak Manomaiphiboon	Executive Director

Scope of duties and responsibilities:

1. To scrutinize the management's proposals for further submission for the Board's consideration;
2. To make recommendations on strategies, plans, and guidelines of operations to the Board for consideration;
3. To follow up the Company's performance to ensure quality and efficient operations particularly on the following issues:
 - Operating results compared to the policy and targets set out by the Board
 - Risk management
 - Management of investment and operating expenditure compared to the budgets
 - Compliance of operations with relevant laws and regulations as well as code of ethics
4. To consider and approve the undertakings of issues assigned by the Board;
5. To consider and appoint subcommittees and/or working committees to deal with day-to-day business administration and operations, and to set out and delegate power, duties and responsibilities of the subcommittees and/or working committees; and
6. To carry out any other tasks as assigned by the Board.

The above scope of duties and responsibilities of the Executive Committee is consistent with the delegation of authority approved by the Board of Directors at the meeting no. 1/2547 held on September 24, 2004.

The Executive Committee may not perform any duties other than those above-mentioned unless otherwise assigned by the Board of Directors meeting from time to time.

The delegation of authority to the Executive Committee may not be carried out in the nature that will enable the Executive Directors, or the persons authorized by the Executive Directors, to approve the transactions in which they may have a conflict of interest with the Company or its subsidiaries.

Management

As of 31 December 2004, the Company's Management consisted of 7 members as follows :

No.	Name	Positions
1.	Mr. Chong Toh	President
2.	Mr. Yarnsak Manomaiphoboon	Managing Director
3.	Mr. Padermpob Songkroh	Executive Vice President - Non-Institutional Broking (NIB) Group*
4.	Mr. Paisan Kutragoon	Executive Vice President - Technology & Operations Group
5.	Mr. Sumek Chantrasuriyarat	Executive Vice President - Institutional Sales & Research Group
6.	Mr. Vivat Vichitboonyaseth	Executive Vice President - Private Client Investment Management Group
7.	Ms. Ian Kric	Executive Vice President - General Management Group

*Remark: *Mr. Padermpob Songkroh had been promoted from Executive Vice President to Deputy Managing Director with effect from 1 January 2005*



Other Committees

As of December 31, 2004, the Company had other committees which have power and duties as assigned by the Board of Directors and the Executive Committee, as follows:

Bad Debt Committee

Bad Debt Committee comprises the 6 members of which are ex-officio committee members as follows :

1. Managing Director
2. Head of Non-Institutional Broking Group
3. Head of Technology and Operations Group
4. Head of Operations Department
5. Head of Compliance and Internal Audit Department
6. Head of Legal Function

Scope of duties and responsibilities:

1. To formulate operation guidelines in monitoring and controlling follow-up procedure for bad debt related to securities brokerage;
2. To follow up on the progress, and consider solution guidelines and decide on treatment for each case;
3. To consider and implement preventive measures; and
4. To prepare debtor status report and progress report for further submission to the Board of Executive Directors.

The Bad Debt Committee is required to hold meeting at least once a month to consider the progress and follow up the implementation as deemed expedient.

Underwriting Committee

Underwriting Committee comprises the 6 members of which are ex-officio committee members as follows :

1. President
2. Managing Director
3. Head of Investment Banking
4. Head of Non-Institutional Broking Group
5. Head of Institutional Sales and Research Group
6. Head of Syndication

Scope of duties and responsibilities:

1. To consider and approve the Company’s participation as lead underwriter for both equity instruments and debt instruments;
2. To consider and approve the underwriting amount and terms;
3. To consider risk, liquidity, and net capital ratio (NCR) arising from firm underwriting; and
4. To set out share allotment criteria for Non-Institutional Broking Group, Institutional Sales Group, and Investment Banking Group.

Approval Authority for Securities Underwriting

Approval amount	Authorized person (s)
Up to Baht 10 million	Head of Investment Banking Group and Non-Institutional Broking Group
Over Baht 10 million	President and Managing Director

Investment Committee-Private Fund

Investment Committee-Private Fund comprises members of which are ex-officio committee members :

1. President
2. Managing Director
3. Head of Private Client Investment Management Group
4. All Fund managers

Scope of duties and responsibilities:

1. To map out the framework, policy or strategy on investments. To define the investment universe, To approve asset allocation and sector allocation weightings. Final investment decisions on the choice of securities, the timing and amount of investment, remain to be executed by fund managers;
2. To monitor the results of investments to be in line with the framework, policy, and code of ethics as well as the rules and regulations set forth; and
3. To provide suggestions, advice, or viewpoints to fund managers regarding the overall investment trend and the adjustment of investment strategy to fit the situation.

In this regard, the fund managers’ performances are subject to examination by the following work units:

1. Head of Information Technology and Operation Group
2. Representative from Compliance and Internal Audit Department
3. Representative from Middle Office and Business Development Department
4. Representative from Marketing Department of Private Fund Management Group



Nomination of directors and executives

The Company has no Nomination Committee. Nonetheless, there are criteria on selection and appointment of directors as prescribed in the Company's articles of association and the directors so appointed are subject to approval by the SEC.

Board of Directors

1. The board of directors shall consist of not less than five (5) persons but not more than eleven (11) persons. Not less than one half of the number of such directors must reside within the Kingdom of Thailand.
2. The directors shall be elected at the shareholder's meeting in accordance with the criteria and procedures as follows:
 - 2.1 Each shareholder shall have one vote for one share;
 - 2.2 Each shareholder may exercise all the votes he or she has under (1) to elect one or several persons as director or directors, but the shareholder may not split his or her votes between any directors or any group of directors; and
 - 2.3 Persons who receive the highest votes arranged in order from higher to lower in a number equal to that of the number of directors to be appointed are elected to be the directors of the Company. In the event of a tie at a lower place, which would make the number of directors greater than that required, the chairman of the meeting will have a casting vote.
3. At every annual ordinary shareholder's meeting, one-third (1/3) of the directors, or if the number of directors cannot be divided exactly into three parts, the number of directors nearest to one-third (1/3), shall vacate office.

A vacating director may be eligible for re-election.

The directors to vacate office in the first and second years following the registration of the conversion of the Company shall be drawn by lots. In subsequent years, the directors who have remained in office for the longest time shall vacate office.

4. To resign from office, a director has to hand in his resignation letter to the Company. Such resignation letter shall become effective on the date when it reaches the Company.
5. The shareholders' meeting may pass a resolution to remove any director from office prior to the expiration of the director's term of office, by a vote of not less than three-fourths (3/4) of the number of shareholders attending the meeting and having the right to vote and the shares held by them shall, in aggregate, be not less than one half of the number of shares held by the shareholders attending the meeting and having the right to vote.

Audit Committee

The Company does not set up a nominating committee in particular to select the members of the audit committee. However, the Company has selected the member of the audit committees from independent directors with qualifications in accordance with the SEC and the SET Notifications, as detailed below:

1. Does not hold, including shares held by a related person, exceeding 5 per cent of paid-up capital of the listed company or of an affiliated company, an associated company or a related company of the listed company.
2. Not involved in the day-to-day management of the listed company or an affiliated company, an associated company, a related company, or with the major shareholders of the listed company.
3. Not an employee or a staff member or an advisor who receives a regular salary from the listed company, an affiliated company, an associated company, a related company, or the major shareholders of the listed company.
4. Free of any present, direct or indirect, financial or other interest in the management and business of the listed company, its subsidiaries and associated companies, or its major shareholders.
5. Free of any past (for at least a period of one year), direct or indirect, financial or other interest in the management and business of the listed company, its subsidiaries and associated companies, or its major shareholders, unless the board is satisfied that such relationships will not affect the member's independent judgement.
6. Not a relative of any executive director, executive officer or major shareholder of the listed company.
7. Not a nominee or representative of any director, major shareholder, or shareholder, who are a relative of any major shareholders of the listed company.
8. Able to carry out their duties, exercise their judgement, and report the committee's performance which are assigned by the board of directors without being influenced by executive directors or major shareholders of the Company, including related persons or relatives.

Management

The Company has no committee to nominate the Management. In this light, it has a policy to nominate the management by recruiting persons with good knowledge, competence, and experience in this business. The appointment is subject to approval by the Executive Committee.

Director and Management Remuneration

A. Remuneration in Cash

Directors

A total of Baht 2,002,000 was paid to Company's eight directors in monthly director fees for 2004.



Name	Position	2004 Remuneration (Baht)
1. Mr. Sansern Wongcha-um	Chairman of the Board of Director	598,000.00
2. Mr. Piyapan Tayanithi	Director	200,666.67
3. Ms. Chanida Sophonpanich	Director	200,666.67
4. Mr. Chong Toh	Director	200,666.67
5. Mr. Yarnsak Manomaiphobon	Director	200,666.67
6. Mr. Prin Chirathivat	Director and Chairman of the Audit Committee	300,000.00
7. Mr. Upatham Saisangjan	Director and the Audit Committee	230,000.00
8. Mr. Thiraphong Chansiri	Director and the Audit Committee	71,333.33 *
Total Remuneration		2,002,000.00

Remark : Mr. Thiraphong has just been appointed as Director and Audit Committee member since September 2004

The Company has also set aside Baht 1,600,000 as 2004 annual bonus for its Board of Directors. The bonus payment is subject to the approval of the Ordinary General Meeting of shareholders in 2005, upon which the Chairman will accordingly allocate the bonus to the directors.

Executive Director and Management

	2004	
	No. of Persons	Baht
Monthly Fee for Executive Directors (Management who are also executive directors not entitled to receive this Monthly Fee)	2	191,333.33
Management Salary and Bonus	8*	652,639,552.00
Provident Fund	8*	1,534,600.00
Total		54,365,485.33

*Remark : * 1 management resigned from the Company since April 1, 2004*

B. Other remunerations

The Company allocated the Employee Stock Option Plan (ESOP) shares to eight directors. Detail are as follows :

Name	Allocated Shares
1. Mr. Sansern Wongcha-um	45,000
2. Mr. Piyapan Tayanithi	37,500
3. Ms. Chanida Sophonpanich	30,000
4. Mr. Chong Toh	30,000
5. Mr. Yarnsak Manomaiphobon	30,000
6. Mr. Prin Chirathivat	37,500
7. Mr. Upatham Saisangjan	30,000
8. Mr. Thiraphong Chansiri*	30,000

Mr. Chong Toh, in recognition of his role and responsibilities as the President, was additionally allocated 270,000 shares, and Mr. Yarnsak Manomaiphobon 270,000 shares for his role and responsibilities as the Managing Director.

A total of 1,225,000 ESOP shares were allocated to seven management personnel. No allocation of over 5% of the total was made to any of the management.

Good Corporate Governance

The Company has implemented in compliance with the 15 corporate governance principles stipulated by the SET since 2002, the details of which are as below:

1. Corporate governance policy

The Company recognizes the importance of good corporate governance with is a key factors for enhancing the transparency and the efficiency of the Company. To ensure transparency and bolster its competitiveness as well as the confidence among the shareholders and all parties concerned, the Company has also put in place a policy for good corporate governance which incorporates key principles as follows :

- (1) Fair and equitable treatment of the shareholders and all other stakeholders;
- (2) Prudent operation with risk management undertaken, and performance of duties with adequate competence and efficiency to create maximum benefits to the shareholders and prevent conflicts of interest;
- (3) Institution of business code of conduct with compliance manual worked out for directors and employees, focusing on business ethics and compliance with the authority regulations.

Moreover, The Company will strictly comply with the rules and regulations set out by the SEC and the SET, and discloses in its annual report and annual registration statement (Form 56-1).

2. Shareholders: Equitable rights and treatment

BLS observes shareholders' rights and provides equitable treatment to shareholders in respect of meeting attendance, access to information, and exercise of voting rights at the shareholders' meeting. The Company sends each shareholder an invitation to the shareholders' meeting at least seven days prior to the date of the meeting (or as required by the SEC and the SET). The Board of Directors also gives its opinion on each agenda sent to shareholders for consideration. The minutes of the meeting will be taken accurately and completely to allow for inspection by the shareholders.

The Company gives an alternative to shareholders in assigning the proxy to the Chairman of the Board of Directors and Audit Committee members, as indicates in the proxy form attached to the invitation letters.

3. Rights of stakeholders

The Company recognizes the important of all groups of stakeholders such as employees , management, creditors, and competitors, etc. Details are as follows:



- Employees : The Company treats its employees on a fair and equitable basis with appropriate returns.
- Creditors : The Company follows the terms and conditions set out in the credit agreements.
- Customers : The Company takes good care of and be accountable to the customers by developing services, widening service channels/alternatives, retaining customers' information in strict confidentiality, and systematizing treatment of customers' complaints on a fair basis.
- Competitors : The Company adheres to the rules of fair competition adopted by the industry or set out by the regulators, especially the criteria on brokerage fee, listing, commission payment to marketing staff, and maintaining of the standard and practice in competition.
- Society : The Company has social responsibility, running the business based on code of ethics and professionalism and supporting activities of social contribution as deemed appropriate.

4. Shareholders' meeting

The shareholders will be provided shareholders enough time to make any questions, comments or suggestions. All significant matters arisen during the meeting will be recorded in the minutes of meeting. At BLS's 2004 Ordinary General Meeting of Shareholders, there were altogether 14 shareholders and proxies with 19,910,000 shares out of the total of 25,000,000 shares, representing 79.64%, thus constituting a quorum. Five directors attended the meeting, namely Mr. Sansern Wongcha-um, Mr. Piyapan Tayanithi, Mr. Upatham Saisangjan, Mr. Chong Toh, and Mr. Yarnsak Manomaiphiboon.

5. Leadership and vision

The Board has taken part in the setting up the corporate policy and plays a key role in considering and approving strategy, targets, business plan, and budgets. The Board of Directors always ensures that the Company has effective and efficient management. The Board appoints committees to help carry out the task with clear delegation of authority. Besides, the Board has put in place effective internal control and audit system together with risk management measures, the implementation of which is followed up on a regular basis.

The roles, duties and responsibilities of the committees, supporting committees, and the management are clearly defined and delegated.

6. Conflicts of interest

The Company takes measures to prevent conflicts of interest and any unfair action, the Company has included preventive guidelines in the compliance manual which all its directors and employees have to comply with. Under these guidelines, they are prohibited from using inside information for their own or others' interests and are required to keep the customers' information confidential. Furthermore, the Board will be informed of the conflicts of the interest transactions as well as the connected transactions and always considers them with prudence or comply with the SET rules and regulations. Such transactions are disclosed in the annual report and the annual registration statement (Form 56-1).

7. Business ethics

The Company had issued business code of conduct and compliance manual, which feature the code of ethics in business operations and the compliance with the regulations, and require its directors, managements and employees to sign in acknowledgement and commitment to follow. In this relation, their practice will accordingly be followed up on a regular basis and disciplinary penalties put in place. In addition, the Company has distributed handbook for directors of securities companies prepared by the SEC to all directors for acknowledgement.

8. Check and balance by non-executive directors

The Company's Board of Directors consists of eight directors, as follows:

- € Two directors which are also management, representing 25% of total number of directors
- € Three non-management directors, representing 37.5% of total number of directors
- € Three independent directors, representing 37.5% of total number of directors, all of whom are the Audit Committee members

9. Aggregation or segregation of positions

The Chairman and the President of the Company are not the same person. The Chairman is independent. To enhance check and balance, the Company has clearly delegated roles, authority, and duties between the two persons to prevent unlimited and overlapping authority. The Company designates the Chairman as the leader with regard to policy matters, and the President as the leader with regard to management matters.

10. Remuneration for directors and executives

The Company clearly sets out director remuneration, with approval by the shareholders' meeting. All directors receive monthly remuneration commensurate with their duties and responsibilities as assigned.



11. Board of Directors' meeting

The Board meeting is held regularly at least once a quarter. In each meeting session, the management prepares information to support the Board's consideration. The Chairman of the meeting also gives sufficient time for all directors to consider each agenda thoroughly and provide comments thereon. Meeting minutes are taken in written form and the certified copy of which will be kept for future reference from all concerns. In 2004, altogether seven Board sessions were held, with directors' attendance detailed on Page 28.

The Audit Committee meeting is held regularly at least once a quarter. At the meeting, the Audit Committee made consideration, selection, and nomination of auditor as well as fixing the audit fee for 2004; provided opinions in the interim and annual financial statements duly reviewed or audited before submission for the Board's consideration; considered compliance with the accounting standard and disclosure of information in the financial statements; reviewed the disclosure of related or connected transactions; and considered the appropriateness of the corporate governance and internal audit plan. In 2004, six Audit Committee meetings were held, with the Committee members' attendance detailed on Page 29.

12. Supporting committees

The Company has set up several supporting committees in addition to the Board of Directors in a bid to boost efficiency and flexibility in operations, as follows:

- € The committee appointed by the shareholders' meeting, i.e. the Audit Committee
- € The committees appointed by the Board, namely
 - The Executive Committee
 - Bad Debt Committee
 - Securities Underwriting Committee
 - Investment Committee – Private Fund

The Executive Committee will be in charge of considering and approving review of the delegation of authority of the Bad Debt Committee, Securities Underwriting Committee and Investment Committee – Private Fund, and the appointment of other committees to oversee the Company's operations and administration.

The delegation of authority of the above committees is detailed on Page 29-32.

13. Internal control and audit system

The Company has clearly set out policy, criteria and procedure of internal control, corporate governance, internal audit and risk management, as follows:

☒ Corporate governance and internal control system

The Company has realized the importance of effective corporate governance and internal control at both management and operation levels. It has delegated in writing the authority of operation staff and managements, with front office and back office clearly segregated to ensure check and balance. Furthermore, the Company has Compliance and Internal Audit Department to deal with corporate governance and audit tasks to ensure the compliance with the rules and regulations set forth by the authorities and the Company. This department is under and reports directly to the Audit Committee.

☒ Risk management

To relieve any risk that may arise, the Company has put in place risk management system with a work unit set up to develop risk management and reporting to the management. It has also instituted the early warning system, monitoring of compliance with relevant laws and provisions and report on risk management.

The Company has identified and assessed corporate risks and laid down prevention and management measures on these risks which include those with operational impacts.

14. Report of the Board of Directors

The Board is responsible for the Company's financial statements which have been prepared based on Thailand's generally accepted accounting standard and duly audited by the certified public accountant approved by the SEC. The Audit Committee reviews the quality of the financial reports and the internal control system as well as the adequate disclosure of essential information in the notes to financial statements. Its opinions will be proposed to the Board meeting and the shareholders' meeting respectively.

15. Relationship with investors

The Board has placed importance on the disclosure of accurate, complete, and transparent information to all its shareholders. After its listing on the SET, the Company continues to emphasize efforts to ensure the disclosure and presentation of information to the shareholders and the investors in general is in line with the standard and regulations set out by the SEC and the SET. The dissemination is carried out through the SET's communication channel and the Company's own website, i.e. www.bualuang.co.th. In addition, Investor Relations work unit has been established to render information to shareholders, investors, analysts, and the general public.



Supervision of Inside Information Usage

The Company has a policy of prohibiting its management team and employees from disclosing information not yet released to the general public, or using inside information of any securities for the purpose of trading such securities for personal or others' benefits, either directly or indirectly. The directors, management, or employees involved in accounting information and financial statements not yet disclosed to the public are also prohibited from trading the Company's shares at least one month before the release of the financial results to the public. They have also been notified of their duty of reporting their holding of the Company's shares and any change thereof in the securities holding report to the SEC pursuant to Section 59 and penal provision under Section 275 of the Securities and Exchange Act, B.E. 2535.

The Company has set out policy and practices on various issues as documented in the compliance manual, some examples of which are as below:

- **Practices relating to confidential information and use of inside information**

The employees must not disclose any information of the existing and prospective customers that is confidential, unless otherwise approved by them or required by the law. The employees are also prohibited from using the inside information of the Company and the customers for their own or any other persons' benefits, and for securities trading recommendations.

- **Control of information leakage among internal work units**

Since the Company engages in securities brokerage, investment banking, and private fund management, it is necessary to erect the so-called Chinese Wall as a barrier to communication among such work units, such that clients' and proprietary information should be used only within the particular work unit, and not prematurely disclosed. In this regard, the Company has structured the organization into functional units with clearly delegated duties, areas of operations, and control of access to information so as to prevent conflicts of interest and guard against the abuse of inside information.

- **Control on securities trading by employees**

In order to prevent the conflict of interest and the use of inside information as well as to ensure effective monitoring, the Company's employees and related persons (spouse and minor child) must maintain their trading portfolios only with the Company. They are also required to hold on to securities bought for at least seven days before selling; not to sell securities other than those in their own portfolios; and not to trade on net settlement. There are also additional trading restrictions if such employees are marketing staff, investment bankers, fund managers, and securities analysts, which vary according to their nature of work.

- **Restricted list of securities not allowed to be traded**

The Company has a policy regarding watch list and restricted list of securities to help monitor the potential abuse use of inside information and to prevent conflict of interests that may occur. In this light, employees and executives are not allowed to trade the securities in the restricted list within a given period. The employees and executives, who in the line of duties may have opportunities to access inside information, are prevented from trading the securities in the watch list.

The Compliance and Internal Audit (CIA) Department has instituted the plan to monitor the compliance with the policy on the use of inside information. Disciplinary penalty has been put in place to curb any violation, ranging from warning to dismissal, as deemed proper.



Internal Control

The Board of Directors, in its meeting No. 2/2005 held on February 17, 2005 in which all three members of audit committee also attended, was of the opinion that, the Company has an adequate system of internal control in place. Furthermore, the Board of Directors also view that the Company had implemented a system of internal controls that is capable of monitoring transactions between the Company and its connected parties, including major shareholders, directors, management and related persons.

Dividend Payout Policy

The Company has a policy to pay dividend at about 50% of net profit after all reserve requirements specified in its articles of association and by law, unless there is any other necessity, and unless such dividend payment poses a material impact on the Company's operations.

Related Party Transaction

Summary related transaction for the year ended 2004

(1) Deposit, Interest Income and Accrued Interest Income

Related Parties	Relationship	Type of Transaction	Transaction Value (Baht)			
			Balance Brought Forward	Outstanding	Interest Income	Accrued Interest Income
1.1 Bangkok Bank Public Company Limited	Major shareholder: Bangkok Bank holds 61.29% of the Company's paid-up capital (During May-July 2004, Bualuang Finance transferred the Company's shares to Bangkok Bank)	The Company had current account deposit	37,018,860	44,387,555	-	-
1.2 Bualuang Finance Company Limited	Related company with Bangkok Bank : Bualuang Finance is 96.83% owned by Bangkok Bank.	The Company had a deposit through Promissory notes with market interest rate	8,000,000	10,000,000	107,587	2,984

(2) Borrowing, Interest Expense, Accrued Interest Expense

Related Parties	Relationship	Type of Transaction	Transaction Value (Baht)					
			Balance Brought Forward	Borrowing during the Period	Payment during the Period	Outstanding	Interest Expense	Accrued Interest Expense
2.1 Short Term Borrowing Bangkok Bank Public Company Limited	Major shareholder	<u>Borrowing</u> The Company borrowed a call loan for working capital	125,000,000	Accumulated Borrowing Baht 2,340,000,000	Accumulated Payment Baht 2,465,000,000	-	645,174	-
2.2 Convertible Debenture Bangkok Bank Public Company Limited	Major shareholder	<u>Convertible Debenture</u> The Company issued and offered convertible debenture which the holder can convert the debenture on the first day of the initial public offering .	-	300,000,000	-	300,000,000	-	152,055



(3) Revenue and Expenses

Related Parties	Relationship	Type of Transaction	Transaction Value (Baht)	Outstanding Value (Baht)
3.1 Bangkok Bank Public Company Limited	Major shareholder	<u>Brokerage Fee</u> The Company received a brokerage fees at a normal rate charged to other clients.	297,073	-
		<u>Fees and Services Income</u> The Company received underwriting fee from Bangkok bank, a selling shareholder of Thai Oil shares	1,418,988	-
		<u>Fee Expenses</u> The Company paid a total fee for automatic money transfer and check clearing	1,530,086	-
		<u>Rental and Services Fees</u> The Company paid a branch office rental fee and utility expenses	585,753	12,000
3.2 Bualuang Finance Company Limited	Related company with Bangkok Bank : Bualuang Finance is 96.83% owned by Bangkok Bank.	<u>Other Income</u> The Company earned other income from IT service	1,600,000	-
3.3 Bualuang Asset Management Co., Ltd. 3.4 Asia Credit Finance Public Company Limited	Related company with Bangkok Bank: Bangkok Bank holds the stake of 50% and 27.49% respectively.	<u>Brokerage Fee</u> The Company received a brokerage fees at a normal rate charged to other clients.	4,334,583	Securities Business Payable 23,985,993
3.5 Bumrungrad Hospital Public Company Limited	Related company with Bangkok Bank : Bangkok Bank holds the stake of 30.53% in Bumrungrad and Mr. Chong Toh, director of the Company, is a director of Bumrungrad	<u>Fees and Services Income</u> The Company received a financial advisory fee	3,318,350	-



Related Parties	Relationship	Type of Transaction	Transaction Value (Baht)	Outstanding Value (Baht)
3.6 Directors, Management and Related Persons Mr. Chong Toh Ms. Chanida Sophonpanich Mr. Prin Chirathivat Mr. Piyapan Thayanithi Mr. Vivat Vichitboonyaseth 10 Related Persons	Director and President Director Director , Chairman of the Audit Committee Director , Executive Director Management Close relatives of directors and management	<u>Brokerage Fee</u> The Company received a brokerage fees at a normal rate charged to other clients.	2,935,609	Securities Business Receivable 21,368,135 Securities Business Payable 105,856
3.7 Directors, Management and Related Persons Mr. Vivat Vichitboonyaseth 4 Related Persons	Management Directors' and Management's Spouse	<u>Fees and Services Income</u> The Company received private fund management fees at a normal rate charged to other clients	2,490,765	181,151
3.8 Directors and Management Mr. Yarnsak Manomaiphiboon Mr. Vivat Vichitboonyaseth	Director and Managing Director Management	<u>Fees and Services Income</u> The Company received selling agent fees at a normal rate charged to other clients	3,321	-
3.9 Individual persons related to the Company's directors and Management 1 Related Person	Close relatives of directors and management	<u>Other Expense</u> The Company paid a consulting fee for the office design and construction	21,600	-
3.10 Juristic persons related to the Company's directors and Management (1)) Central Department Store Company Limited	Mr. Prin Chirathivat, director and Chairman of the Audit Committee of the Company, is a director of Central Department Store	<u>Brokerage Fee</u> The Company received a brokerage fees at a normal rate charged to other clients	397,990	-

Related Parties	Relationship	Type of Transaction	Transaction Value (Baht)	Outstanding Value (Baht)
(2) Interlife John Hancock Assurance Public Company Limited	Mr. Prin Chirathivat, director and Chairman of the Audit Committee of the Company, is a director of Interlife John Hancock Assurance	<u>Brokerage Fee</u> The Company received a brokerage fees at a normal rate charged to other clients.	294,691	-
		<u>Fees and Services Income</u> The Company received private fund management fees at a normal rate charged to other clients	790,942	-
(3) V. Vatanakitchai Company Limited	A company of close relative of Mr. Vivat Vichitboonyaseth who is a Company's management	<u>Brokerage Fee</u> The Company received a brokerage fees at a normal rate charged to other clients	6,210	-
(4) Asia Cement Public Company Limited	Mr. Chong Toh, director of the Company, is a director of Asia Cement	<u>Fees and Services Income</u> The Company received a financial advisory fee	500,000	-
(5) Central Pattana Public Company Limited	Mr. Prin Chirathivat, director and Chairman of the Audit Committee of the Company, is a director of these companies	<u>Rental and Service Expenses</u> Branch office rental fee	4,125,037	14,000
(6) Central Realty Service Company Limited				
(7) Bumrungrad Medical Center Company Limited	Mr. Chong Toh, director of the Company, is a director of Bumrungrad Medical Center	<u>Other expenses</u> Staff annual physical check-up expense	352,428	-
(8) Bangkok Insurance Public Company Limited	A company of close relative of Ms. Chanida Sophonpanich, director of the Company	<u>Brokerage Fee</u> The Company received a brokerage fees at a normal rate charged to other clients.	824,423	Securities Business Receivable Baht 4,904,027
		<u>Fees and Services Income</u> The Company received private fund management fees at a normal rate charged to other clients	363,034	Securities Business Payable Baht 25,457,837
		<u>Insurance Premium</u> The Company paid premium on building and car insurance	3,209,395	131,891



Related Parties	Relationship	Type of Transaction	Transaction Value (Baht)	Outstanding Value (Baht)
(9) Bangkok Life Assurance Company Limited	A company of close relative of Ms. Chanida Sophonpanich, director of the Company	<u>Brokerage Fee</u> The Company received a brokerage fees at a normal rate charged to other clients. <u>Life Insurance Premium</u> Staff life insurance premium	245,247 320,936	Securities Business Payable Baht 9,899,195 -
(10) Thai Reinsurance Public Company Limited	A company of close relative of Ms. Chanida Sophonpanich, director of the Company	<u>Brokerage Fee</u> The Company received a brokerage fees at a normal rate charged to other clients.	23,090	-
(11) Greenspot (Thailand) Limited	A company of close relative of Ms. Chanida Sophonpanich, director of the Company	<u>Brokerage Fee</u> The Company received a brokerage fees at a normal rate charged to other clients.	8,454	-
(12) Royal Garden Resort Public Company Limited	Spouse of Mr. Yarnsak Manomaiphiboon, director and managing Director of the Company, is a director of Royal Garden Resort	<u>Brokerage Fee</u> The Company received a brokerage fees at a normal rate charged to other clients.	81,196	-
(13) Royal Garden Development Company Limited	Spouse of Mr. Yarnsak Manomaiphiboon, director and managing Director of the Company, is a director of Royal Garden Development	<u>Fees and Services Income</u> The Company received private fund management fees at a normal rate charged to other clients	25,419	-
(14) Rajdamri Hotel Public Company Limited	Spouse of Mr. Yarnsak Manomaiphiboon, director and managing director of the Company, is a director of Rajdamri Hotel	<u>Fees and Services Income</u> The Company received private fund management fees at a normal rate charged to other clients	66,883	6,577
(15) The Minor Food Group Public Company Limited	Spouse of Mr. Yarnsak Manomaiphiboon, director and managing Director of the Company, is a director of The Minor Food Group	<u>Brokerage Fee</u> The Company received a brokerage fees at a normal rate charged to other clients.	50,276	-

Remarks:

- Person with conflict of interest according to the definition of the SET's definition of related person
- Related Transactions were presented only the transactions in which the amount exceeding Baht 1,000.



Fairness and Reason for the Related Transactions

The Audit Committee is of the opinion that the related transactions were reasonable and according to normal business practice with standard commercial terms. For transaction involving deposits, interest income, accrued interest receivable, short-term loan, interest expense, accrued interest payable; interest rates were according to standard commercial terms. Revenue and service expenses were business transactions according to normal business practice with fees also according to standard commercial terms.

Accordingly, Mr. Prin Chirathivat as a member of Audit Committee abstained from opining on transactions relating to himself, and for persons and juristic persons connected to him.

Measures or Procedures for Approving Related Transactions

The approval process for related transactions stipulates that the potentially related person will not be able to approve that transactions. The summary of the related transactions is sent to the Audit Committee and the Board of Directors for acknowledgement or consideration as the case may be. Consideration will be given whether the transactions was according to normal business practice and commercial terms and whether they are in the Company's best interests.

For future transactions, The Company will proceed according to notification of the SET and SEC. The related person shall not approve the related transactions and the transactions will be considered by the Audit Committee. In the case that the Audit Committee does not have expertise in commenting that transactions, the Company will arrange for an independent expert to assist to the Audit Committee's consideration. In addition, the Company will disclose the related transactions in the Company's note to the financial statements.

Policy on Future Related Transaction

It is evident that the existing related transactions will continue in the future. The related transaction are mostly related to normal business. The Company will follow the aforementioned measurers or procedures.

Management's discussion and analysis

Overall Performance

Business overview

The average daily turnover on the SET reached Baht 20,648 million in 2004, continuing to grow from Baht 19,030 million in 2003. The Company posted total revenues of Baht 989.35 million and a net profit of Baht 154.67 million in 2004. Income from securities brokerage contributed to more than 80% of the revenues.

The Company achieved a market share of 3.32% for its securities brokerage business in 2004, a slight drop from 3.49% in 2003. The main reason for the decrease was that the trading value of institutional investors, especially foreign investors, on the SET grew at a greater rate than that of individual investors, whereas the individual investors constituted a greater proportion of the Company's revenue sources.

Revenues

The largest income earner of the Company was securities brokerage, followed by investment banking, private fund management and others (e.g., selling agent for unit trusts, interest on margin loans, interest & dividend, gains/losses on trading in securities, etc.). As the Company did not engage in the securities trading business, the gains/losses on stock trading arose from the errors in placing of clients' orders, which thus had to be absorbed by the Company into its own accounts. The details of the Company's revenues are discussed below:

Revenue Breakdown	2002		2003		2004	
	Baht mil.	%	Baht mil.	%	Baht mil.	%
Brokerage	370.87	92.01	815.97	78.30	834.25	84.32
Investment Banking	15.36	3.81	202.83	19.46	93.20	9.42
Private Fund Management	7.80	1.94	12.86	1.23	35.02	3.54
Other Fees*	9.05	2.24	10.56	1.01	26.89	2.72
Total Revenue	403.08	100.00	1,042.22	100.00	989.35	100.00

* consist of selling agent fee, interest received from margin loans, interest and dividend and gain/loss on trading in securities, etc.

In 2004, the Company earned total revenues of Baht 989.35 million. The securities brokerage business generated revenues of Baht 834.25 million, representing 84.32% of total; investment banking contributed Baht 93.20 million, representing 9.42%; and private fund management achieved Baht 35.02 million, representing 3.54%. The rise in income from securities brokerage in 2004 compared to that in 2003 resulted from the continued growth in the overall stock market volume



since late 2003. This helped to push the Company's average daily trading turnover up from Baht 1,329.42 million in 2003 to Baht 1,372.57 million in 2004. Revenues from investment banking fell from Baht 202.83 million in 2003 to Baht 93.20 million in 2004. In 2003, Company managed to provide financial advisory and underwriting services in several large capital market deals by Thai Airways Plc, Krung Thai Bank Plc, Bumrungrad Hospital Plc and Bangkok Bank Plc, among others. In 2004, the Company was a joint domestic lead manager to Thai Oil Plc in Thailand's largest IPO, but the total number of transactions did not measure up to 2003. Meantime, the increase in fee income from private fund management services was spurred by growth in the proportion of equity funds, which earned a higher fee than fixed income funds. Funds managed by the Company also grew by 10.74% from the end of 2003 to Baht 5.517 billion.

Expenses

Total expenses were Baht 768.37 million in 2004, compared with Baht 775.13 million in 2003. The main expenses were operating expenses, as well as fee & service expenses, as detailed below :

	Year 2002		Year 2003		Year 2004	
	Baht mil.	%	Baht mil.	%	Baht mil.	%
Operating Expenses						
Personnel Expenses	196.57	52.58	473.21	61.05	439.65	57.22
Premises and Equipment Expenses	101.36	27.11	145.37	18.75	154.03	20.05
Taxes and duties	0.36	0.10	0.47	0.06	6.36	0.83
Directors' remuneration	0.76	0.20	2.99	0.39	3.79	0.49
Other Expenses	20.02	5.35	25.70	3.32	30.42	3.96
Total Operating Expenses	319.07	85.34	647.74	83.57	634.25	82.55
Fee and Service Expenses	49.82	13.33	121.31	15.65	127.56	16.60
Bad Debt and Doubtful Accounts	4.97	1.33	6.08	0.78	6.56	0.85
Total Expenses	373.86	100.00	775.13	100.00	768.37	100.00

Operating expenses accounted for Baht 634.25 million in 2004, compared with Baht 647.74 million in 2003. The major operating expense item, which varied with the trading volume, was personnel expenses, making up over 70% of the total operating expenses. The Company compensated the brokerage sales on incentive basis which varied with the commission revenue. Meanwhile, the rise in expense on premises and equipment was caused by the opening of four new branches in 2003 and one in the first half of 2004. In addition, the rentals of certain existing branches are charged as a percentage of brokerage fee income of those branches, which is a means

of income-based cost management. This method of cost management is beneficial to the Company in that if the market trading value were to drop, the rentals would go down as well.

Fee & service expenses amounted to Baht 127.56 million in 2004, consisting chiefly of SET membership fee, which varied with trading volume. This fee was charged at 0.025% of trading volume and would remain effective until May 6, 2005. Therefore, this expense will be reduced significantly in the future and will likely lead to an improved Company's profitability.

Net profit

In 2004, the Company attained a net profit of Baht 154.67 million, representing earnings per share of Baht 1.23 (based on weighted average 125.55 million shares of Baht 2 par value per share). The Company generated a gross profit margin of 86.64%, a pre-tax profit margin of 22.34% and a net profit margin of 15.63%.

(%)	2003	2004
Gross Profit margin	88.15	86.64
Pre-Tax Profit margin	25.63	22.34
Net Profit margin	17.95	15.63

Financial position

Total assets

As of December 31, 2004, the Company had total assets of Baht 1,624.10 million, down from Baht 2,708.06 million in 2003. The change in total assets of the Company had been driven predominantly by variations changes in net securities business receivable and accrued interest receivable, and to a lesser extent by changes in other assets.

- **Net Securities business receivables and accrued interest receivables** As of December 31, 2004, the Company registered net securities business receivables and accrued interest receivables of Baht 1,161.10 million, compared with Baht 2,099.13 million at year-end 2003. The major items were receivables from security purchases in cash accounts that were not yet due at the end of the accounting period, and margin loans. The decline could be attributed to a lower trading volume at the end of 2004, compared to the end of 2003.
- **Other assets** Other assets dropped from Baht 78.14 million in 2003 to Baht 37.97 million as of December 31, 2004 due to the receipt of financial advisory business receivables of Baht 48.75 million.



Liquidity

In 2004, the Company's cash generated from operating activities was negative Baht 150.95 million, owing to a large decrease in accounts payable such as trading transactions with securities companies, accrued personnel-related expenses, and settlement of accrued tax and duty. As for cash used in investing activities, the Company purchased equipment totaling Baht 40.44 million, mainly for head office renovations, computer procurement and upgrade, and opening one new branch. In terms of cash from financing activities, the Company had cash inflows from the convertible debenture issue of Baht 300 million and a capital increase of Baht 28.70 million in 2004. The Company repaid the short-term borrowing of Baht 125 million from BBL in late 2003. The Company also made dividend payments in May for the performance of 2003 and in December for the performance of 9 months of 2004. The total dividend paid was Baht 165.30 million. As a result, the Company had cash and cash equivalents of Baht 278.37 million as of December 31, 2004 decreased from Baht 431.35 million as of end of 2003.

Liabilities

As of December 31, 2004, the Company had total liabilities of Baht 1,098.53 million, down from Baht 2,200.38 million at the end of 2003. The main reason was a decrease in securities business payable, trading transactions with securities companies which resulted from the lower trading volume at end of 2004, compared to the end of 2003, and accrued expenses payable. In 2004, the Company had a long term debt outstanding from the convertible debenture issue of Baht 300 million.

Shareholders' equity

As of December 31, 2004, the Company had total shareholders' equity of Baht 525.57 million, consisting of retained earnings of Baht 157.88 million, share capital of Baht 264 million, and paid-in surplus of Baht 86.49 million. The Net Capital Ratio of the Company stood at a relatively high 54.54%.

The change in shareholders' equity in 2004 compared to 2003, were driven by positive contributions from the Company's profit. In addition, changes were due to a capital increase through an offer of 7 million newly issued shares to the directors and employees amounting to Baht 28.7 million, and the dividend payments of Baht 165.30 million.

Future Projects

Future projects of the Company

1. The Company plans to expand its securities business and securities-related businesses. It will preliminarily study the project viability, expected returns and risks associated with the businesses such as securities trading, securities borrowing and lending, etc.
2. The Company plans to renovate its offices, repair and maintain equipment and computers to ensure fast and proper customer services, with a budget of Baht 45 million.
3. The Company will upgrade its IT system to increase value-added of its services in three areas, namely (i) securities trading system; (ii) settlement and operation system, and (iii) internet trading system. It further plans to operate trading via mobile phones in the future with a budget of Baht 15 million.

Company's Goals

The Company's motto is **"To Serve You Better"**. It has set out business targets for the next 3-5 years, as follows:

1) Securities brokerage business

To boost its market share to at least 5% of securities trading value and increase the proportion of institutional investor contribution.

2) Investment banking business

To provide a full spectrum of services to institutional, corporate clients and state owned enterprises.

3) Private fund management

To maintain leading position in private fund management, among securities companies, in terms of portfolio size and return out performance benchmark. To expand into provident fund management.

4) Securities research

To conduct research covering 85% of market capitalization. Maintaining good quality and in a timely manner to facilitate investors' decisions.

5) IT and Operations

To continually improve IT and operations work regularly to accommodate current business needs, facilitate future expansions and respond efficiently to the customers' needs.



Report of Board of Directors

The Board is responsible for the Company's financial statements which have been prepared based on Thailand's generally accepted accounting standard and duly audited by the certified public accountant approved by the SEC. The Audit Committee had reviewed the quality of the financial reports and the internal control system as well as the adequate disclosure of essential information in the notes to financial statements. The Audit Committee's opinions will be proposed to the Board meeting and the shareholders' meeting respectively.

In addition, the Board of Directors is of the opinion that the Company has a satisfactory level of control, and that the Company's financial reports are reasonably accurate and fairly reflects the Company's financial position as at December 31, 2004.

REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
BUALUANG SECURITIES PUBLIC COMPANY LIMITED
(FORMERLY BUALUANG SECURITIES COMPANY
LIMITED)

We have audited the balance sheets of Bualuang Securities Public Company Limited (formerly Bualuang Securities Company Limited) as at December 31, 2004 and 2003, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Bualuang Securities Public Company Limited (formerly Bualuang Securities Company Limited) as at December 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.



Chongchitt Leekbhai

Certified Public Accountant (Thailand)

Registration No. 2649

DELOITTE TOUCHE TOHMATSU JAIYOS

BANGKOK

January 14, 2005



BALANCE SHEETS

BUALUANG SECURITIES PUBLIC COMPANY LIMITED
(FORMERLY BUALUANG SECURITIES COMPANY LIMITED)
BALANCE SHEETS
AS AT DECEMBER 31,

	BAHT	
	2004	2003
ASSETS		
CASH AND CASH EQUIVALENTS (Notes 2.1 and 3.2)	278,366,215	431,354,599
LONG-TERM DEPOSITS AT FINANCIAL INSTITUTIONS (Note 3.2)	7,635,534	-
INVESTMENTS IN DEBT AND EQUITY SECURITIES (Notes 2.2 and 3.3)		
Current investments - net	-	29,750
Long-term investments - net	7,820,000	7,820,000
Total Investments - net	7,820,000	7,849,750
TRADING TRANSACTIONS WITH SECURITIES COMPANIES	36,762,455	-
SECURITIES BUSINESS RECEIVABLES AND ACCRUED INTEREST RECEIVABLES (Notes 2.3, 3.4 and 3.5)		
Securities business receivables	1,166,660,181	2,104,282,761
Accrued interest receivables	1,892,635	1,178,738
Total Securities Business Receivables and Accrued Interest Receivables	1,168,552,816	2,105,461,499
Less Allowance for doubtful accounts	(7,455,769)	(6,333,408)
Net Securities Business Receivables and Accrued Interest Receivables	1,161,097,047	2,099,128,091
LEASEHOLD IMPROVEMENTS AND EQUIPMENT - NET (Notes 2.4 and 3.6)	63,901,925	49,687,670
INTANGIBLE ASSETS - NET (Notes 2.5 and 3.7)	30,548,409	41,904,617
OTHER ASSETS (Notes 3.8 and 3.9)	37,966,495	78,136,552
TOTAL ASSETS	1,624,098,080	2,708,061,279

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

BALANCE SHEETS

(Continued)

BUALUANG SECURITIES PUBLIC COMPANY LIMITED
 (FORMERLY BUALUANG SECURITIES COMPANY LIMITED)
 BALANCE SHEETS (Continued)
 AS AT DECEMBER 31,

	BAHT	
	2004	2003
LIABILITIES AND SHAREHOLDERS' EQUITY		
BORROWINGS (Note 3.10)	-	125,000,000
TRADING TRANSACTIONS WITH SECURITIES COMPANIES	45,870,729	219,376,156
SECURITIES BUSINESS PAYABLES	577,938,587	1,502,148,418
BONDS PAYABLE DEBENTURE (Note 3.11)	300,000,000	-
ACCRUED PERSONNEL EXPENSES	110,275,535	214,488,547
OTHER LIABILITIES (Note 3.12)	64,441,640	139,363,164
TOTAL LIABILITIES	1,098,526,491	2,200,376,285
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 3.13)		
Authorised share capital		
180,000,000 ordinary shares of Baht 2.00 each	360,000,000	
25,000,000 ordinary shares of Baht 10.00 each		250,000,000
Issued and paid-up share capital		
132,000,000 shares of Baht 2.00 each, fully paid	264,000,000	
25,000,000 shares of Baht 10.00 each, fully paid		250,000,000
ADDITIONAL PAID-IN CAPITAL	86,493,788	71,973,788
RETAINED EARNINGS		
Appropriated		
Legal reserve	17,200,000	-
Unappropriated	157,877,801	185,711,206
TOTAL SHAREHOLDERS' EQUITY	525,571,589	507,684,994
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,624,098,080	2,708,061,279

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



STATEMENTS OF INCOME

BUALUANG SECURITIES PUBLIC COMPANY LIMITED
(FORMERLY BUALUANG SECURITIES COMPANY LIMITED)
STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31,

		BAHT	
		2004	2003
INCOME			
Brokerage fees		834,246,148	815,971,373
Fees and services income (Note 3.20)		129,829,664	218,406,653
Loss on trading in securities		(2,512,308)	(1,719,305)
Interest and dividend		3,665,137	2,366,476
Interest on margin loans		16,913,934	5,722,483
Other income		7,206,880	1,471,207
Total Income		989,349,455	1,042,218,887
EXPENSES			
Expenses on borrowing		3,623,253	2,001,949
Fee and service expenses		127,557,560	121,313,042
Bad debt and doubtful accounts (Notes 2.3 and 3.5)		2,934,964	4,078,112
Operating expenses			
Personnel expenses		439,651,710	473,207,267
Premises and equipment expenses		154,032,045	145,367,373
Taxes and duties		6,364,645	466,833
Directors' remuneration (Note 3.15)		3,793,333	2,998,495
Other expenses		30,415,288	25,696,680
Total Expenses		768,372,798	775,129,751
INCOME BEFORE INCOME TAX		220,976,657	267,089,136
INCOME TAX (Note 3.9)		66,310,062	79,978,053
NET INCOME		154,666,595	187,111,083
BASIC EARNINGS PER SHARE (Notes 2.9 and 3.16)	BAHT	1.23	1.50
WEIGHTED AVERAGE ORDINARY SHARES FOR BASIC EARNINGS PER SHARE	SHARES	125,554,645	125,000,000
DILUTED EARNINGS PER SHARE	BAHT	1.21	1.50
WEIGHTED AVERAGE ORDINARY SHARES FOR DILUTED EARNINGS PER SHARE	SHARES	127,627,049	125,000,000

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

BUALUANG SECURITIES PUBLIC COMPANY LIMITED
(FORMERLY BUALUANG SECURITIES COMPANY LIMITED)
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	BAHT				
	Ordinary Shares	Additional Paid-in Capital	Legal Reserve	Unappropriated Retained Earnings (Deficit)	Total
Balance brought forward as at January 1, 2003	250,000,000	71,973,788	-	(1,399,877)	320,573,911
Net income	-	-	-	187,111,083	187,111,083
Balance carried forward as at December 31, 2003	250,000,000	71,973,788	-	185,711,206	507,684,994
Net income	-	-	-	154,666,595	154,666,595
Dividend paid (Note 3.14)	-	-	-	(165,300,000)	(165,300,000)
Legal reserve	-	-	17,200,000	(17,200,000)	-
Ordinary share capital increase (Note 3.13)	14,000,000	14,700,000	-	-	28,700,000
Offset ordinary share capital issued expense against share premium	-	(180,000)	-	-	(180,000)
Balance carried forward as at December 31, 2004	264,000,000	86,493,788	17,200,000	157,877,801	525,571,589

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



STATEMENTS OF CASH FLOWS

BUALUANG SECURITIES PUBLIC COMPANY LIMITED
(FORMERLY BUALUANG SECURITIES COMPANY LIMITED)
STATEMENTS OF CASH FLOWS
AS AT DECEMBER 31,

	BAHT	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	154,666,595	187,111,083
Items to reconcile net income to net cash provided by (used in) operating activities:		
Deferred tax income	(1,956,692)	(4,861,515)
Depreciation and amortization	40,073,874	34,433,839
Bad debt and doubtful accounts	2,934,964	4,078,112
Loss (gain) on disposal of equipment	(4,120,524)	42,966
Net cash flows from operating activities before changes in operating assets and liabilities	191,598,217	220,804,485
Operating assets decrease (increase)		
Long-term deposits at financial institutions	(7,635,534)	-
Current investments	29,750	(29,750)
Trading transactions with securities companies - assets	(36,762,455)	-
Securities business receivables and accrued interest receivables	935,096,080	(1,893,240,312)
Other assets	42,246,749	(47,610,104)
Operating liabilities increase (decrease)		
Trading transactions with securities companies - liabilities	(173,505,427)	161,207,710
Securities business payables	(924,209,831)	1,397,149,373
Accrued personnel expenses	(104,213,012)	185,866,962
Other liabilities	(73,593,289)	128,915,342
Net cash provided by (used in) operating activities	(150,948,752)	153,063,706

STATEMENTS OF CASH FLOWS (Continued)

BUALUANG SECURITIES PUBLIC COMPANY LIMITED
 (FORMERLY BUALUANG SECURITIES COMPANY LIMITED)
 STATEMENTS OF CASH FLOWS (Continued)
 AS AT DECEMBER 31,

	BAHT	
	2004	2003
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(44,406,347)	(32,288,421)
Proceeds from sales of equipment	3,966,715	5,327
Net cash used in investing activities	(40,439,632)	(32,283,094)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (repayment) from borrowings	(125,000,000)	125,000,000
Proceeds from debt issued	300,000,000	-
Increase in issued and fully paid-up share capital	28,700,000	-
Dividend paid	(165,300,000)	
Net cash provided by financing activities	38,400,000	125,000,000
Net increase (decrease) in cash and cash equivalents	(152,988,384)	245,780,612
Cash and cash equivalents at January 1,	431,354,599	185,573,987
Cash and cash equivalents at December 31,	278,366,215	431,354,599



NOTES TO THE FINANCIAL STATEMENTS

BUALUANG SECURITIES PUBLIC COMPANY LIMITED
(FORMERLY BUALUANG SECURITIES COMPANY LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

1. COMPANY'S OPERATIONS

Bualuang Securities Public Company Limited (formerly Bualuang Securities Company Limited) was registered under the Civil and Commercial Code on June 1, 2000 to engage in the securities businesses which includes security brokerage, security dealing, investment advisory service and security underwriting as approved by the Ministry of Finance. The major shareholder of the Company was Bualuang Finance Company Limited, a subsidiary of Bangkok Bank Public Company Limited, which holds 64.99% of the Company's authorised share capital as at December 31, 2003.

During the year ended December 31, 2004, the major shareholder has been changed from Bualuang Finance Company Limited to Bangkok Bank Public Company Limited, which holds 61.29% of the Company's authorized share capital as at December 31, 2004.

The Company was permitted to be a member of the Stock Exchange of Thailand (SET) on May 7, 2002. The Company has to pay certain membership fees which are payable in two parts. The first part was an initial fee of Baht 10 million which was paid in April 2002 and the second part is monthly fee at the rate of 0.025% of monthly trading volume, for the period of three years starting from May 7, 2002 onwards. The total aggregate fee will not be less than Baht 30 million.

On September 9, 2004, the extraordinary shareholders' meeting passed a resolution to convert and change the Company's name from "Bualuang Securities Company Limited" to "Bualuang Securities Public Company Limited". The Company registered such change with the Department of Business Development on September 14, 2004.

The present head office is located at 29th Floor Silom Complex Office Building, 191 Silom Road, Silom, Bangrak, Bangkok. As at December 31, 2004 and 2003, the Company has 22 branches and 21 branches, respectively.

As at December 31, 2004 and 2003, the Company has 437 employees and 373 employees, respectively.

2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

The Company prepares its statutory financial statements in the Thai language in conformity with accounting standards and practices generally accepted in Thailand and in accordance with the requirement in the Notification of the Office of the Securities and Exchange Commission dated December 19, 2002 regarding the form of the financial statements of securities companies.

The significant accounting policies are summarized as below:

2.1 Cash and cash equivalents

Cash and cash equivalents represented cash, deposits at financial institutions and short-term investments at financial institutions with a maturity of not over three months or at call.

2.2 Investments in debt and equity securities

Investments in debt and equity securities are classified according to Thai Accounting Standard No. 40 regarding "Accounting for Investments in Debt and Equity Securities". The Company's securities portfolios consisting of equity securities and debt securities are classified as trading securities, available-for-sale securities, general investment or held-to-maturity securities.

Trading securities are those instruments that management acquires with the intent to hold them for a short period of time in order to take advantage of anticipated changes in market values. Trading securities are carried at fair value. Fair value of each security is based on the last bid price at SET on the last business day of the year. Realized gains or losses on sales of trading securities and unrealized gains or losses on changes in fair value are recognized as revenues or expenses in the statement of income by including in gain (loss) on trading in securities.

Marketable equity securities and debt securities which are not classified as trading securities are classified as available-for-sale securities and carried at fair value. Fair values are determined by the bid prices at the SET for ordinary shares and net assets values at the last business day of the year/period for investment units. For government securities, the fair value of each security is calculated by using the Bank of Thailand's formula, wherein the yield curve is obtained from the Thai Bond Dealing Center. Unrealized gain or loss is presented as a component of shareholders' equity. Gain or loss is realized in the statement of income when securities are sold.

Non-marketable equity securities are classified as general investment and carried at cost except when impairment occurs. The Company shall record loss from impairment in the statement of income immediately.

Debt securities for which the Company has the positive intent and ability to hold until maturity are classified as debt securities held-to-maturity and carried at the amortized cost, net



of allowances for impairment, if any. Valuation allowances are established by recognizing an unrealized loss when the impairment of a security is assessed by management and realized loss on impairment in the statement of income immediately.

Realized gain and loss arising from the sales of debt and equity securities are computed based on the weighted average method and are included in gain (loss) on trading in securities.

Interest income on debt securities is recognized on an accrual basis which included the amortization of premiums and accretion of discounts using methods that produces a level yield and is included in interest and dividend income.

2.3 Securities business receivables and allowance for doubtful accounts

Securities business receivables comprise of the net receivable balances of cash accounts and margin accounts, as well as other receivables such as overdue cash customers accounts and securities receivables which are the subject of legal proceedings, are undergoing restructuring or are settling in installments.

The Company provides for allowance for doubtful accounts in accordance with the Notifications of the Office of Securities and Exchange Commission dated February 15, 2001 and August 25, 2000, regarding accounting for the substandard receivables of securities companies. The Notification requires the Company to categorize its loan portfolios into three categories subject to different levels of provisioning and established a guideline for collateral valuation limits for the purpose of calculating the allowance for doubtful accounts. Additionally, it also considers the financial status of customers who are not expected to pay their debts in accordance with the opinion and experiences of the management.

The allowance for doubtful accounts of other receivables is presented net of other assets.

2.4 Leasehold improvements and equipment

Leasehold improvements and equipment are stated at cost net of accumulated depreciation and amortization.

Depreciation and amortization are calculated by the straight-line method based on the estimated useful lives of the assets and on the lease period as follows:

Leasehold improvements	3	years
Office equipment	3-5	years
Furniture and fixtures	5	years
Motor vehicles	5	years

2.5 Intangible assets

Intangible assets comprise of deferred SET initial membership fee, purchases of computer softwares, leasehold right and the business goodwill arising from purchasing of assets related to security businesses and transferring the staff from Jardine Fleming Thanakom Securities Company Limited which are amortized by the straight-line method within five years and leasehold rights which are amortized by the straight-line method within lease periods.

2.6 Deferred income tax

The Company adopts “deferred income tax” as its accounting policy before the effective date of Thai Accounting Standard No. 56 “Accounting for income tax” by recording deferred tax assets or liabilities on the balance sheet from temporary differences between the carrying amounts of assets and liabilities and their tax base, using tax rates enacted by the balance sheet date because the management considers that applying new accounting policy will provide more appropriate financial position and results of the operation.

Deferred income tax is provided in full using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts on the financial statements. The principal temporary differences arise from depreciation and amortization on equipment and intangible assets and bad debts and doubtful accounts. Currently enacted tax rates are used in the determination of deferred income tax. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

2.7 Revenue Recognition

Brokerage fees

The Company recognizes brokerage fees on security trading as income on the transaction dates.

Fees and services income

Fees and services income are recognized as income on an accrual basis.

Gains (losses) on trading in securities

Gains (losses) on trading in securities are recognized as income or expenses on the transaction dates.

Interest and dividends on investment in securities

Interest on investment is recognized as income on an accrual basis. Dividends from investments are recognized as income when dividends are declared.



Interest on margin loans and deposits

The Company recognizes interest on security business receivables and deposits on an accrual basis except for the interest on certain loans that is recognized in accordance with the Notifications of the Office of Securities and Exchange Commission dated February 15, 2001 and August 25, 2000.

2.8 Provident Fund

The contribution for provident fund made by the Company is recorded as an expense in the statement of income.

2.9 Basic earnings per share

Basic earnings per share are calculated by dividing net income for the year by the weighted average number of ordinary shares issued and paid-up during the year.

Diluted earnings per share are calculated by dividing net profit for the year after adjusting the effect of transactions relating to dilutive potential ordinary shares by the total sum of the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares to be issued for conversion of all dilutive potential ordinary shares into ordinary shares.

2.10 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles 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. The actual results may differ from such estimates.

3. ADDITIONAL INFORMATION

3.1 Supplemental disclosures of cash flow information

3.1.1 Cash paid for interest and income tax for the years ended December 31, are as follows:

	2004	2003
	Baht	Baht
Interest	2,601,638	1,357,782
Income tax	114,516,027	6,738,228

3.1.2 Non-cash item for the years ended December 31, is as follows:

	2004	2003
	Baht	Baht
Fixed assets payable brought forward	2,266,077	2,745,286
Purchases of equipment	43,847,112	31,809,212
<u>Less</u> Cash paid for purchases of equipment	(44,406,347)	(32,288,421)
Fixed assets payable carried forward	1,706,842	2,266,077

3.2 Cash and cash equivalents

3.2.1 Cash and cash equivalents as at December 31, are as follows:

	2004	2003
	Baht	Baht
Cash	365,000	345,000
Current and savings deposits	118,001,215	433,160,215
Promissory notes with a maturity of not over three months	160,000,000	130,000,000
<u>Less</u> Deposit on behalf of customers	-	(132,150,616)
Total cash and cash equivalents	278,366,215	431,354,599

As at December 31, 2003, the Company had current and savings deposits of Baht 3.59 million and promissory notes of Baht 130.00 million representing the customers' money of Baht 132.15 million which were obliged to be repaid as requested. The remaining amounts of Baht 1.44 million were the Company's money.



3.2.2 Cash and cash equivalents include savings accounts with certain banks which the Company has made agreements allowing the banks to transfer money from the savings accounts to the current accounts opened with them in case there are overdrafts. The savings accounts are shown separately from the bank overdraft accounts to comply with the form of the financial statements set by the Office of the Securities and Exchange Commission.

3.2.3 Long-term deposits at financial institutions as at December 31, consists of the following:

	2004	2003
	Baht	Baht
Time deposits maturity date more than 3 months	-	8,000,000
Pledged deposits	248,964,455	21,860,605
<u>Less</u> Deposit on behalf of customers	(241,328,921)	(29,860,605)
Total long-term deposits at financial institutions	7,635,534	-

As at December 31, 2004, the Company had saving deposits of Baht 53.96 million and promissory notes of Baht 195.00 million representing the customers' money of Baht 241.33 million which were obliged to be repaid as requested. The remaining amount of Baht 7.63 million was the Company's money.

As at December 31, 2003, the Company had saving deposits of Baht 21.86 million and promissory notes of Baht 8.00 million representing the customers' money which were totally obliged to be repaid as requested.

3.3 Investments in debt and equity securities

Investments in debt and equity securities consist of the following:

	As at December 31,		As at December 31,	
	2004		2003	
	Cost Baht	Fair Value Baht	Cost Baht	Fair Value Baht
Current investments				
Trading securities	-	-	29,750	29,750
Total	-	-	29,750	29,750
Total current investments	-	-	29,750	29,750
Long-term investments				
General investment	7,820,000	13,128,099	7,820,000	11,406,955
Total long-term investments	7,820,000	13,128,099	7,820,000	11,406,955
Total investments in debt and equity securities	7,820,000	13,128,099	7,849,750	11,436,705

3.4 Securities business receivables and accrued interest receivable

Securities business receivables and accrued interest receivable as at December 31, consist of the following:

	2004 Baht	2003 Baht
Clients' accounts	666,535,582	1,656,701,537
Loans on marginal transactions	489,976,082	435,064,923
Other receivables	10,148,517	12,516,301
Total securities business receivables	1,166,660,181	2,104,282,761
<u>Add</u> Accrued interest receivables	1,892,635	1,178,738
<u>Less</u> Allowance for doubtful accounts	(7,455,769)	(6,333,408)
Net securities business receivables and accrued interest receivables	1,161,097,047	2,099,128,091

As at December 31, 2004 and 2003, the Company has classified securities business receivables in accordance with the guideline stipulated in the Notifications of the Office of the Securities and Exchange Commission dated February 15, 2001 and August 25, 2000 as follows:



Classification	As at December 31, 2004		
	Total debts	Allowance for doubtful accounts set up	Allowance for doubtful accounts over (under)
	Baht	Baht	Baht
Doubtful debts	4,556,876	4,556,876	-
Sub-standard debts	5,591,641	2,898,893	2,898,893
Total	10,148,517	7,455,769	2,898,893

Classification	As at December 31, 2003		
	Total debts	Allowance for doubtful accounts set up	Allowance for doubtful accounts over (under)
	Baht	Baht	Baht
Doubtful debts	6,076,944	6,076,944	-
Sub-standard debts	6,439,357	256,464	256,464
Total	12,516,301	6,333,408	256,464

3.5 Allowance for doubtful accounts

Allowance for doubtful accounts as at December 31, consist of the following:

	2004 Baht	2003 Baht
Brought forward	6,333,408	3,705,296
<u>Add</u> Doubtful accounts	4,047,876	4,130,710
<u>Less</u> Reversal of doubtful accounts	(1,112,912)	(1,502,598)
Written off	(1,812,603)	-
Carried forward	7,455,769	6,333,408

Allowance for doubtful accounts - financial advisory business receivables as at December 31, consist of the following:

	2004 Baht	2003 Baht
Brought forward	1,450,000	-
<u>Add</u> Doubtful accounts	1,450,000	1,450,000
<u>Less</u> Reversal of doubtful accounts	(1,450,000)	-
Carried forward (see Note 3.8)	1,450,000	1,450,000

3.6 Leasehold improvements and equipment - net

Leasehold improvements and equipment - net consist of the following:

	Cost			Accumulated Depreciation				Net Book Value	
	Balance as at January 1, 2004	Increase	Decrease/ Disposals	Balance as at December 31, 2004	Balance as at January 1, 2004	Increase	Decrease/ Disposals		Balance as at December 31, 2004
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht	
Leasehold improvements	17,334,530	7,634,797	(1,040,775)	23,928,552	(8,215,935)	(5,712,191)	924,303	(13,003,823)	10,924,729
Office equipment	53,741,639	21,953,497	(2,038,771)	73,656,365	(26,026,651)	(15,734,387)	1,735,352	(40,025,686)	33,630,679
Furniture and fixtures	3,123,069	962,310	-	4,085,379	(1,802,162)	(862,672)	-	(2,664,834)	1,420,545
Motor vehicles	21,512,040	12,303,000	(4,621,973)	29,193,067	(9,978,860)	(5,982,849)	4,621,959	(11,339,750)	17,853,317
Leasehold improvements in progress	-	4,181,350	(4,108,695)	72,655	-	-	-	-	72,655
Total	95,711,278	47,034,954	(11,810,214)	130,936,018	(46,023,608)	(28,292,099)	7,281,614	(67,034,093)	63,901,925

Depreciation for the years ended December 31,

2004	<u>28,292,099</u>
2003	<u>22,737,824</u>

3.7 Intangible assets - net

Intangible assets - net consist of the following:

	Remaining lives of Amortization (Years)	Cost			Accumulated Amortization			Net Book Value		
		Balance as at	Increase	Decrease/ Disposals	Balance as at	Balance as at	Increase		Decrease/ Disposals	Balance as at
		January 1, 2004	2004	2004	December 31, 2004	January 1, 2004				December 31, 2004
		Baht	Baht	Baht	Baht	Baht	Baht		Baht	Baht
odwill	2	32,777,075	-	-	32,777,075	(13,487,991)	(6,555,415)	(20,043,406)	12,733,669	
Deferred stock exchange initial membership fee	3	10,000,000	-	-	10,000,000	(3,309,589)	(2,000,000)	(5,309,589)	4,690,411	
Computer softwares	3 - 5	11,076,108	520,852	(1,145,860)	10,451,100	(4,097,662)	(2,219,065)	(5,666,152)	4,784,948	
Leasehold right	8	10,116,667	400,000	-	10,516,667	(1,169,991)	(1,007,295)	(2,177,286)	8,339,381	
Total		63,969,850	920,852	(1,145,860)	63,744,842	(22,065,233)	(11,781,775)	(33,196,433)	30,548,409	

Amortization for the years ended December 31,

2004	<u>11,781,775</u>
2003	<u>11,696,015</u>



3.8 Other assets as at December 31, consist of the following:

	2004	2003
	Baht	Baht
Financial advisory business receivables	5,426,468	54,176,157
<u>Less</u> Allowance for doubtful accounts (see Note 3.5)	(1,450,000)	(1,450,000)
Financial advisory business receivables - net	3,976,468	52,726,157
Deposits	16,157,832	13,234,780
Deferred tax asset (see Note 3.9)	12,638,207	10,681,515
Others	5,193,988	1,494,100
	37,966,495	78,136,552

3.9 Income tax as at December 31, consist of the following:

	2004	2003
	Baht	Baht
Current tax	68,266,754	84,839,568
Deferred tax expenses (benefit)	(1,956,692)	(4,861,515)
Income tax expenses for the year	66,310,062	79,978,053

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 30%.

Deferred tax-asset has resulted from the temporary differences between the tax base of an asset or liability and its carrying amount in the balance sheet are as follows:

	Allowance for doubtful accounts Baht	Accumulated depreciation and amortization Baht	Total Baht
Balances as at January 1, 2003	1,111,589	4,708,411	5,820,000
Recorded in income statements	1,296,216	3,565,299	4,861,515
Balances as at December 31, 2003	2,407,805	8,273,710	10,681,515
Recorded in income statements	263,926	1,692,766	1,956,692
Balances as at December 31, 2004	2,671,731	9,966,476	12,638,207



3.10 Borrowings as at December 31, consist of the following:

		2003				
	Interest rate	The maturity period				Total
		Under 1 year	1-5 years	5-10 years	10 years up	
		Baht	Baht	Baht	Baht	Baht
Promissory notes	1.3%	125,000,000	-	-	-	125,000,000
Total		125,000,000	-	-	-	125,000,000

3.11 Bonds payable debenture as at December 31, consist of the following:

		2004				
	Interest rate	The maturity period				Total
		Under 1 year	1-5 years	5-10 years	10 years up	
		Baht	Baht	Baht	Baht	Baht
Convertible debenture	0.5%	-	300,000,000	-	-	300,000,000
Total		-	300,000,000	-	-	300,000,000

By resolution of the Extraordinary Meeting of the Company's shareholders held on September 9, 2004, the Company was authorized to issue 300,000 name-registered, unsubordinated convertible debentures with a par value of Baht 1,000 each and totalling Baht 300 million, carrying interest at 0.5 percent per annum, 2 years, dated November 25, 2004 to Bangkok Bank Public Company Limited. The holder can convert the right on the first day period of initial public offering (IPO). One convertible debenture can convert to ordinary share in the number of par value of convertible debenture divided by offering price for IPO. However, these convertible ordinary shares cannot be over 20.5 million shares.

3.12 Other liabilities as at December 31, consist of the following:

	2004	2003
	Baht	Baht
Accrued expenses	12,418,485	16,949,476
Accrued corporate income tax	26,688,764	74,388,544
Withholding tax payables	5,777,606	9,055,803
Value added tax payables	3,452,706	12,251,953
SET fee payables	7,061,794	16,225,105
Others	9,042,285	10,492,283
	64,441,640	139,363,164

3.13 Share capital

By resolution of the Extraordinary Meeting of the Company's shareholders held on August 24, 2004 and September 9, 2004, the Company was authorized as follows:

1. Conversion of the Company to the Public Company Limited status.
2. Changing a par value of ordinary share from 25 million shares of Baht 10 each to 125 million shares of Baht 2 each.
3. Increasing the capital from Baht 250 million to Baht 360 million through the issue of 55 million additional ordinary shares with a par value of Baht 2 each, the Company contributed these shares are as follows:
 - 3.1 For the directors and/or employees of 7.0 million shares.
 - 3.2 For initial public offering of 27.5 million shares.
 - 3.3 For convertible debenture of 20.5 million shares.

The Company registered the conversion, the changing of par value of ordinary shares and the increasing of its share capital with the Ministry of Commerce on September 14, 2004.

By resolution of the Extraordinary Meeting of the Company's shareholders held on September 9, 2004 the Company was authorized to issue of 7.0 million additional ordinary shares for offer to the directors and/or employees of the Company (ESOP) at a price of Baht 4.10 per share, which was higher than the book value as of December 31, 2003 (Baht 4.06 per share), and equivalent to Baht 2.00 par value per share and Baht 2.10 premium per share. The portion allotted to directors and management amounts to 1.5 million shares. These ESOP have 2 years of silent period at the beginning of the last settlement date, December 3, 2004. The Company received all the ESOP and registered the paid-up share capital from Baht 250 million to Baht 264 million with the Ministry of Commerce on December 8, 2004.



3.14 Dividend paid

On April 21, 2004, the Annual General Meeting of the Company's shareholders approved the payment of a dividend from its operating result for the year ended December 31, 2003 to its shareholders of Baht 4.50 per share to the shareholders of 25 million ordinary shares, or a total of Baht 112.50 million. The dividend was paid in May 2004.

On November 22, 2004, the Meeting of the Company's board approved the additional payment of a interim dividend from its operating result for the nine month periods ended September 30, 2004 to those who were shareholders as of December 13, 2004 of Baht 0.40 per share to the shareholders of 132 million ordinary shares, or a total of Baht 52.8 million. The dividend was paid in December 2004.

3.15 Other benefits payable to directors and executives

The Company has not paid benefits to directors and executives in excess of those normally paid such as executive salary, bonus and directors' fee.

3.16 Reconciliation of diluted earnings per share

	Net earnings		Weighted average number of ordinary shares		Earnings per share	
	2004 (Thousand Baht)	2003 (Thousand Baht)	2004 (Thousand shares)	2003 (Thousand shares)	2004 (Baht)	2003 (Baht)
Basic earnings per share						
Net earnings	154,666	187,111	125,555	125,000	1.23	1.50
Effect of dilutive potential ordinary shares						
Convertible debenture	103	-	2,072	-	0.05	-
Diluted earnings per share						
Net earnings of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	154,769	187,111	127,627	125,000	1.21	1.50

3.17 Long-term lease and service agreements

As at December 31, 2004 and 2003, the Company has commitments under long-term lease and service agreements for office and parking area which will be paid in the following years:

Year	2004	2003
	Baht	Baht
2004	-	22,625,016
2005	25,981,278	21,739,526
2006	20,796,227	16,394,815
2007	14,577,082	11,736,532
2008	362,434	362,434
2009	362,434	362,434
2010 to 2012	1,070,737	1,070,737

The Company entered into office and service rental agreements. Most of the agreements are not over a three-year period, except for one branch which has a ten-year period.

Office rental, office service and equipment rental agreements of some branches are based on a percentage of net monthly commission received from the branch's trading volume.

3.18 Provident fund

The Company has a provident fund for those employees who have indicated their willingness to join. The contributions from the employees are deducted from their salaries, with the Company matching the individuals' contributions. The provident fund has been registered in accordance with the Provident Fund Act B.E. 2530 (1987).

The Company's contributions to the provident fund for the years ended December 31, 2004 and 2003 were Baht 7,688,393 and Baht 5,864,920, respectively.



3.19 Related company transactions

The Company has certain transactions with related companies. These companies are related through control or influence power over the financial or operating decision makings of the Company or have the same or related shareholders or management. The financial statements reflect the effects of these transactions in the normal business practice for the price, interest rates, terms and conditions.

As discussed in Note 1 to the financial statements, in 2004, the Bangkok Bank Public Company Limited became a major shareholder of the Company. Therefore, the Company discloses additional related party transaction information to comply with the regulation of the Securities Exchange of Thailand regarding the disclosure and operation of listed companies regarding related party transactions in order to comply with the disclosure of the major shareholder company.

Balances and transactions between the Company and related companies as at December 31, consisted mainly of:

	2004	2003
	Baht	Baht
Major shareholder		
Bangkok Bank Public Company Limited (2003: Parent Company)		
Deposit at bank	44,387,555	37,018,860
Borrowing	-	125,000,000
Debt	300,000,000	-
Accrued interest expenses	152,055	-
Accrued utilities expenses	12,000	-
Related companies		
Promissory notes with a maturity of not over three months	10,000,000	-
Promissory notes with a maturity of over three months	-	8,000,000
Accrued interest	2,984	8,493
Securities business payables	23,985,993	237,351

**Directors, management, and
other related person and companies**

	2004 Baht	2003 Baht
Securities business receivables	21,368,135	5,231,940
Other receivables	181,151	122,665
Securities business payables	105,856	194,002
Accrued expenses	14,000	32,000

The above promissory notes with a maturity of not over three months as at December 31, 2004 of Baht 10.0 million and the promissory notes with maturity of over three months as at December 31, 2003 of Baht 8.0 million and related accrued interest are promissory notes with Bualuang Finance Co., Ltd. representing the customers' money which were obliged to be repaid as requested. They are presented net of cash and cash equivalents on the balance sheet as disclosed in Note 3.2.1.

Major shareholder

Bangkok Bank Public Company Limited
(2003: Parent Company)

	2004 Baht	2003 Baht
Brokerage fee income	297,073	3,649,600
Underwriting fee income	1,418,988	26,660,714
Agent fee income	-	3,738,324
Bank charge	1,530,086	1,277,043
Interest expense	645,174	246,766
Rental and service expenses	585,713	193,145

Related companies

Brokerage fee income	4,334,583	539,839
Financial advisory fee income	3,318,350	-
Information technology fee income	1,600,000	800,000
Interest income	107,587	123,082



	2004	2003
	Baht	Baht
Directors, management, and other related person and companies		
Brokerage fee income	3,634,500	3,233,628
Financial advisory fee income	500,000	250,000
Private client investment management fee income	3,281,707	851,511
Rental and service expenses	4,125,037	3,488,117
Service expense	3,321	10,017
Annual physical check -up expense	352,428	220,235
Other service expenses	21,600	136,800

3.20 Fees and services income

Fees and services income for the years ended December 31, were derived from the following activities:

	2004	2003
	Baht	Baht
Underwriting	46,984,902	95,758,356
Financial advisory	46,213,519	107,070,915
Private client investment management	35,019,046	12,862,649
Agent fees	1,612,197	2,714,733
	129,829,664	218,406,653

3.21 Disclosure of financial instruments

The Company has adopted Thai Accounting Standard No. 48 "Financial Instrument : Presentations and Disclosure".

A financial instrument is any contract that gives rise to both a financial assets of one enterprise and a financial liability or equity instrument of another enterprise at the same time.

As at December 31, 2004 and 2003, the Company does not have a policy to engage in the trading of or speculating in any off-balance sheet derivative financial instruments.

Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in Note 2 to the financial statements.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Company. The Company manages credit risk by setting up appropriate credit limits which are granted to each type of customers and specify type of securities that are subjected to trade under the credit. Moreover, it also performs credit analysis on customers' information and consistent following-up of customer status. The Company considers that there is no concentration risk due to diversity of customers. In the case of recognized credit risk, the carrying amount of assets is as recorded in the balance sheets, net of allowance for doubtful accounts.

In the case of recognized credit risk, the carrying amount of assets is as follows:

(Unit : Baht)

FINANCIAL ASSETS	As at December 31,	
	2004	2003
Cash and cash equivalents	278,366,215	431,354,599
Long-term deposits of financial institutions	7,635,534	-
Investments in debt and equity securities - net	7,820,000	7,849,750
Securities business receivables and accrued interest receivables - net	1,161,097,047	2,099,128,091
Financial advisory business receivables - net	3,976,468	52,726,157
Total financial assets	1,458,895,264	2,591,058,597

Interest rate risk

Interest rate risk of financial instruments in the balance sheet arise from the potential for a change in interest rates to have an adverse effect on the net interest earnings of the Company in the current reporting periods, and in future years. Interest rate risk arises from the structure and characteristics of the Company's assets, liabilities and equity or the mismatch in reprising dates of its assets and liabilities.

Financial assets and liabilities which have been classified by maturity of interest repricing period from December 31, 2004 and 2003 are presented in the tables as follows:

As at December 31, 2004

(Unit : Baht)

	Interest rate increase/ decrease according to market rate	The maturity of interest repricing period or before the maturity of the contract				Total	Interest Rate (%)		Effective interest rate
		At call	Under 1 year	1-5 years	Non-interest bearing		Floating rate	Fixed - rate	
Financial assets									
Cash and cash equivalents	1,635,666	-	-	-	276,730,549	278,366,215	0.25%-1.00%	1.50%	0.61%
Long-term deposits at financial institutions	-	-	7,635,534	-	-	7,635,534	-	1.38%-1.75%	0.61%
Investments in debt and equity securities - net	-	-	-	-	7,820,000	7,820,000	-	-	-
Trading transactions with securities companies	-	-	-	-	36,762,455	36,762,455	-	-	-
Securities business receivables and accrued interest receivables - net	491,868,717	2,692,748	-	-	666,535,582	1,161,097,047	MOR-2%	-	4.32%
Financial advisory business receivables - net	-	-	-	-	3,976,468	3,976,468	-	-	-
Financial liabilities									
Trading transactions with securities companies	-	-	-	-	45,870,729	45,870,729	-	-	-
Securities business payables	-	-	-	-	577,938,587	577,938,587	-	-	-
Bonds payable debenture	-	-	-	300,000,000	-	300,000,000	-	0.5%	0.5%
Accrued personnel expenses	-	-	-	-	110,275,535	110,275,535	-	-	-

As at December 31, 2003

(Unit : Baht)

	Interest rate increase/ decrease according to market rate	The maturity of interest repricing period or before the maturity of the contract				Total	Interest Rate (%)		Effective interest rate
		At call	Under 1 year	1-5 years	Non-interest bearing		Floating rate	Fixed - rate	
Financial assets									
Cash and cash equivalents	3,590,835	-	-	-	427,763,764	431,354,599	0.375%-1.25%	-	0.51%
Investments in debt and equity securities - net	-	-	-	-	7,849,750	7,849,750	-	-	-
Securities business receivables and accrued interest receivables - net	436,243,661	6,182,893	-	-	1,656,701,537	2,099,128,091	MOR-2%	-	0.70%
Financial advisory business receivables - net	-	-	-	-	52,726,157	52,726,157	-	-	-
Financial liabilities									
Borrowings - Promissory notes	-	125,000,000	-	-	-	125,000,000	-	1.30%-1.81%	1.32%
Trading transactions with securities companies	-	-	-	-	219,376,156	219,376,156	-	-	-
Securities business payables	-	-	-	-	1,502,148,418	1,502,148,418	-	-	-
Accrued personnel expenses	-	-	-	-	214,488,547	214,488,547	-	-	-



Methods and assumptions in estimating fair value of financial instruments

Thai Accounting Standard No. 48 "Financial Instruments : Presentation and Disclosure" requires certain fair value disclosures. Considerable judgment is necessarily required in estimation of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions are used by the Company in estimating fair value of financial instruments:

The approximate fair values of cash and cash equivalents, trading transactions with security companies, securities business receivables and payables and borrowings are based on the amounts recognized in the balance sheets as they are short-term or are callable receivables. For trading investments, fair value is based on the last bid price at the SET on the last business day of the year. For general investment which is non-listed securities, fair value is estimated from net asset value after impairment (if any). Fair value of such investment is shown in Note 3.3 to the financial statements.

3.22 Contingent liabilities and commitments

The Company has commitment to pay additional Stock Exchange membership fee on a monthly basis at the rate of 0.025% of monthly trading volume, for the period of three years starting from May 7, 2002 onwards.

2004 Auditor's Remunerations

Audit Fee

No.	Payment Company	Auditor	Audit Fee (Baht)
1	Bualuang Securities Public Company Limited	Ms. Chongchitt Leekbhai Deloitte Touche Tohmatsu Jaiyos Co., Ltd.	970,000
Total audit fee			970,000

Non-Audit Fee

No.	Payment Company	Detail of Non-Audit Service	Service Provider	Non-Audit Fee	
				Payment during the accounting period (Baht)	Future Payment
2	Bualuang Securities Public Company Limited	Attended the meeting with the SEC's officer - to present the working paper - to clarify the question from the SEC's officer	Ms. Chongchitt Leekbhai and assistance from Deloitte Touche Tohmatsu Jaiyos Co., Ltd	82,500	-
Total non-audit fee				82,500	-



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The Great Truth of Way / 1979

By Pichai Nirand

Thai National Artist

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