Annual Report 2009

35th Anniversary

Energizing

the Thai capital market for the Thai economy

The Stock Exchange of Thailand

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Vision

Being a prestigious and trustworthy marketplace, with competent team, by promoting innovative products and services, with a pool of liquidity to meet stakeholders' expectations

Mission

To be a prime choice for capital raising and investment management by offering integrated financial products and services through trustworthy and accessible platforms

>> SET Major Developments and Key Events for 1974-2009

1974

- May 20 : The Securities Exchange of Thailand Act B.E. 2517 was enacted.

1975

- April 30 : The Securities Exchange of Thailand (SET) officially started trading by implementing a post-on-board system. The trading period ran from 10:30 -12:00 hours.
- Ceiling & floor prices were set to not exceed 15% of the previous day's closing price.
- June 20 : Prime Minister MR Kukrit Pramote presided over the opening ceremonies of the SET, located in the Siam Center building, 4/fl., Rama I Road, Bangkok

1976

- Commission fees were set at 0.5% for trading common stocks, debentures, or preferred-stocks and 0.1% for government bonds, with a minimum of THB50 for all types of securities.
- Listed firms or juristic persons received income tax exemptions from capital gains on trades conducted through the SET

1977

- The margin rate was set at 30%.
- Listed and authorized companies submitted half-yearly financial statements in addition to annual ones.
- Selling and trading unit trusts of mutual funds began, with the Sin Pinyo fund

1978

- To ensure transparent and fair trading, SET revised its trading rules and regulations, in that member companies were allowed to receive trading orders only from marketing staff in their offices.
- May 1 : To discourage short-term trading, the government announced collection of a capital gains tax for securities held less than six months before selling, resulting in a dramatic decrease in securities trading. This tax was therefore cancelled in July.

1979

- Raja Finance crisis strongly affected the national economy and investment.
- The ceiling and floor prices were dropped to 5% to be in line with the then-current trading state by dampening speculation.
- Listed and authorized companies started submitting quarterly financial statements starting Q3/1979, and from Q1/1981, both types of firms started submitting reviewed financial statements that had been reviewed by authorized auditors. This action was considered the Best Practice in disclosure and still continues.

1980

- January 2 : The SET Index was introduced.
- Member companies established the "Assembly of Members of The Stock Exchange of Thailand" to promote and disseminate information regarding securities businesses. This Assembly was later named the "Association of Members of the Stock Exchange" in 1981, then the "Association of Securities Companies" in 1992.
- SET joined with various capital market associations to hold the Best Annual Report awards ceremony
- SET started live broadcasts of trading activity through radio station 1494 KHz every trading day.

1981

- SET's trading period was changed from 10:30 - 12:30 hours to 09:30 - 11:30 hours.
- The ceiling and floor prices were adjusted to 10%.
- Supervisory signs of "NP (Notice Pending)" and "NR (Notice Received)" were introduced to ensure that all investors received sufficient information.
- Member companies established The Association of Members of the Securities Exchange

1982

- The clearing and settlement system were improved to meet international standards by using a net clearing system to replace the original transaction-operated systems.
- SET established standards, including in ethics, for sub-brokerage firms.

1983

- SET moved to the Sindhorn Building, Wireless Road, Bangkok.

- Extension of tax benefits for dividends for three more years (1984-1986)

1984

- September 26 : the Second Securities Exchange of Thailand Act B.E. 2527 was enacted.
- The Capital Market Development Sub-committee was made responsible for drafting guidelines to develop capital market, chaired by Mr. Veerapong Ramangkul.

1985

- The post-trading system and registration platform, which later became "Thailand Securities Depository Co., Ltd.", was developed.

1986

- Coverage of live radio broadcasts of trading activity was extended nationwide through the National Broadcasting of Thailand
- SET joined hands with Siam Commercial Bank PCL to provide telebanking services.
- Thailand Fund, the first on-shore international mutual fund, invested in the Thai capital market with an initial value of USD30 million (approx. THB789 million)

1987

- Listing requirements were amended to help small businesses raise funds on SET.
- Alien Board was established to support international investors.
- Temporarily reduced the price ceiling and floor to 5% of the previous day's closing price, rather than the previous 10%.

1988

- Japan Securities Dealers Association accepted SET as an Authorized Stock Exchange, allowing Japanese to invest without restrictions.
- Share Depository Center (SDC) was established and the "Book Entry" system for clearing and settlement was implemented.
- Joined hands with the University of Rhode Island, USA to operate a stock market information center, developing fundamental information on the 11 stock markets in the Pacific region to distribute to institutional investors

1989

- Department of Trade and Industry, United Kingdom, confirmed SET as an approved market to allow investment by unit trusts.
- Signed a contract to develop a computer trading system
- Announced the application of DS (Designated Security) symbol, used when a given security had a price and/or trading volume that was not normal.

1990

- Trading hours were extended from 09:30 - 11:30 hours to 09:00 - 12:00 hours.
- Restrictions were imposed on the number of shares per board lot. One board lot was to contain 100 shares to help the clearing and depository systems meet international standards.
- SET joined World Federation of Exchanges (WFE) as a member and International Organization of Securities Commissions (IOSCO) as an affiliate member to exchange knowledge and experiences with international capital markets.
- SET joined hands with member companies in establishing "Securities Analysts Association" to develop the standards and quality of analysts.
- The Ministry of Finance allowed securities firms to establish branches in other provinces

1991

- "The Securities Exchange of Thailand" was renamed "The Stock Exchange of Thailand".
- April 19 : the fully-computerized "ASSET" (Automated System for The Stock Exchange of Thailand) trading system was introduced.

- Initiation of real-time reporting via Price Reporting System (PRS).

1992

- March 16: the Securities and Exchange Act BE 2535 was enacted to enable more efficient supervision and development of the capital market.
- Trading hours were extended and divided into two sessions, 10:00-12:00 hours and 14:30 -16:00 hours.
- The scripless system was implemented to enhance efficiency in securities depository management.

1993

- Commission fees collected by brokers from investors trading in unit trusts and warrants were reduced from 0.5% to 0.3% but not less than THB30 per transaction.

1994

- January 4 : SET Index closed at 1,753.73, which was the highest point since the SET first operated.
- Trading hours were extended in the afternoon from 14:30 - 16:00 hours to 14:30 - 16:30 to encourage investment from international investors and enhance competitiveness over other regional stock exchanges.
- April 1 : The SET launched Public SIMS, which consisted of securities trading and listed companies' information.

1995

- Supervisory sign "H (Halt)" was introduced to temporarily prohibit securities trading (for no more than one trading period).
- Establishment of Clearing Fund with an initial value of THB200 million
- August 16 : SET50 Index was launched.

1996

- Listed companies disclosed their information via ELCID (Electronic Listed Company Information Disclosure) to create a fast, precise and effective information disclosure process.
- Essential information was publicized via www.set.or.th.
- Automated market surveillance tools were introduced to build investor confidence.

1997

- Commissions were adjusted, allowing sub-brokerage clients to fully negotiate fees, while international securities firms and retail clients could negotiate with minimums of 0.3% and 0.5% of each trade, respectively.

- Ceiling and floor limits were adjusted to 30% of the previous day's closing price to allow prices to better reflect market demand and promote liquidity. These limits are still used today.

1998

- Start of short selling to increase trading liquidity and manage risk.
- Credit balance introduced to replace margin trading, enhancing member companies' financial liquidity and following the policy of separating the financial from the securities businesses.
- Relocation of the SET's offices to Ratchadaphisek Road, the current location.
- Listed companies required to have Audit Committee by December 31, 1999

1999

- Derivative warrants started trading.
- Market for Alternative Investment (mai) established to encourage small and medium - size businesses to raise funds on the capital market.

2000

- January 10 : Internet trading started operating.
- October 13 : Settrade.com Co. Ltd. was established to provide online securities trading for member companies and investors.
- Start of off-hours trading until 17.00 hours.
- Trading commissions of all securities were made fully negotiable, with a minimum of 0.25%.

2001

- June 11 : SET launched the trading of Non-Voting Depository Receipts (NVDRs), issued by Thai NVDR Co. Ltd.. These reduced foreign investment barriers and increased liquidity in the Thai market. NVDR holders have the same financial rights as other investors, but cannot vote.
- Introduction of treasury stocks.
- September 12 : SET stopped trading for one day due to the impact of the World Trade Tower attack by terrorists.
- September 17 : Market for Alternative Investment (mai) started securities trading. Implementation of net settlement trading.
- The SET launched a project to help Thai youths develop their understanding of and expertise in economics, business, finance and alternative investments.
- The SET introduced stock booking through the Internet, done through settrade.com Co., Ltd.

2002

- Commissions were amended and set at a minimum of 0.25% for every

type of investor and 0.20% for Internet trading.
- September 3 : mai Index was launched.
- Family Know-how Co., Ltd. was established to promote financial literacy and investment among the general public.

2003

- November 26 : Bond Electronic Exchange (BEX) started trading.

2004

- Thailand Futures Exchange PCL (TFEX) was established as an exchange for derivatives trading.
- Securities Investor Protection Fund (SIPF) was established to protect investors' benefits and build confidence.
- The SET established the 30th Anniversary Charity Fund, with a starting capital of THB100 million to develop quality of Thai youth.
- Federation of Thai Capital Market Organizations (FeTCO) was established to promote and develop the Thai capital market so that it will operate more efficiently.

2005

- May 3 : SET100 Index was introduced; SET adjusted the base index of the SET50 to be in line with SET100.
- "Money Channel", a 24/7 economic and investment information TV channel, began airing on UBC97 and TGN (Thai TV Global Network).
- Fixed Income and Related Securities Trading System (Firsts) was developed.

2006

- January 23 : trading value reached THB94.06 billion (USD 2.40 billion) per day, the highest in SET history.
- April 28 : Thailand Futures Exchange PCL (TFEX) officially started trading, with SET50 Index Futures as its first product.
- December 19 : SET circuit breaker was activated for the first time in SET's 31 year history. SET Index closed at 622.14, dropping 108.41 points, which was the highest drop since SET's first trade. Total trading value was THB72.13 billion (USD 2.01 billion).
- The SET established The Stock Exchange of Thailand Foundation

2007

- March 21 : The Corporate Social Responsibility Institute (CSRI) was established to encourage the business sector to be more involved with society and support sustained business growth.
- September 6 : ThaiDEX SET50 exchange-traded fund (TDEX) started trading on SET.
- October 29 : TFEX launched SET50 Index Options.
- Total Access Communication Plc (DTAC) became the first firm to dual list; it was listed on the Thai and Singaporean bourses.

2008

- June 24: FTSE SET Index Series was officially introduced.
- August : The Advanced Resilient Matching System (ARMS) was developed and implemented to replace ASSET (Automated System for The Stock Exchange of Thailand)
- August 7 : SET commenced trading MTrack Energy exchange-traded fund (ENGY), the first equity ETF based on SET Energy and Utility Sector Index. ENGY was listed in the Unit Trust Group.
- October 10 : The first circuit breaker of the year was activated. SET Index closed at 451.96, down 48.03 points.
- October 27 : The second circuit breaker of the year was activated. SET Index closed at 387.43, down 45.44 points.
- November 24 : TFEX launched Single Stock Futures.

2009

- January 1 : SET reorganized into two functions, the Exchange Function and the Capital Market Development Fund (CMDF) Function.
- February 2 : TFEX launched Gold Futures.
- March 31 : SET announced a new sector, called "Property Funds", under the Property & Construction Industry Group.
- April 23 : SET introduced the FTSE SET Shariah Index
- November 10 : The cabinet approved the Thai Capital Market Development Plan
- December 14 : The Association of Capital Market Academy Alumni was launched.

>> SET Market Movement 2009

Source : SETSMART

Aug 17, The U.S. Consumer Confidence Index (CCI) in August plunged to its lowest level since March 2009, lower than market expectation. Meanwhile, domestic political concern was aggravated by demonstrations. SET Index closed at 632.05 pts., down 22.20 pts.
Nov 27, Dubai State announced the postponement of payment for Dubai World's debt. SET Index closed at 680.37 pts., down 5.36 pts.
Volume / Value
200,000
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
Oct 29, U.S. new home sales in September contracted for the first time in 6 months, contradicting market's expectations. SET Index closed at 690.10 pts., down 13.85 pts.
Dec 14, Abu Dhabi annouced to assist Dubai World. SET index closed at 709.74 pts., up 6.10 pts.
Sep 7, G20 countries confirmed to continue using economic stimulus plan. SET Index closed at 682.57 pts., up 14.16 pts.
July 17, Performance of big financial firms in U.S. beat market's forecast. SET Index closed at 596.11 pts., up 13.37 pts.
Dec 30, SET Index closed at 734.54 pts., up 284.58 pts. (SET Index had risen by 63.25% over its end-2008 value)
Sep 30, The Administrative Court suspended 76 projects in Map Ta Phut industrial estate; nevertheless, bank and IT stock drove SET Index to edge up at 717.07 pts., up 1.78 pts.
Jun 30
Jul 31
Aug 31
Sep 30
Oct 30
Nov 30
Dec 30
Trading volume (million shares)
Trading value (THB million)

Ambitious beginning
Strong foundation
Growing with the Thai economy
Steady pace towards the world arena

Energizing

the Thai capital market for the Thai economy

From the SET's very beginning to our 35th anniversary, the SET has acquired the expertise to build a strong foundation, maintain continuous development, and expand side by side with the Thai economy

As a tree develops, its growth rings spread year after year, its branches expand out, and it bears flowers and fruit every year.

The SET will maintain its role of enabling the Thai capital market to be a major engine driving the nation's economic growth and be competitive in the world arena.

>> Message from the Chairman

"Building on the foundation laid in 2009 and executing operations according tothe strategies above will help the SET to be a main mechanism driving the sustained growth of the Thai capital market and economy."

Year 2009 was another significant year for The Stock Exchange of Thailand (SET). Even though the economic situation was sensitive and highly volatile, the SET continued to increase its operational effectiveness and to be a major engine driving the nation's economic growth.

On January 1, 2009, the SET reorganized its structure into two segments: the exchange business and capital market development. This reorganization was aimed at making the exchange side of the SET more business-oriented, effective and efficient in meeting customer needs. Thus, the SET launched more products to increase investment alternatives, played a leading role in planning the upcoming electronic trading link with other ASEAN exchanges, and prepared the SET's IT Master Plan to strengthen its middle- and long-term competitiveness. These steps supported the SET in becoming more effective in its operations and helped lay the foundation for business expansion.

On the capital market development side, the SET continued to implement its long-term capital market development plan by strengthening the major parties in the market, including improving their quality. For example, the SET continued to encourage listed firms to operate under corporate governance guidelines, helped establishing the CSR Club to promote responsibility to society and the environment; built a network of innovative enterprises to strengthen their ability to access source of funds; developed a highly-effective learning medium by creating an online trading simulation for students, including helping five universities offer courses on the capital market; and coordinated with the Thai Financial Planners Club to create qualified financial professionals.

The Thai capital market, with the SET as a main player in Capital Market Development Plan formation and implementation, will not only be an alternative for savings and investment, but also be a major mechanism in harnessing, allocating and maintaining the effective usage of economic resources, helping Thailand to be competitive in the world arena and developing its potential for the benefit of the country as a whole.

In 2010, the SET will continue operating according to the plan set out in 2009, under four main strategies, consisting of 1) Enhancing market quality and integrity by encouraging and facilitating the efforts of large firms to list and using more proactive measures of market supervision; 2) Increasing liquidity using a variety of products and increasing the participation of institutional investors ; 3) Building a foundation for the SET's strong and sustainable development by improving its IT infrastructure to more effectively support business expansion and new products, meeting the same standards as leading international exchanges do, and able to link to their networks and; 4) Continue preparing for the SET's demutualization and listing.

Building on the foundation laid in 2009 and executing operations according to the strategies above will help the SET to be a main mechanism driving the sustained growth of the Thai capital market and economy, ready for the challenges and opportunities of globalization and benefiting Thais and the country as a whole.

On behalf of the Board of Governors, I would like to thank the many public and private organizations, listed and member companies, investors, and SET executives and employees who worked together so diligently and so well, enhancing the strength needed to continue our mission successfully.

Sompol Kiatphaibool
Chairman

>> Message from the President

"The SET has further strengthened itself, boosting its competitive potential, leading to clear goals and effective performance measurement for the units involved."

In 2009, The Stock Exchange of Thailand (SET) passed through numerous challenges, yet securities trading improved, due to the market's strong fundamentals. Throughout the year, the SET continually fulfilled the needs of investors and other market participants by enhancing the attractiveness of the Thai stock market.

By the end of 2009, the SET Index had soared 63.25% year-on-year, to close at 734.54 points. Over the year, average daily trading value not only reached a five-year high (2005-2009) but rose 8.55% year-on-year, which was much more than the 2.50% average of Asia-Pacific exchanges. Internet trading rose sharply to 20.90% of total trading value in 2009 from 15.90% in 2008, as a result of activities to educate investors by the SET and securities firms. Derivatives trading continued its very high rate of growth, up an average rate of 148.63% per year since the SET introduced the derivatives market in 2006.

In terms of attractiveness enhancement, the SET continued to offer more investment opportunities to both domestic and foreign investors. New products were continually launched, including gold futures, stock futures with the SET50 Index as its underlying asset, the TFTSE (ThaiDEX FTSE SET Large Cap) exchange-traded fund with the FTSE SET Large Cap Index as its underlying asset, and derivative warrants with stocks of leading listed companies as the underlying assets.

To expand the investor base, the SET continually increased the number and quality of local investors and foreign institutional investors. The SET held numerous roadshows and activities nationwide. These events attracted over 166,000 investors in 2009, with total transactions of THB112.70 billion (approx. USD3.28 billion). The SET also joined with the public and private sectors to give information and build the confidence of institutional investors in Asia, Europe, the US and the Middle East..

In addition, the ASEAN Linkage for trading with other ASEAN stock markets to lay a foundation for future cooperation showed significant progress. In 2010, the SET is committed to work actively to develop its systems to support trading through other exchanges. Such trading will be launched in the first quarter of 2011, and will be a milestone of stock markets in the region.

The SET continued its long-standing and proactive work in Indochina to encourage potential listings on the SET. As the leader of the stock markets in Indochina, the SET sent professionals to help establish bourses in Cambodia, Laos and Vietnam, helping them with advice on technology for trading and related systems and educating stock market professionals, including investors. These efforts will strengthen and increase the attractiveness of stock markets in the region as a whole.

The SET has further strengthened itself, boosting its competitive potential, leading to clear goals and effective performance measurement for the units involved

By 2010, the SET will have achieved 35 years of operation. SET achievement has been because of the dedication and hard work from its executives and staff, with vital support from all relevant parties in the public and private sectors. The SET will continue to be a key driving force supporting sustainable economic growth for Thailand. The SET has always been proud of this mission and will always keep it as our key goal. We look forward to the years to come.

P. Benjapolchai

Patareeya Benjapolchai
President

>> Board of Governors

Sompol Kiatphaibool

Chairman

Education

- Master of Science (Economics), Fairleigh Dickinson University, USA
- Master of Arts (Hons.) (Development Economics), National Institute of Development Administration
- Bachelor of Arts (Hons.) (Economics), Thammasat University
- Diploma, Joint State - Private Sectors Course, The National Defence College of Thailand
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Current Positions

- Chairman, Thailand Futures Exchange PCL
- Member, Public Sector Development Commission
- Chairman, Public Sector Audit and Evaluation Committee, Ministry of Transport
- Advisory Board, The Support Arts and Crafts International Center of Thailand
- Honorary Advisor, Committee on Foreign Affairs, The Senate, Kingdom of Thailand

Past Experience

- Chairman, Siam City Bank PCL
- Vice Chairman, Securities and Exchange Commission
- Chairman, The Support Arts and Crafts International Center of Thailand
- Advisor to Deputy Prime Minister and Minister of Finance
- Chairman, Board of Directors, National Housing Authority
- Member, Court of Directors, Bank of Thailand
- Chairman, Committee on Agriculture and Co-Operatives, The Senate, Kingdom of Thailand
- Permanent Secretary, Ministry of Commerce

Somjate Moosirilert

Vice Chairman

Education

- Master of Management, Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Bacherlor of Commerce and Accountancy, Thammasart University
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Current Positions

- Chairman, Thanachart securities PLC
- Chief Executive Officer, Thanachart Capital PCL
- Executive Director , Association of Securities Companies
- Director, Executive Director and Senior Executive Vice President, Thanachart Bank PCL

Past Experience

- President, Thai Asset Management Corporation
- Chairman, Executive Board, National Securities Co., Ltd.
- Director and Executive Director, National Finance PLC
- Chairman, Association of Securities Companies
- Director and Acting President, Government Housing Bank
- Vice Chairman and Director, The Stock Exchange of Thailand

Khunying Jada Wattanasiritham

Governor

Education

- M.A. (Economic Development), Williams College, Massachusetts, USA
- M.A. (Economics), Cambridge University, England
- B.A. (Economics), Cambridge University, England
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Current Positions

- Chairperson, Audit Committee, The Stock Exchange of Thailand
- Director and Executive Director, Siam Commercial Bank PCL
- Director and Chairperson, Audit Committee, PTT PCL
- Independent Director and Director, Audit Committee, Minor International PCL
- Chairperson, Siam Commercial New York Life Insurance PCL
- Chairperson, Siam Commercial Samaggi insurance PCL
- Chairperson, Thai Asset Management Corporation

Past Experience

- President, Siam Commercial Bank PCL
- Chairperson, Thai Banker's Association
- Member, National Legislative Assembly
- Economic Research Department, Bank of Thailand

Jaruporn Viyanant

Governor

Education

- M.A. (Financial Economic), Middle Tennessee State University, USA
- B.A.(Accounting), Faculty of Commerce and Accountancy, Thammasat University
- Certificate in Financial Management, University of Bath, UK
- Certificate in Life Insurance Industry for Top Management, The Foundation for the Advancement of Life Insurance Around The World, Japan
- Training Program, Study and on-the-Job Experiment in Financial System and Management in Financial Institutions, Mitsui Bank, Japan
- Certificate, Director Certificate Program, Thai Institute of Directors Association
- Certificate, Audit Committee Program, Thai Institute of Directors Association

Current Positions

- Member, Nomination and Remuneration Committee, The Stock Exchange of Thailand
- Expert Director, Federation of Thai Insurance Organizations
- Advisor, Bangkok Pathology Laboratory Co.,Ltd.
- Director, Graduate Study Program in Risk Management and Insurance, Faculty of Law, Thammasat University
- Advisor, Master in Finance (International Program), Faculty of Commerce and Accountancy, Thammasat University
- Advisor, Business Research Center, Faculty of Commerce and Accountancy, Thammasat University
- Advisor, Thammasat Association

Past Experience

- Dean, Faculty of Commerce and Accountancy, Thammasat University
- Vice Rector for Finance and Property Management, Thammasat University
- Director, University Council, Thammasat University
- Executive Board, King Prajadhipok's Institute
- Director, Board of Supervision of Auditing Professional Practice, Ministry of Commerce
- Director, Insurance Industry Policy and Development, Ministry of Commerce
- Advisor to the Finance, Banking and Financial Institution Committee, The Senate, Kingdom of Thailand

Montree Sornpaisarn, CFA

Governor

Education

- M.B.A. (Finance), Thammasat University
- Bachelor of Engineering (Computer), Chulalongkorn University
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand
- Chartered Financial Analyst, CFA Institute

Current Positions

- Chief Executive Officer, Kim Eng Securities (Thailand) PLC
- Director, Thai Listed Companies Association
- Executive Director, Association of Securities Companies
- Director, Futures Industry Club (FI Club)
- Director, Investment Banking Club (IB Club), Association of Securities Companies

Past Experience

- Managing Director, Investment Banking Department, Vickers Ballas Securities (Thailand) Ltd.
- Director, Investment Banking, SG Asia Credit PLC
- Director, Direct Investment, American International Assurance Co., Ltd.
- Executive Vice President, Corporate Finance, Jardine Fleming Thanakom Securities Co.,Ltd.
- System Analyst, Siam Cement PLC
- Director and Member, Investment Committee, Government Savings Bank

Nibhat Bhukkanasut

Governor

Education

- M.A. (Political Science), University of Hawaii, USA
- B.A. (Economics), University of Hawaii, USA
- Diploma, Joint State-Private Sectors Course, The National Defence College of Thailand
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Current Positions

- Chairman, Capital Market Development Foundation
- Chairman, GJS Steel PCL
- Chairman, TCJ Asia PCL

Past Experience

- Advisor, Corporatization and Listing of State-Owned Enterprises, The Stock Exchange of Thailand
- Advisor to the Prime Minister
- Deputy Permanent Secretary of Finance
- Comptroller-General, Comptroller Department, Ministry of Finance
- Director-General, Treasury Department, Ministry of Finance
- Director-General, Fiscal Policy Office, Ministry of Finance
- Alternate Executive Director, World Bank Economic and Financial Counselor, Royal Thai Embassy, Washington D.C.
- Chairman, The Stock Exchange of Thailand
- Chairman, World Saving Bank Group

Niputh Jitprasonk

Governor

Education

- B.A. (Honors, First Class), Faculty of Commerce and Accountancy, Thammasat University
- M.B.A. (International Trade and Finance), Gothenburg School of Economics and Business Administration, Sweden
- Certificate In Property Management, University of Cincinnati, USA
- Certificate In International Business, University of Hawaii, USA
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand
- Certificate, Director Certification Program, Thai Institute of Directors Association

Current Positions

- Chairman, Siam City Securities Co., Ltd.
- Director, Valuers Association of Thailand
- Director, Asian Valuers Association
- Member, Real Estate Development Committee, The Stock Exchange of Thailand
- Director and Member, Audit Committee, Lalin Property PCL
- Director , Executive MBA Program , Sripatum University

Past Experience

- Director, Thailand Futures Exchange PCL
- Dean, Faculty of Commerce and Accountancy, Thammasat University
- Director, Executive Master of Business Administration Program, Thammasat University
- Director, University Council, Thammasat University
- Director and Chairman, Audit Committee, Bangkok Commercial Asset Management Co., Ltd.

Paiboon Nalinthrangkurn

Governor

Education

- M.B.A. (Finance), Indiana University at Bloomington, USA
- B.A. (Computer and Information Sciences), University of California at Santa Cruz, USA
- Chartered Financial Analyst, CFA Institute, USA
- Certificate, Director Certification Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Current Positions

- Chief Executive Officer, TISCO Securities Co., Ltd.
- Vice Chairman, Federation of Thai Capital Market Organizations
- Chairman, Securities Analysts Association
- Executive Director, Association of Securities Companies
- Director, Thai Capital Market Development Board
- Director, The Thai Bond Market Association
- Director, Futures Industry Club

Past Experience

- Managing Director, TISCO Securities Co., Ltd.
- Deputy Managing Director and Head of Securities Brokerage, TISCO Securities Co., Ltd.
- Senior Investment Analyst, ING Baring Securities (Thailand)
- Senior Analyst, Indosuez W.I. Carr Securities (Thailand)

Vallobh Vimolvanich

Governor

Education

- M.S., PhD (Engineering), University of California, Berkeley, USA
- B.Eng., Chulalongkorn University
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Current Positions

- Director, True Move Co., Ltd.
- Member, Real Estate Development Committee, The Stock Exchange of Thailand
- Member, Nomination and Remuneration Committee, The Stock Exchange of Thailand
- Advisor, Charoen Pokphand Group Co., Ltd.
- Director, Bangkok Inter Teletech Co., Ltd.
- Director, Pantavanij Co., Ltd.

Past Experience

- Chairman, Family Know-How Co., Ltd.
- Director, Settrade.com Co., Ltd.
- Associate Professor, George Washington University, Washington, D.C., USA
- Director, Office of Computer Development and Operation, Bank of Thailand
- Member, National Computer Committee
- Senior Vice President, TelecomAsia Corporation PCL
- Director, Flag International Inc., London, U.K.

Viparat Misitsakul

Governor

Education

- M.B.A. (English Program), Bangkok University
- B.B.A. (Accounting) Ramkhamhaeng University
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Current Positions

- Chief Operating Officer, UBS Securities (Thailand) Limited
- Director, Thailand Futures Exchange PCL

Past Experience

- Director and General Manager, Thomson-CSF (Thailand) Co., Ltd.
- Senior Executive Vice President and Deputy Managing Director / Director, Deutsche Morgan Grenfell Securities (Thailand) Co., Ltd.
- Vice President — Finance and Administration, Morgan Grenfell Thai Co., Ltd.
- Deputy Managing Director, TNT Express Worldwide (Thailand) Co.,Ltd.

Patareeya Benjapolchai

President

Education

- M.B.A., Thammasat University
- B.A. (Accountancy), Chulalongkorn University
- Certificate, Advanced Accounting and Auditing, Chulalongkorn University
- Certificate, Executive Program, University of Michigan, USA
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Current Positions

- Director and Board Secretary, Federation of Thai Capital Market Organizations
- Director, Professor Sangvian Indaravijaya Foundation
- Director, Thai Institute of Directors Association
- Director, Bond Market Development Steering Committee
- Director, Subcommittee on Investor Education and Public Relations on Corporate Governance, National Corporate Governance Committee
- Director and Board Secretary, Capital Market Development Committee
- Expert member, Foreign Business Committee, Department of Business Development, Ministry of Commerce

Past Experience

- Member, National Legislative Assembly
- Member, Committee on Finance, Banking and Financial Institutions, National Legislative Assembly
- Honorary Advisor, Senate Standing Committee on Economics, Commerce and Industry
- Director, Ethics Committee, Federation of Accounting Professions
- Director, TRIS Rating Committee
- Member, Board of Directors, Institute of Certificated Accountants and Auditors of Thailand

>> Organization Chart

Group

Internal Audit &Compliance
- Internal Audit & Compliance Dept.
- Corporate Secretary Dept.

CMDF Office
- Assets Management Dept.

CMDF Function

Capital Market Insitute

Industry Development
- Good Governance Development & Alliance Dept.
- Enterprise Development for Capital Market Dept.

Education
- Professional Education Dept.
- Investor Education Dept.
- Executive Education Dept.
- Education Learning Center

Capital Market Research Institute

Market Regulation
- Listing & Disclosure Dept.
- Market Surveillance Dept.
- Enforcement Dept.
- Regulatory Policy & Risk Management Dept.
- Member Supervision Dept.

Finance/ Administration & Communications
- Finance & Accounting Dept.
- Administration Dept.
- Human Resources Dept.
- Corporate Communication Dept.

As of January 1, 2010

>> SET Executives

1. Patareeya Benjapolchai
   President

2. Suthichai Chitvanich
   Executive Vice President Internal Audit, Compliance & Risk Management

3. Veerathai Santiprabhob, Ph.D.
   Chief Strategy Officer & Executive Director, Capital Market Research Institute

4. Chanisa Chutipat
   Chief Financial Officer & Corporate Services

5. Sakkarin Ruamrangsri
   Chief Regulatory Officer

1. Nongram Wongwanich
   Chief Operating Officer

2. Pannaporn Sapsomboon
   Group Head, IT Operationn

3. Sornkawee Puranachoti
   Group Head, IT Development

4. Supakit Jirapraditkul
   Group Head, Market Operation

5. Udomwara Dechsongjarus
   Group Head, Post - Trade Operatio

1. Vichate Tantiwanich
   Chief Marketing Officer

2. Kesara Manchusree
   Group Head, Markets

3. Chanitr Charnchainarong, CFA
   Group Head, Issuer & Listing

1. Patareeya Benjapolchai
   President

2. Chaiyoot Chamnanlertkit
   Executive Director, Industry Development Center

2. Punsak Vejanurug
   Executive Director, Market Education Center

4. Naree Boontherawara, Ph.D.
   Director, CMDF Office

5. Kengkla Ruckphaopunt
   Director, CMDF Office

As of March 1, 2010

Energizing
investment opportunities with a variety of products

The SET has continued to introduce a variety of financial products to fulfill the needs of investors, add value to listed companies, and expand business opportunities for market participants.

All together, the SET improves the potential and competitiveness of the Thai capital market.

Developing corporate competency

Fulfilling customer needs

Bringing investment potential to fruition

>> The Stock Exchange of Thailand and its Subsidiaries Two-Year Statistical Highlights

(THB million)

	2009	2008	Change %
Total Revenues	3,251	2,833	14.8
Investment income, net	876	614	42.7
Revenues over expenses	457	205	122.9
Capital Expenditure	253	415	(39.0)
Total Assets	20,692	18,000	15.0
Current Assets	8,767	7,792	12.5
Long-term Investments	6,090	4,723	28.9
Other Assets	5,835	5,485	6.4
Total Liabilities	4,928	3,808	29.4
Current Liabilities	3,884	2,820	37.7
Non-Current Liabilities	1,044	988	5.7
Total Funds	15,764	14,192	11.1

		2009	2008	Change
Return on Total Assets	(%)	2.2	1.1	1.1
Current Ratio	(Times)	2.3	2.8	(0.5)
Debt to Funds Ratio	(%)	31.3	26.8	4.5

>> Thai bourse's 2009 performance better than in 2008

The overall performance of the Thai capital market in 2009 improved when compared to that of 2008. In particular, indices, market capitalization and trading value all increased, as a result of the economic recovery and better operating performance of listed firms (both of which bottomed out in Q4/2008).

By end-2009, the SET Index had risen by 63.25% over its end-2008 level and closed at 734.54 points; for the year, it bottomed in March at 411.27 and peaked in October at 751.86. Meanwhile, the Market for Alternative Investment (mai) Index had risen by 32.14% over its end-2008 level,and closed at 215.30. The combined market capitalization of SET and mai as of end-2009 was THB5.91 trillion (approx. USD177.16 billion), up 64.67% over end-2008, which was in line with the increase in the SET Index

Indices and market capitalization (SET & mai)

The SET Index's rise caused the SET's forward P/E ratio at end-2009 to increase to 12.7 from 7.0 as of end-2008. Meanwhile, the SET's forward P/E ratio as a proportion of the MSCI Asia ex-Japan forward P/E ratio increased continually, from 64.16% at end-2008 to 89.92% at end-2009.

Market highlights (SET)

In 2009, trading value reached its highest level in the past five years. In 2009, the SET and mai total trading value was at THB4.43 trillion (approx. USD129.02 billion), up 11.25% from 2008, with a daily average trading value of THB18.23 billion (approx. USD530.94 million), up 13.08% from 2008.

Trading value (SET & mai)

In terms of trading value by investor type, in 2009, retail investors increased their role, accounting for 61.00% of total trading value vs. 54.00% in 2008. Foreign investors were net buyers for eight consecutive months, during March-October 2009. In 2009 overall, foreign investors were net buyers, with a net buy position of THB38.01 billion (approx. USD1.11 billion). This is in contrast to their net sell position of THB162.36 billion (approx. USD4.73 billion) in 2008, reflecting the confidence of foreign investors in Thailand's stock market. In addition, the proportion of proprietary trading activities in 2009 rose to 12.93% from 9.84% in 2008.

In 2009, the number of active trading accounts tended to increase continually, both for clients trading through marketing representatives and through the Internet. . This rise in active accounts reflected the increasing interest in investing, as a result of the SET Index rises. In December 2009, there were 120,668 active accounts compared to 93,671 in December 2008, up 28.82% y-o-y. The proportion of active accounts to total accounts increased from 17.34% in December 2008 to 21.50% in December 2009.

Internet trading accounts

The number and value of trade through Internet accounts in 2009 showed consistent growth, partly resulting from brokerages' ongoing efforts to promote Internet trading. Accounts for Internet trading in December 2009 reached 45,143, up 57.24% from 28,709 in December 2008. Internet trading in 2009 accounted for 20.90% of all trades by value, up from 15.90% in 2008.

Bond trading

In 2009, the Bond Electronic Exchange (BEX)'s trading value reached THB4.29 trillion (approx. USD124.94 billion), a slight 1.64% drop from THB4.36 trillion (approx USD126.98 billion) the previous year. Of this 2009 amount, THB149.01 million (approx. USD4.34 million) was by retail investors, through the Automatic Order Matching system, while THB4.28 trillion (approx. USD124.65 billion) was by dealers and institutional investors, through the Fixed Income and Related Securities Trading System (Firsts) .The 2009 daily average trading value was THB17.67 billion (approx. USD514.63 million)

Outstanding value and trading value of the BEX

Turnover of dealers and institutional investors

Turnover of retail investors

Derivatives trading

In 2009, trading of derivatives products grew consistently, with a total trading volume of 3.08 million contracts, up 43.13% over 2008 and a 14-fold rise from 2006, the year in which the Thailand Futures Exchange PCL (TFEX) started trading, while 21.19% of total trading volume was done through the Internet. In 2009, most of the trading was in SET50 Index Futures, which increased in volume due to capital market fluctuation throughout the year. Moreover, in 2009, TFEX started trading gold futures, which received great attention from investors as a result of rising global gold prices. TFEX also increased the number of underlying assets for single stock futures, which also received a warm welcome from investors. At end-2009, there were a total of 29,546 derivatives trading accounts, increased by 85.89% over 2008, while 13,836 were active.

Trading volume of the TFEX

Daily average trading volume of SET50 Index Futures

In 2009, listed firms raised equity funds totaling THB35.13 billion (approx. USD1.02 billion), plunging by 31.26% from 2008 levels. The amounts raised dropped both in the primary and secondary markets due to a low need for funds, reflecting poor economic conditions and high excess production capacity.

However, the economic recovery and capital market performance since Q2/2009 stimulated more companies to list and raise funds (via IPOs) in the primary market, particularly in H2/2009, when 17 firms and 5 property funds listed, raising THB11.61 billion (approx. USD338.14 million). In 2008, 11 companies and 5 property funds listed, bringing in THB24.41 billion (approx.USD710.93 million). In the secondary market, SET and mai raised a total of THB23.52 billion (approx. USD685.01 million), led by the Technology Group's THB7.81 billion (approx. USD227.46 million), followed by the Property Group's THB6.78 billion (approx. USD197.46 million).

The above-mentioned fund-raising activities increased the number of listed firms from 525 as at end-2008 to 535 as at end-2009.

Post-trade operational review

	2005	2006	2007	2008	2009
Securities Depository					
Number of Depository Participants (Participants)	457	621	624	638	650
Brokers	39	39	39	39	39
Banks	30	37	35	35	34
Issuers	356	527	534	543	555
Others	32	18	16	21	22
Number of Securities Deposited in the Securities Depository System (Securities)					
Common Stocks and Corporate Bond	918	1,003	1,057	1,079	1,034
Government Bond	-	460	446	488	550
Securities Clearing and Settlement					
Number of Participants in the Clearing House (Participants)	73	84	88	91	88
Securities Registration					
Number of Companies in the Securities Registration System (Companies)	563	590	582	587	595
Companies Listed on The Stock Exchange of Thailand (SET)	470	481	496	481	488
Companies Listed on The Market for Alternative Investment (mai)	37	42	50	51	61
Companies Listed on Bond Electronic Exchange (BEX)	2	3	6	4	3
Over-the-Counter (OTC)	54	64	39	32	26
Number of Securities in the Securities Registration System (Securities)	712	748	766	745	758
The Stock Exchange of Thailand (SET)	565	572	591	569	564
The Market for Alternative Investment (mai)	39	44	57	61	78
Bond Electronic Exchange (BEX)	8	12	20	14	11
Over-the-Counter (OTC)	100	120	82	54	46

Total Volume & Value of Securities Clearing and Settlement (THB million)

Total Volume Securities Clearing and Settlement (Million Shares)

% Scripless, by volume

Volume of Securities in the Securities Depository (Million Shares)

Number of Companies is Issuer Account Project (Companies)

Companies in Securities Registers System

Number of investors under e-Dividend Service (ID)

Securities under e-Dividend Service

Securities in Securities Registery System

Provident Funds/Number of Employers

Number of Provident Fund Members

>> Major Developments in 2009

In 2009, The Stock Exchange of Thailand (SET) reorganized its structure to more effectively implement its objectives of strengthening organizational competitiveness and be a main mechanism driving long-term economic growth, as stated in the Thai Capital Market Development Plan. By achieving these objectives, the SET will support the Thai capital market to be a main mechanism that attracts and allocates economic resources in an effective way, and enhances the nation's competitiveness.

Under the new structure, the SET's operations are divided into two segments: the Exchange Function and the Capital Market Development Fund.

The Exchange Function focuses on securities business operations, including increasing the quality and quantity of SET products and services, developing its potential to be more competitive and attracting foreign investors to invest through the Thai stock market.

The Capital Market Development Fund focuses on long-term capital market development, enhancing the good corporate governance (CG) of listed firms, supporting enterprises to list on the Thai capital market, building a new generation of investors to have in-depth expertise in investment, and conducting research to develop the Thai capital market.

The reorganization has helped the SET focus on the objectives of each function more precisely, enabling the SET to achieve its mission of developing the Thai capital market more effectively and efficiently.

The Exchange Function

The SET strengthened the Thai economy by providing more types of products and increasing the quality and numbers of listings. The growth of businesss sectors created employment, income, products, and profits, increasing economic well-being nationwide.

Increasing the number and quality of products and investment alternatives

Increasing the number of listed companies on the SET and mai

Througout 2009, the SET worked with its alliance partners in the public and private sectors as well as exchanges in Indochina. The SET also amended its rules and priviledges to attract potential listings, speed listing processes, and facilitate firms to list on the Thai exchange. In 2009, there were 17 newly-listed companies, with a combined market capitalization as at year-end 2009 of THB37.05 billion (approx. USD1.10 billion), an increase of THB6.79 billion (approx. USD203.54 million, or 22.43%) from IPO prices. This shows that listing on the SET can add value to the companies and create returns to investors in securities.

Cooperation with Indochina

Rule amendments for foreign companies to list on the SET (known as "dual listing") and proactive marketing plans to reach firms in Indochina made many foreign companies interested in raising funds on the Thai bourse.

Meanwhile, the SET joined hands with foreign partners, including in Cambodia, Laos, and Vietnam, to promote foreign companies to list on exchanges in Indochina. This will help increase the potential of the Thai and Indochinese exchanges, increasing business opportunities for market participants.

Adding value to listed companies

The SET realized the importance of creating value-added to listed firms. Thus, the SET organized Opportunity Days, where companies communicated face-to-face with shareholders, investors, analysts, and fund managers. Such meetings were also broadcast live via www.set.or.th, allowing shareholders to instantly communicate with listed companies via the website. This activity gave another convenient and fast information channel to investors. Opportunity Day live broadcasts started in March 2009, and as of end-2009, there had been over 26,000 viewers from 43 countries viewing the website.

The SET highlighted listed companies achieving outstanding performances through the SET Awards 2009, honoring listed companies and capital market participants with 29 awards.

Moreover, the SET encouraged companies to benefit by using the Thai capital market to raise funds. In 2009, 77 listed companies raised a total of THB23.52 billion (approx. USD685.01 million) through equities, plus THB524.18 billion (approx. USD15.27 billion) through bonds. Thus, the SET has been an important fundraising source for business, resulting in sectoral expansion.

Tax exemptions to attract new listings

The SET and Board of Investment of Thailand launched measures to encourage promoted enterprises to list on the SET or Market for Alternative Investment (mai). If they listed on either bourse, the promoted firms would have their caps on income tax exemptions lifted, with no limitation on the number of the projects eligible to receive benefits under this plan. This tax priviledge will be effective through 2012. Attracting promoted enterprises to list will benefit Thailand's economic expansion and competitiveness.

Financial products to help increase liquidity

In 2009, the SET introduced more products to increase liquidity in every market and to be alternative investment tools to more effectively fill the needs of both domestic and international customers, including creating business opportunities for market participants. The new products were:

a. Gold futures, which have gold as the underlying asset. This started trading on Thailand Futures Exchange PCL (TFEX) in 2009 and received great attention from investors as a tool to create returns and manage risks.

b. A second series of single stock futures, using 11 large stocks as the underlying assets, was also launched on TFEX.

c. The FTSE SET Shariah Index, which was the result of close collaboration between the SET and the well-known FTSE Group to develop a benchmark index giving an investment alternative for investors interested in Islamic products. This index can be used to launch Islamic funds or other financial products or as a standard against which to compare the performance of various Islamic funds. This index helped increase the Thai market's attractiveness at both the regional and international levels.

d. The ThaiDEX FTSE SET Large Cap exchange-traded fund (TFTSE), an equity ETF with a diversified portfolio of equities in the FTSE SET Large Cap Index, consisting of stocks with high market capitalization and high liquidity. As of end-2009, TFTSE had a net asset value of THB130 million (approx. USD3.90 million), with a total trading value of THB50 million (approx. USD1.46 million).

e. Derivative warrants (DWs) were introduced and received great interest from investors. As of end-2009, the SET had traded DWs of three securities (Kasikorn Bank PCL, PTT PCL, and PTT Exploration and Production PCL), with a total trading value of THB700 million (approx. USD20.39 million).

Holding marketing activities to expand the investor base and increase access to investment

The SET in the City investment fairs were overwhelmingly successful

In 2009, the SET held marketing activities nationwide to support investment. Over 166,000 persons joined the various events, yielding total financial transactions of THB112.70 billion (approx. USD3.28 billion). In particular, the SET in the City event in Bangkok was overwhelmingly successful, with the value of transactions made in 2009 being double the level in 2008. Moreover, Star Marketing 2009, an activity to expand the investor base through the efforts of securities marketing officers, produced 60,000 new accounts, while SET Click2Win 2009, an online trading simulation game, created 2,238 accounts from new investors.

There were marketing activities to investment through mutual funds as well. The "Let your money work through mutual funds" project encouraged consistent investment in mutual funds under the campaign "Spend less, Save regularly with Monthly Pay-Money Plus" and other events were held also. As a result, 2009 saw over THB4.00 billion (approx. USD116.50 million) invested in mutual funds. Moreover, new products were developed to offer more alternatives for investors, including mutual funds investing in gold futures, derivatives, and exchange-traded funds.

Expanding the foreign investor base

The SET joined with the public and private sectors to hold roadshows in 2009, to build the confidence of foreign institutional investors and show the opportunities and potential of investing in Thailand. Six roadshows were held in Asia and Europe, including Japan, Singapore, the United Kingdom, and the USA. This year also marked the first time that the SET held roadshows in the three countries that were members of the Gulf Cooperation Council : Kuwait, Qartar and the United Arab Emirates. A total of 234 institutional investors participated in the roadshows, meeting 28 SET - listed companies.

Facilitating investors' access to information

The SET opened new channels to enable the general public, investors and others to easily access the information they need for prudent investment decisions and facilitate investment. The SET encouraged securities companies to open mini-branches to reduce their operational costs while, at the same time, increasing convenience for their clients. At present, 23 such branches have been opened. The SET also developed securities trading via iPhones for investors, as there are now over 100,000 iPhone users in Thailand. Currently, 27 brokerages offer their clients the convenience of trading through their iPhones, with satisfaction rates running as high as 84%

Increasing post-trade services to meet customers' needs

e-Dividend services received great attention from investors

As of end-2009, a total of 692,932 investors had used e-Dividend services. Almost all (95.97%, or 571 firms) of all companies using the SET's post-trade services reduced their costs of distributing dividends and interest by approximately 10%.

Developing registrar services for funds having multiple investment policies

In 2009, a member servicing system was developed to support funds with multipleinvestment policies (master funds) through more convenience and speed. As members can access this service through the Internet, the service reduces the employer's burden of informing the fund of each employee's investment choice. Meanwhile, employees can change their investment policies by themeselves within the time frame set by their employer.

Developing the SET's IT system to be in line with global markets to support cross-border trading

The SET established strategies to develop its information technology infrastructure to continue to reach international standards. This infrastructure will be a foundation for cross-border trading and for establishing an ASEAN Board with other ASEAN exchanges, as well as supporting Indochina listings. Its IT infrastructure helps the SET compete with the world's leading exchanges, which have high security infrastructures, both in terms of usage and information. The SET's IT strategies will also support its business to expand while keeping costs competitive, and the SET has developed a five- year IT Master Plan (2010-2014) to be a roadmap guiding development in this vital area.

Reduce working processes, and support listed and member companies

In 2009, the SET focused on supporting firms so that they could raise funds easier, faster, and at lower cost, while ensuring that investors received accurate, complete, and timely information. The SET reduced the acceptance process for listing from an average of 107 days to 64 days, and also extended the time given for firms to submit information to the SET to 22:00 hrs.from 20:00 hrs.

Moreover, the SET encouraged its listed firms and member companies to be self-regulatory organizations (SROs) to reduce operation problems, but the SET still had measures requiring listed companies to disclose important information for investors. The SET also published handbooks on SROs and on examining firms'operations.

Meanwhile, the SET supported measures reducing wrongdoing and speeding up the punishment process, thus improving transparency and fairness in securities trading, and also preventing trading that might lead to illegal actions and damage the system as a whole. The SET reduced the length of the process to investigate alleged violations of the Securities and Exchange Act of 1992 or SET regulations by over 30% from the time taken in 2008.

Capital Market Development Fund

The Capital Market Development Fund's objectives have been set to achieve its mission of being an opinion leader and a center of industry efforts to develop the Thai capital market as a whole. Components of the Capital Market Development Fund are the Capital Market Research Institute, Industry Development Center, and Market Education Center.

Enhancing long-term capital market quality

Developing the overall capital market industry

The Industry Development Center enhances listed companies' potential in order for them to run sustainable businesses. Constantly focusing on promoting CG, corporate social responsibility (CSR), and investor relations (IR), it aims at encouraging companies and networks to operate under a CG culture and CG practices. The key goals are to improve CG scores to meet regional standards and have at least 75% of listed companies carrying on IR regularly.

Providing investment knowledge to create quality investors

In 2009, the Market Education Center continued to promote savings and investment expertise among investors and the general public, including youth, university students, and professors, mainly through capital market and academic alliances, especially the Capital Market Academy and Money Channel television channel. The Industrial Development Center seeks to create investors who prudently manage their wealth, thus strengthening and sustaining the financial well-being not only of themselves but of the country as well. Towards these goals, the Center, together with other capital market organizations, held financial planning and investment activities to create quality investors. More than 40,000 participants joined seminars. Moreover, the SET developed an integrated learning tool in the form of publications and electronic media with a wealth knowledge website, www.tsi-thailand.org, to be a modern and complete learning center.

Enhancing the quality of securities professionals

The SET, through its Market Education Center, joined hands with the Thai Financial Planners Association to create certified financial planners for the first time in Thailand, and also developed the Certified Financial Planning Program™. In 2009, 66 top executives from leading financial institutions entering the CFP Conversion Program and received the CFPTM (Certified Financial Planner) designation, the first such class in Thailand to receive licenses under the standards of the Financial Planning Standard Board in the USA. In addition, a total of 2,357 persons passed the training program, while 43 persons passed the examination to become AFP™ (Associate Financial Planner).

Creating qualified social leaders through the Capital Market Academy (CMA)

The CMA organized courses for top executives to build an understanding about the economy and society. As of end-2009, nine classes of top executives had passed the CMA program, or a total of 665 persons.

In 2009, the Association of Capital Market Academy Alumni was established to be a center in building a network of CMA students and alumni, to help develop the country's capital market, economy and society. One of the CMA alumni and students' initiatives was to establish the Thai Capital Market Development Committee. CMA current and past students also helped support and encourage the Thai Capital Market Development Plan to have clear objectives, which will result in concrete capital market development.

Conducting research to develop the capital market

The Capital Market Research Institute promoted understanding about the roles and relationships between the Thai capital market and the economic system as a whole, benefiting policy implementation, capital market development and the Thai economy in the long-term. In 2009, the SET gave scholarships covering four research topics, i.e., "Co-movement in Asian Equity Markets," "The Profitability of Index Arbitrage in the Thai Equity and Derivatives Market" "Investigation of the Corporate Governance of Thai Listed Firms during 2000-2008," and "Corporate Governance, Violations and Market Reactions."

Enhancing staff potential to increase competitiveness

Changes in the world's capital markets never stop, and competition is intense. Its staff has been the SET's most important single asset, and every employee has been a significant driving force of the organization, helping SET to drive the sustained growth of the Thai economy.

Thus, the SET continued to develop the skills and competency of its staff, supporting the Capital Market Development Plan (2010-2014), which emphasizes enhancing the competitiveness of the Thai capital market and connecting with the world's exchanges.

To support the organization's direction, human resources development was focused on these areas:

1. Business mindset : Employees attended training courses and joined projects to create a business mindset focusing on customers' needs and business outcomes.

2. Process improvement and employee engagement : Processes were constantly made more effective to increase organization effectiveness. Moreover, the SET focused on building relationships among employees and creating a caring environment in the workplace. The SET periodically evaluated relationships to encourage employees to work happily and confidently together.

3. Performance culture : Performance appraisal was constantly improved to be in line with the organization's objectives. Since business environments were in a constant state of change, working towards goals had to be done systematically. Performance appraisals linked the SET's objectives to those of each department and person to ensure that everyone was working towards the same ultimate goals. Rewards were given according to the performance of each employee

4. Internal communication : To enable employees at all levels to understand the business environment and trends, as well as the organization's short- and long-term objectives, the SET used multiple channels of internal communication, such as holding frequent executive meetings with employees, President Talks or special events.

5. Employee participation through the SET Employees Club : This club, consisting of 21 representatives from different departments, created activities for SET employees under the concept "Health, Family and Society"—— building good health and minds, strengthening family bonds and building relationships among employees. These activities to strengthen employees' health and family ties helped create a stronger society.

With the continued devotion and development of its employees, the SET is confident that it will be able to remain competitive and thus able to fulfill its mission of helping the Thai economy realize its full potential.

The SET developed its business with responsibility towards society

The SET operated with responsibility towards society, focusing on educating to promote economic stability, including improving standards of living in three areas: a) education, b) society, the quality of life, and the environment; and (c) religion, the arts and other areas of culture.

Education development

The SET gave importance to learning enhancement, as education is vital to build qualified personnel upon which to develop the country.

The SET promoted understanding about saving and personal finance to youth from the elementary through undergraduate levels. The SET continued the Ngern-Thong-Khong-Mee-Kha project, which has been conducted since 2003 with the cooperation of the Office of Basic Education Commission. As of end-2009, over 6.8 million of teachers and students had gained understanding from this project. The project also expanded to international schools, as the SET produced the e-Book Ngern-Thong-Khong-Mee-Kha in English as well.

Meanwhile, the SET organized competitions for youth to stimulate learning about the economy and personal financial management, and supported opportunities for talented youths to develop their understanding of economics and finance. The competitions included the Diamond Crown in Economics Ngern-Thong-Khong-Mee-Ka and Sufficiency Economy Philosophy, which had 1,743 students from 619 schools competing.

Young Financial Star Competition 2009, a competition held for the seventh consecutive year, had 3,275 university students nationwide participating. Moreover, participants were motivated to enter financial professions after graduation.

The SET also supported education in nearby communities by supporting community libraries to have learning centers that helped develop understanding and ideas. The SET has supported the library of Soon Ruam Namjai school, Klong Toey for four consecutive years.

Moreover, the SET held the project Sending Books, Sending Knowledge to Libraries for the fourth consecutive year. The project coordinated the distribution of books to those in need, e.g., libraries in prisons and community libraries in various provinces.

The SET also supported education for the disadvantaged for the third consecutive year by supporting learning for the blind so that they could study science, and awarded two scholarships for the blind to study science until they finished their undergraduate degrees. The HRH Princess Maha Chakri Sirindhorn Royal IT Project, Ministry of Science and Technology, National Science and Technology Development Agency of Thailand, and Thailand Association of the Blind selected the scholarship winners.

Society, the quality of life, and the environment

The SET supported organizations or persons seeking to benefit society and the environment as a whole. The SET also honored those who dedicated their efforts to society so that they could be real-life role models for others.

For three consecutive years, the SET Foundation's Social Recognition project has recognized those devoted to improving society.

Mr. Art-Ong Jumsai NaAyudhya,PhD
for education development.

Ms. Chalermsri Konpraneat
for library development.

Phra Kru Sophonpattananusit
for urban development.

Mr. Sanguan Mongkolsripanlert
for rural development.

Professor Poonpit Amatayakul
MD, for music development.

Mr. Parinya Lekdee
for sports development.

Religion, the arts and other areas of culture

The SET has supported youth nationwide to develop their skills to learn and perform music through the Settrade Youth Music Competition for six consecutive years, working with the College of Music, Mahodol University. In 2009, 527 music recordings were submitted for the competition. Many former contestants later competed at the international level or became professional musicians, showing that activities such as these competitions can benefit our youths and society as a whole.

The SET also held Settrade Musical Moments so that youth presented their expertise onstage to music-lovers over 72 times within the past six years.

The SET Group also encouraged and supported business organizations to show their concern for society and the environment, through the SET's Corporate Social Responsibility Institute (CSRI) by organizing activities with related organizations and alliances to exchange experiences, understand what corporate social responsibility (CSR) was, and carry out CSR activities both as separate projects and incorporated into their daily practice. Such activities included organizing a CSRI Forum, helping establish a CSR Club, supporting CSR Days in various organizations, encouraging employees to participate in CSR projects, presenting SET Awards to listed firms having outstanding CSR performance, supporting at least 50% of listed companies to have CSR and including a report on the firm's CSR in their annual report.

CSRI also acted as a center driving the idea of sustained investment or socially responsibile investment (SRI), which received great attention from developed capital markets. SRI not only focuses on business performance but also Environment, Social and Governance (ESG) criteria. In addition, the SET will set guidelines for establishing SRI funds and study how to set up a SRI Index.

Developing corporate efficiency

Building financial vitality

Adding value to business

Energizing

financial strength

to add value to businesses

The SET's ambition of improving its overall efficiency has built it a solid financial background, which is a strong base to add further value to businesses

>> SET Group Strategic Plan 2010

SET Group Strategic Plan 2010

The launch of the Thai government's Capital Market Development Plan in November 2009 represents a significant milestone in the history of the Thai capital market. Among the important initiatives of the Plan is the demutualization of The Stock Exchange of Thailand (SET). In preparing for its demutualization, SET has laid out four strategies that will build a strong foundation for strengthening SET as a mechanism central to the country's capital market and economy development.

1. Enhancing market quality and integrity

SET seeks to increase the size of total market capitalization and enhance market integrity. SET will attract large companies and state enterprises' subsidiaries to list on the exchange. These listings will not only provide investors with additional high-quality investment alternatives but also increase market liquidity, effectively enticing Thai and foreign institutional investors.

Additionally, SET will advance its collaboration with the Thai Securities and Exchange Commission and financial advisors so that they are more actively engaged in promoting the strong and sound quality of listings.

On the regulatory front, SET will continue to implement pro-active, in-depth measures in market surveillance to maintain a fair, transparent and well-regulated marketplace. Irregular trading activities will be investigated with appropriate actions being taken promptly. Moreover, disclosures and business conduct that may have material impact on the price of securities will be closely monitored.

2. Improving liquidity

SET constantly seeks to improve market liquidity. SET will promote medium-sized companies with a steady track record of profit so as to improve their visibility. SET will continue to organize road shows and other events, allowing investors to meet the executive management of listed companies directly. Furthermore, SET will work with authorities to amend the Public Limited Companies Act and regulations relating to secondary equity offering so that listed firms will be able to use SET to manage their capital structures more efficiently.

SET will review its rules and regulations to reduce barriers to investment of both local and foreign institutional investors, easing access to the market. To cater to foreign investor needs, SET will coordinate with the Bank of Thailand to allow lodging collateral in foreign currency, thus reducing transaction cost and exchange rate exposure. Furthermore, SET will advocate government bodies overseeing investment management companies, asset management companies and insurance firms so that they increase their investment in Thai equities and use derivatives.

Finally, SET will continue to expand its product line, providing more choices to investors. Smaller-sized gold futures (10 Thai gold baht) and interest rate futures will be launched in 2010, as will more exchange-traded funds.

3. Creating information technology platforms for the future

SET recognizes that information technology (IT) plays a key role in enhancing SET's competitiveness. Over the next few years, SET will implement the IT Master Plan crafted in 2009. SET, together with leading ASEAN exchanges, will establish the ASEAN Exchange Linkage that facilitates investors from abroad-both within and outside the region-to access the market at lower cost. With the ASEAN Exchange Linkage, data dissemination to investors worldwide will be improved. Lastly, SET will seek to establish its position as the gateway to Indochina.

4. Preparing for demutualization

SET will ensure that the organization is adequately resourced with skillful staff to deal with increasing commercially-oriented activities. Simultaneously, its organization structure will be adjusted and internal work processes will be reviewed so as to be able to respond customer needs more efficiently. SET will also upgrade its accounting system to comply with International Financial Reporting Standards (IFRS).

SET will support amending the Securities and Exchange Act so that demutualization progresses as set forth in the Capital Market Development Plan. SET will work alongside the Thai Securities and Exchange Commission to put in place an effective regulatory structure so as to avoid conflict of interest post-demutualization. In addition, SET will execute a comprehensive communication plan to ensure understanding regarding demutualization and the role of SET.

Long-Term Capital Market Development

SET is committed to work with all stakeholders in long-term market development, which is essential to the sustainability of the capital market, through the operation of the Capital Market Development Fund.

1. Listed company development

SET will promote corporate governance practice to listed companies, especially those that are yet to adopt it, in order to enhance the quality of listed companies and the overall Thai market. Moreover, listed companies will be encouraged to employ investor relations as a means to communicate with investors effectively. SET will collaborate with the Thai Investor Association in investor activism, strengthening roles of shareholders in corporate governance.

2. Investment and capital market education

On the investor front, SET will offer educational programs to the general public. In 2010, a series of new programs will be launched, targeting at managers at branches of commercial banks, since commercial banks offer extensive reach to potential investors. After attending the programs, these managers will not only be equipped with knowledge about the capital market but also be capable of introducing additional investment choices to their customers. the Thai Financial Planner Association will also participate in the program.

Marketing professionals of securities companies are also a constituent group that can positively influence market quality. They give advices regularly and directly to investors. In response to the changing business landscape affected by the diversification of investor needs, the liberalization of brokerage commission fees, and the liberalization of the brokerage business, SET will develop a Modern marketing curriculum and compile good practices. Finally, SET will cooperate with the Association of Securities Companies so that all securities companies define their roadmaps to increase both quality and quantity of marketing professionals

Capital Market Academy (CMA) plans to expand its program offerings to accommodate the growing needs in learning advanced topics about capital market of top executives of leading organizations. CMA alumni will host activities geared toward advocating capital market development agendas that create far-reaching impact.

3. Capital market research

Capital Market Research Institute (CMRI) will conduct in-depth capital market research that will lead to decisione making at a policy level. Opportunities and hindrances in the Thai capital market will be explored. CMRI also supports researchers through research grants. It will continue to organize forums that serve as platforms where ideas and views of researchers and market practitioners are exchanged. These activities will collectively build a knowledge base of the capital market in Thailand.

Additionally, CMRI has collaborated with authorities and stakeholders in drafting the Capital Market Development Plan 2009-2013, endorsed by the Thai government in November 2009. The Plan envisages the Thai capital market to function as the key mechanism that collects, allocates and monitors the utilization of economic resources to contribute the greatest benefit for the country's competitiveness. In 2010, CMI will continue to work closely with other bodies in monitoring the progress of initiatives.

>> Compliance with Good Corporate Governance Principles

The Stock Exchange of Thailand (SET)'s Board of Governors (BOG) ensures that SET observes the best practices of the Organization for Economic Co-operation and Development (OECD) and *The Principles of Good Corporate Governance for Listed Companies,* 2006 version, authored by SET and followed by both SET and listed companies.

The BoG strives to promote good CG, stressing that SET executives and staff comply with SET's CG principles, and seeks to elevate its CG policies to be comparable to international standards and regional exchanges. The BoG considers CG to be important to its operations, and BoG has even stated in SET's strategic plan that SET is "to be a good corporate governance role model". The BoG firmly believes that good CG will support the Exchange's sustained growth and the Thai capital market's international competitiveness.

To fully comply with the Statement of Good Corporate Governance Policy, SET has continually focused in building the knowledge and understanding of good CG principles in all SET employees by

- Disseminating the CG Policy via the SET's intranet and on its website (www.set.or.th)
- Regularly disseminating the CG Journal in the CG Corner through SET's intranet
- Continually organizing CG campaigns to ensure that all SET employees understand and comply with CG principles.

Moreover, SET has held the "SET CG Day" for four consecutive years, including on October 15, 2009, when the Audit Committee chairman, SET president and other executives joined the seminar. The BoG has strived to promote good CG for SET's sustainable growth, and integrated good CG as part of SET's culture.

Compliance with Good Corporate Governance Principles in 2009

1. Shareholders' Rights

SET is a juristic entity constituted under the Securities and Exchange Act of Thailand, and thus does not have a corporate structure or shareholders. Nevertheless, the Act requires the Exchange to convene an annual meeting of members to elect board members, approve a balance sheet, appoint an auditor and approve remuneration of BoG members. The BoG's rules and procedures state that, at this meeting, a member may nominate persons to join the BoG. The meeting then votes on the nominations, with each member entitled to one vote.

2. Equitable Treatment of Shareholders

The BoG must call an ordinary meeting once a year within four months of the end of its fiscal year, which is December 31. The meeting notice, including the agenda, must be sent to every member no

less than seven days prior to the meeting. The board may call an extraordinary meeting whenever it deems appropriate. In addition, the BoG must call an extraordinary meeting when members representing no less than one-fifth of all members submit to the board a written request to do so.

At all meetings, the BoG chairman presides and three-fourths of all members constitute a quorum. The meeting will normally start at 17:00 hours.

In 2009, the BoG called an ordinary meeting on April 22, 2009 and five extraordinary meetings, attended by more than 79% of its members. Among the matters considered were amendment of the rule on securities trading fees, commencement of trading of derivative warrants, and amendment of information disclosure requirements for proprietary trading.

3. Role of Stakeholders

3.1 SET Practice

The BoG ensures that the Exchange's operations are based on equitable and fair treatment of stakeholders. The Board recognizes the reciprocal relationship the bourse has with all stakeholders, including listed companies, member companies, non-member securities companies, investors, trading partners, employees and executives of SET and its subsidiaries, the public sector, society and the environment. In order to ensure the rights of stakeholders, SET has set guidelines on the protection of stakeholders in the "SET Code of Ethics" manual and SET's governors, committees, advisors and employees have agreed to accept these as their own.

Policy and Treatment of Stakeholders

(1) Investors and public

- Promoting innovative products and services with a pool of liquidity to meet stakeholders' expectations; providing accurate, sufficient and timely information to investors through various media; giving high significance to the protection of customers' confidential information and not using the said information for personal or other benefit in bad faith; not accepting or giving questionable benefits.
- Establishing the Securities Investor Protection Fund (SIPF) to create confidence among investors who trade on the Exchange through the Fund's members broker. Investors who are clients of SIPF members can receive their assets back or compensation for the price of assets from this fund in certain circumstances as defined in the regulations.
- Disseminating information to investors and the public via various communication channels; organizing training programs, providing various media at the Maruey Knowledge and Resource Center, publishing informative information through various media, and conducting activities such as *SET in the City* and *Thailand Focus* to be the meeting places between potential and current investors on the one hand and, on the other hand, various parties involved in the capital market, e.g., brokerages, listed companies, and asset management companies. Such events enabled participants to easily interact, learn about saving and investing, and become more involved in the capital market.

(2) Listed Companies / Member companies

• Regulating and monitoring, based on equitable and fair treatment, the operation of listed and member companies to ensure that they comply with the law and SET and other regulations.

• Consulting on investors' interests and responding to stakeholders and related parties in an open, equitable and impartial manner. Giving information and holding activities to help firms and related parties understand and comply with SET regulations.

• Establishing the Corporate Governance Center to provide recommendations on CG principles and their implementation to listed companies seeking to improve their CG.

• Holding Opportunity Days for listed companies, after reporting their quarterly operating results to SET, so the firms can provide timely and accurate information to analysts, investors and presses.

(3) Business partners / alliances

• Complying with contracted terms and conditions in trade. SET ensures that its trade partners receive fair and acceptable remuneration, without accepting or giving questionable benefits.

(4) Employees

• Employees are valuable assets of the Exchange. SET continues to seek capable and experienced personnel in line with its growth and the demands of the organization.

• SET has continually developed employees by providing training programs to enhance their capabilities and provide career advancement opportunities. In 2009, SET provided a total of 10 training courses, totaling 120 man-days. Moreover, SET established the Talent Management project to select employees with above-average talent for promotion.

• SET promoted the participation of employees by focusing on interactive communication between management and staff to align SET targets and strategic plans with the national-level capital market development plan. SET welcomes all employees' opinions and recommendations, giving them fair and equitable treatment. SET remunerates employees and management on a par with that of other leading organizations, and has improved its evaluation system to be performance-based.

• SET consistently takes care of its employees, with fair returns and welfare benefits, which include:

1) A provident fund, medical welfare, financial welfare and emergency loans.
2) Scholarships for master's degree programs, both domestic and overseas.
3) Maintaining a safe work environment and annual fire drills.
4) Annual physical examinations and life and health insurance.
5) A SET employee club to promote a culture of working in a friendly, caring and helpful environment.

(5) Creditors

• SET shall treat creditors with strict abiding to contractual conditions and financial obligations. If SET is unable to honor any term or condition, it must, without delay, inform its creditors in advance, in order to seek alternative solutions together.

SET shall treat creditors responsibly and transparently, based on equal fairness.

(6) The society, the community, the environment

• SET conducts business with responsibility to society and the environment, and strongly supports all employees to get involved in corporate social responsibility activities. Important projects in the year 2009 included the Share and Care, CMDF saves energy, and Garbage, Big Money projects (for details, see page 35)

• SET has also established a Corporate Social Responsibility Institute (CSRI) to encourage the business sector to act to benefit Thai society and the environment (for a list of activities in 2009, please see page 37)

3.2 Policy for receiving reports of wrongdoings and complaints

SET has established a policy for receiving reports of wrongdoings and complaints regarding unlawful or unethical acts, fallacious financial reports or defective internal control systems, which are conveyed to the Chairman of the Audit Committee, via:

Electronic mail : ChairmanoftheAuditCommittee@set.or.th

Postal mail : Chairman of the Audit Committee
Internal Audit, Compliance and Risk Management Department
62 The Stock Exchange of Thailand
Ratchadaphisek Road, Klongtoey
Bangkok 10110

The whistleblower policy above is a part of SET's CG policies and is disclosed on SET's website.

3.3 Whistleblower protection

Apart from the above channels to direct corporate issues to the Audit Committee, SET has a well-defined process to assure that whistleblowers in good faith. will be protected The person can chose to declare or not declare his name or contact details. The filing will be kept confidentiall from persons not related to the given case. The whistleblower can request special protection and will be fairly compensated.

4. Disclosure and Transparency

The BoG emphasizes the quality of the information disclosed to ensure that important information for business operations and securities trading is distributed correctly, accurately, and transparently through easy-to-access channels. the SET website is a major source of important information, both financial and non-financial, in both Thai and English. In 2009, SET renovated the website to better communicate with each and every stakeholder. All disclosed information is up-to-date.

SET's financial report has been formulated and disclosed in accordance with generally accepted accounting principles and standards. The audited financial statement, together with the Management Discussion and Analysis, has been published on the website no later than 60 days after the year-end, following

same principle that listed companies follow. The BoG provides a statement of its responsibilities concerning the SET's financial reports alongside the auditor's report in SET's annual report.

SET has established S-E-T Call Center (open 08:00-18:00 hours on business days) and a 24-hour interactive voice response to update members, the public, listed companies and others and respond to problems and enquiries. the S-E-T Call Center contact is via SET's address, telephone number 0-2229-2222 or 0-2229-2000 and the electronic mail: SETCallCenter@set.or.th

5. Responsibilities of the Board

5.1 Board Structure

The Securities and Exchange Act requires that the membership structure of the BoG be as follows:

- *Five experts appointed by the Securities and Exchange Commission (SEC).* Each person must have expert knowledge and extensive experience in stock exchanges, securities or finance. At least one person must be a senior executive of a listed firm.
- *Five experts who are senior officers of member companies, elected at a SET members' meeting as per the regulations on the appointment of governors.* Four of the candidates are selected from a list of member firms' representatives at executive vice president level or higher, while the other candidate is from a list of individual representatives from other parties.
- *the SET president.* As an ex-officio governor, the president is appointed by the ten previously-appointed governors.
- The board's chairman. The chairman is elected by the BoG and must not be the Exchange's president, to ensure that the roles and responsibilities of chairman are separate from those of management.

At present, SET's BoG is comprised of 11 members with various skills, experience, and expertise that are useful to the SET. The profile of each member is disclosed on SET website. No individual holds board positions in more than five other listed companies.

The service term of every member, other than SET president, is for two years and may be re-appointed for a maximum of two periods. The service term of SET's president is for four years and may be re-appointed.

In addition, the BoG's Secretariat serves the board by providing legal advice, organizing meetings, taking care of the board's activities and monitoring compliance with its resolutions.

5.2 Committees

In 2009, the BoG appointed 11 committees to assist it in carrying out its work and for special tasks requiring expert assistance. Governance committees include the Audit, Nomination and Remuneration and Risk Management Committees. All committees are relatively independent in carrying out the roles and responsibilities assigned by the BoG (for a list of committees and their duties, please see page 55)

5.3 Roles and Responsibilities of the Board

(1) Vision and mission

The BoG endorses the development of SET's vision, mission, strategies, goals, policies and business plans and monitors the supervision of operations to ensure effective implementation of its plans within budget. The board evaluates and adjusts the business plans in response to market changes, oversees management performance and requires quarterly progress reports on operations and business outcomes.

(2) Separation of the Board and management

SET has clearly segregated roles in policy formulation and oversight from those in day-to-day operations management. The Board set the strategic direction of the SET business and management is responsible for executing the Board's policies and directions. The Board has delegated authority to management to ensure the effectiveness of day-to-day operations and control.

The chairman is a non-executive director, is not the same person as the president, and has no relationship with the management. The chairman is the leader and assures that the Board's meetings are conducted effectively. In addition, he provides close oversight, guidance, advice and leadership to the president and management but does not intervene with any routine activities under the president's responsibilities.

SET's president is the highest executive responsible for managing the SET's business in compliance with laws, rules and regulations, and implements Board decisions

(3) Succession planning

SET realizes the importance of succession plans to ensure the progressive and orderly renewal of the work of SET's president and executive management. The process to select each successor is clear and transparent, considering the knowledge, background, competency, ethics, and leadership of candidates.

With the expiry of the President's term of service in May 2010, the Nomination and Remuneration Committee has searched for Ms. Patareeya's successor. The process to select a qualified person included candidates from both inside and outside SET to serve as the next SET president and has been transparent, with results reported to the BoG.

The BoG appointed Mr. Charamporn Jotikasthira as SET's 11th president, with a four-year term from June 1, 2010 to May 31, 2014, on the basis of his experience in both the financial and capital markets, which will be of significant value in leading the organization and carrying on SET's strategy to achieve its goals and follow the Capital Market Development Plan.

(4) Code of Conduct

To maintain high ethical standards, SET has set up a Code of Conduct as a guideline so that directors, management and employees perform their duties following SET's business ethical values. The Code has been broadly communicated via the Intranet of SET, as well as SET's website. The Code has been provided in hard copy to all new committee members, management members and employees. In addition, all newly-hired employees are required to sign their acceptance of compliance with the Code.

SET, through its Internal Audit, Compliance and Risk Management Department, continuously conducts activities, including CG Day, on adherence to the Code of Conduct for the employees as well as publishing news and information via the CG Corner.

(5) Conflicts of interest

SET expects that all employees will act in the interests of the Exchange, without favor or preference for themselves or others, and not do anything that may cause a conflict with SET's interests. SET has provided documented examples of situations in which a conflict of interest may arise and procedures to follow in these cases.

To foster public trust in SET activities as the center of the security trading, the BoG has informed SET governors and staff as to the securities trading practices that they are required to follow. These practices, announced since 2004, stipulate that the trading of securities must be done honestly, without exploitation of confidential information or misuse of authority or position. In 2009, the BoG has endorsed new practices which have been updated for more effective control and to be in conformity with best practices from leading exchanges in the region. The practices are also posted on SET's website.

In 2009, the Board and SET employees have fully conformed to securities trading laws, rules and regulations. There is no case involving Board members or SET employees involv the using insider information or misuse of authority in security trading.

To guarantee impartiality in the performance of their duties, the BoG requires the Exchange's governors, committee members and advisors, and its subsidiaries to execute a Letter of Independence each time they are appointed to a new committee or given a special task, and at the end of every calendar year. Where they have any direct or indirect interest in the consideration of a matter, they are required to notify the parties concerned in advance of each conflict of interest, and to abstain from participating or voting in the particular matter under consideration.

(6) Internal Control System

Realizing the importance of sufficiency and suitability of internal control in every level, the BoG has earnestlies supported management to set up transparent working processes considering the segregation of duties, checks and balances, and control. In addition, the delegation of authority has been clearly determined and documented. The BoG appointed the Audit Committee (AC) to supervise and audit the internal control system in conformity with international standards. The Internal Audit, Compliance, and Risk Management Department is an independent function that reports directly to the AC on audit matters and to the president on administrative matters. Its responsibility is to audit and evaluate the adequacy and effectiveness of the internal control systems according to a risk-based audit plan. The audit findings are directly reported to the AC.

To encourage all employees to be aware and recognize the importance of internal control systems, the Audit Committee, since 2008, has continuously supported management to regularly make a self-assessment of their risk management and internal control system (Risk and Control Self-Assessment: RCSA) in compliance with the COSO Enterprise Risk Management framework. In 2009, all units in SET group engaged in RCSA, and all results were at the "satisfactory" level.

Accordingly, based on the external and internal audit results, as well as the RSCA outcomes, which did not reveal any significant deficiencies, BoG believes that SET's overall internal control system has functioned adequately, appropriately and satisfactorily.

(7) Risk Management Policy

SET has adopted an enterprise-wide risk management framework in accordance with international standards to enhance its risk management capabilities. The BoG is responsible for designating policies and the framework of risk management for the whole organization. The board's Risk Management Committee (RMC) advises management to ensure that risk management process is in line with policies and significant risks as well as areas of concerns are effectively managed across the enterprise. These risks can be viewed from three perspectives:

- Strategic risks
- Financial risks, classified into two major types: (a) Market risk and (b) Credit risk, or Clearing and counterparty risk
- Operational risk

Management will be responsible for identifying and assessing the key corporate risks and emerging concerns as specified in SET's Risk Management Charter, as approved by the Risk Management Committee and the BoG. The Enterprise Risk Management (ERM) unit will facilitate management in identifying risks and implementing effective mitigation measures to manage these in line with SET's risk appetite. SET's risk management framework can be summarized as:

- Management assesses risk and regularly reviews any significant risk mitigation to ensure that SET can prevent and handle incidents in timely manner.
- The ERM unit continually raises risk awareness of management and employees.
- The ERM unit regularly monitors and reports on risk status to the BoG and management and reports on risk operations to the RMC and Audit Committee each quarter.
- SET has a Business Continuity Plan and conducts annual virtual tests with brokerages, listed companies and members of the Thailand Securities Depository to minimize any disruptions to its operations. The success of the tests can reassure stakeholders that SET will continue operations uninterrupted in the face of crisis. During the Influenza A(H1N1-2009) outbreak, the Exchange assessed the situation and deployed measures to mitigate risks arising from the pandemic.

Based on all of the above activities, the BoG believes that SET has conducted significant risk management appropriately.

(8) Financial Report

The BoG is responsible for the financial report of SET group, including the information disclosed in the annual report. The financial report's preparation and disclosure process is established to ensure that all information is correctly and accurately disclosed in accordance with generally accepted accounting principles and standards and truly reflected the actual financial status and operating results. The financial

report was audited by an independent external auditor and approved by the Audit Committee prior to submission to the BoG.

SET group applied accounting policies which were suitable for its business operations. In addition, SET took into account the issues raised by the external auditor which may impair the internal control system and the reliability of the financial statements and adopted its recommendations as appropriate in light of cost-benefit analysis. The Audit Committee's opinion was stated in the Committee's report (page 64)

5.4 Board Meetings

(1) Regular meetings are scheduled on a monthly and quarterly basis one year in advance. The BoG is informed at the Board meeting each December, so that governors and executives are given ample notice and can attend as many meetings as possible. Special meetings are convened as appropriate.

(2) The Chairman reviews and approves the agenda for Board meetings.

(3) The Corporate Secretary Department is responsible for preparing meeting notification letters, including the agenda, and distributing meeting documentation at least seven (7) days prior to each meeting to allow the governors sufficient time to consider the details in advance. In the case of a special meeting convened due to an emergency, meeting documentation may be distributed less than seven (7) days prior to or on the day of the meeting. The department is responsible for preparing meeting minutes, and submitting these to the BoG for approval at its next meeting. The minutes and the meeting documentation are then stored in a systematic manner that allows immediate retrieval.

(4) All governors are provided with adequate information and have access to additional information for decision-making. Information regarding SET's business as well as the meeting documentation is made available to BoG members with remote access. In addition, to keep the BoG abreast of its views on the market and capital market development, the SET Corporate Strategy and Development Department submits monthly updates on market status to the Board.

(5) The chairman presides over the meeting, ensuring that sufficient time is available for management to present issues and other matters to the board for their full consideration. Open discussion is expected. In 2009, each meeting took about half a day.

(6) The BoG may invite senior management to discuss specified matters that they are directly responsible for. These discussions give opportunities for considering succession planning for the president and others senior executives.

(7) As a member of the board, each director is responsible for attending board meetings, except for urgent reasons. In 2009, the attendance rate was 92%. In addition, non-executive directors have met together, as necessary, among themselves without the management team, in order to discuss their concerns.

In 2009, the attendance of governors at BoG and committee meetings was as follows:

Governor (All board members, except the president, are non-executive directors)			Attendance / Number of Meetings (times)		
			Board of Governors (Total: 16 meetings)	Audit Committee (Total: 13 meetings)	Nomination and Remuneration Committee (Total: 8 meetings)
Current Governors					
1. Sompol	Kiatphaibool [1]	Chairman	6/6	-	3/3
2. Somjate	Moosirilert [2]	Vice Chairman	9/9	-	4/4
3. Khunying Jada	Wattanasiritham	Governor	16/16	13/13	8/8
4. Jaruporn	Viyanant [1]	Governor	6/6	-	-
5. Montree	Sornpaisarn	Governor	16/16	-	4/4
6. Nibhat	Bhukkanasut	Governor	14/16	-	-
7. Niputh	Jitprasonk	Governor	15/16	9/13	-
8. Paiboon	Nalinthrangkurn [3]	Governor	9/9	5/6	-
9. Vallobh	Vimolvanich	Governor	15/16	-	6/8
10. Viparat	Misitsakul [3]	Governor	8/9	-	-
11. Patareeya	Benjapolchai	President	13/16	-	8/8
Governors whose terms ended during 2009					
12. Pakorn	Malakul Na Ayudhya [4]	Chairman	9/10	-	-
13. Pattera	Dilokrungthirapop [5]	Governor	7/7	-	-
14. Suthep	Peetakanont [6]	Governor	4/7	6/6	-
15. Wiboon	Perm-Arayawong [5]	Vice Chairman	7/7	-	-
16. Wichai	Poolworaluk [4]	Governor	8/10	-	-

Notes :

1) Sompol Kiatphaibool and Jaruporn Viyanant were appointed August 15, 2009.

2) Somjate Moosirilert was appointed June 1, 2009.

3) Paiboon Nalinthrangkurn and Viparat Misitsakul were appointed May 28, 2009.

4) Pakorn Malakul Na Ayudhya's and Wichai Poolworaluk's terms ended on August 14, 2009

5) Pattera Dilokrungthirapop's and Wiboon Perm-Arayawong's terms ended on May 27, 2009

6) Suthep Peetakanont resigned as governor on May 31, 2009.

5.5 Board self-assessment

The BoG undertakes an annual assessment of the performance of the BoG and reviews these criteria annually, to ensure that they are in line with good corporate governance practices. In 2009, each individual governor conducted a self-assessment of the BoG. The Corporate Secretary Department delivered the results of the self-assessment for 2009, together with various governors' recommendations and management's responses, for BoG consideration.

The self-assessment process was also applied to the Audit Committee and the resulting report was proposed to the BoG for consideration.

5.6 Board Remuneration

Subject to the provisions of the Securities and Exchange Act, the BoG's chairman and other members receive remuneration as determined by a meeting of member companies. This ensures that all payments are decided transparently and without the governors' involvement.

The Nomination and Remuneration Committee recommended the remuneration framework and compensation for individual members of the BoG, members of other committees, the president and executive management, to be approved by the BoG.

In 2009, BoG members received monthly remuneration as approved by the Annual General Meeting of member companies on April 27, 2006. Board members who were also on other committees received additional remuneration as approved by the BoG to reflect their liabilities and responsibilities.

Director's remuneration

In 2009, directors' remunerations was as follows:

	BoG		Audit Committee		Other Committees	
	Chairman	Member	Chairman	Member	Chairman	Member
Monthly fees (THB)	97,500	65,000	75,000	50,000		
Meeting allowance (THB/meeting)					15,000	10,000

The SET has no additional form of remuneration, such as bonuses or similar.

Governor	Remuneration (THB)				
	BoG	Audit Committee	Nomination and Remuneration Committee	Other Committees	Total
Current Governors					
1. Sompol Kiatphaibool [1)]	1,962,500	-	45,000	75,000	2,082,500
2. Somjate Moosirilert	455,000	-	40,000	45,000	540,000
3. Khunying Jada Wattanasiritham	780,000	900,000	80,000	-	1,760,000
4. Jaruporn Viyanant	325,000	-	-	-	325,000
5. Montree Sornpaisarn	780,000	-	40,000	75,000	895,000
6. Nibhat Bhukkanasut	780,000	-	-	75,000	855,000
7. Niputh Jitprasonk	780,000	600,000	-	60,000	1,440,000
8. Paiboon Nalinthrangkurn	455,000	300,000	-	10,000	765,000
9. Vallobh Vimolvanich	780,000	-	60,000	165,000	1,005,000
10. Viparat Misitsakul	455,000	-	-	-	455,000
11. Patareeya Benjapolchai	780,000	-	-	-	780,000
Governors whose terms ended during 2009					
12. Pakorn Malakul Na Ayudhya	3,380,000	-	75,000	-	3,455,000
13. Pattera Dilokrungthirapop	325,000	-	30,000	90,000	445,000
14. Suthep Peetakanont	325,000	250,000	-	-	575,000
15. Wiboon Perm-Arayawong	325,000	-	20,000	-	345,000
16. Wichai Poolworaluk	520,000	-	-	50,000	570,000

Note: [1)] The chairman also received other remuneration including on official vehicle, drive, and vehicle expenses.

Management's remuneration

SET's 22 most senior executives - the president, seven (7) executive vice presidents and 14 senior vice presidents - were remunerated a total of THB 130,026,100 for their services. This amount was composed of salaries, cost of living allowances, special incentives, and annual bonuses. Other remuneration given to each of these persons included an official vehicle, driver, vehicle expenses, medical an expenses and payment of life and accident insurance premiums.

Senior executives served as directors or on committees of other companies as follows:

Name	Position	Serving in other companies
1. Nongram Wongwanich	Executive Vice President	1. Director - Thailand Securities Finance Corporation 2. Director - MFC Energy Fund
2. Suthichai Chitvanich	Executive Vice President	1. Director and Audit Committee member - Krung Thai Legal Services Co., Ltd.
3. Veerathai Santiprabhob	Executive Vice President	1. Director - Easy Buy PCL 2. Director - Asia Books Co., Ltd.
4. Vichate Tantiwanich	Executive Vice President	1. Director , Policy and Strategy Committee member, Research and Development Committee member - Bank for Agriculture and Agricultural Cooperatives
6. Chanisa Chutipat	Senior Vice President	1. Director - TRIS Corporation Co., Ltd. 2. Director - TRIS Rating Co., Ltd.
5. Santi Kiranand	Senior Vice President	1. Director - TRIS Corporation Co., Ltd.

5.7 The development of Board members and management

BoG encourages continuing domestic and overseas training for governors and executives to improve their performance and vision. New governors are provided with an introduction to the Exchange, its business and other plans and an overview of SET's subsidiary companies. They receive handbooks describing their roles and responsibilities, covering information which they need to be familiar with.

In addition, BoG members undertook training courses with the Thai Institute of Directors Association as follows:

	Course						
	Director Certification Program	Director Accreditation Program	The Role of the Chairman Program	Audit Committee Program	Chartered Director Class	Monitoring the Quality of Financial Reporting	Financial Statements for Directors
1. Sompol Kiatphaibool			✓				
2. Somjate Moosirilert			✓				
3. Khunying Jada Wattanasiritham	✓		✓			✓	
4. Jaruporn Viyanant	✓			✓			
5. Montree Sornpaisarn			✓	✓			
6. Nibhat Bhukkanasut	✓	✓	✓	✓	✓	✓	
7. Niputh Jitprasonk	✓	✓					
8. Paiboon Nalinthrangkurn		✓					
9. Vallobh Vimolvanich	✓	✓		✓		✓	
10. Viparat Misitsakul							✓
11. Patareeya Benjapolchai	✓						

Committees of The Stock Exchange of Thailand (SET) 2009

1. Appeals Committee
2. Audit Committee
3. Disciplinary Committee
4. Disciplinary Committee for Fee Violations
5. Legal Committee
6. New Listing Committee
7. Nomination and Remuneration Committee
8. Real Estate Development Committee
9. Risk Management Committee
10. Securities Investor Protection Fund Committee
11. Technology Development Committee

1. Appeals Committee

Support unit : Enforcement Department

Structure : Three to five members, appointed by SET BoG with the approval of the SEC. Each member must be expert in at least one of the following fields: law, finance and accounting, or the brokerage business. The senior vice president, Legal Unit, serves as secretary.

Term : January 1, 2009 to December 31, 2010

Name		Position
Hiran	Radeesri	Chairman
Anya	Khanthavit, PhD	Member
Chaikasem	Nitisiri	Member
Manop	Nagadatta	Member
Sukri	Kaocharern	Member
Sakkarin	Ruamrangsri	Secretary

Responsibilities of the Appeals Committee are:

1. To review any appeal made against any punishment orders laid down by SET's BoG, the Disciplinary Committee or the President, and to determine the innocence or guilt of appellants.

2. To review any requests for suspension of execution of punishment orders in which any conditions or collateral are stipulated or required.

3. To advise SET's BoG regarding punishments, reductions in punishments, orders not to punish, confirming punishment orders being appealed, or any other matter raised by appellants

4. To order the termination of any appeal withdrawn prior to or during deliberation by the Appeals Committee.

2. Audit Committee

Support unit : Internal Audit, Compliance and Risk Management Department

Structure : Members are three SET governors. One member must be from among the governors appointed by the Securities and Exchange Commission, the second from among the governors who are executives of member companies and also elected by SET members, while the third may be any of the remaining governors. At least one of these must be knowledgeable in accounting and finance. The vice president of the Internal Audit and Risk Management Department serves as secretary.

Term : Until the end of each given person's tenure as governor.

Name		Position
Khunying Jada	Wattanasiritham	Chairman
Niputh	Jitprasonk	Member
Paiboon	Nalinthrangkurn	Member
Wipha	Leethakulnumchai	Secretary

Responsibilities of the Audit Committee are stipulated in the Audit Committee charter:

1. To review SET's financial reports before forwarding them to the BoG.
2. To advise management on the appointment of SET's auditor and determine the auditor's remuneration; coordinate with the auditor on auditing objectives, coverage, guidelines, planning and problems found during the audit, and any issues the auditors deem significant
3. To coordinate with SET's Internal Audit Department on audit objectives, planning, reports and evaluations of the efficiency of SET's internal control system and of the adequacy of resources used for internal control, including any problems found during an audit.
4. To consult and review results and recommendations of the auditors and the Internal Audit and Risk Management Department, and follow up any operational management matters consequent on those recommendations.
5. To monitor compliance with the laws, rules and regulations issued by SET's regulators.
6. To monitor the management of SET's principal risks.
7. To review SET's corporate governance policies, recommend revisions thereto, make recommendations on compliance with those policies to the BoG; determine methods to monitor compliance with those policies, and improve SET's corporate governance.
8. To report all operations of the Audit Committee to the BoG at least four times a year
9. To be responsible for any duties related to the Audit Committee as assigned by the BoG.

3. Disciplinary Committee

Support unit : Enforcement Department

Structure : At least four members, including one from the Board's governors who is also an executive of a member company and elected by SET members; one who is knowledgeable in SET affairs, the brokerage business, or the financial business, one legal expert, and SET president or an executive from the senior vice president level or above as delegated by SET president. The vice president, Enforcement Department, serves as secretary.

Term : January 1, 2009 to December 31, 2010

Name		Position
Somjate	Moosirilert	Chairman
Montree	Sornpaisarn	Member
Pattera	Dilokrungthirapop	Member
Sutthi	Sookying	Member
Suthichai	Chitvanich	Member
Sumalee	Lertthanaporn	Secretary

Responsibilities of the Disciplinary Committee are:

1. To examine any wrongdoing and penalize any individual or juristic person who violates, or associates with others in violating SET's rules and regulations, and report to SET BoG, except in cases concerning:

(a) a securities delisting

(b) a temporary trading suspension of a member company

(c) a membership revocation

(d) other cases as deemed appropriate by SET BoG.

In the exceptions above, the Disciplinary Committee will examine relevant facts and evidence, report its findings and give its recommendations to the BoG for action.

2. To examine, give explicit instructions according to SET's rules and regulations, and take any other action in any case deemed necessary to determine guilt and penalties to be imposed.

4. Disciplinary Committee for Fee Violations

Support unit : Member Services Department

Structure : Five members, including at least one representative from the Association of Securities Companies, at least one legal expert, SET president or an executive delegated by SET president and two others as SET BoG sees fit. The vice president of the Member Supervision Department serves as secretary.

Term : January 1, 2009 to December 31, 2009

Name		Position
Yothin	Ari	Chairman
Chaiya	Siriamphunkul	Member
Kampanart	Lohacharoenvanich	Member
Prateep	Wongniran	Member
Suthichai	Chitvanich	Member
Suchat	Sitawarin	Secretary

Responsibilities of the Disciplinary Committee for Fee Violations are:

1. To examine offenses committed by any member, non-member securities company, executive or employee involved in a company's violation of the Rules and Procedures for the Charging Brokerage and Agent's Fees for the Buying and Selling of Listed Securities.

2. To punish any member, non-member securities company, executive or employee involved in such offenses.

5. Legal Committee

Support unit: Enforcement Department

Structure : Five members, each with expertise in law and/or capital markets. The senior vice president who oversees the Legal Unit serves as secretary.

Term : January 1, 2009 to December 31, 2009

Name		Position
Direk	Sunthongate	Chairman
Bamrung	Tanchittiwatana	Member
Songdej	Praditsmanont	Member
Suthichai	Chitvanich	Member
Tithiphan	Chuerboonchai	Member
Sakkarin	Ruamrangsri	Secretary

The responsibility of the Legal Committee is to provide SET BoG with advice, opinions and recommendations regarding SET's rules and regulations, and related laws.

6. New Listing Committee

Support unit : Issuer and Listing

Structure : SET chairman, SET president, representatives from related organizations such as Thailand Board of Investment, The Federation of Thai Capital Market Organizations, The Federation of Thai Industries, The Office of the Securities and Exchange Commission, The Thai Banker's Association, The Thai Chamber of Commerce & Board of Trade of Thailand; and the executive vice president of Issuer and Listing, who also serves as secretary, to promote and support high potential companies to be listed on SET and mai.

Term : January 1, 2009 to December 31, 2009

Name		Position
Sompol	Kiatphaibool	Chairman
Areepong	Bhoochaoom	Member
Atchaka	Sibunruang	Member
Banphot	Hongthong	Member
Kobkarn	Wattanavrangkul	Member
Kongkiat	Opaswongkarn	Member
Pramon	Sutivong	Member
Prasert	Tapaneeyangkul	Member
Patareeya	Benjapolchai	Member
Santi	Vilassakdanont	Member
Satit	Rungkasiri	Member
Somchai	Sujjapongse	Member
Sunthorn	Arunanondchai	Member
Vichate	Tantiwanich	Member and Secretary

Responsibilities of the New Listings Committee are:

1. To find and persuade high potential companies, whether Thai or multinational or overseas firms, to raise funds in SET or the Market for Alternative Investment (mai).

2. To support listed companies in efficiently utilizing the capital market.

3. To support and amend SET's rules and regulations, and relevant laws for the benefit of listed companies.

7. Nomination and Remuneration Committee

Support unit : Human Resources Department

Structure : Six members, namely SET chairman, SET vice chairman, and chairman of SET's Audit Committee, one governor appointed by the SEC and one governor elected by SET members and SET president. The senior vice president, Human Resources Department, serves as secretary.

Term : Until the end of each given person's tenure as governor.

Name		Position
Sompol	Kiatphaibool	Chairman
Khunying Jada	Wattanasiritham	Member
Montree	Sornpaisarn	Member
Patareeya	Benjapolchai	Member
Somjate	Moosirilert	Member
Vallobh	Vimolvanich	Member
Chanisa	Chutipat	Secretary

Responsibilities of the Nomination and Remuneration Committee are:

1. To nominate SET executives who are qualified for positions in SET and its subsidiaries for SET BoG review.

2. To nominate individuals as advisors, SET committee members, and board members of SET subsidiaries and the CMDF.

3. To review the remuneration system of the Exchange Function and CMDF, propose policies and rules to SET BoG concerning the remuneration of SET BoG members, SET President, advisors, committee members appointed by the BoG and the boards of SET subsidiaries and chief executives.

4. To review annual remunerations, salary adjustments and other remunerations of the president and individual executives, including budgets for annual remuneration adjustments and other annual remuneration for executives of senior vice president level and above.

5. To consider any other matter relating to the reorganization and nomination of senior executives for carrying out the missions of the Exchange Function and/or CMDF.

8. Real Estate Development Committee

Support unit : Assets Management Department, CMDF

Structure : At least five members, including SET chairman, at least three SET governors, with one or more being expert in property, and SET president. The CMDF Office director serves as secretary.

Term : January 1, 2009 to December 31, 2009

Name		Position
Sompol	Kiatphaibool	Chairman
Manop	Bongsadadt	Member
Nibhat	Bhukkanasut	Member
Niputh	Jitprasonk	Member
Patareeya	Benjapolchai	Member
Vallobh	Vimolvanich, PhD	Member
Wichai	Poolwaraluk	Member
Naree	Boontherawara	Secretary

Responsibilities of the Real Estate Development Committee are:

1. To advise SET BoG on matters of land, buildings, location development policies and master plans, including operational guidelines for SET, its subsidiaries and other related entities. The Committee shall bear in mind current usage and organization, and short- and long-term development demands arising from SET's strategic plan.

2. To appoint working committees members to take action relating to land and property development, following SET policies, as the Real Estate Development Committee deems appropriate.

9. Risk Management Committee

Support unit : Internal Audit, Compliance and Risk Management Department

Structure : At least seven members including one SET governor, one or more experts as the BoG may see fit, at least three executives of SET. The vice president - Risk serves as secretary.

Term : January 1, 2009 to December 31, 2009

Name		Position
Montree	Sornpaisarn, CFA	Chairman
Anya	Khanthavit, PhD	Member
Chanisa	Chutipat	Member
Krirk	Vanikkul	Member
Nongram	Wongwanich	Member
Sakkarin	Ruamrangsri	Member
Suthichai	Chitvanich	Member
Wipha	Leethakulnumchai	Secretary

Responsibilities of the Risk Management Committee are:

1. To advise SET BoG and management on risk management policies and frameworks to ensure the efficient management of all business risks and performance of duty—of-care.
2. To provide advice and recommendations to the Risk Management Unit regarding management of all risks.
3. To review the suitability of risk assessment methodology used to ensure that all significant risks are being adequately monitored and managed.

10. Securities Investor Protection Fund Committee

Support unit : Member Services Department

Structure : Seven members, namely, one appointed by the SEC, one governor elected by SET members, one elected by Securities Investor Protection Fund members, the Thai Investor Association president, SET president or an executive delegated by SET president and the senior vice president overseeing the Member Services Department, who also serves as secretary.

Term : January 1, 2009 to December 31, 2009

Name		Position
Nibhat	Bhukkanasut	Chairman
Padermpob	Songkroh	Member
Paiboon	Nalinthrangkurn	Member
Patareeya	Benjapolchai	Member
Sansern	Nilrat	Member
Sakkarin	Ruamrangsri	Member and Secretary

Responsibilities of the Investor Protection Funds Committee are:

1. To determine fund management policies, including possibilities of alternative investments that the committee deems appropriate.
2. To examine all relevant facts and evidence concerning investor protection and report its findings to SET BoG.
3. To boost investor confidence in buying or selling securities traded in SET.
4. To undertake any other responsibilities and activities assigned by SET BoG.

11. Technology Development Committee

Support unit : Market Operation and Information Technology

Structur : At least six members, namely, one or more experts in technology or the securities business, and the executive vice president of Market Operation and IT Division. The senior vice president of IT Operation Group, serves as Secretary.

Term : January 1, 2009 to December 31, 2009

Name		Position
Vallobh	Vimolvanich, PhD	Chairman
Charamporn	Jotikasthira	Member
Morragot	Kulatumyotin	Member
Nongram	Wongwanich	Member
Pattera	Dilokrungthirapop	Member
Suraphol	Kulsiri	Member
Wittaya	Watcharawittayakul	Member
Pannaporn	Sapsomboon	Secretary

Responsibilities of the Technology Development Committee are:

1. To review SET policies on information technology development and application to support the SET Information Technology Division operations to ensure that SET is duly efficient, credible and secure, fitting to be the center of the Thai capital market .

2. To examine models and guidelines developing business processes which depend on technology to facilitate business growth, encourage integration of missions within the capital market, and help raise market standards to be among the best in the ASEAN.

>> Audit Committee Report

Composition of the Audit Committee

The Stock Exchange of Thailand (SET)'s Audit Committee is comprised of three independent directors with have expertise and experience in accounting, finance and auditing; it is chaired by Khunying Jada Wattanasiritham, with Mr. Niputh Jitprasonk and Mr.Paiboon Nalinthrangkurn as members. The Committee has performed its duties and exercised its judgment under the scope of authority and duties specified in its charter, which was approved by the BoG as set out on page 56

Audit Committee Meetings

The Committee held thirteen meetings in 2009, three sessions with external auditors to review the auditor's plans, audit scope and results of audit work and discussed observations made by the auditors, at least once, in the absence of management to ensure the external auditor's independence. The executive session to meet with key members of executive management was also held in December. The attendance record of the AC's members is shown in the Corporate Governance Report on page 42

Roles and Responsibilities of the Committee

The Committee has discharged their functions, duties and responsibilities to support the BoG by reviewing the accuracy of financial statements, the efficiency and effectiveness of internal controls and risk management, ethical and transparent practice in compliance with laws, rules, and regulations and maintaining a system of checks and balances. The Committee reported to the BoG on a quarterly basis.

Summary of the committee's major work in 2009

- **Review of SET's quarterly and annual financial statements for 2009** : The committee reviewed SET's quarterly and annual financial reports together with the recommendation of the External Auditor to ensure accuracy, accordance with generally accepted accounting standards and adequate information disclosure.
- **Review of risk management and internal control systems** : In overseeing the risk management practices of SET and its subsidiaries, the committee received regular reports from SET's Risk Management Committee. The risk management and internal control systems were evaluated using the standards advocated by the Committee of Sponsoring Organizations of the Treadway Commission's Enterprise Risk Management (COSO-ERM), based on the results of the risk and control self-assessment conducted by the management and reviewed by internal audit department.

The above assessment on the SET's risk and control system yielded an evaluation of "Good". Based on this assessment and the external auditor's opinion, the Committee concluded that the Exchange's risk management and internal control systems were adequate and effective.

• **Supervision of internal audit** : The Committee reviewed the internal audit charter and internal audit plan, assessed internal audit performance, reviewed the internal auditor's findings and recommendations about the internal control systems and actions to be taken by the SET's management. The Committee then followed up on these actions, and found that continuous improvements had been made as recommended. The Committee concluded that the audit scope covered core business functions, and that the internal audits were independent and in compliance with professional standards.

• **Review of corporate governance** : The Committee confirmed that the SET and its subsidiaries' activities had complied with good corporate governance (CG) practices, meeting the criteria set by the World Federation of Exchanges and other laws and regulations.

The Committee, in emphasizing the importance of CG, reviewed the CG Guidelines as approved by the Board of Governance so that the SET would "be a good corporate governance role model", and because the Committee believed that following CG Guidelines would support the Exchange in becoming a public company. Moreover, the Audit Committee Chairman, SET president and other executives joined in SET's CG Day 2009 seminar to build understanding of good CG principles in all SET employees, and integrate good CG as part of SET's culture.

• **Self-assessment** : The Committee assessed itself to ensure that its performance was efficient and fulfilled the terms of its charter.

• **Appointment of external auditors** : The Audit Committee requested proposals from qualified accounting firms and received written and oral presentations from respondents. The Committee has also reviewed the volume and nature of non-audit services provided by the external auditors during the current financial year. Based on this information, the Committee determined that such engagement would not impair the independence or objectivity of the external auditors. After review and discussion, the Audit Committee recommend to the Board of Governors that Mr. Charoen Phosamritlert or Mr. Supot Singhasaneh or Miss Somboon Supasiripinyo or Miss Sureerat Thongarunsang of KPMG Phoomchai Audit Ltd. be appointed as the SET Group's auditor for the financial year ending December 31, 2010. Suggested remuneration for this role was THB 1.9 million.

In the Committee's opinion, the Exchange's financial reports were sufficient and conformed with generally accepted accounting standards. It considers that the SET has adopted and implemented appropriate risk management and internal control systems that were sufficient and met best practice in corporate governance. Due to the efficiency and effectiveness of its risk management and internal control systems, the Committee believed that the Exchange could achieve its objectives.

(Khunying Jada Wattanasiritham)
Chairman, Audit Committee
February 11, 2010

>> Management Discussion and Analysis

1. Analysis of operating results

1.1 Overall

The operating results of The Stock Exchange of Thailand and its subsidiaries for the years ended December 31, 2009 are as follows:

(Unit: THB million)

	For the year ended December 31			
	2009	2008	Increase/(decrease)	
Operating revenues	3,209	2,821	388	13.7%
Operating expenses	2,599	2,482	117	4.7%
Non-operating items	129	84	45	53.6%
Revenues over expenses	457	205	252	122.9%

Operating revenues increased by THB 388 million or 13.7% in comparison with 2008 mainly due to the increase of trading fees, clearing and depository fees and member services fees. Revenues over expenses for the year ended December 31, 2009 increased by THB 252 million or 122.9% in comparison with 2008 mainly due to the increase of investment rate of return, the development of overall work patterns and cost control.

1.2 Operating revenues

The significant movements were as follows:

(Unit: THB million)

	2009	2008	Increase/(decrease)	
Trading fees	630	535	95	17.7%
Clearing and depository fees	215	203	12	5.9%
Stock registrar fees	530	539	(9)	(1.7%)
Listing fees	235	238	(3)	(1.3%)
Member services fees	215	158	57	36.1%
Investment income, net	876	613	263	42.9%
Other income	508	535	(27)	(5.0%)
Total	**3,209**	**2,821**	**388**	**13.7%**

- Trading fees increased by THB 95 million mainly due to the following:

Trading of equity securities

o Trading fees increased as daily average trading volume rose by 13.1% from THB 16,118 million per day in 2008 to THB 18,226 million per day in 2009.

o Trading of new products launched in 2009, including derivatives warrants (PTT13CA, KBAN13CA and PTTE13CA) and ETFs (ThaiDEX FTSE SET Large Cap ETF).

Trading of derivatives securities

o Trading fees increased as daily average trading volume rose by 44.5%, from 8,837 contracts in 2008 to 12,771 in 2009.

o New products launched in 2009, including gold futures and the second batch of stock futures

• Member services fees increased by THB 57 million, mainly due to internet trading fees as trading of derivatives and equity securities through SETTRADE.COM Co., Ltd. as a percentage of total trading rose.

• Investment income, net increased by THB 263 million, or 42.9%, mainly due to the following:

o The increase of THB 200 million from dividend income received from mutual funds and THB 40 million from net gains from sales of investments.

o The reversal of impairment loss from investment in associates, which was recorded in 2008 as the recovery of the business and the better of operating results.

1.3 Operating expenses

Significant movements were as follows:

(Unit: THB million)

	2009	2008	Increase/(decrease)	
Employees' benefits expenses	1,239	1,025	214	20.9%
Direct services expenses	134	130	4	3.1%
Fees and compensation expenses	114	109	5	4.6%
Technology expenses	120	109	11	10.1%
Contributions to the office of SEC	159	171	(12)	(7.0%)
Depreciation and amortization	341	356	(15)	(4.2%)
Other expenses	492	582	(90)	(15.5%)
Total	2,599	2,482	117	4.7%

Employees' benefits expenses increased by THB 214 million mainly due to the cost of early retirement programs which attracted 98 participants and cost THB 168 million.

Technology expenses increased by THB 11 million, mainly due to the professional fees for new product development system, the ASEAN Linkage and studies to improve the technology infrastructure (IT Master Plan).

Other costs, comprised of marketing and media production expenses, building and office expenses, etc. The decrease of THB 90 million was due to the development of overall work patterns and cost control.

1.4 Non-operating items

The increase is THB 45 million, or 53.6%, due to the appropriation of one-third of revenues over expenses of SET to The Stock Exchange of Thailand Foundation as donation and social contribution. In 2009 SET has appropriated the amount of THB 135 million, increased by THB 77 million.

2. Analysis of financial status

The significant movements in assets, liabilities and funds of the SET and its subsidiaries as at December 31, 2009 when compared with the balance as at December 31, 2008 were as follows:

(Unit: THB million)

	Dec 31, 2009	Dec 31, 2008	Increase/(decrease)	
Total assets	20,692	18,000	2,692	14.9%
Total liabilities	4,928	3,808	1,120	29.4%
Fund balances	15,764	14,192	1,572	11.1%

2.1 Analysis of assets

2.1.1 Investments

Details of investments of THB 11,437 million classified by category can be summarized as follows:

(Unit: THB million)

	Dec 31, 2009	Dec 31, 2008	Increase/(decrease)	
Trading	2,187	2,786	(599)	(21.5%)
Available-for-sale	3,815	3,845	(30)	(0.8%)
Hold-to-maturity	1,253	943	310	32.9%
Treasury bills	1,182	300	882	294.0%
General investments	3,000	2,176	824	37.9%
Total	11,437	10,050	1,387	13.8%

Investments increased by THB 1,387 million, or 13.8%, mainly due to revaluation in fair value of securities totaling THB 1,114 million.

2.1.2 Assets for margin deposits and benefits

Assets for margin deposits and benefits of THB 2,835 million, an increase of THB 933 million or 49.1%, represents margin deposits and benefits of the Thailand Clearing House Co., Ltd. Part of this rise was from the increase of futures derivatives transactions.

2.1.3 Investment in associated and jointly-controlled entities

Investment in associated and jointly-controlled entities of THB 496 million increased by THB 336 million, or 210.1%. Significant movements were as follows:

o An increase of THB 250 million was from the acquisition of new associated entities. These entities grant credits for buying securities and borrowing and lending securities.

o An increase of THB 36 million is from the reversal of an impairment loss on investments which was recorded in 2008.

o An increase of THB 31 million was from recognition of profits under the equity method.

2.2 Analysis of liabilities

2.2.1 Margin deposits and benefits payable

As margin deposits and benefits were presented as cash at banks and liabilities of the same amount, the significant increase of margin deposits and benefits payable are as mentioned in the section on margin deposits and benefits.

2.2.2 Accounts payable and accrued expenses

Accounts payable and accrued expenses of THB 473 million up by THB 127 million or 36.9%. The significant movements ware as follows :

o An increase of employees' benefits expenses of THB 39 million.

o An increase of financial advisory fees of THB 28 million.

o An increase of donation to The Stock Exchange of Thailand Foundation of THB 77 million.

2.2.3 Contributions and benefits to the Securities Investor Protection Fund

The contribution amounted of THB 190 million, an increase of THB 45 million or 10.2% was from members' portions, which increased following the rise of trading volume of equity securities.

2.3 Analysis of funds

Funds reached THB 15,764 million, up by THB 1,572 million or 11.1% since end 2008. Significant movements were:

o Revenues over expenses of THB 457 million.

o An increase of THB 1,114 million in unrealized gains in the value of available-for-sale securities, due to higher stock prices.

3. Analysis of liquidity

Cash flows of SET and its subsidiaries for the year ended December 31, 2009 and 2008 are summarized as:

(Unit: THB million)

	2009	2008	Cash flows Increase/(decrease)	
Net income from operations before changes in operating assets and liabilities	(79)	12	(91)	(758.3%)
Net changes in working capital	30	(225)	255	113.3%
Cash flows from operating activities	(49)	(213)	164	77.0%
Cash flows from investing activities	99	185	(86)	(46.5%)
Net increase (decrease) in cash and cash equivalents	50	(29)	79	272.4%

Cash flow from operations

Significant movements in cash flow from operating activities and operating assets and liabilities are as mentioned in the analysis of operating results and financial status, above.

Cash flow from investing

Net cash flow from investing decreased by THB 86 million, or 46.5%, mainly due to a rise in dividend income from mutual funds of THB 200 million, whereas cash paid for investment in associates rose by THB 250 million.

Financial Risk Management Policy

SET faces two material financial risks: investment and counterparty credit risks. Policies to manage these risks are outlined below:

Investment Risks

SET's investment portfolio, which is managed by the Investment Committee, operates under investment policies and strategic asset allocation approved by the SET Board of Governors (BOG). The policy and asset allocation is reviewed quarterly and is categorized by investment objective, as follows:

Investment objective	Policy guideline
Freely-managed portfolio	Optimize return in accordance with risk levels and Board's approved asset allocation strateg
Reserved portfolio	Principal-protected
Policy portfolio	According to Board policy, on a case-by-case basis

SET manages investment risk by diversifying into several instruments and limiting the proportion given to each financial institution and issuer to ensure that the exposure affecting investment results will be limited. Value-at-risk techniques ("VaR") are used to ensure that the aggregate portfolio risk is within the limit structure. SET has invested in mutual funds for domestic and international equities. Debt instruments invested in are government bonds, bank deposits, money market funds and corporate bonds with at least an "A" credit rating.

In addition, the enterprise risk management unit has been monitoring the investment risk status and reports month to BOG and the Risk Management Committee to ensure that risk remains within acceptable levels.

Counterparty credit risks (Clearing and settlement-related risk)

Thailand Securities Depository Co., Ltd. (TSD) and Thailand Clearing House Co., Ltd. (TCH) are clearing houses for equity, debt securities and derivative contracts. They thus play important roles in guaranteeing settlement of all exchange-traded transactions by serving as the central counterparty (CCP) between members. That is, TSD or TCH will become a substitute buyer to every seller and a substitute seller to every buyer. The clearing house involved will be obligated to the member concerned as creditor/debtor for securities and derivative contracts settlement. Thus, as guarantor for every transaction, TSD and TCH are exposed to clearing and settlement risks, and a sound and effective risk management framework is necessary. The risk management framework must effectively reduce financial risk of loss arising from a member's default, yet the framework must not be overly rigorous, thus increasing the cost of doing business and becoming an obstacle for operations. Presently, such risk management measures include maintaining minimum standards for membership, monitoring of each member's financial status and liquidity, stress testing to evaluate maximum losses in clearing and settlement, monitoring and limiting each member's pending settlement value for equities and debts, and collecting margin on all open positions for derivatives.

In addition to the above, TSD and TCH have clearing funds to cover potential damages from a member's default in clearing and settlement. The clearing funds sizes as December 31, 2009 were THB 824 million and THB 359 million for TSD and TCH, respectively. To address liquidity risk in clearing and settlement, TSD and TCH have arranged overdraft lines of THB 2.5 billion and THB 400 million, respectively, with commercial banks which act as settlement banks for clearing houses. Moreover, SET has established clearing reserve funds of THB 2 billion for TSD and THB 300 million for TCH.

TSD and TCH regularly review the risk management framework measures to ensure that they are appropriate to current structures of their members and prevailing market conditions. Last year, TCH began to clear gold futures, which were offered by Thailand Futures Exchange Plc (TFEX) starting on February 2, 2009. TCH imposed margin requirements to handle with potential loss arising from trading gold futures. Moreover, TCH will regularly review the criteria and margining methodology, comprised of the maintenance margin, inter-month spread margin and inter-commodity spread credit, to reflect the market environment and outlook as well as prepare the system for accepting non-cash assets as collateral.

TSD's efficiency of securities settlement compared to trading value in 2009 has increased to 99.998 % (from 99.98% in 2008). This may be because the number of securities lenders to the clearing house has increased, leading to a decrease in penalties for defaults on securities settlement. Further, TSD has improved its process of calculating each member's settlement risk and its collateral requirement for the Early Warning System (EWS); and reviewed haircut rates for various types of securities collateral corresponding to evolving market circumstances. These systems are expected to start in early 2010.

Further, in 2009, TSD and TCH have transferred TSD's securities clearing house functions to TCH, so that TCH would become an integrated clearing house. Separating securities depository and lender activities to the clearing house improved transparency and reduced risk in operations, as well as improved the ability to implement risk management policy and procedure, allowing for more effective tracking and appraising of risk. TCH will start serving as the clearing house for derivative securities in early 2010.

In 2010 after becoming an integrated clearing house, TCH, as a single central counterparty for all securities products, has prepared the systems and risk measurement processes to handle the increase in derivatives, e.g., exchange-traded funds, derivative warrants, mini-gold futures and interest rate futures. Apart from that TCH will improve the stress testing processes to evaluate maximum loss in clearing and settlement, and also revise clearing fund contribution criteria to cover the increased risk exposure accompanying sustained trading according to recommendations from risk professionals of the International Monetary Fund.

>> Report of the Board of Governors' Responsibility for Financial Statements

The Board of Governors has reviewed The Stock Exchange of Thailand (SET) and its subsidiaries' financial statements and the financial information presented in this annual report. The aforementioned financial statements have been prepared in accordance with Thai Generally Accepted Accounting Principles, using appropriate accounting policies consistently employed by the SET, as well as applying careful judgment and best estimation. Important information is adequately disclosed in the notes to the financial statements.

The Board of Governors has provided and maintained an efficient internal control system to ensure that accounting records are accurate, complete and adequate to protect its assets and uncover weaknesses to prevent fraud or materially irregular operations.

To accomplish this task, the Board of Governors has appointed an Audit Committee, which consists of non-executive governors responsible for the quality of financial statements and internal control system, whose comments on these issues are stated in the Audit Committee Report section of this annual report.

The Board of Governors is of the opinion that the SET's overall internal control system has functioned at a satisfactory level and rendered credibility and reliability to the SET and its subsidiaries' financial statements for the year ending December 31, 2009.

(Mr. Sompol Kiatphaibool)
Chairman

(Mrs. Patareeya Benjapolchai)
President

>> Audit Report of Certified Public Accountant

To the Members of The Stock Exchange of Thailand

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2009, and the related statements of revenues and expenses, changes in fund balances and cash flows for the year then ended of The Stock Exchange of Thailand and its subsidiaries, and of The Stock Exchange of Thailand respectively. The Stock Exchange of Thailand's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits. The consolidated and separate financial statements of The Stock Exchange of Thailand and its subsidiaries, and of The Stock Exchange of Thailand respectively for the year ended 31 December 2008 were audited by another auditor whose report dated 25 February 2009 expressed an unqualified opinion on those statement.

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

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2009 and the results of operations and cash flows for the year then ended of The Stock Exchange of Thailand and its subsidiaries, and of The Stock Exchange of Thailand respectively in accordance with generally accepted accounting principles.

(Charoen Phosamritlert)
Certified Public Accountant
Registration No. 4068

KPMG Phoomchai Audit Ltd.
Bangkok
18 February 2010

Balance sheets

As at 31 December 2009 and 2008

(in thousand Baht)

	Note	Consolidated financial statements		SET	
		2009	2008	2009	2008
Assets					
Current assets					
Cash and cash equivalents	5	281,753	231,757	189,465	88,897
Cash at banks for clearing collateral and dividend payables		5,453	8,813	-	-
Assets for margin deposits and benefits	15	2,835,368	1,901,914	-	-
Current investments	6	5,347,301	5,325,907	4,609,597	4,744,916
Accounts receivable and accrued income, net	4, 7	181,576	185,568	257,159	238,900
Accrued interest receivables		42,616	49,642	40,217	44,986
Other current assets	4, 8	72,893	88,532	70,406	58,525
Total current assets		8,766,960	7,792,133	5,166,844	5,176,224
Non-current assets					
Investments in subsidiaries	9	-	-	597,291	554,591
Investments in jointly-controlled entity, net	10	28,347	-	25,000	-
Investments in associates, net	11	467,684	159,939	385,806	100,000
Long-term investments, net	12	6,090,034	4,723,191	6,062,334	4,653,015
Assets for clearing system protection and benefits	16	817,807	776,016	-	-
Securities Investor Protection Fund	20	549,912	493,515	549,912	493,515
Property, plant and equipment, net	13	3,649,207	3,618,667	3,628,662	3,574,811
Intangible assets, net	14	314,289	430,032	296,422	395,626
Refundable deposits		7,279	6,977	125,311	6,937
Total non-current assets		11,924,559	10,208,337	11,670,738	9,778,495
Total assets		20,691,519	18,000,470	16,837,582	14,954,719

The accompanying notes are an integral part of these financial statements.

Balance sheets (Cont'd)

As at 31 December 2009 and 2008

(in thousand Baht)

	Note	Consolidated financial statements		SET	
		2009	2008	2009	2008
Liabilities and fund balances					
Current liabilities					
Clearing collateral and dividend payables		5,453	8,813	-	-
Margin deposits and benefits payables	15	2,835,368	1,901,914	-	-
Accounts payable and accrued expenses	4, 17	473,206	345,696	458,729	309,946
Fees received in advance		295,799	344,013	135,961	137,613
Income tax payable		10,826	5,845	-	-
Short-term borrowings from subsidiaries	4	-	-	565,850	343,850
Current portion of provision for employees' benefits	19	8,453	-	8,453	-
Other current liabilities	4, 18	254,992	213,892	148,356	104,864
Total current liabilities		3,884,097	2,820,173	1,317,349	896,273
Non-current liabilities					
Assets for clearing system protection and benefits payables	16	699,766	660,372	-	-
Contributions and benefits to Securities Investor Protection Fund	20	189,743	145,470	189,743	145,470
Provision for employees' benefits	19	111,149	133,723	111,149	92,502
Other non-current liabilities		43,408	48,066	43,408	32,483
Total non-current liabilities		1,044,066	987,631	344,300	270,455
Total liabilities		4,928,163	3,807,804	1,661,649	1,166,728
Fund balances					
Funds		15,083,615	14,627,100	14,491,978	14,222,727
Unrealised gain (loss) on available-for-sale securities		679,739	(434,436)	683,955	(434,736)
Minority interests		2	2	-	-
Total fund balances		15,763,356	14,192,666	15,175,933	13,787,991
Total liabilities and fund balances		20,691,519	18,000,470	16,837,582	14,954,719

The accompanying notes are an integral part of these financial statements.

Statements of revenues and expenses

For the years ended 31 December 2009 and 2008

(in thousand Baht)

	Note	Consolidated financial statements		SET	
		2009	2008	2009	2008
Operating revenues					
Trading fees		629,555	534,963	442,898	398,123
Clearing and depository fees		215,227	203,125	-	-
Stock registrar fees		529,843	539,257	-	-
Listing fees		234,989	237,773	234,989	237,773
Members services fees		214,705	158,213	-	-
Service income	4	1,598	-	1,027,474	618,550
Investment income, net	4, 22	875,802	613,574	802,910	585,758
Other income	23	507,773	534,413	288,126	341,504
Total operating revenues		3,209,492	2,821,318	2,796,397	2,181,708
Operating expenses					
Employees' benefits expenses	24	1,238,616	1,024,907	1,237,813	719,351
Marketing and media production expenses		196,921	238,771	153,719	156,530
Fees and compensation expenses		113,501	109,053	154,554	180,048
Direct service expenses		134,018	129,555	-	-
Building and office expenses		125,974	130,779	123,327	128,873
Technology expenses		120,265	108,899	112,590	108,271
Contributions to the office of SEC	25	159,249	170,873	159,249	170,873
Depreciation	13	201,383	213,806	182,952	190,382
Amortisation	14	139,476	141,874	127,698	128,374
Other expenses	26	169,131	213,804	145,929	203,278
Total operating expenses		2,598,534	2,482,321	2,397,831	1,985,980
Share of profit (loss) of investments in associates and jointly-controlled entity (net of income tax)		29,693	(895)	-	-
Operating revenues over operating expenses		640,651	338,102	398,566	195,728
Non-operating items					
Income derived from Securities Investor Protection Fund, net	21	12,210	12,352	12,210	12,352
Donation and social activities contribution, net		(141,421)	(96,356)	(141,439)	(94,470)
Revenues over expenses before income tax expense		511,440	254,098	269,337	113,610
Income tax expense		(54,839)	(48,617)	-	-
Revenues over expenses		456,601	205,481	269,337	113,610
Revenues over expenses attributable to:					
Equity holders of SET		456,601	205,481	269,337	113,610
Minority interests		-	-	-	-
		456,601	205,481	269,337	113,610

The accompanying notes are an integral part of these financial statements.

Statements of changes in fund balances (Cont'd)

For the years ended 31 December 2009 and 2008

(in thousand Baht)

		Consolidated financial statements											
	Note	Securities Clearing Reserve Fund	Clearing & Settlement of Derivatives Market Reserve Fund	Indemnity Fund	SET Building Construction Fund	Staff Welfare Fund	Securities Investor Protection Fund	The SET's 30th Anniversary Charity Fund	General Fund	Unrealised gain (loss) on available-for-sale securities	Total fund balances attributable to equity holders of SET	Minority interests	Total fund balances
Balance at 1 January 2008		2,000,000	300,000	100,000	246,328	93,115	335,930	8,713	11,337,770	1,649,363	16,071,219	2	16,071,221
Adjustment for SET building construction expenses		-	-	-	(6,605)	-	-	-	6,605	-	-	-	-
Unrealised loss on available-for-sale securities		-	-	-	-	-	(237)	-	-	(2,083,799)	(2,084,036)	-	(2,084,036)
Net income (expenses) recognised directly in fund balances		-	-	-	(6,605)	-	(237)	-	6,605	(2,083,799)	(2,084,036)	-	(2,084,036)
Revenues over (under) expenses	21	-	-	-	-	1,061	12,352	(8,713)	200,781	-	205,481	-	205,481
Total recognised income and expenses		-	-	-	-	1,061	12,352	(8,713)	200,781	-	205,481	-	205,481
Balance at 31 December 2008 and 1 January 2009		2,000,000	300,000	100,000	239,723	94,176	348,045	-	11,545,156	(434,436)	14,192,664	2	14,192,666
Adjustment for SET building construction expenses		-	-	-	(66,858)	-	-	-	66,858	-	-	-	-
Unrealised gain (loss) on available-for-sale securities		-	-	-	-	-	(86)	-	-	1,114,175	1,114,089	-	1,114,089
Net income (expenses) recognised directly in fund balances		-	-	-	(66,858)	-	(86)	-	66,858	1,114,175	1,114,089	-	1,114,089
Revenues over expenses	21	-	-	-	-	1,127	12,210	-	443,264	-	456,601	-	456,601
Total recognised income and expenses		-	-	-	-	1,127	12,210	-	443,264	-	456,601	-	456,601
Balance at 31 December 2009		2,000,000	300,000	100,000	172,865	95,303	360,169	-	12,055,278	679,739	15,763,354	2	15,763,356

The accompanying notes are an integral part of these financial statements.

Statements of changes in fund balances (Cont'd)

For the years ended 31 December 2009 and 2008

(in thousand Baht))

		SET									
	Note	Securities Clearing Reserve Fund	Clearing & Settlement of Derivatives Market Reserve Fund	Indemnity Fund	SET Building Construction Fund	Staff Welfare Fund	Securities Investor Protection Fund	The SET's 30th Anniversary Charity Fund	General Fund	Unrealised gain (loss) on available-for-sale securities	Total fund balances
Balance at 1 January 2008		2,000,000	300,000	100,000	246,328	93,115	335,930	8,713	11,025,268	1,648,491	15,757,845
Adjustment for SET building construction expenses		-	-	-	(6,605)	-	-	-	6,605	-	-
Unrealised loss on available-for-sale securities		-	-	-	-	-	(237)	-	-	(2,083,227)	(2,083,464)
Net income (expenses) recognised directly in fund balances		-	-	-	(6,605)	-	(237)	-	6,605	(2,083,227)	(2,083,464)
Revenues over (under) expenses	21	-	-	-	-	1,061	12,352	(8,713)	108,910	-	113,610
Total recognised income and expenses		-	-	-	-	1,061	12,352	(8,713)	108,910	-	113,610
Balance at 31 December 2008 and 1 January 2009		2,000,000	300,000	100,000	239,723	94,176	348,045	-	11,140,783	(434,736)	13,787,991
Adjustment for SET building construction expenses		-	-	-	(66,858)	-	-	-	66,858	-	-
Unrealised gain (loss) on available-for-sale securities		-	-	-	-	-	(86)	-	-	1,118,691	1,118,605
Net income (expenses) recognised directly in fund balances		-	-	-	(66,858)	-	(86)	-	66,858	1,118,691	1,118,605
Revenues over expenses	21	-	-	-	-	1,127	12,210	-	256,000	-	269,337
Total recognised income and expenses		-	-	-	-	1,127	12,210	-	256,000	-	269,337
Balance at 31 December 2009		2,000,000	300,000	100,000	172,865	95,303	360,169	-	11,463,641	683,955	15,175,933

The accompanying notes are an integral part of these financial statements.

Statements of cash flows

For the years ended 31 December 2009 and 2008

(in thousand Baht)

	Note	Consolidated financial statements		SET	
		2009	2008	2009	2008
Cash flows from operating activities					
Revenues over expenses before income tax expense		511,440	254,098	269,337	113,610
Adjustments for					
Depreciation	13	201,383	213,806	182,952	190,382
Amortisation	14	139,476	141,874	127,698	128,374
Investment income, net	22	(875,802)	(613,574)	(802,910)	(585,758)
Income derived from Securities Investor Protection Fund, net	21	(12,210)	(12,352)	(12,210)	(12,352)
Loss on liquidation of subsidiary		-	-	384	-
(Reversal) provision for impairment losses of investments		(28,311)	-	189	-
Doubtful debts expenses		(144)	(253)	(99)	(253)
Provision for employees' benefits	19	17,906	16,778	55,260	11,769
(Gain) loss on disposals of property, plant and equipment and intangible assets		(3,279)	10,802	(3,296)	10,839
Share of (profit) loss of investments in associates and jointly-controlled entity (net of income tax)		(29,693)	895	-	-
		(79,234)	12,074	(182,695)	(143,389)
Changes in operating assets and liabilities					
Cash at banks for clearing collateral and dividend payables		3,360	12,574	-	-
Assets for margin deposits and benefits		(933,454)	(501,808)	-	-
Accounts receivable and accrued income		(14,074)	(28,561)	(18,160)	(77,265)
Other current assets		12,424	95,965	(11,962)	101,372
Assets for clearing system protection and benefits		(41,791)	(213,727)	-	-
Securities Investor Protection Fund		(56,187)	(49,612)	(56,187)	(49,612)
Refundable deposits		(360)	38	(118,374)	20
Clearing collateral and dividend payables		(3,360)	(12,574)	-	-
Margin deposits and benefits payables		933,454	501,808	-	-
Accounts payable and accrued expenses		129,000	(320,153)	128,982	(262,276)
Fees received in advance		(42,950)	127,205	(1,652)	(3,810)
Other current liabilities		43,212	(31,717)	43,492	(79,034)
Assets for clearing system protection and benefits payables		39,394	208,439	-	-

The accompanying notes are an integral part of these finanical statements.

Statements of cash flows (Cont'd)

For the years ended 31 December 2009 and 2008

(in thousand Baht)

	Note	Consolidated financial statements		SET	
		2009	2008	2009	2008
Contributions and benefits to Securities Investor Protection Fund		44,273	37,989	44,273	37,989
Employees' benefits paid	19	(28,160)	-	(28,160)	-
Other non-current liabilities		(4,658)	(439)	10,925	(440)
Income tax paid		(49,992)	(50,788)	-	-
Net cash used in operating activities		**(49,103)**	**(213,287)**	**(189,518)**	**(476,445)**
Cash flows from investing activities					
Investment income received		511,320	423,845	429,840	399,560
Dividend received		408,031	207,338	407,887	209,338
Purchase of current investments	6	(1,871,442)	(3,845,654)	(1,409,785)	(2,184,184)
Sale of current investments	6	1,850,048	3,831,494	1,545,104	2,300,218
Purchase of investments in subsidiaries	9	-	-	(102,700)	(10,000)
Purchase of investments in jointly-controlled entity	10	-	-	(28,500)	-
Purchase of investments in associates	11	(250,000)	-	(250,000)	-
Net cash received (paid) from joint ventures		(31,282)	-	25,000	-
Purchase of long-term investments	12	(5,929,890)	(8,954,991)	(5,924,890)	(8,901,830)
Sale of long-term investments	12	5,651,086	8,930,823	5,603,874	8,932,187
Purchase of property, plant and equipment		(224,584)	(387,413)	(224,584)	(381,210)
Sale of property, plant and equipment		15,619	1,646	10,661	698
Purchase of intangible assets		(28,277)	(27,686)	(28,277)	(26,740)
Proceeds from capital reduction of subsidiary		-	-	9,616	-
Cash inflow on short-term borrowings from subsidiaries	4	-	-	231,000	122,000
Repayment of borrowings from subsidiaries	4	-	-	(9,000)	-
Interest paid		(13,611)	(6,577)	(7,241)	(8,851)
Benefits received from Securities Investor Protection Fund		12,081	11,899	12,081	11,899
Net cash provided by investing activities		**99,099**	**184,724**	**290,086**	**463,085**
Net increase (decrease) in cash and cash equivalents		49,996	(28,563)	100,568	(13,360)
Cash and cash equivalents at beginning of year		231,757	260,320	88,897	102,257
Cash and cash equivalents at end of year	5	**281,753**	**231,757**	**189,465**	**88,897**

The accompanying notes are an integral part of these finanical statements.

Statements of cash flows (Cont'd)

For the years ended 31 December 2009 and 2008

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Supplemental disclosures of cash flows information				
1) Non-cash transactions				
Unrealised gain (loss) on available-for-sale securities	1,114,175	(2,083,799)	1,118,691	(2,083,227)
Other payables for purchase of assets	19,801	-	19,801	-

2) Additional information

In November 2009 The Stock Exchange of Thailand and a company has entered into a joint-venture arrangement in Family Know-how Co., Ltd. "Family Know-how" whereby the company invested in ordinary share of Family Know-how at the par value of Baht 10 per share, amounting to Baht 25 million, or 50% of share capital of Family Know-how. Consequently, the status of Family Know-how has been changed from SET 's subsidiary to be a jointly-controlled entity. As a result, SET did not include the financial statements of Family Know-how in the consolidated financial statements but accounted for investment in the jointly-controlled entity by the equity method since 2 November 2009.

The reconciliation of assets and liabilities of Family Know-how which were transferred out during the year 2009 are as follows:

(in thousand Baht)

Cash and cash equivalents	56,282
Accounts receivable and accrued income	18,210
Accrued interest receivables	54
Other current assets	3,266
Property and equipment, net	2,160
Intangible assets, net	2,506
Other assets	58
Accounts payable and accrued expenses	(21,291)
Fees received in advance	(5,264)
Value added tax payable	(1,549)
Other current liabilities	(565)
Provision for employees' benefits	(3,867)
Net assets	50,000
At sales proportion of 50%	25,000
Cash received from joint venture	25,000
Less cash and cash equivalents of the former subsidiary	(56,282)
Net cash paid from joint venture	(31,282)

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

For the years ended 31 December 2009 and 2008

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These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Governors of The Stock Exchange of Thailand on 18 February 2010.

1 General information

The Stock Exchange of Thailand (SET) is a juristic entity incorporated in Thailand under the Securities Exchange of Thailand Act B.E. 2517. The principal businesses of SET are being the market or the centre for trading of securities and to provide related services, which have no objective of profit distribution to members. SET commenced its trading securities on 30 April 1975. SET is presently incorporated under the Securities Exchange of Thailand Act B.E. 2535 and has its registered office at 62 Rachadaphisek Road, Kwang Klongtoey, Khet Klongtoey, Bangkok 10110, Thailand.

The principal businesses of SET and its subsidiaries are summarised as follows:

1) Provide securities listing services
2) Provide listed securities trading system
3) Provide and disseminate data and knowledge to investors
4) Supervise and monitor securities trading activities, listed companies and member companies
5) Provide post-trade services for trading of securities and future contracts, including acting as clearing house, providing clearing and settlement of securities services, shares depository and back office service bureau
6) Provide registrar services including securities registrar and fund registrar
7) Manage trading center and advice on the trading of future contracts or all financial securities including providing other services related to futures trading transactions
8) Provide services related to computer systems, information technology and other communication network systems or integrating for trading of securities, clearing and settlement of securities
9) Provide and disseminate finance and investment knowledge to public
10) Manage open-ended mutual funds to promote foreign investment in The Stock Exchange of Thailand
11) Engage in the business of investment management by issuing Non-Voting Depository Receipt (NVDR) and Depository Receipt (DR) to investors as prescribed by the Office of the Securities and Exchange Commission (SEC) and invest the proceeds from the issuance of such instruments in shares of listed companies or public companies which have been approved by the SEC to offer to the public, or other securities as prescribed by the SEC

Details of the SET's subsidiaries, associates and jointly-controlled entity as at 31 December 2009 and 2008 were as follows:

Name of entities	Type of business	Country of incorporation	Ownership interest (%)	
			2009	2008
Direct subsidiaries				
Thailand Securities Depository Co., Ltd.	Post-trading clearing and settlement services	Thailand	99.99	99.99
SETTRADE.COM Co., Ltd.	Computer system services	Thailand	99.99	99.99
Family Know-how Co., Ltd. (1)	Providing services and advice of media production related to finance and investment knowledge	Thailand	-	99.99
Thailand Futures Exchange Public Company Limited	Future exchange center	Thailand	99.99	99.99
Thai Trust Fund Management Co., Ltd.	Mutual fund management	Thailand	99.99	99.99
Thai NVDR Co., Ltd.	Investment management in Non-Voting Depository Receipt	Thailand	99.99	99.99

Name of entities	Type of business	Country of incorporation	Ownership interest (%)	
			2009	2008
Siam DR Co., Ltd.	Investment management in Depository Receipt	Thailand	99.99	99.99
mai Matching Fund Co., Ltd. (2)	Joint invest with fund or venture capital	Thailand	99.99	99.99
Thailand Clearing House Co., Ltd. (3)	Clearing house and related back office services for future contracts	Thailand	99.99	-
Indirect subsidiary (investments held by Thailand Securities Depository Co., Ltd.)				
Thailand Clearing House Co., Ltd. (3)	Clearing house and related back office services for future contracts	Thailand	-	99.99
Jointly-controlled entity				
Family Know-how Co., Ltd. (1)	Providing services and advice of media production related to finance and investment knowledge	Thailand	50.00	-
Associates				
Clearing Fund (4)	Fund	Thailand	20.43	21.76
TSFC Securities Public Company Limited	Granting credits to securities business and securities borrowing and lending business	Thailand	24.66	5.00

(1) Family Know-how Co., Ltd.

On 2 November 2009 SET had restructured the business of Family Know-how Co., Ltd. "Family Know-how" whereby entering into a joint-venture arrangement with a company which holds 50% of registered share capital in Family Know-how. While SET held 2,500,000 preference shares and that company holds 2,500,000 ordinary shares. Therefore, the status of Family Know-how had been changed from the SET's subsidiary to be a jointly-controlled entity in 2009.

(2) mai Matching Fund Co., Ltd.

At the extraordinary shareholders' meeting of mai Matching Fund Co., Ltd. "MMF" held on 30 September 2009, the shareholders of MMF approved a special resolution to liquidate the company and have already been registered with the Ministry of Commerce on 30 September 2009.

As at 31 December 2009 MMF is in the process of liquidation.

(3) Thailand Clearing House Co., Ltd.

SET Group had restructured the organization of Thailand Clearing House Co., Ltd. "TCH" to be a clearing center of all financial instruments by transfer the clearing and settlement of equity securities from Thailand Securities Depository Co., Ltd. "TSD" to TCH starting in 2010. The purposes of this restructure are to reduce the operating cost and to improve risk management policies and procedures efficiency. On 16 October 2009 TSD, which holds 9,999,993 shares (99.99%) in TCH, sold those shares to SET. The status of TCH, therefore, had been changed from an indirect subsidiary of SET to a direct subsidiary in 2009.

(4) Clearing Fund

SET has no control over Clearing Fund's operations. Clearing Fund has been operated under Regulation of the Clearing Fund (No.1) B.E. 2541 which require a one-time payment of Baht 100 million as an initial contribution from SET. The percentage of ownership interest will be reduced according to further contributions made from other members of Clearing Fund in the future. Therefore, the investment in Clearing Fund is classified as investment in associate.

2 Basis of preparation of the financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards ("TAS") and Thai Financial Reporting Standards ("TFRS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions ("FAP"), with generally accepted accounting principles in Thailand, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

SET, subsidiaries and a jointly-controlled entity (together referred to as the "Group") have adopted the following revised TAS and TFRS and accounting guidance which were issued by the FAP during 2008 and 2009, which are relevant to their operations, and effective for accounting periods beginning on or after 1 January 2009. These consist of:

TAS 36 (revised 2007)	Impairment of Assets
TFRS 5 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

Framework for the Preparation and Presentation of Financial Statements (revised 2007) (effective on 26 June 2009)

Accounting Guidance about Leasehold Right (effective on 26 June 2009)

The adoption of these revised TAS and TFRS and accounting guidance does not have any material impact on the consolidated or SET's financial statements.

The FAP has issued during 2009 a number of new and revised TAS and TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised TAS and TFRS, which are relevant to their operations, are disclosed in note 31 to the financial statements.

The financial statements are presented in Thai Baht, rounded to the nearest thousand unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TAS and TFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates. Although these estimates are based on management's best knowledge of current events and actions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes to the financial statements:

Note 19	Measurement of provision for employees' benefits
Note 27	Measurement of financial instruments
Note 29	Measurement of contingent liabilities and contingent assets

3 Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements relate to SET and its subsidiaries and jointly-controlled entity and the Group's interests in associates.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Jointly-controlled entities

Jointly-controlled entities are those entities over whose activities the Group have joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. The consolidated financial statements include the Group's share of the revenues, expenses and fund balances movements of associates and jointly-controlled entities after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in associates and jointly-controlled entities, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates and jointly-controlled entities.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised revenues or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of revenues and expenses.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates that fair value was determined.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, call deposits (excluding deposits held to maturities), other short-term highly liquid investments held for working capital and short-term commitment payment purposes with original maturities of three months or less.

(d) Accounting policy of underlying assets and Non-Voting Depository Receipts

Underlying assets are the financial assets carried by Thai NVDR Co., Ltd. and Siam DR Co., Ltd. ("subsidiaries"). Non-Voting Depository Receipts (NVDRs) and Depository Receipts (DRs) are the financial liabilities. The subsidiaries will offset between financial assets and financial liabilities, and show the net amount in the financial statements. The prospectus contained regulation and condition that the subsidiaries are responsible for issuing and selling NVDRs or DRs and invest in listed companies in The Stock Exchange of Thailand at the same amount and period (back to back). Moreover, the subsidiaries who are the holders will receive the financial benefits and responsible to repay all financial benefits to the investors in NVDRs or DRs according to the prospectus. Those benefits are not recognised as revenue and expense of those subsidiaries.

(e) Investments

Investments in subsidiaries, jointly-controlled entities and associates

Investments in subsidiaries, jointly-controlled entities and associates in the SET's financial statements are accounted for using the cost method. Investments in associates and jointly-controlled entities in the consolidated financial statements are accounted for using the equity method.

Investments in debt and equity securities

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the statement of revenues and expenses.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in fund balances. Impairment losses and foreign exchange differences are recognised in the statement of revenues and expenses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in fund balances is recognised in the statement of revenues and expenses. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the statement of revenues and expenses.

Investments in fixed deposits, promissory notes at financial institutions and negotiable certificates of deposits are classified as general investments and stated in the balance sheet at cost less impairment losses.

Investments in specific mutual funds established under specific purposes, which have policy of investing in marketable securities and other equity instruments, are classified as general investments and stated in the balance sheet at cost less impairment losses.

Investments in equity securities which are not marketable are stated at cost less impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date for marketable equity securities. The fair value of debt securities is calculated by reference to risk-free yield curve adjusted by appropriate risk premium.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated gain or loss that was reported in fund balances is recognised in the statement of revenues and expenses.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(f) Accounts receivable and accrued income

Accounts receivable and accrued income are carried at original invoice amount less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments, assessment of the future cash flows, known and identified instances of default and consideration of market trends. Bad debts are written off when incurred and recognise as part of other expenses in the statement of revenues and expenses.

(g) Property, plant and equipment

Owned assets

Land is stated at cost less impairment losses. Property and equipment are stated at cost less accumulated depreciation and impairment losses.

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

Gains and losses on disposal are determined by comparing proceeds with carrying amount and are included in the statement of revenues and expenses.

Depreciation

Depreciation is charged to the statement of revenues and expenses on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	5	years
Buildings	10 - 30	years
Building improvements	2 - 10	years
Furniture and fixtures	5	years
Office equipment	5	years
Vehicles	5	years

Management determines the estimated useful lives and residual values for the Group's property and equipment. Management will appropriately revise the residual values and useful lives of assets when the residual values and useful lives differ from previous estimations or it will write-off technically obsolete or assets which have been sold or abandoned.

No depreciation is provided on freehold land or assets under construction.

(h) Intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses. Intangible assets are amortised in the statement of revenues and expenses on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows:

Computer software	5	years
Patent and operating rights	10	years

Computer software

Costs associated with developing or maintaining computer software are recognised as expenses as incurred in the statement of revenues and expenses. Costs that are directly associated with identifiable and unique software products controlled by the Group and have probable economic benefit exceeding the cost beyond 1 year, are recognised as intangible assets. Direct cost includes purchase price and an appropriate portion of relevant overheads to allow such asset to be ready for its intended use. Expenditures which enhance or extend the performance of computer software beyond their original specifications are recognised as intangible assets.

Patent and operating rights

Patent represents the expenditure on acquired patent for media publications (including related identifiable trademarks). Operating rights represent the expenditure on acquiring of the rights to use systems including copyrights, patents and trademarks and other related rights, i.e. bond trading system. Both patent and operating rights are controlled by the Group and are expected to generate economic benefits more than 1 year. They are recognised as intangible assets.

Management determines the estimated useful lives for the Group's intangible assets. Management will revise the amortisation charge where useful lives differ from the previous estimations or it will write-off technically obsolete or assets which have been sold or abandoned.

(i) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of revenues and expenses unless it reverses a previous revaluation credited to fund balances, in which case it is charged to fund balances.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in fund balances and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in fund balances is recognised in the statement of revenues and expenses even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of revenues and expenses is the difference between the acquisition cost and current fair value, less any impairment losses on that financial asset previously recognised in the statement of revenues and expenses.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the statement of revenues and expenses. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in fund balances.

An impairment loss in respect of other non-financial assets recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of revenues and expenses over the period of the borrowings on an effective interest basis.

(k) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(l) Employees' benefits

Defined contribution plans

The Group participates a provident fund which is a defined contribution plan. The assets for which are held in a separate trustee-administered fund and are managed by a licensed Fund Manager. The provident fund is funded by payments from employees and by the Group. The Group's contributions to the provident fund are charged to the statement of revenues and expenses in the year to which they are related.

Defined benefit plans

The Group provides for post employment retirement benefits, payable to employees under the labour laws applicable in Thailand. The liability in respect of employees' benefits is measured, using the projected unit credit method which is calculated by an independent actuary in accordance with the actuarial technique. The present value of the defined benefit obligation is determined by discounting estimated future cash flows using yield on the government bonds which have terms to maturity approximating the terms of related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and others. Actuarial gains or losses will be recognised in the statement of revenues and expenses in the period to which they are related.

In determining the appropriate discount rate, the Group considers the interest rates in which the benefits will be paid to the staffs.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

(m) Provisions

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Provisions are recognised in the period in which the Group becomes legally or constructively committed to payment. Costs relating to the ongoing activities are not classified as provisions.

(n) Revenue

Revenue excludes value added taxes.

Service income is recognised upon performance of services.

Where there are long outstanding receivables from listing fees and registrar fees collection over 3 months, the Group considers the collectability of the receivables as doubtful and ceases revenue recognition on fees of related companies immediately.

Membership fees comprise of initial and annual fees. The initial fees are recognised as revenues on the straight line basis over the period of 5 years starting from the first day of service rendered. Annual fees are recognised upon performance of services.

Interest income is recognised on a time proportion basis, taking into account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

Dividend income is recognised in statement of revenues and expenses when the Group's right to receive payment is established.

Other income is recognised when right to receive payment is established.

(o) Expenses

Operating leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases.

Payments made under operating leases are recognised in the statement of revenues and expenses on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are charged to the statement of revenues and expenses for the accounting period in which they are incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Finance costs

Interest expenses and similar costs are charged to the statement of revenues and expenses for the period in which they are incurred.

(p) Dividend payment

Dividends paid are recorded in the consolidated and SET's financial statements in the period in which they are approved by the Group's shareholders.

(q) Directors' remuneration

Directors' remuneration comprises the benefits paid to the Board of Governors of SET and Board of Directors of subsidiaries including benefits received by the members of sub-committees (excluding salaries, bonus and related benefits payable to management).

4 Related party transactions and balances

Related parties are those parties linked to the Group. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Relationships with related parties that controlled or jointly control the Group or are being controlled or jointly controlled by the Group or have transactions with the Group were as follows:

Name of entities	Country of incorporation	Nature of relationships
Thailand Securities Depository Co., Ltd	Thailand	Subsidiary, 99.99% shareholding, all directors are representatives of SET
Thailand Futures Exchange Public Company Limited	Thailand	Subsidiary, 99.99% shareholding, over 50% of directors are representatives of SET
SETTRADE.COM Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, all directors are representatives of SET
Thai Trust Fund Management Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, all directors are representatives of SET
Thailand Clearing House Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, all directors are representatives of SET
mai Matching Fund Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, all directors are representatives of SET
Thai NVDR Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, all directors are representatives of SET
Siam DR Co., Ltd.	Thailand	Subsidiary, 99.99% shareholding, all directors are representatives of SET
Family Know-how Co., Ltd.	Thailand	Jointly controlling shareholder, 50% shareholding, 50% of directors are representatives of SET
Clearing Fund	Thailand	Associate, 20.43% shareholding, over 50% of directors are representatives of SET
TSFC Securities Public Co., Ltd.	Thailand	Associate, 24.66% shareholding, less than 50% of directors are representatives of SET

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Service income	Contractually agreed price
Purchase of services	Cost plus margin
Interest expense	Referred to the deposit rate of financial institutions

Transactions with related parties for the years ended 31 December 2009 and 2008 were as follows:

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Service income				
Subsidiaries				
Thailand Securities Depository Co., Ltd.	-	-	593,591	412,074
Thailand Futures Exchange Public Company Limited	-	-	233,176	129,941
SETTRADE.COM Co., Ltd.	-	-	106,880	62,526
Thailand Clearing House Co., Ltd.	-	-	83,112	-
Family Know-how Co., Ltd.	-	-	5,068	8,709
Thai Trust Fund Management Co., Ltd.	-	-	4,800	4,800
Thai NVDR Co., Ltd.	-	-	-	500
	-	-	1,026,627	618,550
Jointly-controlled entity				
Family Know-how Co., Ltd.	847	-	847	-
Associate				
Clearing Fund	751	-	-	-
Total	1,598	-	1,027,474	618,550
Purchase of services				
Subsidiaries				
Family Know-how Co., Ltd.	-	-	63,954	72,328
Thai NVDR Co., Ltd.	-	-	1,500	1,500
SETTRADE.COM Co., Ltd.	-	-	200	43,418
Thailand Securities Depository Co., Ltd.	-	-	95	803
Thailand Clearing House Co., Ltd.	-	-	49	-
	-	-	65,798	118,049
Jointly-controlled entity				
Family Know-how Co., Ltd.	20,701	-	15,701	-
Total	20,701	-	81,499	118,049

(in thousand Baht)

	SET	
	2009	2008
Interest expense		
Subsidiaries		
Thailand Futures Exchange Public Company Limited	3,618	4,754
Thai Trust Fund Management Co., Ltd.	1,700	3,295
Thailand Securities Depository Co., Ltd.	566	-
SETTRADE.COM Co., Ltd.	486	-
Thai NVDR Co., Ltd.	354	358
Thailand Clearing House Co., Ltd.	236	-
Siam DR Co., Ltd.	149	322
mai Matching Fund Co., Ltd.	132	122
Total	7,241	8,851

Balances as at 31 December 2009 and 2008 with related parties were as follows:

Accounts receivable

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Subsidiaries				
Thailand Securities Depository Co., Ltd.	-	-	-	649
Thailand Futures Exchange Public Company Limited	-	-	-	514
SETTRADE.COM Co., Ltd.	-	-	-	1,959
Family Know-how Co., Ltd.	-	-	-	2,803
	-	-	-	5,925
Jointly-controlled entity				
Family Know-how Co., Ltd.	301	-	301	-
Total	301	-	301	5,925

Accrued income

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Subsidiaries				
Thailand Securities Depository Co., Ltd.	-	-	113,420	70,491
Thailand Futures Exchange Public Company Limited	-	-	66,197	66,561
SETTRADE.COM Co., Ltd.	-	-	11,718	49,910
Thailand Clearing House Co., Ltd	-	-	11,096	-
Family Know-how Co., Ltd.	-	-	-	3,349
	-	-	202,431	190,311
Jointly-controlled entity				
Family Know-how Co., Ltd.	752	-	752	-
Total	752	-	203,183	190,311

Other current assets

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Subsidiaries				
SETTRADE.COM Co., Ltd.	-	-	-	3,447
Family Know-how Co., Ltd.	-	-	-	346
Thailand Securities Depository Co., Ltd	-	-	-	15
Thailand Futures Exchange Public Company Limited	-	-	-	1
	-	-	-	3,809
Jointly-controlled entity				
Family Know-how Co., Ltd.	15	-	15	-
Total	15	-	15	3,809

Payables and accrued expenses

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Subsidiaries				
Thailand Clearing House Co., Ltd.	-	-	49	-
SETTRADE.COM Co., Ltd.	-	-	48	4,908
Thailand Securities Depository Co., Ltd.	-	-	6	684
Family Know-how Co., Ltd.	-	-	-	4,258
	-	-	103	9,850
Jointly-controlled entity				
Family Know-how Co., Ltd.	8,586	-	3,236	-
Total	8,586	-	3,339	9,850

Other current liabilities

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Subsidiaries				
SETTRADE.COM Co., Ltd.	-	-	156	610
Thailand Securities Depository Co., Ltd.	-	-	10	4,455
Thailand Futures Exchange Public Company Limited	-	-	-	946
Total	-	-	166	6,011

Short-term borrowings from subsidiaries

(in thousand Baht)

	Interest rate (% per annum)		SET	
	2009	2008	2009	2008
Subsidiaries				
Thailand Futures Exchange Public Company Limited	1.50	3.25 - 3.50	252,000	205,000
Thai Trust Fund Management Co., Ltd.	1.50	3.25 - 3.50	114,450	102,450
Thailand Securities Depository Co., Ltd.	1.50	-	70,000	-
SETTRADE.COM Co., Ltd.	1.50	-	53,000	-
Thailand Clearing House Co., Ltd.	1.50	-	35,000	-
Thai NVDR Co., Ltd.	1.50	3.25 - 3.50	31,200	18,200
Siam DR Co., Ltd	1.50	3.50	10,200	9,200
mai Matching Fund Co., Ltd.	-	3.25	-	9,000
Total			565,850	343,850

The Group has a policy of centralising the investments and managed by SET in order to increase the efficiency and the overall returns. Therefore, investments been transferred from subsidiaries will be borrowed in a form of promissory note which has no longer than 1 year of maturity and bears interest rate based on the deposit rate given by the financial institution (may be revised when deemed suitable).

Movements of short-term borrowings from subsidiaries during the years ended 31 December 2009 and 2008 were as follows:

(in thousand Baht)

	SET	
	2009	2008
Subsidiaries		
At 1 January	343,850	221,850
Increase	231,000	122,000
Decrease	(9,000)	-
At 31 December	565,850	343,850

Sponsor to Jointly-controlled entity

Under the shareholder agreement between SET and a shareholder, SET will be a principal sponsor of a jointly-controlled entity's program by a limited amount and not exceeding of Baht 214 million per annum and for the period of 3 years starting from 1 January 2010. SET will sell entire assets in studios unit to the jointly-controlled entity at the net book value as at 31 December 2009 (Baht 45.8 million) and also offers a soft loan for payment of the assets.

Contributions for The Stock Exchange of Thailand Foundation

In 2006 the Board of Governors of SET approved the establishment of The Stock Exchange of Thailand Foundation (SOF) and the Board of Governors of SET will be appointed as directors of the Board of SOF. In addition, the Board of Governors of SET approved the appropriation of one-third of annual revenues over expenses of SET to the SOF for its social activities.

SOF was registered and incorporated on 9 August 2006 with the objective of conducting activities for the development of society, communities and the environment. SOF's activities focus on developing a vigorous Thai society and communities in order to prevent and resolve problems relating to addictive drugs and other problems affecting Thai youth and Thai society. In addition, the activities support projects and programmes relating to education.

In 2009 SET has appropriated its annual revenues over expenses to SOF of Baht 134.7 million *(2008: Baht 56.8 million).*

Directors' remuneration

The directors' remuneration represents director fees and compensation fees for the Group's board of directors and other sub-committees.

The directors' remuneration for the year 2009 amounted to Baht 16.4 million *(2008: Baht 24.5 million).*

5 Cash and cash equivalents

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Cash on hand	347	470	326	366
Cash deposits - savings and current accounts	273,208	196,292	189,139	88,531
Highly liquid current investments	8,198	34,995	-	-
Total	**281,753**	**231,757**	**189,465**	**88,897**

6 Current investments

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Investments managed by SET				
General investments				
Savings accounts	120,783	510,510	112,783	465,827
Fixed deposit accounts	1,470,703	955,519	1,045,332	611,392
Promissory notes	916	-	916	-
	1,592,402	1,466,029	1,159,031	1,077,219
Investments in mutual funds				
Money market funds	262,199	718,904	262,199	718,904
Foreign investment funds	5,134	-	-	-
Debt securities held-to-maturity				
Bonds and debentures *(Note 12)*	119,236	55,093	87,246	55,093
Other debt instruments	1,181,544	299,784	1,049,595	218,856
	3,160,515	**2,539,810**	**2,558,071**	**2,070,072**
Investments managed by private funds				
General investments				
Savings accounts	28,697	24,284	24,186	23,594
Fixed deposit accounts	30,000	55,000	30,000	55,000
Other debt instruments	147,714	323,473	147,714	318,541
	206,411	402,757	201,900	397,135
Trading securities	1,980,375	2,383,340	1,849,626	2,277,709
	2,186,786	**2,786,097**	**2,051,526**	**2,674,844**
Total	**5,347,301**	**5,325,907**	**4,609,597**	**4,744,916**

Movements during the years ended 31 December 2009 and 2008 were as follows:

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Opening net book value	5,325,907	5,311,747	4,744,916	4,860,950
Purchase during the year	1,871,442	3,845,654	1,409,785	2,184,184
Disposal during the year	(1,850,048)	(3,831,494)	(1,545,104)	(2,300,218)
Closing net book value	**5,347,301**	**5,325,907**	**4,609,597**	**4,744,916**

Investments managed by SET

Savings accounts bear interest rates ranging from 0.25% - 0.50% per annum in 2009 *(2008: ranging from 0.125% - 1.75% per annum).*

Fixed deposit accounts represent fixed deposits at banks which have maturity within 3 to 12 months and bear interest rates ranging from 0.75% - 4.25% per annum in 2009 *(2008: ranging from 1.75% - 5.50% per annum).*

Promissory notes represent the promissory notes at financial institutions which have maturity within 6 months and bear interest rate at 3.00% per annum in 2009 *(2008: nil).*

Investments in money market funds represent investments in 3 open-ended funds *(2008: 4 open-ended funds).* The investment policy emphasises the investments in short-term debt securities.

Investments in foreign investment funds represent investment in a open-ended fund *(2008: nil)* and investment in bonds, treasury bill or central bank bond that were issued or guaranteed by South Korea's Government of organisation. The fund is open-ended-fund and automatic redemption which have maturity within 1 year.

Bonds and debentures represent government bonds, Bank of Thailand bonds, foreign financial institution bonds and debentures which have coupon rates ranging from 3.73% - 5.00% per annum in 2009 *(2008: ranging from 4.63% - 6.30% per annum)* and market yields range from 1.22% - 2.27% per annum in 2009 *(2008: ranging from 1.96% - 3.57% per annum).* The aggregate market value as at 31 December 2009 was Baht 120.2 million *(2008: Baht 56.0 million).*

Other debt instruments represent treasury bills (zero coupons) which have market yields ranging from 0.87% - 1.15% per annum in 2009 *(2008: ranging from 2.01% - 2.26% per annum).* The aggregate market value as at 31 December 2009 was Baht 1,181.7 million *(2008: Baht 300.0 million).*

Investments managed by private funds

Investments in private funds are managed by 2 asset management companies (2008: 3 companies). The investment policy for private funds is subject to SET's regulations on deposits at financial institutions and investment policies.

The return rates of investments managed by private funds range from 1.95% - 17.61% per annum in 2009 *(2008: ranging from 4.68% - 7.46% per annum).*

7 Accounts receivable and accrued income, net

(in thousand Baht)

	Note	Consolidated financial statements		SET	
		2009	2008	2009	2008
Accounts receivable					
Related parties	4	301	-	301	5,925
Other parties		58,119	59,230	26,396	24,560
		58,420	59,230	26,697	30,485
Less allowance for doubtful accounts		(19,255)	(19,399)	(8,675)	(8,774)
Net		39,165	39,831	18,022	21,711
Accrued income					
Related parties	4	752	-	203,183	190,311
Other parties		141,659	145,737	35,954	26,878
		142,411	145,737	239,137	217,189
Accounts receivable and accrued income, net		181,576	185,568	257,159	238,900

Aging analysis for accounts receivable is as follows:

(in thousand Baht)

	Note	Consolidated financial statements		SET	
		2009	2008	2009	2008
Related parties					
Within credit terms	4	301	-	301	5,925
		301	-	301	5,925
Other parties					
Within credit terms		34,762	36,116	14,446	15,589
Overdue:					
Less than 3 months		4,100	3,714	3,275	197
3 - 6 months		-	1	-	-
6 - 12 months		2	-	-	-
Over 12 months		19,255	19,399	8,675	8,774
		58,119	59,230	26,396	24,560
Less allowance for doubtful accounts		(19,255)	(19,399)	(8,675)	(8,774)
		38,864	39,831	17,721	15,786
Net		39,165	39,831	18,022	21,711

The normal credit term granted by the Group ranges from 15 days to 30 days.

8 Other current assets

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Loans to employees	34,541	32,414	34,541	20,545
Prepaid expenses	29,257	28,307	28,928	31,038
Pending input tax	4,490	5,087	4,022	4,907
Inventory - publication	1,951	-	1,951	-
Value added tax receivable	996	3,290	-	-
Restricted cash at bank *(Note 29)*				
Principal	-	2,743	-	-
Interest	-	55	-	-
Other	1,658	16,636	964	2,035
Total	72,893	88,532	70,406	58,525

9 Investments in subsidiaries

(in thousand Baht)

	SET	
	2009	2008
Subsidiaries		
At 1 January	554,591	544,591
Acquisitions	102,700	10,000
Change status from subsidiary to jointly-controlled entity	(50,000)	-
During liquidation process	(10,000)	-
At 31 December	597,291	554,591

Investments in subsidiaries as at 31 December 2009 and 2008, and dividend income from those investments for the years then ended were as follows:

(in thousand Baht)

	SET									
	Ownership interest (%)		Paid-up capital		Cost method		At cost, net		Dividend income	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Subsidiaries										
Thailand Securities Depository Co., Ltd.	99.99	99.99	200,000	200,000	200,000	200,000	200,000	200,000	-	-
SETTRADE.COM Co., Ltd.	99.99	99.99	80,000	80,000	74,591	74,591	74,591	74,591	-	-
Family Know-how Co., Ltd.	-	99.99	-	50,000	-	50,000	-	50,000	-	-
Thailand Futures Exchange Public Company Limited	99.99	99.99	100,000	100,000	100,000	100,000	100,000	100,000	-	-
Thai Trust Fund Management Co., Ltd.	99.99	99.99	100,000	100,000	100,000	100,000	100,000	100,000	-	2,000
Thai NVDR Co., Ltd.	99.99	99.99	10,000	10,000	10,000	10,000	10,000	10,000	-	-
Siam DR Co., Ltd.	99.99	99.99	10,000	10,000	10,000	10,000	10,000	10,000	-	-
Thailand Clearing House Co., Ltd.	99.99	-	100,000	-	102,700	-	102,700	-	-	-
mai Matching Fund Co., Ltd.	99.99	99.99	-	10,000	-	10,000	-	10,000	-	-
Total					597,291	554,591	597,291	554,591	-	2,000

10 Investments in jointly-controlled entity, net

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Jointly-controlled entity				
At 1 January	-	-	-	-
Change status from subsidiary to jointly-controlled entity	50,000	-	50,000	-
Share of net profit of investments in equity method since 2 November 2009	3,347	-	-	-
Acquisitions	-	-	28,500	-
Allowance for impairment losses	-	-	(28,500)	-
Disposals	(25,000)	-	(25,000)	-
At 31 December	28,347	-	25,000	-

Investments in jointly-controlled entity as at 31 December 2009 and 2008, and dividend income for the years then ended were as follows:

(in thousand Baht)

	Consolidated financial statements									
	Ownership interest (%)		Paid-up capital		Cost method		Equity method		Dividend income	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Jointly-controlled entity										
Family know-how Co., Ltd.	50	-	25,000	-	25,000	-	28,347	-	-	-
Total					25,000	-	28,347	-	-	-

(in thousand Baht)

	SET													
	Ownership interest (%)		Paid-up capital		Cost method		Impairment		At cost, net		Market price of listed securities		Dividend income	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Jointly-controlled entity														
Family know-how Co., Ltd.	50	-	25,000	-	25,000	-	-	-	25,000	-	-	-	-	-
Total					25,000	-	-	-	25,000	-	-	-	-	-

The following summarised financial information on interests in jointly-controlled entity as at 31 December 2009 and for the year then ended which have been accounted for using the equity method represents the Group's share:

(in thousand Baht)

	Note	Ownership interest (%)	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Total revenues	Total expenses	Net loss
2009											
Family Know-how Co., Ltd.	1	50	77,618	4,404	82,022	22,015	3,308	25,323	141,543	147,162	(5,619)
Total			77,618	4,404	82,022	22,015	3,308	25,323	141,543	147,162	(5,619)

SET has recorded interests by Group's share (share of net profit of investments in equity method) since the date which Family Know-how Co., Ltd. changed the status from a subsidiary to be a joint venture (2 November 2009) to 31 December 2009 amounting to Baht 3.3 million.

11 Investments in associates, net

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Associates				
At 1 January	159,939	160,834	100,000	100,000
Acquisitions	250,000	-	250,000	-
Reversal of impairment losses	35,806	-	35,806	-
Unrealised loss on available-for-sale securities accounted for equity method	(4,407)	-	-	-
Share of net profit (loss) of investments in equity method	26,346	(895)	-	-
At 31 December	467,684	159,939	385,806	100,000

During the year 2009 SET reversed impairment losses of investment in an associate amounting to Baht 35.8 million due to the recoverable amount of the investment is presently increasing.

Investments in associates as at 31 December 2009 and 2008, and dividend income for the years then ended were as follows:

(in thousand Baht)

	Consolidated financial statements									
	Ownership interest (%)		Paid-up capital		Cost method		Equity method		Dividend Income	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Associates										
Clearing Fund	20.43	21.76	782,078	738,530	100,000	100,000	167,900	159,939	-	-
TSFC Securities Public Company Limited	24.66	-	1,016,740	-	285,806	-	299,784	-	-	-
Total					385,806	100,000	467,684	159,939	-	-

(in thousand Baht)

	SET													
	Ownership Interest (%)		Paid-up capital		Cost method		Impairment		At cost, net		Market price of listed securities		Dividend income	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Associates														
Clearing Fund	20.43	21.76	782,078	738,530	100,000	100,000	-	-	100,000	100,000	-	-	-	-
TSFC Securities Public Company Limited	24.66	-	1,016,740	-	300,000	-	(14,194)	-	285,806	-	-	-	-	-
Total					400,000	100,000	(14,194)	-	385,806	100,000	-	-	-	-

12 Long-term investments, net

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Available-for-sale investments				
Investments in mutual funds				
General mutual funds	2,945,526	2,579,943	2,945,526	2,579,943
Property funds	300,303	271,419	297,603	268,419
Foreign investment funds	302,296	273,374	302,296	268,187
	3,548,125	3,124,736	3,545,425	3,116,549
Held-to-maturity debt securities				
Bonds and debentures	1,133,283	888,368	1,115,283	833,403
	1,133,283	888,368	1,115,283	833,403
General investments				
Cash at banks by M.O.U.	442,474	407,649	442,474	407,649
Investments in specific-purpose funds	216,311	203,078	216,311	203,078
Fixed deposit accounts	745,000	57,024	738,000	50,000
Other debt instruments	-	30,000	-	30,000
Equity securities	12,336	62,336	12,336	62,336
Less allowance for impairment losses	(7,495)	(50,000)	(7,495)	(50,000)
	1,408,626	710,087	1,401,626	703,063
Total	6,090,034	4,723,191	6,062,334	4,653,015

Movements of long-term investments during the years ended 31 December 2009 and 2008 were as follows:

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Opening net book value	4,723,191	6,795,998	4,653,015	6,781,998
Acquisitions	5,929,890	8,954,991	5,924,890	8,901,830
Disposals	(5,651,086)	(8,930,823)	(5,603,874)	(8,932,187)
Adjustments	(18,641)	36,824	(22,893)	34,601
Unrealised gain (loss) on available-for-sale securities	1,114,175	(2,083,799)	1,118,691	(2,083,227)
Less allowance for impairment losses	(7,495)	(50,000)	(7,495)	(50,000)
Closing net book value	6,090,034	4,723,191	6,062,334	4,653,015

Investments in mutual funds represent investments in 12 open-ended funds *(2008: 22 funds)* and 1 debt fund *(2008: 1 fund),* which have a policy of emphasising the investments in equity securities of listed companies.

Investments in property funds represent 11 closed-end mutual funds *(2008: 11 funds)*. These funds are established for acquiring, leasing and transferring properties and/or their leasehold right and providing for income-generating properties. All these property fund units are listed and traded on The Stock Exchange of Thailand.

Investments in foreign investment funds represent investments in 7 open-ended funds *(2008: 10 funds)*, which the Feeder Fund has the policy to emphasise the investments in foreign fund securities.

Bonds and debentures represent government bonds, Bank of Thailand bonds, foreign financial institution bonds and debentures which have maturity within 2 to 9 years, coupon rates range from 3.00% - 6.10% per annum in 2009 *(2008: ranging from 3.73% - 6.10% per annum)* and market yields range from 1.98% - 4.64% per annum in 2009 *(2008: ranging from 1.97% - 4.37% per annum)*. The aggregated market value at 31 December 2009 was Baht 1,201.3 million *(2008: Baht 986.0 million)*.

As at 31 December 2009 and 2008 bonds and debentures classified by maturity were as follows:

(in thousand Baht)

	Consolidated financial statements			
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total
2009				
Held-to-maturity debt securities				
Government bonds	17,115	665,000	1,093	683,208
Bank of Thailand bonds	16,990	-	100,000	116,990
Foreign financial institution bonds	40,000	-	-	40,000
Debentures	45,131	367,190	-	412,321
Total	119,236	1,032,190	101,093	1,252,519
2008				
Held-to-maturity debt securities				
Government bonds	20,093	671,043	1,103	692,239
Bank of Thailand bonds	-	21,965	-	21,965
Foreign financial institution bonds	-	40,000	-	40,000
Debentures	35,000	154,257	-	189,257
Total	55,093	887,265	1,103	943,461

(in thousand Baht)

	SET			
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total
2009				
Held-to-maturity debt securities				
Government bonds	17,115	665,000	1,093	683,208
Bank of Thailand bonds	-	-	100,000	100,000
Foreign financial institution bonds	30,000	-	-	30,000
Debentures	40,131	349,190	-	389,321
Total	87,246	1,014,190	101,093	1,202,529
2008				
Held-to-maturity debt securities				
Government bonds	20,093	671,043	1,103	692,239
Foreign financial institution bonds	-	30,000	-	30,000
Debentures	35,000	131,257	-	166,257
Total	55,093	832,300	1,103	888,496

The fair value and unrealised gain (loss) of investments in bonds and debentures are as follows:

(in thousand Baht)

	Consolidated financial statements					
	Amortised cost, net		Fair value		Unrealised gain (loss)	
	2009	2008	2009	2008	2009	2008
Government bonds	683,208	692,239	742,654	783,942	59,446	91,703
Bank of Thailand bonds	116,990	21,965	119,063	22,520	2,073	555
Foreign financial institution bonds	40,000	40,000	40,254	40,682	254	682
Debentures	412,321	189,257	419,586	195,066	7,265	5,809
	1,252,519	943,461	1,321,557	1,042,210	69,038	98,749
Less current portion *(Note 6)*	(119,236)	(55,093)	(120,225)	(55,775)	(989)	(682)
	1,133,283	888,368	1,201,332	986,435	68,049	98,067

(in thousand Baht)

	SET					
	Amortised cost, net		Fair value		Unrealised gain (loss)	
	2009	2008	2009	2008	2009	2008
Government bonds	683,208	692,239	742,654	783,942	59,446	91,703
Bank of Thailand bonds	100,000	-	101,905	-	1,905	-
Foreign financial institution bonds	30,000	30,000	30,191	30,512	191	512
Debentures	389,321	166,257	395,836	171,733	6,515	5,476
	1,202,529	888,496	1,270,586	986,187	68,057	97,691
Less current portion *(Note 6)*	(87,246)	(55,093)	(87,969)	(55,775)	(723)	(682)
	1,115,283	833,403	1,182,617	930,412	67,334	97,009

Cash at banks by M.O.U. is used as a security for housing loans to employees of the Group by a bank under a Memorandum of Understanding.

Investments in specific-purpose funds represent investment in 3 open-ended venture capital funds *(2008: 3 venture capital funds).* This investment is carried at cost under generally accepted accounting principles due to the redemption restriction for the first 5 years. Details are as follows:

1) In 2005 fund established by the government to strengthen and recover businesses which suffered from the tsunami disaster. The specific-purpose fund has a policy of investing in securities of businesses involved in the tourism industry and has been affected by the tsunami in the six southern provinces. The fund has an automatic redemption from the sixth year (2011) unless there is approval by the investment committee for redemption before the redemption restriction term.

2) In 2007 non-retail fund which mainly invests directly in energy, alternative and renewable energy firms and businesses that support the government's energy policies. The fund has an automatic redemption from the sixth year (2013) when the fund disposes its assets, then no further re-investment.

3) In 2008 non-retail fund which mainly invests directly in businesses and industries which have potential growth. The fund is a long-term investment and has an automatic redemption from the fourth year (2012).

Investments in 2 and 3 specific-purpose funds have the capital commitment subscription until the end of contract *(Note 28).*

The fair value and unrealised gain (loss) from investments in specific-purpose funds are as follows:

(in thousand Baht)

	Consolidated and SET's financial statements							
	Cost		Fair value		Impairment		Unrealised loss	
	2009	2008	2009	2008	2009	2008	2009	2008
Investment unit in specific-purpose fund	216,311	203,078	208,816	185,967	(7,495)	-	-	(17,111)

Fixed deposit accounts represent fixed deposits at banks which have maturity over 1 year and bear interest rates ranging from 2.75% - 3.75% per annum in 2009 *(2008: ranging from 3.00% - 5.50% per annum).*

Other debt instruments represent promissory notes issued by financial institutions which have maturity within 6 years and bear interest rate at 5.50% per annum in 2008.

13 Property, plant and equipment, net

(in thousand Baht)

	Consolidated financial statements					
	Land and improvements	Construction in process	Buildings and improvements	Furniture,fixtures and office equipment	Vehicles	Total
Cost						
At 1 January 2008	1,987,025	19,809	1,313,432	1,651,305	15,994	4,987,565
Additions	267,660	89,398	5,997	23,117	1,241	387,413
Disposals	-	-	(72)	(652,573)	(1,991)	(654,636)
Transfers	-	(19,800)	-	19,800	-	-
At 31 December 2008 and 1 January 2009	2,254,685	89,407	1,319,357	1,041,649	15,244	4,720,342
Additions	-	159,365	33,497	45,274	6,031	244,167
Disposals	-	-	-	(14,534)	(18,124)	(32,658)
Transfers	-	(181,893)	181,893	-	-	-
Adjustments	-	-	(2,171)	(21,527)	-	(23,698)
At 31 December 2009	2,254,685	66,879	1,532,576	1,050,862	3,151	4,908,153
Accumulated depreciation						
At 1 January 2008	55	-	302,040	1,231,551	7,006	1,540,652
Depreciation charge for the year	114	-	60,165	150,503	3,024	213,806
Disposals	-	-	(45)	(652,361)	(377)	(652,783)
At 31 December 2008 and 1 January 2009	169	-	362,160	729,693	9,653	1,101,675
Depreciation charge for the year	133	-	62,260	136,914	2,076	201,383
Disposals	-	-	-	(11,118)	(11,456)	(22,574)
Adjustments	-	-	(1,426)	(20,112)	-	(21,538)
At 31 December 2009	302	-	422,994	835,377	273	1,258,946
Net book value						
At 31 December 2008	2,254,516	89,407	957,197	311,956	5,591	3,618,667
At 31 December 2009	2,254,383	66,879	1,109,582	215,485	2,878	3,649,207

(in thousand Baht)

	SET					
	Land and improvements	Construction in process	Buildings and improvements	Furniture,fixtures and office equipment	Vehicles	Total
Cost						
At 1 January 2008	1,987,025	19,809	1,308,703	1,436,830	15,994	4,768,361
Additions	267,660	89,398	5,842	17,882	428	381,210
Disposals	-	-	(72)	(612,922)	(1,178)	(614,172)
Transfers	-	(19,800)	-	19,800	-	-
At 31 December 2008 and 1 January 2009	2,254,685	89,407	1,314,473	861,590	15,244	4,535,399
Additions	-	159,365	33,497	45,274	6,031	244,167
Disposals	-	-	-	(6,933)	(18,124)	(25,057)
Transfers	-	(181,893)	181,893	-	-	-
At 31 December 2009	2,254,685	66,879	1,529,863	899,931	3,151	4,754,509
Accumulated depreciation						
At 1 January 2008	55	-	300,473	1,075,902	7,006	1,383,436
Depreciation charge for the year	114	-	59,681	127,563	3,024	190,382
Disposals	-	-	(45)	(612,808)	(377)	(613,230)
At 31 December 2008 and 1 January 2009	169	-	360,109	590,657	9,653	960,588
Depreciation charge for the year	133	-	61,806	118,937	2,076	182,952
Disposals	-	-	-	(6,237)	(11,456)	(17,693)
At 31 December 2009	302	-	421,915	703,357	273	1,125,847
Net book value						
At 31 December 2008	2,254,516	89,407	954,364	270,933	5,591	3,574,811
At 31 December 2009	2,254,383	66,879	1,107,948	196,574	2,878	3,628,662

The gross amount of the Group's and SET's fully depreciated plant and equipment that was still in use as at 31 December 2009 amounted to Baht 421.9 million and Baht 348.4 million respectively *(2008: Baht 375.6 million and Baht 299.8 million respectively).*

14 Intangible assets, net

(in thousand Baht)

	Consolidated financial statements			
	Work in process	Computer software	Patents and Operating rights	Total
Cost				
At 1 January 2008	118,306	765,783	16,231	900,320
Additions	8,825	18,861	-	27,686
Transfers	(96,825)	96,825	-	-
Disposals	-	(47,905)	(14,231)	(62,136)
At 31 December 2008 and 1 January 2009	30,306	833,564	2,000	865,870
Additions	2,005	26,490	-	28,495
Transfers	(32,311)	32,311	-	-
Disposals	-	(50,396)	-	(50,396)
Adjustments	-	(3,400)	(2,000)	(5,400)
At 31 December 2009	-	838,569	-	838,569
Accumulated amortisation				
At 1 January 2008	-	341,683	3,822	345,505
Amortisation charge for the year	-	141,260	614	141,874
Disposals	-	(47,904)	(3,637)	(51,541)
At 31 December 2008 and 1 January 2009	-	435,039	799	435,838
Amortisation charge for the year	-	139,309	167	139,476
Disposals	-	(48,140)	-	(48,140)
Adjustments	-	(1,928)	(966)	(2,894)
At 31 December 2009	-	524,280	-	524,280
Net book value				
At 31 December 2008	30,306	398,525	1,201	430,032
At 31 December 2009	-	314,289	-	314,289

(in thousand Baht)

	SET			
	Work in process	Computer software	Patents and Operating rights	Total
Cost				
At 1 January 2008	117,024	646,383	14,231	777,638
Additions	8,825	17,915	-	26,740
Transfers	(95,543)	95,543	-	-
Disposals	-	(31,857)	(14,231)	(46,088)
At 31 December 2008 and 1 January 2009	30,306	727,984	-	758,290
Additions	2,005	26,490	-	28,495
Transfers	(32,311)	32,311	-	-
Disposals	-	(45,325)	-	(45,325)
At 31 December 2009	-	741,460	-	741,460
Accumulated amortisation				
At 1 January 2008	-	266,561	3,222	269,783
Amortisation charge for the year	-	127,959	415	128,374
Disposals	-	(31,856)	(3,637)	(35,493)
At 31 December 2008 and 1 January 2009	-	362,664	-	362,664
Amortisation charge for the year	-	127,698	-	127,698
Disposals	-	(45,324)	-	(45,324)
At 31 December 2009	-	445,038	-	445,038
Net book value				
At 31 December 2008	30,306	365,320	-	395,626
At 31 December 2009	-	296,422	-	296,422

The gross amount of the Group's and SET's fully amortised intangible assets that was still in use as at 31 December 2009 amounted to Baht 136.3 million and Baht 93.4 million respectively *(2008: Baht 163.0 million and Baht 120.6 million respectively).*

15 Assets for margin deposits and benefits

Thailand Clearing House Co., Ltd. (TCH) is the clearing house for derivatives market members of TCH who have outstanding positions are obliged to place the required margin deposits as the guarantee according to rate or amount called by TCH. TCH may invest the proceeds of margins according to specified terms and conditions. The benefits, after deducting management fees, shall be distributed to members at the announced rates and procedures.

As at 31 December 2009 margins deposits placed by members amounting to Baht 2,480.4 million *(2008: Baht 1,897.2 million)* were deposited in savings accounts and fixed deposit accounts with maturity less than one year, and Baht 333.1 million *(2008: nil)* were deposited in Bank of Thailand bonds, and the accrued benefits of these deposits amounting to Baht 21.9 million *(2008: Baht 4.7 million),* totaling Baht 2,835.4 million *(2008: Baht 1,901.9 million),* which SET separately presented in the account "Assets for margin deposits and benefits" in current assets in the balance sheet and presented liabilities in the same amount in the account "Margin deposits and benefits payables" in current liabilities in the balance sheet.

16 Assets for clearing system protection and benefits

The assets for the clearing system protection are established to secure the clearing system of Thailand Clearing House Co., Ltd. (TCH) against any damage caused by defaults or other incidents made by members.

Assets for the clearing system protection comprise of the following 2 types:

16.1 Securities Deposit

Members of TCH are required to place a Securities Deposit according to the announcement made by TCH (current Securities Deposit for general clearing members is not less than Baht 5 million per member and for gold related products clearing members is not less than Baht 4 million per member). TCH shall invest the proceeds of Securities Deposit and return benefits derived from those Securities Deposit, after deducting management fee, to members in accordance with announced rates and procedures. Assets held as Securities Deposit will be returned to member after membership termination.

16.2 Clearing fund comprises contributions from:

(1) SET amounting to Baht 100 million *(31 December 2008: Thailand Securities Depository Co., Ltd., amounting to Baht 100 million)*

(2) Members of TCH:

- Initial contribution according to the announced rates (currently initial contribution for general clearing members is not less than Baht 5 million per member and for gold related products clearing members is not less than Baht 1 million per member)
- Monthly contribution at the value of not less than Baht 1,000

Securities Deposit and benefits are the right of the payers according to the proportion of their contributions. When the membership is terminated, the member's Securities Deposit and benefits on contributions will be returned.

Assets for the clearing system protection and benefits as at 31 December 2009 and 2008 consist of:

(in thousand Baht)

	Consolidated financial statements					
	Securities Deposit and benefits		Clearing fund and benefits		Total	
	2009	2008	2009	2008	2009	2008
Investments managed by the company	255,080	258,142	-	1	255,080	258,143
Investments managed by private funds						
Savings accounts	441	491	363	240	804	731
Other debt instruments	27,410	60,700	52,819	115,000	80,229	175,700
Trading securities	173,409	122,902	302,880	210,081	476,289	332,983
	456,340	442,235	356,062	325,322	812,402	767,557
Accrued interest receivables	2,233	2,574	2,106	4,316	4,339	6,890
Other assets	133	203	933	1,366	1,066	1,569
Total	458,706	445,012	359,101	331,004	817,807	776,016

Assets for the clearing system protection and benefits payables as at 31 December 2009 and 2008 consist of:

(in thousand Baht)

	Consolidated financial statements	
	2009	2008
Securities Deposit and benefits		
Contributions	454,978	435,000
Benefits (semi-annually distribute to members)	3,728	10,012
	458,706	445,012
Clearing fund and benefits		
Contributions	219,873	199,061
Benefits	21,187	16,299
	241,060	215,360
Total	699,766	660,372

17 Accounts payable and accrued expenses

(in thousand Baht)

	Note	Consolidated financial statements		SET	
		2009	2008	2009	2008
Related parties	4	8,586	-	3,339	9,850
Other parties		464,620	345,696	455,390	300,096
Total		473,206	345,696	458,729	309,946

18 Other current liabilities

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Withholding tax payable	86,399	53,951	63,785	28,484
Payable of financial benefits to unit holders	41,081	37,432	-	-
Dividend payable from Legal Execution Department	33,602	44,576	-	-
Pending donation for disaster	23,437	24,328	23,437	24,328
Other retention payables	21,696	14,685	21,687	19,574
Provision for employees' benefits from accumulated annual leave	18,387	-	18,387	-
Ngoen-Thong-khong-Mee-Kha Fund	12,035	11,936	12,035	11,936
Other	18,355	26,984	9,025	20,542
Total	254,992	213,892	148,356	104,864

19 Provision for employees' benefits

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Balance sheet obligations	119,602	133,723	119,602	92,502
Charge in the statement of revenues and expenses	17,906	16,778	55,260	11,769

The amounts of liabilities recognised in the balance sheets are determined as follows:

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Present value of obligations	118,464	133,723	118,464	92,502
Unrecognised actuarial gain	1,138	-	1,138	-
Liabilities in the balance sheets	119,602	133,723	119,602	92,502

Movements of provision for employees' benefits are as follows:

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Beginning balance	133,723	116,945	92,502	80,733
Current service costs	11,923	11,515	11,405	8,136
Interest costs	5,983	5,263	5,871	3,633
	151,629	133,723	109,778	92,502
Less benefits paid	(28,160)	-	(28,160)	-
Add (less) adjustments	(3,867)	-	37,984	-
Ending balance	119,602	133,723	119,602	92,502
Less current portion	(8,453)	-	(8,453)	-
Total non-current	111,149	133,723	111,149	92,502

In 2009 SET management approved a restructuring management plan and personnel under a new organization structure for which transferring all staffs from all subsidiaries to SET. Therefore, SET has been transferred provision for employees' benefits from the subsidiaries and charged as part of employees' benefits expenses in the statement of revenues and expenses.

Furthermore, the Group had restructured business of a subsidiary by entering a joint venture arrangement with a company; therefore, the status of a subsidiary had been changed to be a jointly-controlled entity. The Group had adjusted the provision for employees' benefits of the subsidiary for which previously were included in the consolidated financial statements.

The amounts recognised in the statements of revenues and expenses are as follows:

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Current service costs	11,923	11,515	11,405	8,136
Interest costs	5,983	5,263	5,871	3,633
	17,906	16,778	17,276	11,769
Add transferred from subsidiaries	-	-	37,984	-
Total	17,906	16,778	55,260	11,769

The principal actuarial assumptions used are as follows:

	2009	2008
Discount rate as of 31 December	4.80%	4.50%
Salary increase rate - permanent employees	6.00%	6.00%
Salary increase rate - contract employees	4.50%	4.50%
Average turnover rate	6.40%	6.40%
Pre-retirement mortality rate	0.11% - 1.48%	0.11% - 1.48%
Retirement age	60 years old	60 years old

20 Fund balances

Details of fund balances consist of:

Securities Clearing Reserve Fund

In 1997 the Board of Governors of SET approved an appropriation of general fund of Baht 2,000 million to be the Securities Clearing Reserve Fund, which operated by a subsidiary of SET, in order to resolve liquidity risk in the event of default on clearing and settlement from securities trading in SET.

Clearing and Settlement of Derivatives Market Reserve Fund

In 2004 the Board of Governors of SET approved an appropriation of general fund of Baht 300 million to be the Clearing and Settlement of Derivatives Market Reserve Fund in order to assure contingent loss from clearing and settlement system of future contracts at Thailand Clearing House Co., Ltd.

Indemnity Fund

In 1993 and 2002 the Board of Governors of SET approved appropriations of general fund totaling Baht 100 million to be the Indemnity Fund in order to assist and assure the Board of Governors and those appointed assignees on matters requiring consideration and decisions which may affect or cause damages to other parties.

SET Building Construction Fund

In 1992 the Board of Governors of SET approved an appropriation of general fund of Baht 580 million for the construction of SET buildings. The office buildings were completely constructed in 1998. The remaining fund of Baht 246.3 million is reserved for further construction of parking building.

In 2008 the Board of Governors of SET approved SET to build the car park building with the above-mentioned remaining fund. The total construction cost paid in 2009 was Baht 66.9 million *(2008: Baht 6.6 million).*

Staff Welfare Fund

In 1997 and 2004 the Board of Governors of SET approved appropriations of general fund totaling Baht 75 million to be the Staff Welfare Fund. All benefits earned from this fund are retained in the fund.

Securities Investor Protection Fund

In 2004 the Board of Governors of SET approved an appropriation of Baht 300 million from broker seat admission fees as an initial fund for the establishment of the Securities Investor Protection Fund (SIPF).

The SIPF was formally established under SIPF regulations on 1 October 2004. The objective of the fund is to protect and build confidence of investors in trading listed securities at SET through the members of SIPF. As at 31 December 2009 the number of SIPF members was 33 companies *(2008: 33 companies).*

The assets of SIPF consist of:

1) the initial fund from SET of Baht 300 million which appropriated from broker seat admission fees;
2) the membership entrance fees and monthly fees collected from the members (commencing from 1 January 2005) which will be cumulated up to Baht 200 million; and
3) the future benefits generated from investments in SIPF.

The fund will protect the investors' assets which are in the custody of the securities brokers who are members of SIPF. In the event that the members of SIPF fail to return the assets to investors, each investor shall be compensated by SIPF for his/her damage at the actual cost but not over Baht 1 million per each SIPF member in the following cases:

1) if any SIPF member is in receivership under the Bankruptcy Acts or
2) if there are disputes concerning the purchase or sale of listed securities in SET between investors and any SIPF member, and the a rbitrators' award is that SIPF member shall return the assets to investors, but such SIPF member violates such award.

The protection will not include any losses from securities trading regardless who makes investment decision.

SIPF's financial statements included as part of the consolidated and SET's financial statements are as follows:

(in thousand Baht)

	Consolidated and SET's financial statements	
	2009	2008
Assets		
Current assets		
Cash and investments	283,350	306,160
Contributions due from members	2,697	2,251
Accrued interest receivables	3,869	2,363
Total current assets	**289,916**	**310,774**
Non-current assets		
Long-term investments	259,996	182,741
Total assets	**549,912**	**493,515**
Liabilities and fund balances		
Non-current liabilities		
Contributions from members	173,786	134,554
Benefits on contributions from members	15,956	10,433
Other non-current liabilities	1	483
Total non-current liabilities	**189,743**	**145,470**
Fund balances		
Initial fund	300,000	300,000
Fund balances	60,169	48,045
Total fund balances	360,169	348,045
Total liabilities and fund balances	**549,912**	**493,515**

SIPF's statement of revenues and expenses for the years ended 31 December 2009 and 2008 are presented in note 21 to the financial statements *"Results of funds operations"*.

SET's 30th Anniversary Charity Fund

In 2004 the Board of Governors of SET approved an appropriation of membership fees of Baht 100 million to establish a charity fund on the occasion of SET's 30th anniversary. The purpose of the fund is mainly to contribute to SET's neighbouring communities and universities through SET university networking on youth development, sports and education projects. This fund was fully used in 2008.

21 Results of funds operations

Details of results of funds operations which are included as part of the consolidated and SET's statements of revenues and expenses are as follows:

(in thousand Baht)

	Consolidated financial statements				
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	The SET's 30th Anniversary Charity Fund	General Fund	Total
For the year ended 31 December 2009					
Revenues					
Fee and service income	-	-	-	1,825,917	1,825,917
Investment income, net	1,127	12,291	-	874,675	888,093
Other income	-	-	-	537,466	537,466
Total revenues	1,127	12,291	-	3,238,058	3,251,476
Expenses					
Operating expenses	-	81	-	2,598,534	2,598,615
Donation and social activities contributions	-	-	-	141,421	141,421
Income tax expense	-	-	-	54,839	54,839
Total expenses	-	81	-	2,794,794	2,794,875
Revenues over expenses	1,127	12,210	-	443,264	456,601
For the year ended 31 December 2008					
Revenues					
Fee and service income	-	-	-	1,673,331	1,673,331
Investment income, net	1,061	12,391	-	612,513	625,965
Other income	-	-	-	533,518	533,518
Total revenues	1,061	12,391	-	2,819,362	2,832,814
Expenses					
Operating expenses	-	39	-	2,482,321	2,482,360
Donation and social activities contributions	-	-	8,713	87,643	96,356
Income tax expense	-	-	-	48,617	48,617
Total expenses	-	39	8,713	2,618,581	2,627,333
Revenues over (under) expenses	1,061	12,352	(8,713)	200,781	205,481

(in thousand Baht)

	SET				
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	The SET's 30th Anniversary Charity Fund	General Fund	Total
For the year ended 31 December 2009					
Revenues					
Fee and service income	-	-	-	1,705,361	1,705,361
Investment income, net	1,127	12,291	-	801,783	815,201
Other income	-	-	-	288,126	288,126
Total revenues	1,127	12,291	-	2,795,270	2,808,688
Expenses					
Operating expenses	-	81	-	2,397,831	2,397,912
Donation and social activities contributions	-	-	-	141,439	141,439
Total expenses	-	81	-	2,539,270	2,539,351
Revenues over expenses	1,127	12,210	-	256,000	269,337
For the year ended 31 December 2008					
Revenues					
Fee and service income	-	-	-	1,254,446	1,254,446
Investment income, net	1,061	12,391	-	584,697	598,149
Other income	-	-	-	341,504	341,504
Total revenues	1,061	12,391	-	2,180,647	2,194,099
Expenses					
Operating expenses	-	39	-	1,985,980	1,986,019
Donation and social activities contributions	-	-	8,713	85,757	94,470
Total expenses	-	39	8,713	2,071,737	2,080,489
Revenues over (under) expenses	1,061	12,352	(8,713)	108,910	113,610

22 Investment income, net

(in thousand Baht)

	Note	Consolidated financial statements		SET	
		2009	2008	2009	2008
Interest income		241,489	301,501	162,294	210,806
Less interest expense					
Short-term borrowings from subsidiaries	4	-	-	(7,241)	(8,851)
Assets for the clearing system protection - members' portion		(58,007)	(67,133)	-	-
Other		(329)	(741)	(329)	(741)
Interest income, net		183,153	233,627	154,724	201,214
Dividend income from					
Mutual funds		404,902	200,288	404,758	200,288
Subsidiaries	9	-	-	-	2,000
Other entities		2,001	12,521	2,001	12,521
Realised gain from investments		288,571	158,278	285,775	157,357
Unrealised gain (loss) from investments		(31,136)	58,860	(43,775)	62,378
Impairment losses on investments		(7,495)	(50,000)	(35,995)	(50,000)
Reversals of impairment losses	11	35,806	-	35,806	-
Recognised loss from liquidation of subsidiary		-	-	(384)	-
Net		875,802	613,574	802,910	585,758

23 Other income

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Revenues from membership fees	118,388	110,470	23,400	43,638
Information service income	100,980	85,022	78,395	71,087
Education dissemination income	66,595	63,655	62,288	58,970
Service and advertising production income	37,371	46,207	-	-
Income on fund registrar fees	37,188	28,333	-	-
Income on customisation and IT support fee	31,509	25,879	31,509	25,879
Revenues from fees and management funds	23,130	25,448	6,133	11,068
Fines	12,071	21,464	11,328	17,130
Other income	80,541	127,935	75,073	113,732
Total	507,773	534,413	288,126	341,504

24 Employees' benefits expenses

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Salaries and other benefits	1,171,397	954,405	1,173,256	670,044
Contributions to provident fund	67,219	70,502	64,557	49,307
Total	1,238,616	1,024,907	1,237,813	719,351

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 10% of their basic salaries and by the Group at the rate of 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

25 Contributions to the office of the Securities and Exchange Commission (SEC)

The Securities and Exchange Act B.E. 2535 requires SET to contribute to the SEC at a rate as determined by the Board of SEC.

During 2006 to 2008 the Board of SEC has required contributions at the rate of 0.002% of trading volume of the prior year. The contribution criteria are required to review at every 3 years.

In 2009 the Board of SEC has resolved to pay contributions by the same criteria and conditions for another 1 year.

26 Other expenses

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Education dissemination expenses	43,687	60,402	38,585	53,494
Contributions to capital market institutions	35,336	63,267	37,847	66,361
Travelling and vehicle expenses	33,831	34,979	33,558	24,756
Other expenses	56,277	55,156	35,939	58,667
Total	169,131	213,804	145,929	203,278

27 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because debt securities and loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings.

Credit risk from investments and deposits

Credit risk is the potential loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

The group has no significant concentration of investments or deposits at financial institutions. The group, however, is exposed to market risks as investor in financial instruments, and credit risk from the issuer of financial instruments. The group, therefore, has a policy of diversifying its investments and deposits to high credit financial institutions according to SET's regulations.

Investment policies of 2009 and 2008 are summarised as follows:

1) Investments in debt securities

Type of investments	Proportion of total investments
Government securities, debentures or bonds of state enterprises or entities incorporated by specific laws and guaranteed by the Ministry of Finance	Unlimited amount
Fixed deposits or NCD at commercial banks and promissory notes of finance companies or financial institutions incorporated by specific laws	Not exceed 15% per an institution
Debentures or warrants of debentures and bills of exchange	Not exceed 5% per an issuer
Investment units or warrants of investment units in mutual funds invested in debt securities	Not exceed 10% per a mutual fund

2) Investments in equity securities

Type of investments	Proportion of total investments
Investment units or warrants of investment units in mutual funds which emphasise on equity securities	Not exceed 10% per a mutual fund

3) Investments in property funds

Type of investments	Proportion of total investments
Property funds	Not exceed 10% of project value, and amount not over 3% of total investments (*2008: not exceed 10% of project value and amount not over 4% of total investments)*

4) Investments in foreign investment funds

Type of investments	Proportion of total investments
Foreign investment funds	Not exceed 20% of total investments in the first half of the year and 3% of total investments in the second half of the year *(2008: not exceed 20% of total investments in the first half of the year and 6% of total investments in the second half of the year)*

Investments in asset management companies should not exceed 40% of total investments.

Liquidity risk

The Group has high liquidity. The Group has no policy to seek outside funding in the near future. The Group has a policy to invest in low risk and high return financial institution.

Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders depend on subsidiaries' operating performance.

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods (when applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability).

The fair value of other short-term receivables is taken to approximate the carrying value.

The carrying amounts of the following financial assets and financial liabilities are approximate to their fair values. These consist of cash and cash equivalents, cash at banks for clearing collateral and dividend payable, accounts receivable and accrued income, accrued interest receivables, clearing collateral and dividend payables, accounts payable and accrued expenses, fees received in advance, income tax payable and short-term borrowings from subsidiaries.

The fair value of investments in debt and equity securities, which are held for trading, held-to-maturity and available-for-sales, is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only as described in notes 6 and 12 to the financial statements respectively.

28 Commitments with non-related parties

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Capital commitments				
Buildings and other constructions	173,573	308,000	173,573	308,000

(in thousand Baht)

	Consolidated financial statements		SET	
	2009	2008	2009	2008
Non-cancellable operating lease commitments				
Within one year	16,507	13,749	16,507	13,289
After one year but within five years	23,371	15,084	23,371	14,531
Total	39,878	28,833	39,878	27,820

Moreover, SET has obligation from capital commitment subscription in 2 specific-purpose funds. The Asset Management Company will make an additional payment from SET after the initial investment. The additional payment has not exceed Baht 50 million and Baht 30 million respectively unless the payment was made in the full amount of capital commitment subscription or due in terms of 10 years (3 August 2017) and 8 years (11 August 2016) respectively *(Note 12)*.

29 Contingent liabilities and contingent assets

29.1 Contingent assets

(a) Jointly-controlled entity

SET Group had restructured the business of Family Know-how Co., Ltd. "Family Know-how" whereby entering into a joint venture arrangement with a company which holds 50% of registered share capital in Family Know-how. While SET holds 2,500,000 preference shares and the company holds 2,500,000 ordinary shares. Preference shares will be entitled to receive dividend before ordinary shares from the result of Family Know-how during the period from 1 January 2010 to 31 December 2012, and will receive 10% of net profit before legal reserve and receive dividends from the remaining net profit in proportion to the shareholders in Family Know-how. After those periods, all shares will have equal right and status.

However, right to receive dividend from Family Know-how in the future is still uncertain and dependent upon its ability to make profit in the future. As at 31 December 2009 the Group did not record contingent assets in the financial statements.

29.2 Contingent liabilities

(a) SET

As at 31 December 2009 SET had letters of guarantee issued by banks totaling Baht 4.2 million *(2008: Baht 3.9 million)* in respect of electricity usage in the ordinary course of business from which management anticipates that no material liabilities will arise.

SET has issued a letter of comfort to a bank in respect of an overdraft credit line of Baht 1,500 million *(2008: Baht 1,500 million)* granted to Thailand Securities Depository Co., Ltd. (TSD), a subsidiary. Under the terms of the letter of comfort, SET is required to maintain its shareholdings at 99.99% of the registered share capital in TSD to the end of the credit period. In addition, SET is required to support TSD's operations to ensure its ability to repay the debt to the bank. As at 31 December 2009 TSD did not draw down the overdraft credit line.

SET has issued a letter of comfort to a bank in respect of an overdraft credit line of Baht 2,400 million *(2008: Baht 200 million issued by TSD)* granted to Thailand Clearing House Co., Ltd. (TCH) for preparing transfer securities clearing from TSD to be the center of clearing and settlement house at TCH. Under the terms of the letter of comfort, SET is required to maintain its shareholdings at 99.99% of the registered share capital in TCH to the end of the credit period. In addition, SET is required to support TCH's operations to ensure its ability to repay the debt to the bank. As at 31 December 2009 TCH did not drawn down the overdraft credit line.

(b) Subsidiaries

In 2008 Family Know-how Co., Ltd. "Family Know-how" had letters of guarantee totaling Baht 2.7 million issued by banks in respect of the normal business operation that were guaranteed by the fixed deposit accounts *(Note 8)*.

During 2009 a subsidiary of SET was filed a civil lawsuit case as a joint defendant (together with other individuals and juristic persons/entities) for alleged wrongful acts, seeking compensation for alleged damages about the forgery of ordinary share certificates for the defendants to be jointly responsible for compensation totaling Baht 223 million. The outcome of the case has not presently been estimated reliably. Management of the subsidiary has assessed the current status of litigation and anticipated that such the case will not give rise to any significant loss to the subsidiary. Therefore, the subsidiary has not recorded such potential losses in the financial statements for the year ended 31 December 2009.

The Group is defendants in various pending legal cases with third parties from normal operations. In the opinion of management after taking appropriate legal advice, the anticipated outcome is that such legal cases will not give rise to any significant losses.

29.3 Long-term land lease agreement

SET has commitments to enter into the land lease agreement with the lessor for the period from 5 July 2007 to 4 July 2028, with a total of Baht 315.4 million. Details are as follows:

(in thousand Baht)

Year	Lease period	Rent fee per year
1	5 July 2007 - 4 July 2008	11,000
2	5 July 2008 - 4 July 2009	11,401
3 - 5	5 July 2009 - 4 July 2012	11,687
6 - 10	5 July 2012 - 4 July 2017	13,525
11 - 15	5 July 2017 - 4 July 2022	15,679
16 - 20	5 July 2022 - 4 July 2027	18,177
21	5 July 2027 - 4 July 2028	21,072

30 Event after the reporting period

SET has a policy for development project on land at Ratchapisek Road, which is the property of SET. This is to be the first center for innovative financial products and integrated investment in Thailand.

On 21 January 2010 the Board of Governors of SET resolved to allocate space of about 9.7 rais for sale or long-term lease rights by auction. In February 2010 SET announced an auction to the public. SET will select the type of corporate operations, joint ventures, limited company or public company who proposed an approach and land development patterns in the same way as capital markets business center project. The expected outcome of the auction will be in the second quarter of 2010.

31 Thai Accounting Standards not yet adopted

The Group has not adopted the following new and revised Thai Accounting Standards (“TAS”) that have been issued as of the reporting date but are not yet effective. The new and revised TAS are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated.

TAS	Topic	Year effective
TAS 24 (revised 2007)	Related Party Disclosures	2011
TAS 40	Investment Property	2011

Management is presently considering the potential impact of adopting and initial application of these new and revised TAS on the consolidated and SET’s financial statements.

32 Reclassification of accounts

Certain accounts in the 2008 financial statements have been reclassified to conform to the presentation in the 2009 financial statements as follows:

(in thousand Baht)

	2008					
	Consolidated financial statements			SET		
	Before reclassification	Reclassification	After reclassification	Before reclassification	Reclassification	After reclassification
Balance sheets						
Investments in subsidiaries	-	-	-	-	554,591	554,591
Investments in associates, net	-	159,939	159,939	-	100,000	100,000
Investments in subsidiaries and associates	159,939	(159,939)	-	654,591	(654,591)	-
		-			-	

(in thousand Baht)

	2008					
	Consolidated financial statements			SET		
	Before reclassification	Reclassification	After reclassification	Before reclassification	Reclassification	After reclassification
Statement of revenues and expenses						
Operating revenues						
Clearing and depository fees	-	203,125	203,125	-	-	-
Stock registrar fees	567,590	(28,333)	539,257	-	-	-
Members services fees	142,643	15,570	158,213	-	-	-
Depository fees	129,168	(129,168)	-	-	-	-
Service income	-	-	-	618,169	381	618,550
Other income	595,607	(61,194)	534,413	341,885	(381)	341,504
Operating expenses						
Employees' benefits expenses	(1,024,741)	(166)	(1,024,907)	-	-	-
Marketing and media production expenses	(268,635)	29,864	(238,771)	(178,968)	22,438	(156,530)
Communication expenses	(132,530)	132,530	-	(26,460)	26,460	-
Fees and compensation expenses	(100,119)	(8,934)	(109,053)	(170,600)	(9,448)	(180,048)
Direct service expenses	-	(129,555)	(129,555)	-	-	-
Building and office expenses	(95,595)	(35,184)	(130,779)	(94,616)	(34,257)	(128,873)
Technology expenses	-	(108,899)	(108,899)	-	(108,271)	(108,271)
Contributions to subsidiaries	-	-	-	(12,000)	12,000	-
Other expenses	(334,148)	120,344	(213,804)	(294,356)	91,078	(203,278)
		-			-	

The reclassifications have been made in order to comply with the presentation of information in the current year.

>> Thailand Futures Exchange PCL

The Thailand Futures Exchange PCL (TFEX), a subsidiary of The Stock Exchange of Thailand (SET), was established on May 17, 2004 , as a derivatives exchange under the Derivatives Act B.E. 2546 (2003). TFEX received a license to be a center of derivatives trading under supervision of the Securities and Exchange Commission (SEC) on February 11, 2005.

Operations

TFEX trades derivatives based on equities, bonds, and other consumer products. By law, TFEX is allowed to trade futures, options and options on futures, including those with the following securities as underlying products

1. Indices of securities, including equities
2. Debt instruments and interest rates
3. Non-agricultural commodities and other financial indices (e.g., gold, crude oil or foreign currencies)

TFEX's objective is to benefit investors and other relevant parties by:

• Being a center of derivatives trading, meeting international standards, including on efficiency, helping individual and juristic investors to use the products as hedging instruments effectively.

• Being an alternative investment in a trading system that is fair, transparent and liquid according to international standards, including building confidence in the clearing and settling of every transaction made in TFEX, as TFEX has the Thailand Clearing House Co., Ltd., which is very stable, as its counterparty

• Providing investors with information that reflects the expectations of market participants as to future prices of securities. Investors and enterprises will thus be able to plan their operations more effectively.

Registered capital and organizational management

TFEX has a total registratered capital of THB100 million (USD 2.91 million), with the SET holding 99.99% of total registered capital.

Board of Directors

Sompol	Kiatphaibool	Chairman
Patareeya	Benjapolchai	Vice Chairman
Chanisa	Chutipat	Member
Montree	Sornpaisarn	Member
Pattera	Dilokrungthirapop	Member
Pichit	Akrathit	Member
Suthichai	Chitvanich	Member
Vichate	Tantiwanich	Member
Viparat	Misitsakul	Member
Kesara	Manchusree	Managing Director

>> Thailand Securities Depository Co., Ltd.

The Thailand Securities Depository Co., Ltd. (TSD) is a subsidiary of The Stock Exchange of Thailand. The TSD was established on November 19, 1994 and commenced operations on January 1, 1995, to develop and support post-trade services to reach international standards, including in effectiveness.

Operations

TSD provides three types of securities post-trade services:

1. Securities depository services: acts as a central securities depository for stocks and bonds, using a secure and efficient scripless system.

2. Securities and fund registration services : acts as a registrar for common and preferred stocks, bonds, debentures; and mutual, retirement mutual, long-term equity, and provident funds.

3. Broker operation services: provides back-office operations for securities companies.

Registered capital and organizational management

TSD has a total registered capital of THB200 million (USD 5.82 million), with the SET holding 99.99% of total registered capital.

Board of Directors

Patareeya	Benjapolchai	Chairman
Chanisa	Chutipat	Member
Nongram	Wongwanich	Member
Supakit	Jirapraditkul	Member
Suthichai	Chitvanich	Member

>> SETTRADE.COM Co., Ltd.

SETTRADE.COM Co., Ltd. (Settrade) was established by The Stock Exchange of Thailand (SET) on October 13, 2000 and commenced operations on November 3, 2000, to provide Internet trading platforms and trading systems for securities companies, thus offering more channels for securities trading and to facilitate investors.

Operations

Settrade provides Internet trading platforms for equities and derivatives, and investment technology to securities companies, to offer a broader range of trading channels to investors. Furthermore, Settrade also develops computerized securities systems and is the central marketer of SET online information products, increasing the efficiency of information dissemination to investors and other market participants

Registered capital and organizational management

Settrade has a total registered capital of THB80 million (USD 2.33 million), with the SET holding 99.99% of total registered capital.

Board of Directors

Patareeya	Benjapolchai	Chairman
Chanisa	Chutipat	Member
Kesara	Manchusree	Member
Suthichai	Chitvanich	Member
Vichate	Tantiwanich	Member

>> Thailand Clearing House Co., Ltd.

Thailand Clearing House Co., Ltd. (TCH), a subsidiary of The Stock Exchange of Thailand (SET), was established on August 9, 2004 to clear and settle derivatives trades. On February 15, 2010, SET transferred the Securities Clearing and Settlement Unit from Thailand Securities Depository Co., Ltd. (TSD) to TCH. At present, TCH's service is the center for clearing and settling of securities traded on SET, mai, BEX, TFEX, and bonds traded on the OTC markets. Thus, there is a clear separation of operations and management between TCH and TSD, reducing the cost of managing risk and placing collateral, thus bringing the Thai capital market's post-trade services to be more in line with international standards.

Operations

TCH's most important role is to be the center of clearing and settling financial products in the Thai capital market by being the central counterparty and guaranteeing the clearing and settlement of every transaction made on the markets mentioned above these actions will reduce thus reducing risks, building confidence among all market participants that the clearing and settlement system will operate as planned, and promote Thai capital market development in the long-term.

Registered capital and organizational management

TCH has a total registered capital of THB100 million (USD 2.91 million), with the SET holding 99.99% of total registered capital.

Board of Directors

Patareeya	Benjapolchai	Chairman
Chanisa	Chutipat	Member
Nongram	Wongwanich	Member
Supakit	Jirapraditkul	Member
Suthichai	Chitvanich	Member

35th Anniversary

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