The Stock Exchange of Thailand

MOVE SET FORWARD

Annual Report 2010

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Mission

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

Vision

Boundless
growth

Enhancing capability
Amplifying competitive advantage

Fulfilling all needs
Perfecting the art of service

Building trust
On a foundation of solid growth

SET market movement 2010

Source : SETSMART

● Domestic events ● Foreign events

Volume / Value
Dec 30 : The SET Index closed at 1,032.76 points, up 298.22 points or 40.60% from end-2009.
During 2010, the SET Index bottomed on Feb 9, at 685.89 points, and peaked on Nov 8, at 1,049.79 points.
Oct 13 : The Thai Cabinet approved three measures to curb capital inflows and ease the damage from appreciation of the Thai baht. (The SET Index closed at 992.60 points, up 15.52 points.)
Jul 23 : The fact that only 7 out of 91 commercial banks in Europe failed stress tests boosted investor confidence in the global financial market and led to more investment in risky assets. (The SET Index closed at 840.24 points, up 7.23 points.)
Nov 16 : The SET Index and other Asian stock indices dropped due to rising concerns over measures to tackle inflation in China, after the Chinese central bank announced an increase in its benchmark monetary policy rate. (The SET Index closed at 1,000.73 points, down 28.41 points.)
Aug 27 : As state attorneys believed that it was likely that 76 investment projects in Map Ta Phut industrial estate that had been frozen by court order would be able to proceed, investor confidence turned optimistic. (The SET Index closed at 900.37 points, up 14.27 points.)
Nov 29 : The Constitution Court dismissed the Election Commission's case seeking dissolution of the Democrat Party, core of the coalition government. (The SET Index closed at 1,009.00 points, up 17.29 points.)
Dec 20 : The SET Index and other Asian stock indices declined due to escalating tension in the Korean Peninsula. (The SET Index closed at 1,006.51 points, down 15.95 points.)
120,000
100,000
80,000
60,000
40,000
20,000
Jul
Aug
Sep
Oct
Nov
Dec
SET Index
Trading value (THB million)
Trading volume (million shares)

Chairman

Sompol Kiatphaibool

Message from the Chairman

In 2010, The Stock Exchange of Thailand (SET) proactively collaborated with its public and private alliance partners as well as with other regional exchanges to strengthen trust among its local and foreign stakeholders.

To move the Thai capital market forward, the SET was successful in supporting the Federation of Thai Capital Market Organizations to be included in the government's Joint Public-Private Standing Committee, which is composed of key players in the Thai economy and which makes recommendations directly to the Thai Cabinet. Also, the SET was one of the key players in bringing the government's Capital Market Development Plan to fruition. This plan is the effort of many governmental and private agencies to coordinate efforts to spur capital market growth and turn it into a very powerful engine driving the sustainable and rapid growth of the economy. In 2010, the Cabinet approved amendments to the Securities and Exchanges Act B.E.2535 regarding the Exchange's demutualization, which is part of the Capital Market Development Plan. The changes are being reviewed by the Council of State, which appointed a special working committee for this task.

In 2010, the SET enhanced the supply of securities by continuously providing new products that were not only attractive but diverse. Through consultation with experts from both the public and private sectors in our New Listing Committee, the Exchange has identified clear target listings. The SET has encouraged amendments to regulations regarding capital increases using advance general mandates to allow listed companies to seek such mandates from shareholders. In addition, the SET was successful in working with other parties to get tax privileges for companies on the Market for Alternative Investment, which were scheduled to end in 2010, extended for five years, starting from 2011 onwards.

The SET has increased its role in the regional landscape. The Exchange signed its first memorandum of understanding with the Shanghai Stock Exchange to provide a platform for collaboration and transactions. The SET also cooperated with exchanges in Indochina by, for example, supporting education to stakeholders for the Laos Stock Exchange and developing the trading system for the Hochiminh Stock Exchange. These activities aim to increase more business opportunities and attract more investment to Indochina.

With our active participation in the ASEAN Linkage project to enable inter-market trading among exchanges in the ASEAN region, the SET, together with Bursa Malaysia; The Philippine Stock Exchange, Inc.; and Singapore Exchange Ltd., will become the first group of exchanges to electronically interconnect with one another. The move will boost investment in Thai listed firms and raise the Thai capital market profile regionally.

The SET continues to be at the forefront in using information technology to improve our core systems to support innovations and products. This will not only enhance the Exchange's competitiveness but also strengthen the foundation for the growth of the entire capital market.

Working hand-in-glove with other organizations, the SET has set up a working committee to draft the Capital Market Development Fund (CMDF) Roadmap so that the CMDF can be a major driving force for capital market development and elevating industry standards. The SET will continue in 2011 to lay out a clear direction to serve demutualization.

The SET is still actively working on improving the financial planning expertise of Thais nationwide and educating investors about new securities products. Also, it is important to increase the number of securities professionals while enhancing their knowledge and capabilities to better cope with increasingly tougher competition.

To move forward, the SET has laid out clear strategies and targets to expand coverage, enhance value, increase efficiency and improve capability. These strategies and targets will strengthen SET growth, serve demutualization, and more effectively cope with the coming liberalization in the Thai capital market.

It is noteworthy that the SET Board of Governors places importance on the SET's good governance and social and environmental responsibility as well as promoting good corporate governance among listed and member companies, so as to strengthen trust in the Thai capital market.

With such a solid infrastructure, we are confident that the SET will be very well-versed for the competition in the regional landscape.

On behalf of the SET Board of Governors, I would like to extend my gratitude to all public and private organizations involved, listed and member firms, investors, and our employees, who have contributed to the strength of the SET during this past year. Each and every one has significantly helped us to more effectively cope with competition and turn challenges into opportunities, allowing us to generate growth to the Thai capital market and our country.

Message from the President

2010 was the year which showed the solid foundation of the Thai stock market in terms of both trading, which hit a new record high, and of the listed companies' performance, which continued to make strong profits despite many adverse situations.

Trading in 2010 resulted in new records, with The Stock Exchange of Thailand (SET) Index surpassing 1,000 and hit a 14-year high. The SET Index closed 2010 at 1,032.76, up 40.60% from end-2009 in terms of Thai baht or up 55.50% in US dollar terms -- making it one of the world's five best - performing markets. Also during 2010, the combined market capitalization of SET and the Market for Alternative Investment (mai) hit an all-time high of THB8.57 trillion on November 8, 2010 accounting for 86.48% of GDP.

In 2010, SET-listed companies generated an all-time high combined profit of approximately THB600 billion, up 38.98% from 2009. Furthermore, dividend yields were also the region's highest at 3.56% and 4.20% for the SET and mai, respectively. More than seventy percent of firms in the SET100 Index have paid dividends consecutively for the past three years, indicating the strength of Thai listed companies as well as their ability to weather adverse incidences and make profits for shareholders.

Meanwhile, large listed companies that had raised funds through SET have benefited from their marked increase in market capitalization, providing shareholders with opportunities to invest in, and benefit from, high - quality businesses. For example, the market capitalizations of Indorama Ventures PCL and BTS Group Holdings PCL rose by 477.50% and 70.78%, respectively.

Moreover, the SET offered more opportunities for investors interested in overseas investment by listing ETF China (CHINA) as the first ETF with foreign securities as its underlying assets. The Thailand Futures Exchange also developed new products to meet investors' demand, including 10-baht gold futures and interest rate futures.

To expand the investor base, the SET worked with commercial banks to tap bank depositors through the use of internet banking and bank branches. The SET also trained branch managers and bank trainers to provide personal financial planning for their customers and held many marketing activities throughout the year.

2010 was also a successful year with regard to Thailand's corporate governance practice. The Asian Corporate Governance Association and CLSA (Credit Lyonnais Securities Asia) announced the CG Watch 2010 results, comparing corporate governance in 11 Asian countries. Thailand's corporate governance ranking improved to fourth place from eighth in the 2007 survey. Not only that, Thailand was praised as being the **"Asia's most-improved"** country, reflecting SET's continued efforts to elevate listed firms' corporate governance, and raise investors' confidence in Thai listed firms.

In 2010, the SET's trading operations demonstrated readiness to operate in different situations, particularly when the domestic political turmoil in May resulted in damages in part of the SET Building. When foreigners sold a great number of Thai shares during that month, SET operations were still stable, with an unwavering SET Index, due to the local investors' strong confidence in the fundamentals of Thai listed companies.

The SET's strong foundation is a result of readiness and resilience of all stakeholders, especially its employees' willingness and readiness to change. In 2011, the SET will move forward to expand business, enhance service quality and efficiency, and increase competitiveness to be ready for demutualization and a highly competitive environment afterwards. Along with those developments, the SET will constantly develop the expertise of employees and enhance their quality, as well as continue to embrace responsibility towards the community and environment.

With a clear direction and strong determination, the SET is confident that our ongoing development will further enable us to compete with confidence, attract investors from every region to the Thai stock market, and be the first choice for Thai investors as a trading center that generates good return. The SET also wishes to be the preferred funding venue to The support Thai businesses to grow with no limitations. Our commitment to enhancing efficiency and expanding business in advance manner will ensure Thailand's sustainable economic development.

President

Charamporn Jotikasthira

Board of Governors

1. Sompol Kiatphaibool
   Chairman

2. Somjate Moosirilert
   Vice Chairman

3. Aswin Kongsiri
   Governor

4. Chaipat Sahasakul
   Governor

5. Jaruporn Viyanant
   Governor

6. Kaisri Nuengsigkapian
   Governor

7. Paiboon Nalinthrangkurn
   Governor

8. Rapee Sucharitakul
   Governor

9. Surabhon Kwunchaithunya
   Governor

10. Viparat Misitsakul
    Governor

11. Charamporn Jotikasthira
    President

Board of Governors

1. Sompol Kiatphaibool
Chairman

Education
- MS (Economics), Fairleigh Dickinson University, USA
- MA (Hons.) (Development Economics), National Institute of Development Administration
- BA (Hons.) (Economics), Thammasat University

Certifications
- National Defence Course for the Joint State Private Sector, The National Defence College of Thailand
- Certificate, Role of the Chairman Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

Since 2009 • Chairman, Thailand Futures Exchange PCL

Since 2008 • Advisory Board, The Support Arts and Crafts International Center of Thailand

Since 2008 • Honorary Advisor, Committee on Foreign Affairs, Senate, Kingdom of Thailand

Since 2006 • Chairman, Public Sector Audit and Evaluation Committee, Ministry of Transport

Since 2002 • Member, Public Sector Development Commission

Since 2001 • Chairman, Thai Vegetable Oil PCL

Past experience

2005 • Advisor to the Deputy Prime Minister and Minister of Finance

2004 - 2008 • Chairman, The Support Arts and Crafts International Center of Thailand

2003 - 2005 • Chairman, Board of Directors, National Housing Authority

2002 - 2008 • Member and Vice Chairman (2008-2009), Securities and Exchange Commission

2001 - 2009 • Chairman, Siam City Bank PCL

1996 - 2000 • Member, Court of Directors, Bank of Thailand

1996 - 2000 • Senator and Chairman, Committee on Agriculture and Co-Operatives, Senate, Kingdom of Thailand

1995 - 2000 • Permanent Secretary, Ministry of Commerce

2. Somjate Moosirilert
Vice Chairman

Education
- Master of Management, Sasin Graduate Institute of Business Administration, Chulalongkorn University
- BA, Thammasart University

Certifications
- Certificate, Role of The Chairman Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

Since 2011 • Chairman, Executive Committee, Thanachart Fund Management Co.,Ltd.

Since 2010 • Chief Executive Officer, Thanachart Bank PCL

Since 2010 • Senior Executive Vice President, Thanachart Capital PCL

Since 2010 • Chairman, Executive Committee, Siam City Bank PCL

Since 2010 • Director, Thai Capital Market Development Board

Since 2009 • Chairman, Thanachart Securities PLC

Past experience

2002 - 2008 • Managing Director, Thai Asset Management Corporation

2002 • Director and Acting President, Government Housing Bank

2000 - 2002 • Chairman, Executive Committee, Thanachart Securities Co.,Ltd.

1997 - 2000 • Managing Director, Thanachart Securities Co. Ltd.

3. Aswin Kongsiri
Governor

Education
- BA (Hons.) in Philosophy, Politics and Economics, Oxford University, Oxford, England

Certifications
- Banff School of Advanced Management, Alberta, Canada
- National Defence Course for the Joint State Private Sector, The National Defence College of Thailand
- Certificate, Chairman 2000 Program, Thai Institute of Directors Association
- Certificate, Directors Certification Program, Thai Institute of Directors Association

Other current positions

Since 2010 • Chairman, Thai ORIX Leasing Co., Ltd.

Since 2010 • Chairman, Krungthai-AXA Life Insurance Co., Ltd.

Since 2010 • Chairman, Thoresen Thai Agencies PLC (Director since 2009)

Since 2008 • Vice Chairman, Electricity Generating PCL (Director since 2001)

Since 2007 • Chairman CH.Karnchang PCL (Director since 1994)

Since 2007 • Chairman Ton Poh Thailand Fund (Director since 2005)

Past experience

2006 - 2008 • Member of the National Legislative Assembly

2005 - 2010 • Director and Executive Director, Kung Thai Bank PCL

1999 - 2003 • Director and Executive Director, Siam Commercial Bank PCL

1990 - 1998 • President, The Industrial Finance Corporation of Thailand

1971 - 1975 • Investment Officer, World Bank, Washington D.C., USA

1967 - 1970 • Acting Assistant Secretary to the Minister of Finance, Ministry of Finance

4. Chaipat Sahasakul
Governor

Education
- PhD (Economics), University of Rochester, USA
- MA (Economics) and BA (First Class Hon.; Economics), both from Thammasat University

Certifications
- National Defence Course for the Joint State Private Sector, The National Defence College of Thailand
- Politics and Governance in Democratic Systems for Executives Course, King Prajadhipok's Institute
- International Regulators Symposium 2002, U.S. Commodity Futures Trading Commission, Chicago, Illinois, USA
- Certificate, Directors Certification Program, Thai Institute of Directors Association
- Futures and Options Certificate Program, The Chicago Mercantile Exchange and DePaul University, Chicago, Illinois, USA
- Management Problem-Solving and Decision-Making Programme, Kepner Tregoe (Thailand) Ltd.

Other current positions
Since 2010 • Independent Director and Audit Committee Member, Thai Vegetable Oil PCL

Since 2009 • Chairman, University Research Policy Committee, Bangkok University

Since 2005 • Independent Director and Member of the Audit Committee, Pylon PCL

Since 2002 • Independent Director and Chairman of Audit Committee, Electricity Generating PCL

Past experience
2001 - 2009 • Secretary-General, Agricultural Futures Trading Commission

1998 - 2001 • Senior Executive Vice President, MFC Asset Management PCL

1996 - 1997 • Managing Director, Institutional Securities Business Group, General Finance and Securities PCL

1991 - 1996 • Senior Vice President and Spokesman, The Stock Exchange of Thailand

5. Kaisri Nuengsigkapian
Governor

Education
- MBA, Thammasat University Thailand
- BA, Thammasat University Thailand

Certifications
- Certificate, Director Certification Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions
Since 2005 • Member, Working Group on Management Accounting, Federation of Accounting Professions

Since 2003 • Chief Executive Officer, KPMG Thailand

Since 2003 • Global Council Member of KPMG International

Since 1985 • Certified Public Accountant (CPA) of Thailand

Past experience
2000 - 2003 • Country Managing Partner, Arthur Andersen Thailand

2000 - 2003 • Advisory member to Global Managing Partner, Arthur Andersen Thailand

2001 - 2002 • Head, Global Corporate Finance, Arthur Andersen Thailand

1996 - 2002 • Advisor on organizational rehabilitation, Arthur Andersen Thailand

1995 - 1998 • Director, Business Consulting Division, SGV-Na Thalang Co., Ltd.

6. Jaruporn Viyanant
Governor

Education
- MA (Financial Economics), Middle Tennessee State University, USA
- BA (Accounting), Faculty of Commerce and Accountancy, Thammasat University

Certifications
- 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 in Financial System and Financial Institution's Management, Mitsui Bank, Japan
- Certificate, Director Certificate Program, Thai Institute of Directors Association
- Certificate, Advanced Audit Committee Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions
Since 2010 • Chairman, Audit Committee, The Stock Exchange of Thailand

Since 2010 • Director, Anti-Money Laundering Board, Anti-Money Laundering Office

Since 2010 • Member, Nomination and Remuneration Committee, The Stock Exchange of Thailand

Since 2010 • Expert Director, Finance Department, Faculty of Commerce and Accountancy, Thammasat University

Since 2007 • Advisor, Bangkok Pathology Laboratory Co.,Ltd.

Since 2006 • Expert Director, Federation of Thai Insurance Organizations

Past experience
2007 - 2009 • Director, University Council, Thammasat University

2004 - 2006 • Advisor to the Finance, Banking and Financial Institution Committee, Senate, Kingdom of Thailand

2002 - 2004 • Director, Board of Supervision of Auditing Professional Practice, Ministry of Commerce

2003 - 2007 • Executive Board, King Prajadhipok's Institute

2001 - 2004 • Dean, Faculty of Commerce and Accountancy, Thammasat University

1995 - 1997 • Director, Insurance Industry Policy and Development, Ministry of Commerce

7. Paiboon Nalinthrangkurn
Governor

Education

- MBA (Finance), Indiana University at Bloomington, USA
- BA (Computer and Information Sciences), University of California at Santa Cruz, USA
- Chartered Financial Analyst, CFA Institute, USA

Certifications

- Certificate, Director Certification Program, Thai Institute of Directors Association
- Certificate, Director Accreditation Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

Since 2010 • Director, Joint Public and Private Sector Consultative Committee, Office of the National Economic and Social Development Board

Since 2010 • Chairman, Federation of Thai Capital Market Organizations

Since 2009 • Director, The Thai Bond Market Association

Since 2009 • Chairman, Securities Analysts Association

Since 2009 • Executive Director, Association of Securities Companies

Since 2008 • Chief Executive Officer, TISCO Securities Co., Ltd.

Since 2008 • Director, Thai Capital Market Development Committee

Past experience

2006 - 2008 • Managing Director, TISCO Securities Co., Ltd.

2005 - 2006 • Deputy Managing Director, TISCO Securities Co., Ltd.

2002 - 2005 • Head of Securities Brokerage, TISCO Securities Co., Ltd.

1995 - 1996 • Senior Investment Analyst, ING Baring Securities (Thailand)

1993 - 1995 • Senior Analyst, Indosuez W.I. Carr Securities (Thailand)

8. Rapee Sucharitakul
Governor

Education

- Master of Laws in Commercial Law, University of Bristol, United Kingdom (under the scholarship of the Bank of Thailand)
- Bachelor of Laws with Honours Class II (Division I), University of Essex, United Kingdom (under the scholarship of the Bank of Thailand)

Certifications

- Certificate, Role of the Chairman Program, Thai Institute of Directors Association
- Certificate, Director Certification Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

Since 2010 • Deputy Chairman, Association of Investment Management Companies

Since 2010 • Director, Federation of Thai Capital Market Organizations

Since 2009 • Executive Chairman, Kasikorn Asset Management Co., Ltd.

Since 2009 • Director, Thai Institute of Directors Association

Since 2007 • Executive Board Member, Thai Financial Planners Association

Since 2000 • Eisenhower Exchange Fellowships

Past experience

2008 • Member, Investor Base Expansion Committee, The Stock Exchange of Thailand

2006 • Qualified Expert, State Enterprises Capital Policy Committee, State Enterprise Policy Office

2005 - 2008 • Chairman, Kasikorn Securities PCL

2002 - 2004 • Senior Assistant Secretary-General, Securities and Exchange Commission

1992 - 2002 • Executive Officer, Securities and Exchange Commission

1985 - 1992 • Lawyer, Legal Department, Bank of Thailand

9. Surabhon Kwunchaithunya
Governor

Education

- MBA (Finance), University of Washington (On the University's scholarship)
- BS (Industrial Engineering), University of Washington (On the University's scholarship)
- BS (Electrical Engineering), University of Washington

Certifications

- Certificate, Director Certification Program, Thai Institute of Directors Association
- Certificate, Director Accreditation Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

Since 2010 • Chairman, Risk Management Committee, The Stock Exchange of Thailand

Since 2010 • Member, Disciplinary Committee, The Stock Exchange of Thailand

Since 2010 • Director, Thailand Futures Exchange PCL

Since 2006 • Director and Vice Executive Chairman, Country Group Securities PLC

Since 2003 • Chairman, Audit Committee, Tycoons Worldwide Group (Thailand) PLC

Past experience

2005 - 2009 • Director, Housing Finance Association

2004 - 2010 • Chairman, Audit Committee, Prinsiri PLC

1997 - 2002 • President, Secondary Mortgage Corporation (a state financial institution under the Ministry of Finance)

1995 - 1997 • President, Vajira-Dhanathun Finance Co., Ltd.

1995 - 1997 • Adviser to the Standing Committee on Finance, Banking and Financial Institutions, House of Representatives

1993 - 1995 • President, Siam City Finance and Securities Co., Ltd., (Siam City Bank Group)

10. Viparat Misitsakul
Governor

Education

- MBA (English Program), Bangkok University
- BBA (Accounting), Ramkhamhaeng University

Certifications

- Certificate, Director Certification Program, Thai Institute of Directors Association
- Certificate, Financial Statements for Directors, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

Since 2009 • Director, Thailand Futures Exchange PCL

Since 1999 • Chief Operating Officer, UBS Securities (Thailand) Ltd.

Past experience

1998 - 1999 • Director and General Manager, Thomson-CSF (Thailand) Co., Ltd.

1995 - 1998 • Senior Executive Vice President and Deputy Managing Director / Director, Deutsche Morgan Grenfell Securities (Thailand) Co., Ltd.

1992 - 1995 • Vice President - Finance and Administration, Morgan Grenfell Thai Co., Ltd.

1981 - 1992 • Deputy Managing Director, TNT Express Worldwide (Thailand) Co.,Ltd.

1980 - 1981 • Assistant Accountant, Luang Lee Insurance Ltd. (Currently named the Navakij Insurance Co., Ltd.)

11. Charamporn Jotikasthira
President

Education

- MBA, Harvard Graduate School of Business Administration, USA
- BS (Electrical Engineering and Computer Science), Massachusetts Institute of Technology, USA

Certifications

- National Defence Course for the Joint State Private Sector, The National Defence College of Thailand
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

Since 2010 • Chairman, Thailand Securities Depository Co., Ltd.

Since 2010 • Chairman, Thailand Clearing House Co., Ltd.

Since 2010 • Chairman, SETTRADE.COM Co., Ltd.

Since 2010 • Chairman, Family Know How Co., Ltd.

Since 2010 • Director, Suksapattana Foundation

Since 2004 • Director, Foundation for Research in Information Technology

Past experience

2008 - 2010 • Chief Information Officer, Siam Commercial Bank PCL

2002 - 2008 • Executive Vice President, GTS & Capital Markets Group,
• Executive Vice President, Business Cash Management Group,
Siam Commercial Bank PCL

1999 - 2001 • Executive Vice President, Information Technology Division,
• Executive Vice President, Risk Management Division, Siam Commercial Securities Co., Ltd.

1999 - 2001 • President, SCB Securities Co., Ltd.

1990 - 1994 • President, SCB Asset Management

Organization chart

As of April 1, 2011

SET executives

1. Charamporn Jotikasthira
   President

2. Nongram Wongwanich
   Chief Operating Officer

3. Suthichai Chitvanich
   Executive Vice President
   Legal Affairs Group

4. Punsak Vejanurug
   Executive Director, Market Education Center, Industry Development Center

5. Bordin Unakul
   Executive Vice President
   Post-Trade Services & Development

6. Pakorn Peetathawatchai,
   Chief Marketing Officer

7. Veerathai Santiprabhob, PhD
   Chief Strategy Officer & Executive Director, Capital Market Research Institute

8. Chanisa Chutipat
   Chief Financial Officer & Corporate Services

9. Chanitr Charnchainarong,
Group Head, Issuer & Listing

10. Kesara Manchusree
Group Head, Products Business & Development

11. Naree Boontherawara,
Director, CMDF Office

12. Pannaporn Sapsomboon
Group Head, IT Operation

13. Sakkarin Ruamrangsri
Chief Regulatory Officer

14. Sornkawee Puranachoti
Group Head, IT Development

15. Supakit Jirapraditkul
Group Head, Operations 1

16. Udomwara Dechsongjarus
Group Head, Operations 2

As of April 1, 2011

SET Group financial highlights

(In Million Baht)

	2010	2009	2008	2007	2006
Consolidated statement of revenues and expenses					
Operating revenues	4,101	3,209	2,821	3,053	2,773
Operating expenses	2,482	2,599	2,482	2,924	2,609
Operating revenues over operating expenses	1,619	610	339	129	164
EBITDA *	1,903	950	695	415	417
Revenues over (under) expenses	1,128	457	205	54	(262)
Consolidated statement of cash flows					
Operating cash inflow (outflow)	276	(49)	(213)	(420)	(964)
Consolidated balance sheets					
Total current assets	10,295	8,767	7,792	7,378	7,065
Long-term investments	8,296	6,090	4,723	6,796	6,813
Total assets	23,418	20,692	18,000	19,349	17,480
Total current liabilities	4,988	3,884	2,820	2,553	1,601
Total liabilities	6,299	4,928	3,808	3,278	1,904
Fund balances	17,119	15,764	14,192	16,071	15,576
Key financial ratio					
Revenue growth (%)	27.80	13.75	(7.60)	10.10	(8.39)
Cost-to-income ratio (%)	60.52	80.99	87.98	95.77	94.09
Margin of revenues over (under) expenses (%)	27.51	14.24	7.27	1.77	(9.45)
Return on fund balance (%)	6.59	2.90	1.44	0.34	(1.68)
Return on total assets (%)	4.82	2.21	1.14	0.28	(1.50)
Current ratio (Times)	2.06	2.26	2.76	2.89	4.41
Debt to funds ratio (Times)	0.37	0.31	0.27	0.20	0.12

EBITDA * - Earnings before interest, tax, depreciation and amortisation

Thai bourse's 2010 performance

In 2010, the number of transactions on the SET rose sharply. Even though trading was limited during the first five months of the year due to local political problems, local investor confidence and foreign fund flows into the Thai and other regional stock markets in the second half of 2010 made the SET Index rise by 40.60% over its end-2009 level. This percentage increase was the second highest in Asia.

Overview

By end-2010, the SET Index had risen by 40.60% over its end-2009 levels and closed at 1,032.76 points, which was the second - highest percentage increase in Asia (The Indonesian index had risen by 46.13%). During 2010, the SET Index bottomed in February at 685.89 points and peaked in November at 1,049.79 points. During the first five months of the year, trading was limited, with the SET Index moving between 700-800 points, due to local political problems. However, in the second half of the year, local and foreign investors had more confidence in Thailand due to the country's strong economic foundation and high liquidity in financial markets. Meanwhile, the Market for Alternative Investment (mai) Index had risen in 2010 by 26.70% over its end-2009 level and closed at 272.79 points.

The total combined market capitalization from SET and mai as of November 8, 2010 hit an all-time high at THB8.57 trillion (approx. USD284.19 billion). At end-2010, the SET's market capitalization was at THB8.33 trillion (approx. USD276.44 billion), a 41.91% year-on-year (y-o-y) rise, while mai's market capitalization was THB55.13 billion (approx. USD1.82 billion), a 40.88% y-o-y rise. As a result, market capitalization as a percentage of GDP went up from 65.40% at end-2009 to 86.48% at end-2010.

The SET's forward P/E ratio at end-2010 increased to 14.55 from 12.79 at end-2009. Meanwhile, dividend yields were still at the high level of 3.56% at end-2010, up from 3.47% at end-2009.

Trading activities

In 2010, the SET and mai's total trading value was at THB7.03 trillion (approx. USD233.30 billion), a 58.82% y-o-y rise, with a daily average trading value of THB29.07 billion (approx. USD964.05 million), up 59.47% y-o-y. The trading value reached its highest level since SET and mai started trading in 1975 and 2001, respectively.

Trading value (SET & mai)

Source : SETSMART

In terms of trading value by investor type, in 2010, retail investors increased their role slightly, accounting for 62.00% of the total trading value vs. 61.00% in 2009, with a net sell position of THB65.52 billion (approx. USD2.17 billion). On the other hand, foreign investors slightly decreased their role, from 19.40% in 2009 to 18.40% in 2010, However, foreign investors' net buy position of THB81.42 billion (approx. USD2.70 billion) in 2010 was a major rise from their net buy position of THB38.01 billion (approx. USD1.26 billion) in 2009. In addition, the proportion of institutional investors' activities in 2010 rose to 7.60% from 6.70% in 2009, with a net sell position of THB15.48 billion (approx. USD0.51 billion), vs. THB2.47 billion in 2009.

Total trading value (SET & mai)

Source : SETSMART

Net position of trading value (SET & mai)

Source : SETSMART

In 2010, both the number of active trading accounts and trading value per account went up, reflecting the increasing interest in investing as a result of the SET Index rises. In December 2010, the number of active trading accounts reached 161,470 accounts, up 33.81% from December 2009. Meanwhile, the proportion of active accounts to total accounts increased from 20.86% in December 2009 to 25.50% in December 2010. The average trading value per account in 2010 was THB3.77 million (approx. USD0.12 million), up by 22.00% from 2009, when the average trading value per account was THB3.09 million (approx. USD0.10 million).

Moreover, trading activities via the Internet tended to increase continually. In 2010, Internet trading in 2010 accounted for 24.54% of trading by value, up from 20.87% in 2009. In August 2010, Internet trading value reached its highest point since internet trading started, at 27.10% of total trading value.

Total trading accounts (SET & mai)

Source : SETSMART

Bond trading

In 2010, Bond Electronic Exchange (BEX) bonds had a total outstanding value of THB4.57 trillion (approx. USD0.15 trillion), a THB0.61 trillion (approx. USD0.05 trillion) or 15.49% increase from 2009. The total consisted of 563 government bonds worth THB3.87 trillion (approx USD0.13 trillion), 109 corporate bonds worth THB0.69 trillion (approx USD0.02 trillion), and one bond-related fund worth THB4.43 billion (approx USD 0.15 billion).

In 2010, BEX traded bonds worth THB3.29 trillion (approx. USD0.11 trillion), a 23.15% decrease from 2009. The 2010 total was made up of THB3.29 trillion (approx. USD0.11 trillion) traded by dealers and institutional investors through the Fixed Income and Related Securities Trading System (Firsts), a slight drop

Outstanding value and trading value of the BEX

Source : SETSMART

from in 2009, and the remaining THB2.08 billion (approx. USD0.07 billion) traded by retail investors through the Automatic Order Matching system, soaring 12 times above its 2009 total. In 2010, the daily average trading value was THB13.63 billion (approx. USD0.45 billion), down 22.8% from its 2009 figure.

Derivatives trading

In 2010, the derivatives market had a total trading volume of 4.52 million contracts, up 46.76% over 2009. Trading volume peaked in 2010 with a daily average trading volume of 18.68 million contracts, up 46.24% over 2009 and a 15.51-fold rise from 2006, the year in which the Thailand Futures Exchange was established. In addition, during 2006-2010, the market's compound annual growth rate was as high as 98.46%. In 2010, most of the derivatives trading was in SET50 Index Futures, accounting for 54.68% of all contracts. The next most popular products were, in descending sequence, gold futures, single stock futures, and SET50 Index options, respectively.

Trading volume of the TFEX

Fund - raising

In 2010, listed firms raised THB90.36 billion (approx. USD3.00 billion) from the combined primary and secondary markets for equities, up 156.82% over its 2009 level, due to economic recovery and improved capital market performance. Eleven new firms (from SET : 4, mai : 7) and 4 property funds raised funds via IPOs, totaling THB12.59 billion (approx. USD0.42 million). In 2009, 17 firms and 5 property funds listed, bringing in 11.61 billion (approx. USD385.00 million).

In the secondary market, SET and mai raised THB77.77 billion (approx. USD2.58 billion), a huge 243% y-o-y rise. This was led by the Property & Construction industry group's THB30.79 billion (approx. USD1.02 billion), followed by the Services group's THB30.60 billion (approx. USD1.01 billion).

Post - trade operational review

	2010	2009	2008
Securities depository			
Number of depository participants (Participants)	659	650	638
Brokers	38	39	39
Banks	35	34	35
Issuers	562	555	543
Others	24	22	21
Number of securities deposited in the Securities Depository System (Securities)			
Common stocks and corporate bonds	1,075	1,034	1,079
Government bonds	525	550	488
Securities clearing and settlement			
Number of participants in the clearing house (Participants)			
Equity and Debt	89	88	91
Derivatives	41	41	36
Securities registration			
Number of companies in the securities registration system (Companies)	645	595	587
Companies Listed on The Stock Exchange of Thailand (SET)	490	488	481
Companies Listed on the Market for Alternative Investment (mai)	66	61	51
Companies Listed on the Bond Electronic Exchange (BEX)	4	3	4
Over - the - counter (OTC)	26	26	32
Others *	59	59	45
Number of securities in the securities registration system (Securities)	815	758	745
The Stock Exchange of Thailand (SET)	602	564	569
Market for Alternative Investment (mai)	86	78	61
Bond Electronic Exchange (BEX)	11	11	14
Over - the - counter (OTC)	51	46	54
Others *	65	59	61

** Non - listed securities/companies or firms that have been delisted from the SET but still remain use TSD as their registrar.*

Total volume and value of securities clearing and settlement

Total volume of securities cleared and settled

Percentage of trades that are scripless, by volume

Volume of securities in the securities depository

Number of companies in the Issuer Account Project

Number of companies in the securities registery system

Number of investors using e-Dividend service (ID)

Number of securities using e-Dividend service

Fund registration (Funds)

Provident funds / Number of emloyers

Number of provident fund members

Trading value of NVDRs (SET & mai)

Total value of NVDRs (Million shares)

Number of NVDRs (Securities)

Enhancing capability...

Amplifying competitive advantage

Heading towards success with full realization of potential and enhanced competitiveness. Supporting growth with a highly-effective and experienced team to yield long-lasting achievements

Development highlights in 2010

The year 2010 marks a year of continuing to build a strong foundation for The Stock Exchange of Thailand, enabling the Exchange to better cope with major capital market changes in line with the Thai Capital Market Development Plan. These transformations include SET demutualization that will strengthen the competitiveness of the Exchange as well as the upcoming abolishment of the monopolistic nature of stock exchange operations, together with liberalization of securities licenses, trading fees, and other major regulatory measures leading the capital market forward. The SET will continue to enhance securities supply and transactions, in response to the needs of all clientele, e.g., listed companies, investors, and intermediary institutions. In the meantime, the SET also aims at enhancing its efficiency and competitive advantage, as well as the trust of domestic and foreign stakeholders, so as to smoothly transformation into a public company and develop the Thai capital market in all facets.

During the past year, SET operations were based on four main strategies, namely: 1) Enhance the Thai capital market's supply of securities and enhance the trust of all related parties in that market; 2) enhance liquidity in the Thai capital market; 3) Lay a stable infrastructure for sustainable growth; and 4) Prepare for SET's demutualization. The SET's successful 2010 was reflected in the key indicators on transactions and growth: the **SET Index soared 40.60% over 2009 in Thai baht value, and 55.50 % growth in U.S. dollar value, making it one of the top five fastest growing exchanges in the world** despite economic and political factors, domestically and abroad, that affected securities trading and the Thai economy.

Exchange Function : Strengthening the market and enhancing its attractiveness

In 2010, the SET was dedicated to enhancing the trust of local and overseas investors. It supported the listing of large-scale corporations with transparent operations and information disclosure. Also, it provided additional proactive measures in surveillance and listed company supervision by adjusting rules and regulations to be better suited to the rapidly-changing environment and enhance greater transparency.

Newly-listed firms in 2010 increased their market capitalization by 220%

The SET has proactively worked in close cooperation with its public and private alliance partners throughout 2010. It has strived to increase number of quality listed firms with healthy management and good governance. The SET targeted large corporations or sister companies of state enterprises to list. In the meantime, robust regulatory and system infrastructures have been put in place to eliminate obstacles that hinder company's fund-raising, and to prepare for disclosure-based listing in 2011. This listing type should encourage fund-raising by small and medium-sized firms which have strong growth potential, and help further enhance the attractiveness of the middle-sized , company segment.

In 2010, there were a total of 12 new listed companies (including BTS Group Holding PCL, through a backdoor listing),

and 4 property funds, with total market capitalization of THB313.41 billion (approx. USD10.40 billions) at the end of 2010, which is a remarkable soaring of 220% from their IPO value of THB97.91 billion (approx. USD3.25 billions)

In 2010, the SET identified 4 target industries for listing-Energy, Automobile and parts, Insurance, and Telecommunication & communication, and laid out its proactive plan to increase listings through collaboration with alliances in these industries. For example, the SET signed a memorandum of understanding with the National Telecommunications Commission to encourage companies in that industry to list.

Tapping overseas firms with listing potential

As a part of its proactive marketing strategy, the SET continued to reach out for potential companies in the Indochina region. Also, the SET played a vital role in setting up the Laos Stock Exchange, as a key regional alliance in October 2010. The SET encouraged Thai securities companies to do business in that country. This successfully paved the way for other stakeholders to expand their business opportunities.

Value-added activities to enhance the attractiveness of listed companies

The SET places importance on creating value and promoting listed companies. In 2010, the number of listed firms with a price-to-book value of less than 1 decreased to 189 companies, from 258 in 2009. The SET carried out these promotional efforts: 1) **Opportunity Days** for top managements of listed firms to meet face-to-face with securities analysts, fund managers, and shareholders to directly obtain the information they needed for prudent investment decisions. Those who were unable to attend could also view the event via the website www.set.or.th or through their smart phones. In 2010, there were 99,096 viewers for Opportunity Days' live broadcasts; 2) **Company visits**, which the SET hosted in conjunction with the Thai Investors' and Securities Analysts Associations; 3) The **SET Awards 2010** nationally-televised presentations to honor listed firms and industry operators for outstanding performance in various aspects. There were 35 awards presented, plus the SET Award of Honor for uninterrupted achievement for 3 years or more. The SET Awards is

held for seventh consecutive year; 4) The **Employee Joint Investment Option Program (EJIP)** for listed companies' employees, began in 2009. At end-2010, the SET successfully encouraged eight firms to participate.

In 2010, the SET also devised tools and media to promote firms, such as the Stock Factsheets comprised of trading and financial information in easy-to-use format and available on the SETMART system and SET website.

Another noteworthy development was the addition of the **Steel Sector** under the Industrials Group, so that steel companies were grouped together and better reflect the overall industry, which in turn benefits investors interested in this industry.

The SET also promoted **secondary offerings** to facilitate fundraising with greater flexibility. The SET, in conjunction with the Securities and Exchange Commission, and the Ministry of Commerce's Business Development Department, improved the rules on capital increases, so that firms can ask for a shareholders' resolution for fundraising in advance, under a scheme known as the **General Mandate** method.

Tax privileges to encourage listing

The SET has continually sought the Ministry of Finance's approval to extend corporate tax privileges for mai listed companies, previously been scheduled to end in 2010, which is expected to see results from this effort this year.

New products, e.g., derivative warrants, SET50 futures, and 10-baht gold futures spurred investment

In 2010, the SET initiated many new financial products in response to demand from local and overseas investors. Also, these new products created business opportunities for market participants.

The equity market

Derivative warrants (DW) were overwhelmingly wellreceived in 2010, with a tremendous growth of 75 times over 2009 trading value. In 2010, trading of 42 DW securities reached THB53.52 billion (approx. USD1.78 billions), compared to THB700 million (approx.23.22 millions), of only 3 DWs in 2009.

The WISE KTAM CSI 300 China Tracker Fund, quoted as "CHINA", is the fourth exchange-traded fund listed on the SET but is the first one with underlying foreign securities. The fund invests in 300 large-scale companies listed in Shanghai Stock Exchange and Shenzhen Stock Exchange, and carried a total asset size of THB358 million at end-2010.

The bond market

Bonds listed on the SET had a total value of THB4.57 trillion (approx. USD0.15 trillion) at end-2010, increasing THB613 billion or 15.49% over 2009. The bonds are comprised of 563 issues of government bonds worth THB3.87 trillion (approx. USD0.13 trillion), 109 issues of corporate debentures worth THB0.69 trillion (approx. USD0.02 trillion), and investment units of a fixed-income fund worth THB4.43 billion.(approx. USD0.15 trillion)

The derivatives market

The SET added two derivatives products in 2010 to provide more variety of choice for investors to better manage their risk and to fill demand for this popular investment product. Also, developing the derivatives market is in line with the Thai capital market development plan. Four derivatives products, under two categories, were added: 1) **10-baht gold futures**; 2) **Three interest rate futures**, both short and long term. The interest rate futures were 5-year government bond futures, 6-month THBFIX futures, and 3-month BIBOR futures.

With the existing SET50 futures, SET50 options, 14 single stock futures, and 50-baht gold futures, the Thailand Futures Exchange (TFEX) currently offers 21 products in 5 categories. Trading on TFEX in 2010 was recorded at 4,519,436 contracts, or 18,676 contracts per day, a rise of 46.24% from the daily average of 12,771 contracts in 2009. The most highly-traded product was SET50 futures, followed by gold futures and single stock futures. However, trading of SET50 options and interest rate futures was rather quiet.

The TFEX provided more services at end- 2010 to facilitate investment by foreign investors and help to reduce foreign exchange impact. This was done by enabling large-scale trades, called block trading, and the clearing house accepted collateral in U.S. dollars and Euros, as permitted by the Bank of Thailand.

Expansion of the investor base and enhancement of access

For Thai investors:

"SET in the City" investment extravaganza, giving investors easy access to comprehensive information

The SET regularly hosted marketing activities in Bangkok and other provinces to keep investors and general public informed on various investment products, especially new ones. The **"SET in the City Zone@Money Expo"** inside Money & Banking Magazine's Money Expo was available in Chonburi, Bangkok, and Chiang Mai. Moreover, "SET in the City" took place in Songkhla, Pitsanulok, and lastly at Bangkok as a signature event of the season, in November each year. All in all, 172,300 persons came to all these investment events, accounting for 30,831 transactions (in stocks, derivatives, debt securities, and mutual funds) worth THB4.54 billion (approx.USD0.15 billions), a giant increase in value of 79.35% over 2009.

The SET developed targets to include the young generation - those who have just begun their working careers - in promoting mutual funds, under the program called **"Let your money work through mutual funds"**. These targets empowered the young generation to start planning their savings early in life, and thus more effectively achieve their financial goals and have happy retirements. In addition, the SET hosted the **"Mutual Funds on 3 City Corners"** program on the outskirts of Bangkok to provide residents there with better access to information. These ongoing efforts yielded THB7,000 million worth of transactions made during the events.

For overseas investors:

Roadshows to strengthen trust of global institutions in the Thai economy and the potential of listed firms

The SET, in conjunction with public and private organizations, organized roadshows to strengthen the trust from foreign institutions and to communicate the strengths of the Thai economy and listed firms, as well as the significant development of the market. This demand-side promotion took place 6 times in Japan, Singapore, London, and New York. The SET was honored to have the Prime Minister of Thailand and Finance Minister join many of the trips to provide an authoritative, overall picture of the country and to head the delegates from both the Thai public and private sectors.

Enhancing investment and information access

The SET has continued to provide additional channels for investors to more conveniently access information and conduct investments. The SET encouraged securities companies to open service outlets in commercial bank branches, under the Broker Branch@Bank project. This program both reduced costs for brokerages and provided investors with a more convenient mode of contact; presently, there are 43 such broker outlets. In addition, the SET has developed an internet-based trading program called Streaming Pro, and an iPhone application called "Settrade Streaming on iPhone" to enable people to trade stocks and derivatives through those means. Each month, about 67,000 users actively using these applications with 32 securities firms.

Dedicated to information service to serve investors, analysts, and institutions

The SET has further developed its SETSMART system to become a more efficient information tool. SETSMART has been developed to be more user-friendly, especially in its presentation layout and easy search function. Also, important information has been added, such as historical data relating to or resulting from corporate action. Or, for a property fund, information given might include the names of the asset management and property management companies, the fund's investment policy, trading prices, comparison graph, financial statement, and key financial ratios. This information would be shown in a single screen to be easier to use by investors.

The SET Group's websites, www.set.or.th and www.settrade.com, have been efficiently utilized as channels that provide accurate, comprehensive and timely information. The www.settrade.com is regarded as the best investment site in Thailand, having consistently achieved the highest number of visitors in the Banking-Finance category for website ranking for 7 years in a row. To respond to young generation's lifestyle with communication through social networks, the SET also communicates through a Facebook page at www.facebook.com/settradeclub. The page has gained 30,000 members and distributes investment information widely at a fast speed.

Developing post-trading services in response to various demands

Straight-Through-Processing (STP) development: The global standard

In 2010, the SET placed importance on developing its work systems and post-trading services to be more user-friendly and to reduce operational risk. The SET developed these systems and services:

1) The Pre-settlement Matching System facilitates custodian banks in checking their clearing and settlement transactions with their brokers or securities companies. The system is very efficient not only because it enables custodian banks to review multiple transactions at a time, but these transactions are the pre-order matching transactions and the matching orders that their brokers provided before confirming with Thailand Securities Depository Co., Ltd. (TSD). The system has been available since March 2010 and has been well-received by the banks.

2) The Corporate Action News system is especially aimed at efficiently giving foreign investors accurate and timely information about benefits they have earned. The listed company's news on benefits and announcements will be disseminated to TSD members, e.g., custodian banks, more efficiently than before. This improvement has been made possible due to the cooperation from listed firms, who disclose data using the standard SWIFT message format; this format is a communication standard among financial institutions and is regarded as a universal and secure format for data transmission and in line with today's global custodian practices. The Corporate Action News system will reduce costs of the industry, shorten communication time, and reduce human error in recording the data.

3) The Integrated Clearing House system, which is in line with the standards of the SEC and foreign institutions. Work from TSD was transferred to Thailand Clearing House Co., Ltd. (TCH). Then, SET held a 99.99% of TCH shares, making TCH a SET subsidiary, similar to TSD.This structure reduces risks and protects assets of depositors and TSD members. It also benefits members of securities and derivatives clearing houses, as they can reduce risks and front-end collateral.

4) Acceptance of foreign currencies as collateral for TFEX transactions. This is to facilitate investment by non-Thai investors who can now place U.S. dollar and Euro-denominated assets as collateral, hence safeguarding them against foreign exchange risk and enhancing TFEX's regional competitiveness. This more convenient collateral requirement will also promote the expansion of the investor base. The TCH has developed a system to handle foreign currency collateral and provided service starting from November 2010.

5) Shareholders' information is now available on the internet through the TSD Investor Portal, which enables manual searching and printing of shareholders' information with standard security systems on a 24/7 basis. So far, over 6,000 users have applied for this service.

Information technology (IT) system enhancement for new products and inter-market linkage

To fulfill its mission to be a leading exchange in the region, in 2010, the SET constantly developed its IT system as laid out in its five-year IT Master Plan (2010-2014). The SET's major task in this area is to bring its competitiveness and potential to another level and cope with inter-market transactions in the borderless world of today. Product innovations and enlargement of transactions in the industry also require IT to advance with cost-efficiency and effectiveness. Key IT projects initiated or implemented last year were as follows:

1) The Core Systems for Exchange project included the SET's trading, data dissemination, and market surveillance systems. The SET is sourcing highly-efficient systems with cutting-edge technologies and meeting internationally-accepted standards. The desired systems will be able to cope with product innovations more quickly, be secure, disseminate data effectively and efficiently, and efficiently monitor the market to better protect investors, which are in line with international standard and IT Master Plan.

2) SETNET 3, a highly-efficient infrastructure and network system in line with international standards, is being developed to become part of the Single Point of Network Service. This comprehensive and integrated point of service will be a reliable and highly efficient foundation for the planned inter-market linkage. The project is expected to be completed in Q2/2011.

3) Development of trading systems to serve regional transactions according to the ASEAN Linkage project, which will enhance the attractiveness of the overall region among foreign investors. The system under development will provide investors with convenient, fast and cost-effective service. The system linkage is expected to go live by end- 2011, and will initially be linked with Malaysia, Singapore, and the Philippines.

4) System development to cope with the extension of TFEX's trading period, as the two of its flagship products-gold and silver futures-have very active participation and have gained a lot of momentum. Trading of these two products should thus enhance opportunities for investment and management of risk. Their trading time will be extended to 10.30 p.m., to overlap with when the European and U.S. markets are open.

5) Development of the Enterprise Data Warehouse system to reduce redundancy of data storage within SET organizations. The SET will have a centralized system for efficient data analysis and business development on a sustainable basis.

To ensure that the SET's IT security is in line with international standards, the SET requires IT security experts from recognized institutions to conduct IT audit every year. The SET also manages its computer center using the Green Data Center approach, ensuring that equipment is energy-saving, environment-friendly, and cost-effective. The SET also has ongoing monitoring of system operations and efficiency, to enhance organizational competitiveness.

Another proof of SET's IT and communication system is its efficient back-up system, which can cope with any interruption or crisis by delivering smooth trading transactions, as under normal conditions. The best evidence is that provided during the political unrest in May 2010, the SET continued to provide service seamlessly and flawlessly and with no damage to the overall capital market.

Development of market surveillance system in line with international standards

In 2010, the SET's market surveillance was focused on four aspects: (1) Keeping the system up-to-date to be able to cope with current market conditions and changing investment behavior, as well as keeping the standards in line with those of overseas exchanges; (2) Aligning the information disclosure system with international standards and with the demands of listed companies as well as investors; (3) Supporting self-regulation among members; and (4) Conducting more efficient surveillance and imposing penalties for wrong-doing more rapidly. Key market surveillance activities last year were as follows:

1. Keeping the system up-to-date to be able to cope with current market conditions and changing investment behavior, as well as keeping standards in line with those of overseas exchanges.

- **Information disclosure :** The SET adjusted its requirements on the disclosure of events that could have a direct effect on company value. This type of event includes financial assistance offered to other parties which is not considered as a usual business transaction of the company, or default of debt repayment. Firms are now required to disclose such information once an event occurs.
- **Market surveillance :** Rules on market surveillance that the SET adjusted include (1) Regulations on inappropriate trading transactions, (2) Criteria for securities that require a cash balance front-end collateral, (3) Measures on how to deal with cases where there were reliable facts indicating that a person had manipulated securities prices, or that the price of a given security has either been extremely volatile or heavily traded, and (4) market surveillance measures regarding inappropriate derivative trading.
- **Measures for companies with operational performances or financial conditions that make them subject to delisting :** The SET has improved measures for firms facing possible delisting to encourage these companies to speed up improvements. The NC (Non-compliance) sign will be posted on the securities of such firms to notify investors that the companies involved are subject to delisting and trading will be suspended. The firms will have 3 years (divided into 3 phases) to bring their performance up to listing requirements. Should they fail to do so, the SET Board of Governors will consider them for delisting.
- **Short-selling :** Previously, only securities that were a part of the SET50 index were eligible for short-selling; that list has been expanded to cover all securities that are in the SET100 index.
- **Voluntary delisting of unit trusts :** Now, funds may voluntarily delist their unit trusts, similar to a voluntary stock delisting. In both cases, the SET requires the same standards of information disclosure, involvement of investors in decision-making, and opportunities given to investors to redeem their units.

Any adjustment of SET rules and regulations has undergone the hearing process between related parties, including listed and member companies and investors. Hearing channels include physical meetings and through websites. The SET has also worked in close cooperation with the SEC so as to engage all stakeholders, to ensure that proposed changes will meet all parties' objective and will not hinder business operations. The hearing process is conducted following corporate governance principles on stakeholder benefits and involves all stakeholder groups.

2. Aligning the information disclosure system with international standards and to meet demands of listed companies as well as investors : The initiative is divided into two phases. The initial phase started in 2010 by providing a web-based template for information dissemination so as to facilitate both the companies and investors. Firms were given more time to submit information for dissemination; the deadline is now 10:00 p.m. In the second phase, which will begin in 2011, companies will no longer be required to submit information by fax, and information submitted to the SET's system will be disseminated immediately. However, as there will be no review or confirmation by the SET, firms should review their information more carefully than now. If there is any incomplete information, the SET will ask for additional details.

3. Supporting self-governance among members : The SET encouraged self-regulation among securities companies by liberalizing trading commission rates. Now, securities firms can manage their rewards or incentives given to persons responsible for investor contact, to the branch manager, and the marketing head to a greater extent than previously. In 2011, the SET will consult with the Association of Securities Companies (ASCO) to further progress the association's role as a fully self-regulated organization.

4. Conducting more efficient surveillance and imposing penalties for wrong-doing more rapidly : This is to foster more efficient rule enforcement and quicker action to punish wrong-doers and deter potential violation of SET rules and regulations. The SET was able to shorten the investigation time by 10% compared to the time used in 2009. In 2010, major actions on the supervision of companies and SET members can be summarized as follows:

- Listed company supervision : In 2010, the SET sent 163 written notifications or issued news releases asking 91 firms for more details about their financial statements and other issue of information.
- Member supervision : The SET investigated 5 member companies.
- Market surveillance : The SET constantly undertakes both preventive and investigative measures against any actions that might lead to illegal trading or violations of SET rules and regulations. In 2010, the SET investigated and took action in 32 instances of possibly illegal trading, and 7 cases for possible non-compliance with SET rules and regulations.

The Capital Market Development Fund (CMDF) : Long-term quality enhancement of the capital market

In 2010, the SET established the CMDF committee to oversee the fund's operation. This committee is comprised of experts from Association of Investment Management Companies, Association of Securities Companies, the Bank of Thailand, the Fiscal Policy Office, Listed Companies Association, the Securities and Exchange Commission, the Thai Bond Market Association, and Thai Investors' Association. The committee has drafted the CMDF Roadmap as a clear framework for this functional line, so that the CMDF will be a major unit that effectively and efficiently drives the development and standards of the capital market. This should result in enhanced reliability and recognition among local as well overseas institutions, and also help the Exchange be better prepared for organizational transformation.

Quality development for listed companies

Proof of success: Thailand became "Asia's best improved" in good governance. Corporate governance of its listed companies drives the country's overall governance ranking to 4th among 11 nations

The year 2010 marked a major step forward in the advance of good corporate governance Thailand. The Asian Corporate Governance Association, a non-profit organization promoting good governance in Asia, in conjunction with Credit Lyonnais Securities Asia, announced the results of its 2010 CG Watch in 11 Asian countries. Thailand's ranking jumped from 8th to 4th place, and with higher overall score of 55/100 (up from 47/100). This upward leap was remarkable when compared with other countries, and Thailand was thus considered to have shown **"the best improvement in Asia"**. This recognition underlines the fact that Thai listed firms place importance on good corporate governance, and helps to enhance trust from foreign as well as local investors.

Countries	CG rules & practices	Enforcement	Politicaly regulatory environment	Adoption of IGAAP	CG culture	Country score ('53)		Country score ('50)	
Singapore	65	60	69	88	53	67	(1)	165	(2)
Hong Kong	59	63	67	80	54	65	(2)	67	(1)
Japan	45	53	62	75	53	57	(3)	52	(5)
Taiwan	50	47	56	78	46	55	(4)	54	(4)
Thailand (53)	56	42	54	73	49	55	(4)		
Thailand (50)	58	36	31	70	39	-		47	(8)
Malaysia	49	38	60	80	32	52	(6)	49	(6)
India	46	36	54	63	43	49	(7)	56	(3)
China	47	36	56	75	30	49	(7)	45	(9)
Korea	43	28	44	78	33	45	(9)	49	(6)
Indonesia	39	28	33	67	32	40	(10)	37	(11)
Philippine	35	15	37	75	25	37	(11)	41	(10)

The Industry Development Center has been playing a key role in developing and promoting greater understanding on good governance and social responsibility among listed companies and small - and medium-sized firms. The Center also encourages the business sector to actively implement related principles to enhance their growth potential on a sustainable basis. Implementation should be suited to the Thai capital market and in line with international standard.
In addition, the SET also emphasizes measurement and evaluation of governance performance, and it rewards and honors companies with good practical results by publicly announcing evaluation scores and holding them up as role models.

The good governance promotion schemes conducted in 2010 were as follows:

1) Promoting good governance among listed companies: The major objective of this program was to add value and use good corporate governance principles to yield results that were both practical and efficient. The SET provided consultancy services, workshops, and other forms of training to firms to develop their risk management and internal control systems, and enhance the role of their directors.

2) Supporting to the Thai Institute of Directors Association in continually conducting surveys and producing a Corporate Governance Report of Thai Listed Companies. Firms could then use the evaluations to improve their corporate governance even further.

3) Presenting the Top Corporate Governance Report Awards every year to honor listed companies with superior corporate governance reporting, spur them on to greater efforts, and hold them up as role models for their industries. Also, the SET presented IR Excellence Awards to listed firms with outstanding investor relations services.

4) Making courtesy visits to directors and top executives of listed companies: SET's Corporate Governance Center Advisory Committee advised firms and encouraged them to place importance on implementing corporate governance principles which should add value to the companies themselves. The SET has also produced a list of candidates who were experts in various fields and were willing to be independent directors for listed companies. This list has been a useful alternative in seeking the names of independent directors to nominate. Also, the SET produced a report analyzing the remuneration of directors and executives of listed companies, to guide firms in setting compensation for their own such persons.

5) Promoting investor relations (IR): IR is an important activity for companies as well as investors. Thus, the SET has organized CEO Dinner Talks to provide CEOs of listed firms with opportunities to learn from experts on IR, helping the CEOs better understand and recognize the importance of IR to their companies. The SET also organized workshops on "IR Planning" and "Preparation for Analyst Meeting" to help IR personnel in these two key areas.

The Corporate Social Responsibility Institute (CSRI) promotes and adds value to the corporate social responsibility (CSR) activities of capital market industry

The CSRI, under the SET's Capital Market Business Development Center, promotes social corporate responsibility (CSR) among listed companies in line with Asian Development Bank's recommendation. The CSRI's operations are geared towards these directions:

1. Developing CSR benchmarks
2. Educating and promoting for CSR implementation
3. Evaluating and benchmarking CSR
4. Publicizing CSR evaluation and rewarding implementation

The CSRI also focuses on promoting listed companies to become role models for other firms in doing business responsibly for their stakeholders, society, and nation as a whole. Key CSRI activities in 2010 were:

1. Developing and promoting CSR standards and good practices: The CSRI supported the CSR Club of the Listed Companies Association (LCA) to become a founding member of the ASEAN CSR Network's Board of Trustees. The first

key missions of the ASEAN CSR Network are to develop Guidelines for Social Responsibility for ASEAN business, assist the five ASEAN countries (Brunei, Burma, Cambodia, Laos, and Vietnam) in developing their CSR work, and publicize and inter-connect CSR model businesses so that they can assist others who have just learned about CSR. For Thailand, these activities will be done through the LCA's CSR Club in order to build connections, share CSR experience, and provide learning opportunities for inexperienced companies.

2. Fostering learning opportunities about CSR values and process: CSRI has collaborated with its alliance partners in the public and private sectors, civil society, and media, e.g., Change Fusion Institute, the Thai Health Promotion Foundation, and Thaipat Institute. CSRI hosted the CSRI Forum to promote greater knowledge and understanding about CSR, and to support the CSR work of various Thai organizations. CSRI initiated CSR Day in 2009 and plans to continue it through 2011. This event is to promote CSR knowledge among executives and employees of participating organizations, strengthen the presence of their CSR function, and align CSR activities with their business directions. There were over 8,000 participants from 200 organizations attended the CSR Day project. CSRI also hosted the Happy Workplace program to create awareness of CSR-in-process among listed companies. There were a total of 119 attendees in four workshops.

3. Promoting CSR implementation and honoring the firms with outstanding CSR programs: One of CSRI's key activities is the CSR Awards presentation. This event is a major part of each year's SET Awards and honors and promotes the ongoing and increasing CSR efforts among listed companies and business community at large.

Enhancing investment knowledge to build "quality investors"

The Thailand Securities Institute (TSI), an education arm of the SET, has promoted greater understanding in financial planning and investment among the general public, so as to produce "quality investors", thus fuelling the capital market's sustainable growth. Its focus in 2010 was still on financial planning as well as new products, organizing seminars and workshops attracting a total of over 30,000 participants. The Institute also initiated the **"Wealth Society by TSI"** program to promote awareness of wealth creation. Participants in this program are learning the process step-by-step from experience-sharing by experts in each field.

As online communication plays an ever-larger role in today's life, the TSI has developed a comprehensive learning channel on www.tsi-thailand.org, to make a treasure chest of knowledge on financial planning and investment in one place. The website offers various learning modules, e.g., TSI Financial Tools, e-Learning lessons, up-to-date articles on investments, and seminar topics - all of which is accessible online 24/7. There have been 720,000 users of this channel so far.

The TSI has been **producing publications** to promote greater understanding about personal finance and investment innovations. It also actively takes part in national book fairs every year to create awareness and a saving and investment culture among the general public. In 2010, there were 12,000 people participating. Additionally TSI has renovated its Maruay Knowledge and Resource Center (MKRC) to provide knowledge resources on saving, financial planning, and investment using highly innovative approaches.

To further emphasize financial literacy, the SET has developed the "Happy Money" program concerning personal finance management in a household setting. Through collaboration with the Thai Health Promotion Foundation and Thailand Productivity Institute, a total of 1,964 participants from various organizations have been trained to become trainers. These trainers will educate and advise operational-level employees in their home organizations. Hence, the Happy Money program will become an integral part driving the Happy Workplace.

Strengthening professional development in the securities industry

The TSI seeks to increase the number of qualified securities professionals as well as enhancing the expertise and potential of the existing professionals. In 2010, through TSI digital testing center, the TSI had increased the number of securities professionals by 2,200 and provided training to 10,200 participants.

Globalization and macro-level changes in Thai financial market, e.g., financial liberalization, Deposit Protection Agency (DPA) establishment plan, and universal banking, make it vital that TSI continue to develop the knowledge and skills, professionalism, and service quality of industry practitioners. In 2010, TSI created two major initiatives to assist related financial institutions and their professionals in adjusting to those changes:

1. Modern Marketing program, a joint effort between TSI and Association of Securities Companies, focused on marketing representatives of brokerages, to deepen their investment knowledge and selling skills. The program deliverables included an operational handbook for marketing representatives, a prototype Modern Marketing course for new marketing representatives, a Train-the-trainer program to develop brokerage staff who could further educate their colleagues, and 'soft skill' training programs such as "The path to become world-class marketing representatives" and "Value creation to become the top salesperson". These two training programs attracted 600 participants in total in 2010.

2. Wealth Management@Bank program, a collaboration between TSI and commercial banks, is to deepen and broaden expertise in personal wealth management among branch managers, who are key players in advising their branches' high-net worth clients. In 2010, four major commercial banks participated in the program, training 2,265 branch managers nationwide.

Building a quality leader society with the Capital Market Academy (CMA)

The CMA offers a senior executive program to develop organization leaders who have high levels of expertise and possess visionary dynamism and leadership in capital market. The ideal leader should lead his or her organization to achieve business goals while playing a leading role in developing the society. In its six years of establishment, the CMA has graduated 11 classes, totaling 858 top executives from the public and private sectors. CMA alumni, acting together, have contributed to the development of the Thai capital market by proposing what evolved to become the current Thai Capital Market Development Plan accepted by the government. Moreover the institute has produced academic reports useful for economic development, e.g., a national strategy for financial literacy education, economic policy adjustment to cope with Thai baht fluctuations, and transforming the legal and policy framework on public-private investment.

In 2010, the SET Foundation provided a seed fund for CMA students to run their **"CMA power to narrow social inequality"** project. CMA students, acting as a body, selected six provinces to do their field service: Sisaket, Nongkai, Sakon Nakorn, Mae Hongson, Burirum, and Srakaew provinces, which are comparatively underdeveloped.

Research for capital market development

In 2010, the SET continued to place importance on developing greater public understanding about the role and mechanism of the capital market. Therefore the SET supported these research projects that would benefit the capital market and overall economy: 1) A behavior survey of short-term investors in the Thai stock market; 2) A service requirement survey among small and medium-sized firms; and 3) An investor survey.

In addition, the SET has granted 5 research scholarships to academics on these topics:
1) Relationships between idiosyncratic risk and corporate governance; 2) Noise traders' behavior in the Thai stock market; 3) Hedging effectiveness of SET50 Index futures: Empirical studies and policy implications; 4) Roles of stock market conditions towards foreign capital inflows and outflows; and 5) Dividend payment policy and uncertainty in cash flows and shareholding structure.

Enhancing personnel potential to cope with greater competition

It is vitally important for the SET to develop its personnel, as they are key factors who could add value and drive the organization forward, especially since the future holds increasing competitiveness and inter-linkage with global markets. Thus, the SET has continuously enhanced its employee potential by implementing these schemes:

1. Cultivating business-minded employees in every level. Amid tougher competition and the ever-changing environment, the SET needs to be well-prepared with highly-capable human resources who are eager to learn, have a keen business sense, dare to change, and are ready to work in a changing IT & business environment.

2. Developing a performance culture, so as to make the SET's culture clear and aligned with organizational goals. The SET president has clear key performance indicators (KPIs), which are clearly linked to organizational goals and cascade down throughout the organization right to the bottom. Through this process, the SET can reach targets that were mutually-agreed upon at the beginning of the year, and each person's KPIs are directly and clearly linked to the SET's reward system in considering salaries and bonuses. This is to ensure that everyone is working toward a common goal, and rewards are based on performance.

3. Employing efficient and ongoing internal communication to ensure a clear understanding among employees at all levels. Communication channels include employee-executive meetings or special events such as forums, internal radio broadcast, and informal meetings with executives.

4. Organizing a leadership development program for future SET leaders. This project will partly be designed by executives who will identify the benchmarks and develop potential employees by a team of executive-mentors. Also, potential leaders will undergo other development programs, e.g., one-on-one coaching, e-learning, and other employee-focused training and seminars. The program is to identify, develop and retain the executives who will lead the SET in tomorrow's increasingly competitive environment.

The SET values the importance of all employees as quality and valuable human resources. Hence, it has ongoing development programs in place, to develop more knowledgeable and capable personnel in moving the organization forward and creating innovations. The SET's human assets are key to enhancing its competitiveness and making it ready for the evermore rapidly changing environment it faces.

The Stock Exchange of Thailand (SET) and corporate social responsibility (CSR)

The SET realizes the importance of good corporate governance (CG) and corporate social responsibility (CSR). Thus, the SET has incorporated social responsibility as a major part of its vision and encourages listed companies and other stakeholders to become organizations with good CG and CSR.

The SET has operated with social responsibility in line with the "Compass for Corporate Social Responsibility" or CSR Guidelines, established by the Corporate Social Responsibility Working Group appointed by the Securities and Exchange Commission.

Good Corporate Governance

The SET is determined to be a role model, practicing good CG and cross-functional management throughout the organization, including with its executives and staff, board and other stakeholders. The SET also implements its internal and external operations in line with good CG principles.

The SET bases its policies upon good CG principles which meet international standards and have been consitently communicated throughout the SET and at all levels. The SET has been nurturing good CG as a part of its culture, encouraged by high-level executives and promoted through internal communication and a variety of activities.

The SET promotes good CG for listed and member companies, and, in 2006, the SET issued "The Principles of Good Corporate Governance for Listed Companies" to guide firms in enhancing their CG practices. The SET also supports listed firms to demonstrate those practices in their annual registration statement (Form 56-1) and annual reports. The Exchange has established a Corporate Governance Center to advise listed firms on good CG by meeting their directors and other executives, persuading them on the importance of seriously practicing good CG and withstanding all kinds of corruption. The SET supports the Thai Institute of Directors (Thai IOD) to be an educational center for company directors and supports incentives such as the Top CG Report and CSR awards.

Furthermore, the SET educates firms on CSR with cooperation from the Corporate Social Responsibility Institute (CSRI) and alliance partners like the Thaipat Institute, Thai Health Promotion Foundation, Thai Listed Companies Association's CSR Club and Thai Institute of Directors to stimulate companies to seriously implement CSR.

Fair business practices

The SET is determined to be a trading center and source of fund-raising for businesses that has fair practices towards all. The SET encourages all capital market stakeholders to operate with fairness to build reliability towards Thai and foreign investors.

Before issuing regulations related to listed or member companies, the SET opens hearings for all parties and builds mutual understanding among them.

As a trading center, the SET manages a fair and transparent trading system with regulations to ensure an orderly market and enhance market transparency and market integrity. The SET facilitates investors, whether potential or existing, with

convenient access to trading and a variety of information channels, e.g., SETSMART, www.set.or.th, and www.settrade.com. The SET also has many promotion programs to help investors know how to access and use information and become comfortable with a variety of financial products. The SET also supports member companies in their efforts to raise the number and quality of their marketing officers and raise the expertise level of existing securities professionals.

Respect for employee rights and equal and fair treatment

The SET has fair practices and takes care of its employees' quality of life. Thus, the SET offers its staff competitive compensation and benefits administration under an attractive work environment, with safety, open communication channels and opportunities to participate in planning and proposing ideas. The SET also develops staff potential and ability for career advancement following the model, "A Guideline to 8 Happinesses", produced by the Thai Health Promotion Foundation.

• Human resource development

The SET develops employees at all levels as it realizes the importance of staff as key to driving the organization to success and to achieving its targets, including:

- Nurturing the business mindset of employees throughout the organization to prepare them for competition, including supporting adjustment of staff members' way of thinking and working to be more effective and efficient under a changing environment
- Improve the SET's performance culture to be clearer and more strongly linked with SET objectives and employee compensations.
- Frequent internal communication from top-and middle-level executives to increase understanding among all staff of the SET's direction and short-and long-term goals.
- Scholarships for employees to study locally or overseas, increasing their opportunities for growth and learning more challenging work

• Employee engagement

The SET has continually encouraged good relationships among employees and between employees and the organization, and created a work environment that stimulates relationship and creativity. In 2010, the SET carried out an employee engagement survey for the third year; results showed that the SET was world-class in terms of such engagement, building employee confidence in SET.

• Knowledge development

The SET supports broadening and deepening of expertise to increase employees' confidence in working, while creating a culture of sharing with many activities, such as the **"Move SET Forward: Show & Sharing 7 Habits"** to inspire better living, **"SET AHA Outing"** to adjust attitudes and coordinating skills in line with SET Core Values, **"Business Mindset"** program focusing on leadership skill development, and the **"Leadership Development Program"** to build new-generation leaders.

Also, the SET has sponsored strategic development of specific skills, e.g., in new products and services, foreign languages, "Portal in SET" knowledge system, the "Knowledge Center" in the Intranet and Sharing activities to enable employees to express opinions, share knowledge and learn.

The SET encourages employees to pay attention to their health, with a fully-equipped fitness room and trainers to advise exercises which are right for them. The Exchange also helps staff care for their mental health, by offering meditation sessions on company time and other religious activity, The Exchange encourages its employees to wisely manage their personal finances by introducing the **"Tax Deduction with LTF and RMF"** program.

• SET's Employee Club

The SET supports all activities held by the SET's Employee Club, managed by staff-elected representatives. In 2010, the club held many activities, including those enhancing employee knowledge, those where family members of SET staff were invited to participate, and social activities such as the **"35 Merits 35 Years of the SET"** program which encouraged staff to do good for colleagues, family members and society at large.

• Voluntary work by staff

The SET encourages employees to volunteer and join SET social activities, e.g., youth education, community's quality of life development, social and environmental activities, or programs organized by religious and cultural organizations on a continuous basis.

Responsibility to all investors

The SET operates with responsibility to all investors, aiming to be a stock exchange with liquidity to which Thai and foreign investors are attracted and which is a source of funds to businesses, yielding benefits to all, as shown by the following activities:

- Product and service development focuses on satisfying investor need with convenience and at a cost that all parties find attractive. The SET will survey investor demand and make a market study before launching a new product.
- Selecting and supporting large companies with strong growth potential and are interested in listing as well as working with partners to support foreign firms to list.
- Requiring listed companies to disclose information that may affect trading or may impact shareholders' rights and benefits through the SET's information disclosure system. The SET also monitors the disclosures and warns investors if information is unclear or incomplete as well as reviews disclosure regulations. With the use of cutting-edge information technology reducing information errors, complete and accurate information is delivered to investors in a timely fashion.
- Providing information to investors nationwide through marketing events like SET roadshows to build equality of information access for investors no matter where they may be.
- Providing services through the S-E-T and TSD Call Centers to give investors maximum convenience in contacting the SET or TSD, as the case may be, for information on any product or service, and related regulations. They also act as the center of trading coordination between the SET and member companies, while receiving complaints from member companies, investors and related parties.

- Adding services to facilitate investors, e.g., e-Dividend, scripless system, TSD e-Portal and mini-branches of securities companies situated in commercial bank branches.
- Promoting financial planning and financial product for investors and others through seminars and other training activities, as well as using printed and online media by the Thailand Securities Institute.
- Increasing the number of personnel in the securities business and raising the level of their expertise, thus reducing the burden of securities companies as well as providing quality services to investors.

Community and Thai society development

The SET takes responsibility towards society, community and the environment, both inside and outside the organization, in three areas: 1) education; 2) society, the quality of life, and the environment; and 3) religion, the arts and other areas of culture. The SET encourages its employees and executives to give importance to community and society development, including participating in activities towards these goals.

1. Education

The SET emphasizes building a foundation of knowledge about saving and personal finance among youth from primary school through university, including :

Ngern-Thong-Khong-Mee-Kha ***(Personal Finance for Youth)*** **program:** a course to help teachers of economics have basic expertise in personal finance and investment, and be able to teach what they have learned to youth. In 2010, there were 1,529 teachers completing this course.

The SET joined Bangkok Bank and Prapansarn Publishing in distributing supplementaries of the Ngern-Thong-Khong-Mee-Kha ("Personal Finance for Youth") textbook series to 400 primary schools under the Bangkok Metropolitan Administration. Moreover, the Exchange, in collaboration with the Siam Commercial Bank and Siam Cement Group, produced and distributed Por Por 839 books for youth to foster the sufficiency economy philosophy and its application by students nationwide.

In addition, the SET, in cooperation with Rom Chat Foundation,Thai Life Insurance Association's, the Sufficiency Economy Research Project and other alliance partners, organized the **"The Diamond Crown in Economics Ngern-Thong-Khong-Mee-Kha and Sufficiency Economy Philosophy 2010"** contest for the second consecutive year. This project helps youth see the importance of financial literacy. In 2010, over 2,000 students from 698 schools nationwide participated in the contest.

The SET supports high-school youth to have financial discipline and spend school holidays with **SET Junior Fiancial Club 2010** or **"SET JFC 2010"** under the concept, **"Fly Smart to... Your Future."** In 2010, over 500 young people from major economic provinces in Bangkok, Chiang Mai, Khon Kaen and Songkhla finished this program, staffed by SET volunteers.

For university students, the SET held **"Young Financial Star Competition 2010"** for the eighth consecutive year to provide a foundation for a new generation of financial planners and analysts. In 2010, a total of 4,400 students joined the program. The SET also trained university faculty on international financial reporting standards.

During 2010, the SET supported graduate students to have experience in drawing up and presenting their business plans to seek funding for their projects, including **mai BBC@Sasin, Thammasat Asia Moot Corp and SIFE Thailand National Exposition.**

To develop education for disadvantaged youth, the SET supported **"Promoting and Developing Blind Students to Study Sciences"** for the fourth consecutive year and sponsored production of media to teach the blind.

"Library for Learning" is a SET program learning for youth, the community and the general public done through the SET's Maruey Knowledge & Resource Center, a pilot library open daily at the SET Building and Esplanade shopping mall, Bangkok. The SET also supports Soon Ruam Nam Jai School's library in Klong Toey district, near to the SET, and the Baan Ruam Mue Ruam Jai library in Phang-nga to be learning centers for their communities and areas nearby.

2. Society, the quality of life, and the environment

The SET supports organizations or persons seeking to benefit society and the environment as a whole, and recognized them as role models in improving the quality of life of citizens and the environment. Those recognized in 2010 were :

Honoring Those Doing Good for Society. Each year since 2007, the SET has recognized persons and organizations in six areas : 1) Library Development-won by the Thai Library Association ; 2) Rural Development-won by the Population and Community Development Association ; 3) Educational Development-won by the Prof. Sangvian Indaravijaya Foundation ; 4) Music Promotion-won by the Sugree Charoensook Foundation ; 5) Sports Promotion-won by the Football History Association of Thailand ; and 6) Urban Development-won by the Vimuttayalaya Institute

CMA Power to Reduce Societal Inequality is a project undertaken by Capital Market Academy (CMA) students in class 1-11, starting in 2010 to improve the quality of life of people in provinces with low levels of income, education, and health care. This project seeks to reduce inequality in society on a sustainable basis.

Other SET projects to recognize those who benefit society and environment include "One Rai THB100,000" project, buying equipment to enable Thai disabled sport players to join the Paralympic Games, and ambulances for Ramathibodi Hospital; donating to help build the Bhumi Sirimangala Nusorn Building at King Chulalongkorn Memorial Hospital of the Thai Red Cross Society; and donating to help victims of the Haiti earthquakes, floods in Thailand and domestic political turbulence.

Caring for the community and raising standards of life and the surroundings The SET gives the importance to community care, both for society at large and in neighborhood of the SET Building by creating activities with the community, e.g., vegetable gardening and encouraging students of Klong Toey Wittaya School to sell vegetable products, with the income going into the school's lunch fund.

3. Religion, the arts and other areas of culture

The SET supports activities that promote religion and other aspects of Thai culture. In 2010, it held religious, art and cultural activities, e.g., presenting robes to Buddhist monks at

Wat Absornsawan Worawiharn, supporting Makha Bucha and World Visakha Bucha Day activities; producing dhamma media entitled 'Hua Chai Sretthi' and 'Sorn Vanich Hai Pen Sretthi,' given by Phramaha Vudhijaya Vajiramedhi to share dhamma teachings to all Thais.

The SET helped develop the music potential of youth through the **'Settrade Youth Music Competition'**, having joined with the College of Music, Mahidol University, for seven consecutive years, and offering Settrade Musical Moments to encourage youth to spend time with music. Youth from these contests have been successful in performing on the world's stages.

Environmental Care

The SET realizes the importance of caring for the environment and improving its quality, including through managing the SET's IT center to be a Green Data Center by choosing energy-saving equipment to conserve the environment and reduce cost, and monitors efficiency of computer hardware. The SET's "Shared printers" project has reduced the number of printers and volume of ink and paper used. The SET has reduced paper usage by 11%, aided employee health and reduced global warming problems with environmental-and health-friendly printers.

The SET has campaigned among staff to reduce energy consumption in the building and joined 60 Earth Hour to reduce global-warming and carbon dioxide emissions for three consecutive years now. The SET also has improved its equipment, such as air-conditioning and cooling system to reduce global warming. The SET has increased the green area in the SET building. **The SET has been recognized as being a "good"** user of energy by the Department of Alternative Energy Development and Efficiency, the Ministry of Energy.

Promoting innovation as a part of CSR

The SET created innovative means to give investors additional channels to transmit trading instructions and monitor trading information using the Internet, mobile telephones and other modern communication equipment through the Thailand Securities Depository e-Portal.

Meanwhile, **"Live Opportunity Day Webcast"** enables investors to easily follow-up on performance of listed firms, reducing the time and expense that they spend to gather information.

The SET has applied world-class technology to enhance the efficiency of trading regulation in monitoring trading for signs of unusual activity and to promptly suspend trading that is likely to be a manipulation to reduce any damage to investors.

SET CSR Report

The above report has been provided in line with the recommendation in the "Compass for Corporate Social Responsibility" to make the SET's performance under the principles of good CG and CSR known to all stakeholders, including SET employees. Such dissemination is to build the confidence of all stakeholders in the SET and strengthen the good relationships with them, leading to a virtuous circle promoting such that benefit the society, community and environment.

Fulfilling all needs...

Perfecting the art of service

Dedicating our utmost effort to meet every investment need - through development of products, services, investment access, systems, and personnel - to earn the trust of each and every client

SET Group Strategic Plan for 2011

Exchange Function

The Stock Exchange of Thailand (SET) has laid out four strategies for 2011 in preparation for increased competition in the global capital market and demutualization of the SET. These strategies will position the SET as a competitive exchange in the region and as a mechanism central to the country's capital market and economic development.

1. Expand coverage

The SET seeks to expand its product range both horizontally and vertically in the equity and derivatives markets. the SET plans to launch products that facilitate transitioning from bank depositors to investors and to introduce more sophisticated products targeted at investors who are currently investing through the SET. In particular, the SET will promote exchange-traded funds (ETFs) as an asset class of choice to investors. A platform for issuing Thailand depositary receipts (TDRs) based on foreign securities will be created. Silver and oil futures will be introduced in the derivatives market. The SET also plans to attract large companies to list on the exchange, especially companies in high-growth sectors such as automobile, energy and insurance.

Furthermore, the SET will leverage the Internet banking channel of commercial banks to create a new trading channel to attract new investors.

In post-trade, the SET plans to introduce new membership types in the Thailand Clearing House (TCH) and Thailand Securities Depository (TSD). The former step will enable TCH clearing members to provide clearing services to other trading members, e.g., companies which are licensed to trade only specific products (e.g., gold ETFs) and are not clearing house members. In the latter step, TSD will consider admitting new types of depository participants and applying for membership with securities depositories abroad to facilitate the ASEAN Linkage and securities dual listing.

2. Enhance value

The SET focuses on increasing value and quality of services for companies through advocating the amendment of regulations related to secondary equity offerings to make fund-raising more efficient and take less time. The SET will also encourage listed companies to utilize more financial instruments in the capital market.

Additionally, the SET will emphasize increasing liquidity of firms with high potential, especially those in the SET21-50 group of securities, and derivatives. Liquidity will be increased using marketing campaigns for four target groups, i.e., domestic retail investors trading via online channels, domestic retail investors trading via marketing agents, domestic institutional investors, and foreign investors. The SET also plans to organize road shows, e.g. to China and Japan, to provide in-depth information directly to foreign investors interested in emerging markets.

As for derivatives, the trading hours for gold futures will be extended to offer investors a risk management tool during nighttime, when the New York market is open.

3. Increase efficiency

The SET will enhance efficiency of business processes to better respond to investors' needs. The SET plans to improve investment procedures in non-voting depository receipts (NVDRs) to facilitate foreign investors. The SET will also standardize provident fund registrar services. Furthermore, the SET will thoroughly review the investor protection fund and the clearing house's risk management measures in response to the surge of trading activities and changing investor behavior.

To increase efficiency in trading supervision, the SET will consider implementing a single ID system to uniquely identify clients. Lastly, the SET will adjust the information disclosure system used by listed companies to be on a par with international standards.

4. Improve capability

The SET will continue to implement its IT Master Plan, which commenced in 2010. In 2011, the SET will select vendors to implement new trading, price reporting and market surveillance systems to more effectively compete with other exchanges in the region. In addition, the SET will establish relationships with global ETF providers and market-rating agencies so that they have deeper understanding about investment in the Thai capital market, thereby increasing foreign investment in Thailand.

Long-term capital market development

In 2011, the Capital Market Development Fund (CMDF) will start transitioning its role in accordance with the roadmap crafted with the assistance of the Asian Development Bank and after consultation with stakeholders from public and private organizations in 2010, as summarized below:

1. Education

The CMDF will transfer some of its roles in providing professional education to the Association of Securities Companies and Association of Investment Management Companies. This is to support both associations to become self-regulatory organizations. Meanwhile, the CMDF will work with stakeholders to create a professional education development blueprint.

During the transition period, the CMDF will offer a curriculum which will enhance the capability of professionals in the brokerage and banking industries who play a major role in promoting investment literacy to local investors. In addition, the CMDF will continue promoting financial planning among investors and the general public.

2. Industry development

The SET will emphasize advancing the corporate governance (CG) standards of listed companies and provide advice and assistance so that these companies attain higher CG ratings. The SET will also encourage listed companies to focus on the substance of CG in the following four aspects: board of directors' best practices, CG policies and codes of conduct, risk management systems, and internal audit and supervision. The SET will also offer assistance in investor relations to listed companies.

3. Capital Market Research Institute

The Capital Market Research Institute (CMRI) will be a champion of the Capital Market Master Plan. The CMRI will seek to ensure that the plan is dynamic and responsive to the rapidly-changing environment. The CMRI will conduct and disseminate in-depth capital market research to develop the capital market. Lastly, the CMRI will build a strong network with other institutions in the capital market and establish its independence.

SET demutualization

The SET will continue its demutualization, including a study of the legal structure of the SET and related entities. In order to avoid possible conflicts of interest, the market regulatory and supervisory roles of the SET, the Securities and Exchange Commission and SROs will be defined. Furthermore, after being listed, the SET will strive to be among the top 10 SET-listed companies with regard to CG. Lastly, SET will upgrade its accounting system to comply with International Financial Reporting Standards.

Corporate Governance Report

The Stock Exchange of Thailand (SET) is committed to comply with good corporate governance (CG) principles in all its activities to ensure trust and creditability for all stakeholders. The SET aims to be a role model of good CG for all listed companies, and having good CG is a key factor for SET's successful demutualization.

To be a key player in strengthening the Thai capital market's competitiveness, the SET strives to conduct its business with integrity, prudency, and accountability. The SET's Board of Governors (BoG) has stated in SET's demutualization plan that "the SET is to be a good CG role model", as the board strongly believes that doing business with high CG standards will support the Exchange's sustained growth and the Thai capital market's international competitiveness.

The BoG has approved the Principles of SET's Good Corporate Governance, which 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 the SET and followed by both the SET and listed companies. The BoG strives to maintain good CG, stressing that SET executives and staff comply with the SET's CG principles and policies, encouraging a culture of CG throughout the year, and seeks to elevate its CG policies to be comparable with international standards and those of other regional exchanges.

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

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

Moreover, the SET president has built up the CG DNA for all SET staff in the event "Move SET Forward @ CG Day 2010". The SET has held the "SET CG Day" every year to gain involvement of all staff, promote good CG for the SET's sustainable growth, and integrated good CG as a part of SET's culture.

Compliance with Good Corporate Governance Principle in 2010

1. Shareholders' rights

The 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 the annual balance sheet and income statement, appoint an auditor including its remuneration 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 SET calls an ordinary meeting once a year within four months after its fiscal year ends on December 31. The meeting notice, including the agenda, must be sent to every member no less than seven days prior to the meeting. The BoG 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 be held at The Stock Exchange of Thailand building and start at 17:00 hours to be convenient for all members to attend the meeting.

In 2010, the BoG called an ordinary meeting on April 26 and four extraordinary meetings, with an average attendance of 83% of its members. Among the matters considered were election of board members, appointment of an auditor, consideration of significant practices relevant to members as well as the arrangement of hearings on matters related to all members, such as amendment of rules and regulations of derivative warrants, ETF mutual funds, amendment of trading rules and approval of additional securities for short sales.

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, securities companies, investors, employees and other related agencies, including the Securities and Exchange Commission, business partners, competitors, creditors, the public sector, society, and the environment. In order to ensure the rights of stakeholders, the SET has set guidelines on the protection of stakeholders in the SET Code of Ethics manual, which has been disseminated through the SET's website and intranet; SET governors, committees, advisors and employees have agreed to accept these as their own.

Policies toward and treatment of stakeholders

(1) Investors and the public

• Creating customer satisfaction by offering various financial products and quality services and raising organizational operating standards; providing accurate, sufficient and timely information to investors through various media; providing communication channels for customers to receive business information and complaints ; giving high significance to the protection of customers' confidential information and not using the said information for personal or other benefit in bad faith; and not accepting or giving questionable benefits.

• The SET recognizes the crucial role in investor protection and has establishing the Securities Investor Protection Fund (SIPF) to create confidence among investors who trade on the Exchange through the Fund's member brokers. Investors who are clients of SIPF members can receive compensation 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:

- Creating SET in the City to be a meeting place 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 enable participants to easily interact, learn about saving and investing, and become more involved in the capital market.

- Creating the Analyst Fair, where leading analysts give views and perspectives on the economy and investment direction, and also publish the Investor Guidebook which covers up the analyst views of leading securities companies.

- Creating the Maruey Knowledge & Resource Center to be an information center for people interested in money matters and the capital markets as well as other related topics. To expand its investor base, the SET supported universities and educational agencies by setting up SET Corners and e-learning facilities at the outlets.

(2) Listed companies and 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 regulations of the SET.

• 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 support listed companies realize the benefit of good CG practices, both for their own business and for all stakeholders, including shareholders, suppliers, customers, creditors, employees, and the community. In addition, the CG Center provides knowledge and understanding of CG to listed companies and supports the implementation of CG practices in their business.

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

(3) Business partners

The SET has a written policy for business conduct with its suppliers/contractors that is fair and complies with corporate governance. The SET ensures that its trade partners receive fair and mutually acceptable remuneration, without accepting or giving questionable benefits. The policy is strict on complying with contractual obligations and agreements and seeks to notify suppliers/contractors as soon as possible if the obligation may not be fulfilled, in order to find an acceptable resolution in a timely manner.

(4) Employees

• Employees are valuable assets of the Exchange. The SET continues to seek capable and experienced personnel in line with its growth and the demands of the organization. The number of staff as of December 31, 2010 was 733, with a 7% turnover in 2010 (the average turnover for year 2007-2009 was 7.6% per year).

• The SET has continually developed employees by providing training and development programs to enhance their competency and provide career advancement opportunities. In 2010, the SET provided 12 in-house training courses, totaling 1,579 man-days and costing THB5,539,000. The training programs are focused on the business mindset, strategic planning, problem-solving and decision-making, knowledge of SET products and services, and the functional skills needed in each position.

• The 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. The SET welcomes all employees' opinions and recommendations, giving them fair and equitable treatment. The SET remunerates employees and management on a par with that of other leading organizations, and has improved its evaluation system to be performance-based.

• The 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, sports facilities and training for health and relaxation after work, as well as life and health insurance.
5) A SET employee club to promote a culture of working in a friendly, caring and helpful environment.

(5) Creditors

• The SET treats creditors with strict abiding to contractual conditions and financial obligations. If the 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.

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

(6) Competitors

The SET conducts business with ethics and transparency, under the guidance of fair competition. It does not seek to find information about competitors through dishonest means.

(7) The society, community, and environment

• The SET conducts business with responsibility to society and the environment, and strongly supports all employees to get involved in corporate social responsibility activities **(for a list of activities in 2010, please see section "SET's corporate social responsibility (CSR)")**

• The SET has established a Corporate Social Responsibility Institute (CSRI) to encourage the business sector to benefit Thai society and the environment. CSRI is the core organization to foster relationships among private sectors and related capital market organization so that they will conduct their business with responsibility to society and the environment for sustainable growth.

3.2 Whistleblowing Policy

As a part of its CG policies, the SET has established a policy for receiving reports of wrongdoings and complaints of the business malpractices of SET Group, including with respect to our accounting, auditing matters, internal controls, law violations or activities against SET Group's Code of Ethics. The policy has been disseminated through the SET's website in the section of "Whistleblowing policy". Such reports 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 building Ratchadaphisek Road, Klongtoey Bangkok 10110

In 2010, the Audit Committee has handled a total of 7 suggestions or complaints, comprise of one about the operation of SET Group, and 6 about the operations of listed or securities companies.

3.3 Whistleblower protection

Apart from the above channels to direct corporate issues to the Audit Committee, the SET has a well-defined process to assure that whistleblowers will be protected in good faith. Among other things, the whistleblower can chose to declare or not declare their name or contact details, the filing will be kept confidential from persons not related to the given case, and the whistleblower can request special protection and will be received fair treatment.

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's website is a major source of important information, both financial and non-financial, in both Thai and English, and provides various channels for communication and access to download the information. All disclosed information is up-to-date. In 2010, the SET renovated the website to better communicate with stakeholders, e.g., using live "Opportunity Day" webcasts via SET's website, iPhone, iPod, iPad and BlackBerry, or SET's public relations and public education via mass media, including SET's website, television programs, radio broadcasts and pamphlets.

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 2010 SET's financial report was published on Feb 16, 2011 or 47 days following the end of the period covered, which was before the deadline. The BoG provides a statement of its responsibilities concerning the SET's financial reports alongside the auditor's report in SET's annual report.

The SET has established the S-E-T Call Center (open 08:00-18:00 hours on business days) to respond to problems and enquiries received from investors, listed companies, members, etc. S-E-T Call Center has also provided a 24-hour interactive voice response service to update callers on the activities of the Exchange and general information. The S-E-T Call Center can be contacted via SET's postal address, telephone number 0-2229-2222 or 0-2229-2000 or via e-mail at 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 company.
- Five experts elected at a SET members' meeting in accordance with the Securities and Exchange Act provisions on the appointment of governors. Four of the candidates are 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, the SET 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's website.

The service term of every member, other than the SET president, is for two years. Each member may be re-appointed for a maximum of two consecutive periods. The SET president's term is for four years and he/she 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 2010, the BoG appointed 13 committees to assist it in carrying out its work and for special tasks requiring expert assistance. Governance committees include the Audit Committee, Nomination and Remuneration Committee, and Risk Management Committee. 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 69-77).

5.3 Roles and Responsibilities of the Board

(1) Vision and mission

The BoG endorses the development of SET's vision, mission, strategies, goals and policies. Moreover, the BoG approves the strategic plan, budget and the key corporate KPI for the coming year and monitors the supervision of operations to ensure effective implementation of its plans within budget. The BoG evaluates and adjusts the business plans in response to market changes.

Management reports progress on operations and business outcome to the BoG every quarter. The BoG seeks to add maximum value to the SET, focusing on the SET's role in capital market development and long-term investment as well as the protection of the SET's reputation.

(2) Separation of the Board and Management

The SET has clearly segregated roles in policy formulation and oversight from those in day-to-day operations management. The Board sets the strategic direction of the SET business and management is responsible for executing Board 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 roles of Chairman and the president are separated to ensure an appropriate balance of power. The Chairman manages the business of the Board and monitors the translation of the Board's decisions into executive action. 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's decisions.

Roles of the Board

- Establish SET's strategic policies and direction and monitor the supervision of operations to ensure effective implementation and compliance with related rules and regulations.

- Approve the strategic plan, budget, and manpower.
- Appoint the SET president and executive management
- Ensure the adequacy and effectiveness of accounting, financial reporting, internal control, internal audit and risk management systems.

Delegation of authority

The SET has adopted internal guidelines setting forth matters that require approval and empowerment by the Board. This is to facilitate day-to-day operations and administration with effective internal control and reporting. The Board has delegated the authority to the president to approve:

- Operating expenditures within the budget approved by the Board.
- Investment or procurement not exceeding THB10 million.

(3) Succession planning

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

On March 18, 2010, the BoG appointed Mr. Charamporn Jotikasthira as SET's eleventh president, replacing Ms. Patareeya Benjapolchai, whose term expired on May 31, 2010. Mr. Charamporn's tenure began on June 1, 2010. The nomination process has been transparent and results have been approved by the BoG. Mr. Charamporn's achievements in financial markets is of significant value in leading SET and carrying on its strategy to achieve its goals and follow the Capital Market Development Plan. He has added eight business plans focusing on the segmentation of listed companies and sources of revenue as well as SET's re-organization to enhance its competitiveness.

In addition to the succession plan for the president and executive management, SET has also established a leadership development program to select, develop, and maintain employees with the competency to be tomorrow's top management for the SET Group.

(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 its website. The Code has been provided in hard copy to all new committee members, management members and employees. In addition, all SET new hires 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, promoting adherence to the Code of Conduct by employees as well as publishing news and other information via the CG Corner. SET held "Move SET Forward @ CG Day 2010" to encourage employees to consider CG as a key part of their day-to-day operations and to help drive SET to be a CG role model. Moreover, in 2010, SET organized various CG activities to instill an understanding of CG by employees, e.g., through participating in the photo contest "Wonderful World with CG", a CG exhibitions board, and the "CG Talk" program in the SET's internal communication channel (radio). Moreover, SET President Charamporn was on stage on CG Day for a special talk session, "Better together with CG: Get ready to be a CG role model" to built up the CG DNA in all SET's employees.

(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 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 as the nation's center of securities trading, the BoG has informed SET's 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. The practices have been periodically reviewed, revised and updated for more effective control and in conformity with best practices from leading exchanges in the region. The latest revision was in 2009, which is also posted in SET's website.

In 2010, the Board and SET's employees fully conformed to securities trading laws, rules and regulations. There was no case involving Board members or SET's employees using insider information or misusing authority in securities trading.

To guarantee impartiality in the performance of their duties, the BoG requires the governors, committee members and advisors of the Exchange and its subsidiaries to execute a Letter of Independence each time they are appointed to a 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 strongly supported management in setting up transparent working processes considering the segregation of duty, check and balance, and control. In addition, the delegation of authority has been clearly determined and documented. The BoG appointed an Audit Committee to supervise and review 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 Audit Committee 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 the audit plan which was developed using a risk-based approach. The audit findings are directly reported to the Audit Committee.

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 Enterprise Risk Management Framework of the Committee of Sponsoring Organizations of Treadway Commission (COSO). In 2010, all units in SET Group engaged in RCSA, and all results were at the "good" level and better than last year. This improvement in results shows that management is becoming more confident in its internal control and risk management responsibilities. Besides, the management views that RCSA is a key tool to gather ideas from within the division to mitigate risks and/or to enhance controls to achieve goals effectively. The internal control and risk management practices have become an important part of SET's CG culture, significantly supporting SET's becoming a CG role model.

Accordingly, based on the external and internal audit results, as well as the RCSA outcomes, BoG believes that SET's overall internal control system has functioned adequately, appropriately and satisfactorily.

(7) Risk management

SET has adopted an integrated risk management framework to manage risks across the enterprise effectively. The BoG is responsible for designating policies and a framework of risk management for the organization and appointing the Risk Management Committee (RMC). The RMC, comprised of experts in risk management, advises and recommends management to ensure that SET's risk management process is in line with policies and international standards, and includes all enterprise-wide significant risks. SET has managed the key corporate risks in these areas:

- Strategic risk
- Financial risk, classified into two major types: (1) Market risk and (2) Credit risk, or clearing and counterparty risk
- Operational risk

Management is responsible for identifying and assessing the key corporate risks in accordance with specified criteria. The Enterprise Risk Management (ERM) unit coordinates and facilitates management in implementing risk management plans according to assigned policy which can be summarized as:

- Management identifies, assesses risk in accordance with the specified criteria, provides measures to manage the risk within an acceptable level, and monitors as well as reports on the risk status. In addition, management regularly reviews the adequacy and efficiency of mitigation measures to ensure that SET can handle incidents in timely manner.

- SET has developed a Business Continuity Plan (BCP) with the aid of both local and international external consultants to ensure the continuous operation of our exchange. SET also regularly reviews and updates BCP document and conducts exercises annually with all related participants in the Thai capital market. During the political turmoil in May 2010, SET successfully activated its BCP at its alternate site for the first time in SET's history. The securities trading system operated as usual.

- 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 quarterly.

- The ERM unit continually inculcates a risk management culture among SET executives and employees.

Based on all of the above activities, the BoG concludes that SET has conducted key corporate risk management activities appropriately. **Further information on the SET Group's risk management activities is highlighted in SET's risk management policy.**

(8) Financial report

The BoG is responsible for the financial reports of SET Group, including the information disclosed in the annual report. The financial report's preparation and disclosure process was 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 might have impaired 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 Audit Committee's report.**

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. If a special meeting is convened due to an emergency, meeting documentation may be distributed less than seven days prior to or on the day of the meeting. The corporate secretary 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 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's 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 2010, 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 2010, the attendance rate was 92%. In addition, as set forth in the SET's CG policy, non-executive directors were able to meet as necessary, among themselves without management team in order to discuss their concern.

In 2010, 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)		
			BoG [Total: 15 meetings]	Audit Committee [Total: 12 meetings]	Nomination and Remuneration Committee [Total: 12 meetings]
Current Governors					
1. Sompol	Kiatphaibool	Chairman	15/15		12/12
2. Somjate	Moosirilert	Vice Chairman	13/15		10/12
3. Aswin	Kongsiri	Governor (1)	6/6		5/5
4. Chaipat	Sahasakul	Governor (1)	6/6		
5. Jaruporn	Viyanant	Governor	15/15	5/5	11/12
6. Kaisri	Nuengsigkapian	Governor (1)	5/6	5/5	
7. Paiboon	Nalinthrangkurn	Governor	11/15	10/12	
8. Rapee	Sucharitakul	Governor (2)	8/8		4/5
9. Surabhon	Kwunchaithunya	Governor (2)	8/8		
10. Viparat	Misitsakul	Governor	13/15		
11. Charamporn	Jotikasthira	President (3)	8/8		6/6
Governors whose term ended during 2010					
12. Khunying Jada	Wattanasiritham	Governor (4)	7/7	5/5	5/6
13. Montree	Sornpaisarn	Governor (4)	7/7		
14. Nibhat	Bhukkanasut	Governor (5)	8/9		
15. Niputh	Jitprasonk	Governor (5)	7/9	6/7	
16. Vallobh	Vimolvanich	Governor (5)	9/9		5/6
17. Patareeya	Benjapolchai	President (6)	7/7		6/6

Notes :

(1) Appointed August 11, 2010.

(2) Appointed May 28, 2010.

(3) Appointed June 1, 2010

(4) Term ended May 27, 2010.

(5) Term ended August 10, 2010.

(6) Term ended May 31, 2010.

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 CG practices. Each individual governor conducted an assessment of the BoG annually. The Corporate Secretary Department delivered the results of the assessments for 2010, together with various governors' recommendations and management's responses, for BoG's consideration. The results as well as other recommendations will improve and support the Board's performance.

The Audit Committee also conducted an annual self-assessment and reported the results to the BoG as well.

5.6 Board and Management remuneration

Subject to the provisions of the Securities and Exchange Act, the BoG 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 policies for individual members of the BoG to be considered by the BoG prior to propose to a meeting of member companies for approval, in accordance with the provisions of the Securities and Exchange Act under section 177.

The Nomination and Remuneration Committee also recommended that the remuneration policies and amount for individual members of other committees and the president and executive managements to be approved by the BoG. The annual performance assessment of the president and other members of executive management is clearly defined, which is to benchmark individual actual performance against KPI. The compensation is linked to individual performance, compliance with BoG's policies, the overall economic environment and historical records.

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

In 2010, the meeting of member companies approved the monthly remuneration for the BoG chairman and members at THB117,000 and THB78,000 respectively, to reflect the scope and extent of the BoG's responsibilities and to be comparable to those of listed companies which are in similar in terms of industry and business size. The reference was the survey on directors' remuneration of listed companies published by the Thai Institute of Directors Association. The meeting of member companies also approved an additional monthly remuneration for the BoG chairman of THB200,000 and a special remuneration for the year 2010 of THB2,000,000 due to assigned responsibilities, e.g., consulting on all policies of the SET's operations in order to ensure that the SET efficiently and effectively achieves its goals under its strategic plans and collaborating with internal and external units to achieve the SET's targets. The chairman's efforts were reflected in the significant increase of the SET's operating profit.

In 2010, the directors' remuneration were:

	BoG		Audit Committee		Other Committees	
	Chairman	Member	Chairman	Member	Chairman	Member
Monthly fees (THB)	117,000	78,000	75,000	50,000		
Meeting allowance (THB/meeting)					15,000	10,000

Governor		Remuneration (THB)				
		BoG	Audit Committee	Nomination and Remuneration Committees	Other committees and subsidiary's board	Total
Current Governors						
1. Sompol	Kiatphaibool	5,726,000	-	180,000	345,000	6,251,000
2. Somjate	Moosirilert	884,000	-	100,000	142,000	1,126,000
3. Aswin	Kongsiri	390,000	-	50,000	-	440,000
4. Chaipat	Sahasakul	390,000	-	-	30,000	420,000
5. Jaruporn	Viyanant	884,000	375,000	110,000	50,000	1,419,000
6. Kaisri	Nuengsigkapian	390,000	250,000	-	10,000	650,000
7. Paiboon	Nalinthrangkurn	884,000	600,000	-	20,000	1,504,000
8. Rapee	Sucharitakul	546,000	-	40,000	20,000	606,000
9. Surabhon	Kwunchaithunya	546,000	-	-	100,000	646,000
10. Viparat	Misitsakul	884,000	-	-	140,000	1,024,000
11. Charamporn	Jotikasthira	546,000	-	-	-	546,000
Governors whose term ended during 2010						
12. Khunying Jada	Wattanasiritham	338,000	375,000	50,000	-	763,000
13. Montree	Sornpaisarn	338,000	-	-	145,000	483,000
14. Nibhat	Bhukkanasut	494,000	-	-	105,000	599,000
15. Niputh	Jitprasonk	494,000	350,000	-	132,000	976,000
16. Vallobh	Vimolvanich	494,000	-	50,000	336,000	880,000
17. Patareeya	Benjapolchai	338,000	-	-	-	338,000

Management's remuneration

SET's 16 most senior executives - the president, six (6) executive vice presidents and nine (9) senior vice presidents - were remunerated a total of THB 130,146,900 for their services.

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

Name		Position	Position 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. Chanisa	Chutipat	Senior Vice President	1. Director - TRIS Corporation Co., Ltd. 2. Director - TRIS Rating 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. SET conducts a comprehensive orientation program for new governors, with an introduction to the Exchange, its business and governance practice, business 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 continuing education in areas such as directors' duties and responsibilities or financial reporting, so as to properly discharge their duties as board members, including training courses with the Thai Institute of Directors Association as well as domestic and overseas business trips.

Governor Training courses with the Thai Institute of Directors Association

Current Governors	Training courses with the Thai Institute of Directors Association									
	Director Certification Program	Director Accreditation Program	The Role of The Chairman Program	Audit Committee Program	Chartered Director Class	Monitoring the Quality of Financial Reporting	Monitoring the Internal Audit Function	Monitoring the System of Internal Control and Risk Management	Monitoring Fraud Risk Management	Financial Statements for Directors
1. Sompol Kiatphaibool			✓							
2. Somjate Moosirilert			✓							
3. Aswin Kongsiri	✓		✓							
4. Chaipat Sahasakul	✓			✓ (2010)		✓ (2010)		✓ (2010)	✓ (2010)	
5. Jaruporn Viyanant	✓			✓		✓ (2010)	✓ (2010)	✓ (2010)	✓ (2010)	
6. Kaisri Nuengsigkapian	✓									
7. Paiboon Nalinthrangkurn	✓	✓								
8. Rapee Sucharitakul	✓		✓		✓					
9. Surabhon Kwunchaithunya	✓	✓								
10. Viparat Misitsakul	✓ (2010)									✓ (2010)
11. Charamporn Jotikasthira		✓								

Committees of The Stock Exchange of Thailand (SET) 2011

As of January 4, 2011

1. Appeals Committee
2. Audit Committee
3. Corporate Governance Center Advisory Committee
4. Disciplinary Committee
5. Disciplinary Committee for Commission Violations
6. Legal Affairs Committee
7. Listing Application Committee (Quantitative Aspects)
8. Listing Expansion and Development Committee
9. Nomination and Remuneration Committee
10. Risk Management Committee
11. Securities Investor Protection Fund Committee
12. SET Head Office Construction Committee
13. Technology Development Committee

1. Appeals Committee

Support unit : Enforcement Department

Structure : Three to five members, appointed by the 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	Member
Chaikasem	Nitisiri	Member
Manop	Nagadatta	Member
Sukri	Kaocharern	Member
Sakkarin	Ruamrangsri	Secretary

** Regulations of The Stock Exchange of Thailand on Consideration and Decision on Appeal, 2000. In case that a member of the Appeal Committee vacates his office by rotation and a new member is not yet appointed by Board of Governors with the approval of the SEC, the retiring member shall continue to hold the office in order to perform duties until they are taken by a newly appointed member.*

Responsibilities of the Appeals Committee are :

1. To review any appeal made against any punishment or orders laid down by the SET BoG, Disciplinary Committee or President, and to determine the innocence or guilt of appellants.
2. To review any requests for suspension of execution of punishment or orders in which any conditions or collateral are stipulated or required.
3. To advise the SET 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
Jaruporn	Viyanant	Chairman
Kaisri	Nuengsigkapian	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 to 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. Corporate Governance Center Advisory Committee

Support unit : Corporate Governance and Alliances Department , CMDF

Structure : Four members, each with expertise in corporate governance (CG) and/or law, including a senior executive from the private sector and the executive vice president of Corporate Governance and Alliances Department, who also serves as secretary.

Term : January 1, 2011 to December 31, 2011

Name		Position
Hiran	Radeesri	Chairman
Pakorn	Malakul Na Ayudhya	Member
Warapatr	Todhanakasem	Member
Yuth	Vorachattarn	Member
Punsak	Vejanurug	Secretary

Responsibilities of the Corporate Governance Committee are :

1. To review the CG policies and frameworks to enhance listed companies, enterprises, and related entities in the capital market, including developing guidelines to implement CG in the companies and thus create value in the Thai capital market.

2. To advise the SET BoG, SET executives and Corporate Governance and Alliances Department on CG matters affecting the Thai capital market.

3. To build understanding of CG to persons related to the capital market, through advising or discussing CG with various target groups.

4. To appoint working committee members to study CG in detail or take any action relating to the above responsibilities as the committee deems appropriate. The working committee shall report its performance to the committee within a stipulated period.

4. Disciplinary Committee

Support unit : Enforcement Department

Structure : At least four members, including a BoG member 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 the SET president or an executive from the senior vice president level or above as delegated by the SET president. The vice president, Enforcement Department, serves as secretary.

Term : January 1, 2011 to December 31, 2012

Name		Position
Pattera	Dilokrungthirapop	Chairman
Rapee	Sucharitakul	Member
Surabhon	Kwunchaithunya	Member
Sutthi	Sookying	Member
Suthichai	Chitvanich	Member
Sumalee	Lertthanaporn	Secretary

Responsibilities of the Disciplinary Committee are :

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

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

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

5. Disciplinary Committee for Commission 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, the SET president or an executive delegated by the SET president, and two others as the SET BoG sees fit. The vice president, Member Supervision Department, serves as secretary.

Term : January 1, 2011 to December 31, 2011

Name		Position
Yothin	Ari	Chairman
Pol.Lt.Gen. Chaiya	Siriamphunkul	Member
Pattera	Dilokrungthirapop	Member
Prateep	Wongniran	Member
Suthichai	Chitvanich	Member
Suchat	Sitawarin	Secretary

Responsibilities of the Disciplinary Committee for Fee Violations are :

1. To examine alleged 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.

6. Legal Affairs Committee

Support unit : Enforcement Department

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

Term : January 1, 2011 to December 31, 2011

Name		Position
Direk	Sunthongate	Chairman
Seri	Chintanaseri	Member
Songdej	Praditsmanont	Member
Suthichai	Chitvanich	Member
Tithiphan	Chuerboonchai	Member
Sakkarin	Ruamrangsri	Secretary

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

7. Listing Application Committee (Quantitative Aspects)

Support unit : Listing and Disclosure Department

Structure : The SET president is chair, with one representative each from the Thai Listed Companies Association, Thai Investors Association, Securities Analysts Association, and the Association of Investment Management Companies as members. The senior vice president of Market Regulation Group serves as secretary.

Term : January 1, 2011 to December 31, 2011

Name	Position
SET President	Chairman
Association of Investment Management Companies representatives	Member
Thai Investors Association representative	Member
Thai Listed Companies Association representative	Member
Securities Analysts Association representative	Member
The senior Vice President of Market Regulation Group	Secretary

Responsibility of Listing Committee :

To relax numeric or quantitative listing criteria if doing so would enable listing of shares which would benefit the capital market. The committee must disclose the reasons for the relaxation to the public.

8. Listing Expansion and Development Committee

Support unit : Issuer and Listing Division

Structure : The SET chairman, SET president, representatives from related organizations such as the Thailand Board of Investment, 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 senior 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, 2011 to December 31, 2011

Name		Position
Sompol	Kiatphaibool	Chairman
Atchaka	Sibunruang	Member
Banphot	Hongthong	Member
Chalee	Chantanayingyong	Member
Charamporn	Jotikasthira	Member
Dusit	Nontanakorn	Member
Kobkarn	Wattanavrangkul	Member
Kongkiat	Opaswongkarn	Member
Nararat	Limnararat	Member
Naris	Chaiyasoot	Member
Payungsak	Chantsutipol	Member
Paiboon	Nalinthrangkurn	Member
Prasert	Tapaneeyangkul	Member
Somchai	Sujjapongse	Member
Somprasong	Boonyachai	Member
Sunthorn	Arunanondchai	Member
Yanyong	Phuangrach	Member
Chanitr	Charnchainarong	Secretary

Responsibilities of the New Listings Committee are :

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

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

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

9. Nomination and Remuneration Committee

Support unit : Human Resources Department

Structure : Five members, namely the SET vice chairman, chairman of SET's Audit Committee, one governor appointed by the SEC and one governor elected by SET members and the 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
Somjate	Moosirilert	Chairman
Aswin	Kongsiri	Member
Charamporn	Jotikasthira	Member
Jaruporn	Viyanant	Member
Rapee	Sucharitakul	Member
Chanisa	Chutipat	Secretary

Responsibilities of the Nomination and Remuneration Committee are:

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

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

3. To review the remuneration system of the Exchange Function and CMDF, propose policies and rules to the SET BoG concerning remuneration of SET BoG members, the 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 compensations 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.

10. 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, and at least three executives of SET. The vice president - Risk Unit serves as secretary.

Term : January 1, 2011 to December 31, 2011

Name		Position
Surabhon	Kwunchaithunya	Chairman
Anya	Khanthavit, PhD	Member
Nongram	Wongwanich	Member
Pimpa	Thawarayut	Member
Sakkarin	Ruamrangsri	Member
Suthichai	Chitvanich	Member
Veerathai	Santiprabhob	Member
Wipha	Leethakulnumchai	Secretary

Responsibilities of the Risk Management Committee are :

1. To advise the 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.

11. Securities Investor Protection Fund Committee

Support unit : Member Services Department

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

Term : January 1, 2011 to December 31, 2011

Name		Position
Chaipat	Sahasakul	Chairman
Naree	Boontherawara	Member
Pornpring	Suksantisuwan	Member
Sansern	Nilrat	Member
Viparat	Misitsakul	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 the 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 the SET BoG.

12. SET Head Office Construction Committee

Support unit : Assets Management Department, CMDF

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

Term : January 1, 2011 to December 31, 2011

Name		Position
Sompol	Kiatphaibool	Member
Charamporn	Jotikasthira	Member
Kaisri	Nuengsigkapian	Member
Paiboon	Nalinthrangkurn	Member
Prateep	Tangmatitham	Member
Somjate	Moosirilert	Member
Wichai	Poolwaraluk	Member
Naree	Boontherawara	Secretary

Responsibilities of the Real Estate Development Committee are :

1. To advise the SET BoG on matters of land, buildings, and 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.

13. Technology Development Committee

Support unit : Market Operation and Information Technology Division

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

Term : January 1, 2011 to December 31, 2011

Name		Position
Vallobh	Vimolvanich, PhD	Chairman
Charamporn	Jotikasthira	Member
Morragot	Kulatumyotin	Member
Nongram	Wongwanich	Member
Pattera	Dilokrungthirapop	Member
Sansern	Nilrat	Member
Veerathai	Santiprabhob	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 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.

Building trust...

On a foundation of solid growth

Determined to lay a solid basis for trust through continuous organizational development to underlie every stage of growth, becoming a stock exchange that is highly competitive both at a regional and global level.

Audit Committee Report

The Stock Exchange of Thailand (SET)'s Audit Committee is comprised of three independent directors with expertise and experience in accounting, finance and auditing; it is chaired by Ms. Jaruporn Viyanant, with Ms. Kaisri Nuengsigkapian and Mr.Paiboon Nalinthrangkurn as members and Ms. Wipha Leetrakulnumchai, head of Internal Audit Department, as the secretary to the Committee.

Ms. Jaruporn Viyanant and Ms. Kaisri Nuengsigkapian were appointed, effective from August 19, 2010, to succeed Khunying Jada Wattanasiritham and Mr. Niputh Jitprasonks, whose terms expired.

In 2010, the Committee held twelve meetings, including one with key members of executive management without the presence of internal auditors. There were three meetings with the external auditors to review the auditor's plans and audit scope, and discuss the results of the audit work and observations made by the auditors. Two of these meetings with the external auditors were without the presence of management to ensure the auditor's independence. The attendance record of the Audit Committee's members is shown in the Corporate Governance Report.

The Committee has performed their duties and exercised due authority under the scope of authority and responsibilities assigned by the Board as set out on page 69. The Committee has formally reported on all matters within its duties and responsibilities to the Board on a quarterly basis. Summary of major activities is as follows:

- **Financial statements :** The Committee reviewed SET's quarterly statement by meeting with the Management and review the annual financial statements for 2010 by meeting privately with the external auditor to ensure accuracy, completeness and creditability. The SET's financial statements were prepared in accordance with generally accepted accounting standards and important information, including on related party transactions, was adequately disclosed.

- **Risk management :** The Committee reviewed the efficiency and appropriateness of risk management process through acknowledgment of the reports from the SET Risk Management Committee on a quarterly basis. In addition, the Committee also considered the successful activation of SET's business continuity plan during the political turmoil in May 2010 and encouraged the SET's business continuity management in order to ensure the continuous operation of the exchange. In addition, the Committee considered the risk management measures including stress testing to evaluate maximum loss in clearing and settlement in order to ensure sufficient amount of the clearing and reserve fund.

- **Internal Control :** The Committee reviewed the adequacy and effectiveness of SET's internal control system by considering the internal audit report together with the management responses, the opinion of external auditor, as well as the result of the Risk and Control Self — Assessment (RCSA) by all management units in the SET Group. The RCSA questionnaire was prepared in compliance with the Committee of Sponsoring Organizations of Treadway Commission (COSO) guidelines.

- **Internal Audit :** The Committee approved the Internal Audit Charter, which has been reviewed annually, and approved the 2011 and three-year audit plans. The audit plan has been developed using a risk-based approach to ensure audit coverage of all important systems and business processes of the SET Group. The audit reports were directly reported to the Committee to ensure audit independence and compliance with internal audit professional practice. In addition, the Committee has also continually sought to provide recommendations on audit quality improvement and emphasized the monitoring process to ensure that management's corrective action was implemented. Relevant management of the auditee was invited to brief the Committee on the significant concern.

- **Corporate Governance :** The Committee reviewed the SET's practices to ensure that SET complied with good corporate governance (CG) practices, as stated by the Organization for Economic and Co-operation and Development (OECD), and met the criteria set by the World Federation of Exchanges (WFE). The Committee also followed other good CG practices e.g. providing a channel for employees and shareholders to direct their complaints to the Chairperson of the Audit Committee. Such channel has been disseminated through the SET's website in the section of "Whistleblowing policy".

- **Performance assessment :** The Committee annually assessed itself to ensure that its performance was efficient and fulfilled the terms set forth in the Audit Committee Charter. The Charter has been reviewed annually to be comparable with international standards.

- **Regulatory compliance :** The Committee met with responsible executives and the internal audit unit to review the SET's operations in order to ensure that SET operated its business in compliance with related laws and regulations.

- **Appointment of external auditors :** The Audit Committee reviewed the auditors' independence and performance in 2010 and recommended to the Board of Governors that PricewaterhouseCoopers ABAS Ltd.(PwC) be re-appointed as SET Group auditor for 2011 due to their professional practices and relevant experience in discharging their duties and there were no other services performed by PwC, for approval by the meeting of member companies.

The Securities and Exchange Commission appointed the chief executive officer of KPMG Phoomchai Audit Ltd. to be a governor of the SET. Thus, to prevent possible conflicts of interest, KPMG resigned from being the SET auditor. The meeting of member companies on August 3, 2010 appointed PwC as SET auditor.

In carrying out the above-mentioned duties and responsibilities, the Committee was of the opinion that the SET's financial statements were presented accurately, completely, transparently and reliably, in accordance with generally accepted accounting standards. SET's operations were in compliance with related laws and regulations. The risk management and internal control systems used by SET were appropriate and adequate. Given this performance, the Committee believed that the SET could achieve its objectives efficiently and effectively.

(Assoc.Prof. Jaruporn Viyanant)
Chairperson, Audit Committee
February 14, 2011

Risk management policy

The SET has adopted enterprise risk management to the identification, assessment, monitoring and management of risks faced enterprise-wide. The risk management framework is based on an integrated basis, covering strategic, financial, operational, and business interruption risks.

Strategic Risk

The SET focuses on the management of strategic risk, which occurs when strategic plans that are unsuitable due to internal and external factors or when the organization cannot adapt strategic plans to be consistent with environmental changes. These factors may affect revenues and business operations of an organization. The SET has adopted its identifying, reviewing and monitoring its performance to be in line with internal and external factors affecting its operation. In the formulating its strategic plans, management and functional level SET executives assess risk factors affecting plans and identify procedures when such factors occur. Key risk indicators and trigger points of strategic plans are identified for monitoring the risk properly, and risk mitigation plans are in place to be carried out when risks reach the trigger level.

Financial Risk

The SET has categorized financial risk into two categories, which are investment risk and counterparty credit risk (clearing and settlement-related risk). The details are below.

Investment risk

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

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

The 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. The value-at-risk technique is used to ensure that the aggregate portfolio risk is within the limit structure. The SET has invested in domestic and international equities via mutual funds. Debt instruments invested in are government bonds, bank deposits, money market funds and corporate bonds with at least an "A" credit rating.

The SET has been monitoring investment risk status and reporting such status to BOG and the Risk Management Committee monthly to ensure that risk remains within acceptable limits. In 2010, The SET reviewed

models used for monitoring investment portfolio risks to ensure that the risk management framework was appropriate and consistent with the current situation.

Furthermore, in 2011, The SET will review the limit of each investment category to be in line with the current situation and market conditions. This includes other risk management measures, such as stop-loss limits and target durations for debt securities, to enhance risk management effectiveness and be appropriate to with the SET allocation. Thus, this can be used as an early warning for management to react in time to receive appropriate return within acceptable risk levels.

Counterparty credit risks (Clearing and settlement-related risk)

Due to the transfer of Thailand Securities Depository's securities clearing house functions to Thailand Clearing House Co. Ltd. (TCH) on February 15, 2010, TCH became an integrated clearing house for equity, debt securities and derivative contracts. Its important role is to guarantee the settlement of all exchange-traded transactions by serving as a central counterparty between members. TCH thus will become a substitute seller to every buyer and substitute buyer to every seller. The clearing house will be obligated to the members concerned in a given trade as creditor/debtor for securities and derivative contracts. Thus, as guarantor for every transaction, TCH is exposed to clearing and settlement risks, and a sound and effective risk management framework is necessary. However, the risk management framework must not be overly rigorous, thus increasing the cost of doing business and becoming an obstacle for operations. The current risk management measures include maintaining minimum standards for clearing members, monitoring 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, SET conducted forward-looking stress testing assuming worst-case conditions in terms of market volatility, ability to net settle in proprietary trades, and ability to net settle in the accounts of members' customers-- all of which would severely stress the financial status of member companies.

In addition, TCH as a clearing house has clearing funds to cover potential damage from member defaults in clearing and settlement for both equity and derivatives markets. The clearing funds as of December 31, 2010 were THB 902 million and THB 380 million for equity and derivatives transactions, respectively. To address liquidity risk in clearing and settlement, TCH has arranged overdraft lines of THB 2 billion and THB 400 million for equity and derivatives transactions, respectively, with commercial banks which act as settlement banks for clearing houses. Moreover, the SET has established clearing reserve funds of THB 2 billion for equity transactions and THB 300 million for derivatives transactions.

TCH regularly reviews the risk management framework measures to ensure that they are appropriate for the current structures of their members and prevailing market conditions. Last year, TCH began clearing of interest rate futures, including 5-year government bond futures offered by Thailand Futures Exchange PLC (TFEX) as well as 6-month THBFIX futures and 3-month BIBOR futures, both of which started to trade in Quarter 4/2010. TCH imposed margin requirements to handle potential losses arising from trading interest rate futures. Moreover, effective November 2010, TCH accepts foreign currency as collateral for trading in derivatives. Thus, to prevent foreign exchange risk, TCH uses a haircut rate in calculating the value of foreign currency used as collateral and reviews the haircut rate quarterly. TCH has started using the USD and EURO as collateral, and will allow other currencies to be used in the future.

TCH has also revised the risk calculation method and collateral requirements for the Early Warning System (EWS) to be more efficient and appropriate with the market condition.

By mid-2011, TCH will extend trading hours for derivatives with global commodities as the underlying assets, starting from gold futures, and will consider expanding to other products, e.g., silver futures if offered by TFEX. TCH will continue to be the central counterparty for derivatives as mentioned above. In addition, TCH plans to study multi-market risk management to enhance efficiency of clearing house risk management.

Operational Risk

The SET oversees and manages the operational risk of losses resulting from people, internal processes, or technology or from external factors. All functional areas assess their risks and the adequacy of the controls that have been in place through risk and control self-assessment. Action plans are then formulated and monitored.

The SET has assessed, monitored and managed risks that may affect crucial computer systems. This includes standard procedures of incident reports, root cause analysis and solution-finding in order to provide ongoing services.

Business Interruption Risk

The SET has a Business Continuity Plan (BCP) to ensure the continuity of business activities in the event of traumatic events, plus continual review and regular updating of the BCP documentation. The SET also continues to conduct annual BCP exercises with all related participants in the Thai capital market to validate the adequacy and readiness of the BCP. This is to gain confidence in the BCP if an emergency arises.

The SET successfully activated its BCP on May 17, 2010 by moving to operate at its secured alternate site, which has been prepared in advance. The SET also coordinated usage of its resources at the alternate site with those of brokerage firms and regulatory bodies that had been affected by the event. The securities trading system operated as usual. This proved the quality of the SET's management of business interruption risk in accordance with international standards.

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, 2010 and 2009 are as follows:

(Unit : THB million)

	For the year ended December 31			
	2010	2009	Increase/(decrease)	
			Amount	%
Operating revenues	4,101	3,209	892	27.80
Operating expenses	(2,482)	(2,599)	(117)	(4.50)
Share of profit from investments	33	30	3	10.00
Non-operating items	(456)	(129)	327	253.49
Income tax	(68)	(54)	14	25.93
Revenues over expenses	1,128	457	671	146.83

Revenues over expenses for the year ended December 31, 2010 increased by THB 671 million or 146.83% in comparison with 2009. Operating revenues increased by THB 892 million or 27.80% mainly due to the increase in trading volume and gain from disposal of parcel of land of Capital Market Center project of THB 422 million, while non-operating items increased by THB 327 million or 253.49% due to the appropriation of one-third of revenues over expenses of SET to The Stock Exchange of Thailand Foundation every year. In 2010 SET has appropriated the amount of THB 467 million to The Stock Exchange of Thailand Foundation.

1.2 Operating revenues

The significant movements were as follows:

(Unit : THB million)

	2010	2009	Increase/(decrease)	
			Amount	%
Income affected by trading securities	1,475	1,060	415	39.15
Stock registrar fees	572	530	42	7.92
Listing fees	241	235	6	2.55
Investment income, net	867	876	(9)	(1.03)
Other income	946	508	438	86.22
Total	**4,101**	**3,209**	**892**	**27.80**

1.2.1 Income affected by trading securities

Key market indicators

	2010	2009	Increase/(decrease)	
			Amount	%
SET Index	1,032.76	734.54	298.22	40.60
Daily average trading value - Equity (THB million)	29,066	18,226	10,840	59.48
Daily average trading volume - Derivatives (Contracts)	18,676	12,771	5,905	46.24
Market capitalization (THB billion)	8,390	5,912	2,478	41.91
No. of listed companies (company)	541	535	6	1.12

(Unit : THB million)

	2010	2009	Increase/(decrease)	
			Amount	%
Trading fees	897	630	267	42.38
Clearing fees	241	100	141	141.00
Depository fees	101	115	(14)	(12.17)
Member services fees	236	215	21	9.77
Total	**1,475**	**1,060**	**415**	**39.15**

- Trading fees increased by THB 267 million mainly due to the increase in daily average trading volume of equity and derivatives securities as a result of investment capital flowing into Asian Market and the confidence of investors based on Thai economy, trend appreciation of Thai Baht and the stable of political situation.
- Clearing fees increased by THB 141 million from the increase in service transactions, which was in line with the increase in trading fees.
- Depository fees decreased by THB 14 million mainly from account maintenance fee decreased by THB 12 million due to the reduction of rates charged.
- Member services fees increased by THB 21 million mainly due to internet trading volume as a percentage to total trading volume of derivatives and equity securities rose. Internet trading takes place through SETTRADE.COM Co., Ltd.

1.2.2 Stock registrar fees

Stock registrar fees increased by THB 42 million, from THB 530 million to THB 572 million, from the increase volume of register book closing and dividend payment of listed companies.

1.2.3 Other income

(Unit : THB million)

	2010	2009	Increase/(decrease)	
			Amount	%
Gain from disposal of assets	422	-	422	-
Information service income	147	101	46	45.54
Revenues from membership fees	122	118	4	3.39
Other income	255	289	(34)	11.76
Total	**946**	**508**	**438**	**86.22**

- Gain from disposal of assets is from disposal of parcel of land of Capital Market Center project of THB 422 million.
- Information service income increased by THB 46 million due to restructuring charge.

• Other income comprised of income on fund registrar fees, income on fund management, income on educational activities, and income on customisation and IT support service. The decrease of THB 34 million mainly due to income on service and advertising production decreased by THB 37 million from a change in status from a subsidiary to a jointly-controlled entity since November 2009. Hence, in 2010 revenue and expense of the jointly-controlled entity was not included in the consolidated financial statements by each type of revenue/expense, but was shown as profit sharing from investment and expenses for educational activities.

Furthermore operating revenues can be divided by type of business service lines as follows:

- Securities - trading, clearing and membership fees of listed equity securities.
- Derivatives - trading, clearing and membership fees of derivative securities.
- Market data - information sales and service.
- Member services - trading services via the internet and back office service bureau.
- Depository services - securities depository services.
- Issuer services - listing and registrar fees.
- Other income - fund registrar fees, management fund fees, customisation and IT support fee, fees for educational activities and etc.

(Unit : THB million)

	2010	2009	Increase/(decrease)	
			Amount	%
Securities (Equity)	893	491	402	81.87
Derivatives	367	357	10	2.80
Market data	147	101	46	45.54
Member services	236	215	21	9.77
Depository services	101	115	(14)	(12.17)
Issuer services	813	765	48	6.27
Investment income, net	867	876	(9)	(1.03)
Other income	677	289	388	134.26
Total operating revenues	**4,101**	**3,209**	**892**	**27.80**

1.3 Operating expenses

Significant movements were as follows:

(Unit : THB million)

	2010	2009	Increase/(decrease)	
			Amount	%
Employee benefit expenses	1,076	1,239	(163)	(13.16)
Depreciation and amortisation	284	341	(57)	(16.71)
Educational activities expenses	201	44	157	356.82
Contributions to the office of SEC	177	159	18	11.32
Technology expenses	109	120	(11)	(9.17)
Loss from written off assets	53	-	53	-
Fees and compensation expenses	50	114	(64)	(56.14)
Other expenses	532	582	(50)	(8.59)
Total	**2,482**	**2,599**	**(117)**	**(4.50)**

Employee benefit expenses decreased by THB 163 million mainly due to the cost of early retirement programs of THB 168 million in 2009.

Depreciation and amortisation decreased by THB 57 million mainly due to the revise useful life of assets, written off fire-damaged assets and disposal assets in studios unit to the jointly-controlled entity.

Educational activities expenses mainly due to the educational activities through Money Channel of Family Know-how Co., Ltd., which has changed the status from subsidiary to jointly-controlled-entities since November 2009. In 2009, the expenses were included in each type of expenses, i.e. media production cost, Money Channel's management fee, employee benefit expenses. The total expenses for educational activities in 2010 and 2009 were nearly the same.

Contributions to the office of SEC increased by THB 18 million in accordance with the increase in trading of equity securities value (Contribution criteria was at the rate of 0.002% of trading value of the previous year. The average daily trading value of 2009 and 2008 was THB 18,226 million per day and THB 16,118 million per day, respectively).

Technology expenses decreased by THB 11 million mainly due to a drop in the consulting fee for IT Master Plan project in 2009.

Fees and compensation expenses decreased by THB 64 million mainly due to in 2009 it had non-recurring consulting fee for corporate business value of THB 29 million, Money Channel's management fee of THB 12 million and marketing research expense for feasibility study of Capital Market Center project of THB 6 million.

Other expenses comprised of marketing and media production expenses, building and office expenses and etc. The decrease of THB 50 million was mainly from the decrease of media production expense of THB 53 million.

1.4 Non-operating items

The increase of THB 327 million, or 253.49%, was because in 2010 SET appropriated THB 467 million, or one-third of its revenues over expenses, to The Stock Exchange of Thailand Foundation as donations and social contributions. This was THB 332 million more than in 2009.

2. Analysis of financial position

(Unit : THB million)

	Dec 31, 2010	Dec 31, 2009	Increase/(decrease)	
			Amount	%
Total assets	23,418	20,692	2,726	13.17
Total liabilities	6,299	4,928	1,371	27.82
Fund balances	17,119	15,764	1,355	8.60

The significant movements in assets, liabilities and funds of the SET and its subsidiaries as at December 31, 2010 when compared with the balance as at December 31, 2009 were as follows:

2.1 Analysis of assets

2.1.1 Investments

Details of investments of THB 13,987 million classified by category can be summarised as follows:

(Unit : THB million)

Investment portfolio	Dec 31, 2010	Dec 31, 2009	Increase/(decrease)	
			Amount	%
Trading	2,246	2,187	59	2.70
Available-for-sale	4,459	3,815	644	16.88
Held-to-maturity	1,370	1,253	117	9.34
Treasury bills	685	1,182	(497)	(42.05)
General investments	5,227	3,000	2,227	74.23
Total	**13,987**	**11,437**	**2,550**	**22.30**

Investments increased by THB 2,550 million, or 22.30%, mainly due to cash received from disposal of parcel of land of Capital Market Center project and revaluation of securities at fair market value.

2.1.2 Assets for margin deposits and benefits

Assets for margin deposits and benefits of THB 3,612 million increase by THB 777 million or 27.41%, represents margin deposits and benefits of Thailand Clearing House Co., Ltd. Part of this rise was from the increase of futures derivatives transactions.

2.1.3 Property, plant and equipment, net

Property, plant and equipment, net of THB 2,432 million was a decrease of THB 1,217 million or 33.35% mainly from disposal of parcel of land of Capital Market Center project.

2.2 Analysis of liabilities

2.2.1 Margin deposits and benefits payables

As margin deposits and benefits were presented as deposits and liabilities of the same amount, the significant increase of margin deposits and benefits payables are as mentioned in the section on assets for margin deposits and benefits.

2.2.2 Accounts payable and accrued expenses

Accounts payable and accrued expenses of THB 754 million increased by THB 281 million or 59.41%, mainly because donations to The Stock Exchange of Thailand Foundation increased by THB 332 million.

2.2.3 Contributions and benefits to the Securities Investor Protection Fund

The contribution amounted of THB 225 million and was a rise of THB 35 million or 18.42%. This contribution was from members' portions, which complying with trading volume of equity securities.

2.3 Analysis of funds

Funds reached THB 17,119 million, up by THB 1,355 million or 8.60%. Significant movements were:

- Revenues over expenses for 2010 of THB 1,128 million.
- An increase of THB 226 million in unrealised 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, 2010 and 2009 are summarised as:

(Unit : THB million)

	2010	2009	Increase/(decrease)	
			Amount	%
Cash flows from operating activities	276	(49)	325	663.27
Cash flows from investing activities	(55)	99	(154)	(155.56)
Cash and cash equivalents at the end of year	503	282	221	78.37

Cash and cash equivalents at end of year increased by THB 221 million, or 78.37%, mainly due to the increase of revenue over expenses and cash received from sales of parcel of land during the year. Significant movements in cash flows from operating activities and operating assets and liabilities are as mentioned in the analysis of operating results and financial position above.

Cash flows from investing activities decreased by THB 154 million, or 155.56%, mainly due to investment in fixed deposits has a net increase of THB 352 million and the investment in equipment and intangible assets has an increase of THB 50 million, while investment in an associate company decreased of THB 250 million.

4. Analysis of working capital

Net working capital is the amount of total current assets less total current liabilities. As at December 31, 2010 the balance of THB 5,306 million (December 31, 2009 : THB 4,883 million) increased of THB 423 million, or 8.66%.

The increase in net working capital was mainly due to revenues over expenses for the year 2010 of THB 1,128 million. This rise offset by the increase in donation to the Stock Exchange of Thailand Foundation of THB 332 million and the increase in withholding tax payable of THB 65 million.

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 creditability and reliability to the SET and its subsidiaries' financial statements for the year ended December 31, 2010.

(Sompol Kiatphaibool)
Chairman

(Charamporn Jotikasthira)
President

Auditor's Report

To the Members of The Stock Exchange of Thailand

I have audited the accompanying consolidated and entity balance sheet as at 31 December 2010, and the related consolidated and entity 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 in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements for the year ended 31 December 2009 of The Stock Exchange of Thailand, presented herewith for comparative purposes, were audited by another auditor whose report dated 18 February 2010, expressed an unqualified opinion on those financial statements.

I conducted my audit 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 audit provides a reasonable basis for my opinion.

In my opinion, the consolidated and entity financial statements referred to above present fairly, in all material respects, the consolidated and entity financial position as at 31 December 2010, and the consolidated and entity 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.

Nattaporn Phan-Udom
Certified Public Accountant (Thailand) No. 3430
PricewaterhouseCoopers ABAS Limited
Bangkok
16 February 2011

Balance Sheets

The Stock Exchange of Thailand and its Subsidiaries
As at 31 December 2010 and 2009

(Unit : Baht'000)

		Consolidated financial statements		SET	
	Notes	2010	2009	2010	2009
Assets					
Current assets					
Cash and cash equivalents	*7*	503,248	281,753	299,781	189,465
Cash at banks for dividend payables		8,372	5,453	-	-
Assets for margin deposits and benefits	*17*	3,612,015	2,835,368	-	-
Short-term investments, net	*8*	5,690,649	5,347,301	5,295,976	4,609,597
Accounts receivable and accrued income, net	*6, 9*	212,653	181,576	245,754	257,159
Accrued interest receivable		52,376	42,616	49,094	40,217
Other current assets	*6, 10*	215,191	72,893	210,273	70,406
Total current assets		**10,294,504**	**8,766,960**	**6,100,878**	**5,166,844**
Non-current assets					
Investments in subsidiaries	*11*	-	-	597,291	597,291
Investments in jointly-controlled entity, net	*12*	44,500	28,347	25,000	25,000
Investments in associates, net	*13*	492,327	467,684	396,769	385,806
Long-term investments, net	*14*	8,295,915	6,090,034	8,199,677	6,062,334
Assets for clearing system protection and benefits	*18*	1,056,969	817,807	-	-
Securities Investor Protection Fund	*22*	598,209	549,912	598,209	549,912
Property, plant and equipment, net	*15*	2,432,114	3,649,207	2,422,982	3,628,662
Intangible assets, net	*16*	196,853	314,289	188,303	296,422
Refundable deposits		6,982	7,279	127,070	125,311
Total non-current assets		**13,123,869**	**11,924,559**	**12,555,301**	**11,670,738**
Total assets		**23,418,373**	**20,691,519**	**18,656,179**	**16,837,582**

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

Balance Sheets (cont.)

The Stock Exchange of Thailand and its Subsidiaries

As at 31 December 2010 and 2009

(Unit : Baht'000)

		Consolidated financial statements		SET	
	Notes	2010	2009	2010	2009
Liabilities and fund balances					
Current liabilities					
Dividend payables		8,372	5,453	-	-
Margin deposits and benefits payables	*17*	3,612,015	2,835,368	-	-
Accounts payable and accrued expenses	*6, 19*	753,680	473,206	741,916	458,729
Fees received in advance		246,760	295,799	135,912	135,961
Income tax payable		10,319	10,826	-	-
Short-term borrowings from subsidiaries	*6*	-	-	530,400	565,850
Current portion of provision for employee benefits	*21*	7,104	8,453	7,104	8,453
Withholding tax payable		151,438	86,399	81,482	63,785
Other current liabilities	*6, 20*	198,351	168,593	109,353	84,571
Total current liabilities		**4,988,039**	**3,884,097**	**1,606,167**	**1,317,349**
Non-current liabilities					
Assets for clearing system protection and benefits payables	*18*	936,871	699,766	-	-
Contributions and benefits to Securities Investor Protection Fund	*22*	224,799	189,743	224,799	189,743
Provision for employee benefits	*21*	113,006	111,149	113,006	111,149
Other non-current liabilities		36,911	43,408	36,911	43,408
Total non-current liabilities		**1,311,587**	**1,044,066**	**374,716**	**344,300**
Total liabilities		**6,299,626**	**4,928,163**	**1,980,883**	**1,661,649**
Fund balances					
Funds	*22*	16,213,315	15,083,615	15,761,805	14,491,978
Unrealised gain on available-for-sale securities		905,430	679,739	913,491	683,955
Non-controlling interests		2	2	-	-
Total fund balances		**17,118,747**	**15,763,356**	**16,675,296**	**15,175,933**
Total liabilities and fund balances		**23,418,373**	**20,691,519**	**18,656,179**	**16,837,582**

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

Statements of Revenues and Expenses

The Stock Exchange of Thailand and its Subsidiaries

For the years ended 31 December 2010 and 2009

(Unit : Baht'000)

		Consolidated financial statements		SET	
	Notes	2010	2009	2010	2009
Operating revenues					
Trading fees		896,646	629,555	703,603	442,898
Clearing and depository fees		341,605	215,227	-	-
Stock registrar fees		571,827	529,843	-	-
Listing fees		241,032	234,989	241,032	234,989
Members services fees		236,236	214,705	-	-
Service income	*6*	32,924	1,598	1,188,909	1,027,474
Investment income, net	*4, 24*	867,477	875,802	1,169,774	802,910
Gain from disposal of assets		421,914	-	421,914	-
Other income	*25*	491,434	507,773	282,540	288,126
Total operating revenues		**4,101,095**	**3,209,492**	**4,007,772**	**2,796,397**
Operating expenses					
Employee benefit expenses	*26*	1,076,376	1,238,616	1,076,408	1,237,813
Director's remuneration	*6*	18,931	16,388	18,291	15,733
Marketing and media production expenses		102,759	196,921	102,431	153,719
Fees and compensation expenses		50,351	113,501	48,365	154,554
Educational activities expenses		200,809	43,694	200,809	38,593
Direct service expenses		166,286	134,018	-	-
Building and office expenses		136,070	125,974	135,428	123,327
Technology expenses		109,399	120,265	102,804	112,590
Contributions to the office of SEC	*27*	177,159	159,249	177,159	159,249
Depreciation	*15*	157,667	201,383	146,991	182,952
Amortisation	*16*	126,065	139,476	116,692	127,698
Other expenses	*28*	160,113	109,049	158,074	91,603
Total operating expenses		**2,481,985**	**2,598,534**	**2,283,452**	**2,397,831**

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

Statements of Revenues and Expenses (cont.)

The Stock Exchange of Thailand and its Subsidiaries

For the years ended 31 December 2010 and 2009

(Unit : Baht'000)

		Consolidated financial statements		SET	
	Notes	2010	2009	2010	2009
Share of profit of investments in jointly-controlled entity (net of income tax)	*12*	16,153	3,347	-	-
Share of profit of investments in associates entity (net of income tax)	*13*	17,305	26,346	-	-
Operating revenues over operating expenses		**1,652,568**	**640,651**	**1,724,320**	**398,566**
Non-operating items					
Income derived from Securities Investor Protection Fund, net	*23*	11,635	12,210	11,635	12,210
Donation and social activities contribution, net	*6*	(467,734)	(141,421)	(467,734)	(141,439)
Revenues over expenses before income tax		**1,196,469**	**511,440**	**1,268,221**	**269,337**
Income tax		(68,375)	(54,839)	-	-
Revenues over expenses		**1,128,094**	**456,601**	**1,268,221**	**269,337**
Revenues over expenses attributable to:					
Equity holders of SET		1,128,093	456,601	1,268,221	269,337
Non-controlling interests		1	-	-	-
		1,128,094	**456,601**	**1,268,221**	**269,337**

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

Statements of Changes in Fund Balances

The Stock Exchange of Thailand and its Subsidiaries
For the years ended 31 December 2010 and 2009

(Unit : Baht'000)

		Consolidated financial statements										
	Notes	Securities Clearing Reserve Fund	Clearing and Settlement of Derivatives Market Reserve Fund	Indemnity Fund	SET Building Construction Fund	Staff Welfare Fund	Securities Investor Protection Fund	General Fund	Unrealised gain (loss) on available-for-sale securities	Total fund balances attributable to equity holders of SET	Non-controlling interests	Total fund balances
Balance at 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
Revenues over expenses	*23*	-	-	-	-	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
Balance at 1 January 2010		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
Adjustment for SET building construction expenses		-	-	-	(157,441)	-	-	157,441	-	-	-	-
Unrealised gain on available-for-sale securities		-	-	-	-	-	1,606	-	225,691	227,297	-	227,297
Revenues over expenses	*23*	-	-	-	-	900	11,635	1,115,559	-	1,128,094	-	1,128,094
Balance at 31 December 2010		2,000,000	300,000	100,000	15,424	96,203	373,410	13,328,278	905,430	17,118,745	2	17,118,747

(Unit : Baht'000)

		SET								
	Notes	Securities Clearing Reserve Fund	Clearing and Settlement of Derivatives Market Reserve Fund	Indemnity Fund	SET Building Construction Fund	Staff Welfare Fund	Securities Investor Protection Fund	General Fund	Unrealised gain (loss) on available-for-sale securities	Total fund balances
Balance at 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
Revenues over expenses	*23*	-	-	-	-	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
Balance at 1 January 2010		2,000,000	300,000	100,000	172,865	95,303	360,169	11,463,641	683,955	15,175,933
Adjustment for SET building construction expenses		-	-	-	(157,441)	-	-	157,441	-	-
Unrealised gain on available-for-sale securities		-	-	-	-	-	1,606	-	229,536	231,142
Revenues over expenses	*23*	-	-	-	-	900	11,635	1,255,686	-	1,268,221
Balance at 31 December 2010		2,000,000	300,000	100,000	15,424	96,203	373,410	12,876,768	913,491	16,675,296

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

Statements of Cash Flows

The Stock Exchange of Thailand and its Subsidiaries

For the years ended 31 December 2010 and 2009

(Unit : Baht'000)

		Consolidated financial statements		SET	
	Notes	2010	2009	2010	2009
Cash flows from operating activities					
Revenues over expenses before income tax		1,196,469	511,440	1,268,221	269,337
Adjustments for					
Depreciation	*15*	157,667	201,383	146,991	182,952
Amortisation	*16*	126,065	139,476	116,692	127,698
Investment income, net	*24*	(867,477)	(875,802)	(1,169,774)	(802,910)
Income derived from Securities Investor Protection Fund, net	*23*	(11,635)	(12,210)	(11,635)	(12,210)
Loss on liquidation of subsidiary		-	-	-	384
Impairment losses of investments (reversal)		6,415	(28,311)	6,415	189
Doubtful debts expenses (reversal)		(22)	(144)	(22)	(99)
Provision for employee benefits	*21*	15,046	17,906	15,046	55,260
Adjust work in process to expense		(53)	-	2	-
Gain on disposals of assets		(421,884)	(3,279)	(421,914)	(3,296)
Loss from written off assets		52,843	-	52,137	-
Share of profit of investments in jointly-controlled entity (net of income tax)	*12*	(16,153)	(3,347)	-	-
Share of profit of investments in associates entity (net of income tax)	*13*	(17,305)	(26,346)	-	-
		219,976	(79,234)	2,159	(182,695)
Changes in operating assets and liabilities					
Cash at banks for dividend payables		(2,919)	3,360	-	-
Assets for margin deposits and benefits		(776,647)	(933,454)	-	-
Accounts receivable and accrued income		(31,055)	(14,074)	11,427	(18,160)
Other current assets		(141,832)	12,424	(139,039)	(11,962)
Assets for clearing system protection and benefits		(239,162)	(41,791)	-	-
Securities Investor Protection Fund		(48,003)	(56,187)	(48,003)	(56,187)

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

Statements of Cash Flows (cont.)

The Stock Exchange of Thailand and its Subsidiaries

For the years ended 31 December 2010 and 2009

(Unit : Baht'000)

		Consolidated financial statements		SET	
	Notes	2010	2009	2010	2009
Refundable deposits		297	(360)	(1,759)	(118,374)
Dividend payables		2,919	(3,360)	-	-
Margin deposits and benefits payables		776,647	933,454	-	-
Accounts payable and accrued expenses		287,413	129,000	290,126	128,982
Fees received in advance		(49,039)	(42,950)	(49)	(1,652)
Withholding tax payable		65,039	(30,697)	17,697	(21,763)
Other current liabilities		29,758	73,909	24,782	65,255
Assets for clearing system protection and benefits payables		237,105	39,394	-	-
Contributions and benefits to Securities Investor Protection Fund		35,056	44,273	35,056	44,273
Employee benefits paid	*21*	(14,538)	(28,160)	(14,538)	(28,160)
Other non-current liabilities		(6,497)	(4,658)	(6,497)	10,925
Income tax paid		(68,520)	(49,992)	-	-
Net cash provided by (used in) operating activities		**275,998**	**(49,103)**	**171,362**	**(189,518)**
Cash flows from investing activities					
Investment income received		495,259	511,320	475,231	429,840
Dividend received		366,863	408,031	700,322	407,887
Purchase of short-term investments	*8*	(15,246,692)	(1,871,442)	(13,612,813)	(1,409,785)
Sale of short-term investments	*8*	15,129,102	1,850,048	13,154,379	1,545,104
Purchase of investments in subsidiaries	*11*	-	-	-	(102,700)
Purchase of investments in jointly-controlled entity	*12*	-	-	-	(28,500)
Purchase of investments in associates	*13*	-	(250,000)	-	(250,000)
Net cash received (paid) from joint ventures		-	(31,282)	-	25,000
Purchase of long-term investments	*14*	(3,547,734)	(5,929,890)	(3,480,734)	(5,924,890)
Sale of long-term investments	*14*	1,324,406	5,651,086	1,323,406	5,603,874
Purchase of plant and equipment		(274,724)	(224,584)	(274,724)	(224,584)
Sale of property and equipment		1,715,035	15,619	1,715,035	10,661

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

Statements of Cash Flows (cont.)

The Stock Exchange of Thailand and its Subsidiaries
For the years ended 31 December 2010 and 2009

(Unit : Baht'000)

		Consolidated financial statements		SET	
	Notes	2010	2009	2010	2009
Purchase of intangible assets		(27,359)	(28,277)	(27,359)	(28,277)
Proceeds from capital reduction of subsidiary		-	-	-	9,616
Cash inflow on short-term borrowings from subsidiaries	*6*	-	-	220,000	231,000
Repayment of short-term borrowings from subsidiaries	*6*	-	-	(255,450)	(9,000)
Interest paid		-	(13,611)	(9,680)	(7,241)
Benefits received from Securities Investor Protection Fund		11,341	12,081	11,341	12,081
Net cash provided by (used in) investing activities		**(54,503)**	**99,099**	**(61,046)**	**290,086**
Net increase in cash and cash equivalents		**221,495**	**49,996**	**110,316**	**100,568**
Cash and cash equivalents at beginning of year		281,753	231,757	189,465	88,897
Cash and cash equivalents at end of year	*7*	**503,248**	**281,753**	**299,781**	**189,465**
Supplemental disclosures of cash flows information					
Non-cash transactions					
Unrealised gain on available-for-sale securities		225,691	1,114,175	229,536	1,118,691
Other payables from purchase of assets		12,862	19,801	12,862	19,801

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

Notes to the Consolidated and Entity Financial Statements

The Stock Exchange of Thailand and its Subsidiaries
For the years ended 31 December 2010 and 2009

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 business activities of the SET are serving as the market or the centre for trading of securities and providing related services without the objective of distribution of profit to members. The SET commenced its trading of securities on 30 April 1975 and operates under the framework of the Securities Exchange of Thailand Act B.E. 2535. Its registered office is located at 62 Rachadaphisek Road, Kwang Klongtoey, Khet Klongtoey, Bangkok 10110, Thailand.

For reporting purposes, the SET and its subsidiaries are referred to as the Group.

The principal business activities of the 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 futures contracts, including acting as a clearing house, provide clearing and settlement services for securities and futures contracts, and serve as a securities depository and back-office service bureau
6) Provide registrar services, including securities registrar and fund registrar services
7) Manage trading centre and advise on the trading of futures contracts and 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 integration for trading of securities, clearing and settlement of securities
9) Manage open-ended mutual funds to promote foreign investment in the Stock Exchange of Thailand
10) Engage in investment management by issuing Non-Voting Depository Receipts (NVDR) and Depository Receipts (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 for offer to the public, or other securities as prescribed by the SEC

The consolidated and entity financial statements were authorised for issue by the Board of Governors of the Stock Exchange of Thailand on 16 February 2011.

Details of the SET's subsidiaries, associates and jointly-controlled entity as at 31 December 2010 and 2009 are as follows:

			Ownership interest (%)	
Name of entity	Type of business	Country of incorporation	2010	2009
Direct subsidiaries				
Thailand Securities Depository Co., Ltd.	Securities depository and registrar services	Thailand	99.99	99.99
SETTRADE.COM Co., Ltd.	Computer system services	Thailand	99.99	99.99
Thailand Futures Exchange Public Company Limited	Futures exchange centre	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 Receipts	Thailand	99.99	99.99
Siam DR Co., Ltd.	Investment management in Depository Receipts	Thailand	99.99	99.99
mai Matching Fund Co., Ltd. (1)	Joint investment with funds or venture capital	Thailand	-	99.99
Thailand Clearing House Co., Ltd.	Clearing house and related back-office services for securities and futures contracts	Thailand	99.99	99.99
Jointly-controlled entity				
Family Know-how Co., Ltd.	Provision of services and advice in respect of media production related to finance and investment	Thailand	50.00	50.00
Associates				
Clearing Fund (2)	Fund	Thailand	19.04	20.43
TSFC Securities Public Company Limited	Granting of credit to businesses involved with securities and securities borrowing and lending	Thailand	24.66	24.66

(1) mai Matching Fund Co., Ltd.

At the extraordinary shareholders' meeting of mai Matching Fund Co., Ltd. (mai) held on 30 September 2009, the shareholders of mai passed a special resolution to liquidate the company. This was registered with the Ministry of Commerce on 30 September 2009.

As at 11 March 2010 mai has completed its liquidation process.

(2) Clearing Fund

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

2. Basis of preparation

The consolidated and entity financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547.

The consolidated and entity financial statements have been prepared under the historical cost convention, except for certain items, such as investments in available-for-sale and trading securities, which are presented at fair value.

The preparation of consolidated and entity financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated and entity financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

An English version of the consolidated and entity financial statements has been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

3. Summary of significant accounting policies

3.1 New accounting standards, new financial reporting standards, new interpretation, and amendments to accounting standards and the accounting framework

a) Accounting framework

The amendment to the accounting framework comes into effect on 26 May 2010.

b) New accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards

The following new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards are mandatory for accounting periods beginning on or after 1 January 2011 and 1 January 2013. The Group has not adopted them early:

Effective for periods beginning on or after 1 January 2011

- TAS 1 (Revised 2009) Presentation of Financial Statements
- TAS 2 (Revised 2009) Inventories
- TAS 7 (Revised 2009) Statement of Cash Flows
- TAS 8 (Revised 2009) Accounting Policies, Changes in Accounting Estimates and Errors
- TAS 10 (Revised 2009) Events after the Reporting Period
- TAS 11 (Revised 2009) Construction Contracts
- TAS 16 (Revised 2009) Property, Plant and Equipment
- TAS 17 (Revised 2009) Leases
- TAS 18 (Revised 2009) Revenue
- TAS 19 Employee Benefits
- TAS 23 (Revised 2009) Borrowing Costs
- TAS 24 (Revised 2009) Related Party Disclosures
- TAS 26 Accounting and Reporting by Retirement Benefit Plans
- TAS 27 (Revised 2009) Consolidated and Separate Financial Statements
- TAS 28 (Revised 2009) Investments in Associates
- TAS 29 Financial Reporting in Hyperinflationary Economies

- TAS 31 (Revised 2009) Interests in Joint Ventures
- TAS 33 (Revised 2009) Earnings per Share
- TAS 34 (Revised 2009) Interim Financial Reporting
- TAS 36 (Revised 2009) Impairment of Assets
- TAS 37 (Revised 2009) Provisions, Contingent Liabilities and Contingent Assets
- TAS 38 (Revised 2009) Intangible Assets
- TAS 40 (Revised 2009) Investment Property
- TFRS 2 Share-based Payment
- TFRS 3 (Revised 2009) Business Combinations
- TFRS 5 (Revised 2009) Non-current Assets Held for Sale and Discontinued Operations
- TFRS 6 Exploration for and Evaluation of Mineral Resources
- TFRIC 15 Agreements for the Construction of Real Estate

Effective for periods beginning on or after 1 January 2013

- TAS 12 Income taxes
- TAS 20 (Revised 2009) Accounting for Government Grants and Disclosure of Government Assistance
- TAS 21 (Revised 2009) The Effects of Changes in Foreign Exchange Rates

The Group's management has determined that these new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards will not have a significant impact on the financial statements being presented. The standards that are expected to have an impact on the Group are as follows:

TAS 12 deals with taxes on income, comprising current tax and deferred tax. Current tax assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred taxes are measured based on the temporary difference between the tax base of an asset or liability and its carrying amount in the financial statements using the tax rates that are expected to apply during the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The Group will apply this standard retrospectively from 1 January 2013 with an expected to incur of deferred tax account and changes in retained earnings and income tax expense. Management is currently assessing the impact of applying this standard.

TAS 16 (Revised 2009) requires entities to include in the cost of PPE an initial estimate of the costs of dismantling and removing an item and restoring the site on which it is located, when the entity has an obligation to do so. The revised standard also requires that any item of property, plant and equipment with a cost that is significant in relation to the total cost of the item be depreciated separately. Under the revised standard entities are required to review the useful life, residual value and depreciation method at least at each financial year-end. The Group will apply this standard from 1 January 2011. Management does not expect any significant adjustments for the SET because the SET has no obligations with respect to dismantling and restoring buildings and already reviews the useful life of assets at the financial year-end.

3.2 Investments in subsidiaries, jointly-controlled entity and associates

3.2.1 Subsidiaries

Subsidiaries are all the entities over which the SET has the power to govern the financial and operating policies. Subsidiaries are consolidated from the date on which control is transferred to the SET and are no longer consolidated from the date on which that control ceases.

All related party transactions, balances and unrealised gains and losses on transactions between the SET and its subsidiaries have been eliminated.

In the SET's financial statements, investments in subsidiaries are accounted for using the cost method. Under the cost method, income from investments in subsidiaries will be recorded when dividends are declared.

3.2.2 Jointly-controlled entity

The interest in a jointly controlled entity is accounted for using the equity method in the consolidated and entity financial statements.

3.2.3 Associates

Associates are the entities which the SET influences, but does not control. In the consolidated financial statements, investments in associates are initially recognised at cost and are subsequently accounted for using the equity method of accounting.

The SET's share of its associates' post-acquisition profits or losses is recognised in the statements of revenues and expenses. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the SET's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the SET does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the SET and its associates are eliminated to the extent of the SET's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Allowance, if any, is recorded for impairment in investment in subsidiaries and associates in the statements of revenues and expenses.

A list of the SET's principal subsidiaries, jointly-controlled entity and associates is provided in Note 1.

3.3 Foreign currencies

Transactions in foreign currencies are translated into Thai Baht using the foreign exchange rates prevailing on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Thai Baht using the foreign exchange rates prevailing on 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 into Thai Baht using the foreign exchange rates prevailing on the dates of the transactions.

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated into Thai Baht at the foreign exchange rates prevailing on the dates on which the fair value was determined.

3.4 Underlying assets

Underlying assets are the financial assets carried by Thai NVDR Co., Ltd. and Siam DR Co., Ltd. (subsidiaries). The financial liabilities are the Non-Voting Depository Receipts (NVDRs) and Depository Receipts (DRs). The subsidiaries will offset the financial assets and financial liabilities, and show the net amount in the financial statements. According to the regulations and conditions in the prospectus the subsidiaries are responsible for issuing and selling NVDRs or DRs and making investments in listed companies in the Stock Exchange of Thailand at the same amount and in the same period (back to back). The subsidiaries who are the holders will then receive financial benefits and will be responsible for paying all such financial benefits on to the investors in the NVDRs or DRs. These benefits are not recognised as revenue or expense of the subsidiaries.

3.5 Cash and cash equivalents

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

3.6 Investments

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 for specific purposes, which have a 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 the risk-free yield curve adjusted by the appropriate risk premium.

On disposal of an investment, the difference between the 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.

3.7 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 recognised as part of other expenses in the statement of revenues and expenses.

3.8 Property, plant and equipment

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

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, except for land which is considered to have an unlimited useful life. The estimated useful lives are as follows:

Land improvements	5	years
Buildings	10 - 30	years
Building improvements	2 - 10	years
Furniture and fixtures	5 - 9	years
Office equipment	5 - 9	years
Vehicles	7	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 assets or assets which have been sold or abandoned.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

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 the proceeds with the carrying amount and are included in the statement of revenues and expenses.

3.9 Intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives, are recognised 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	3 - 8	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 benefits exceeding the cost beyond one year are recognised as intangible assets. Direct costs include the purchase price and an appropriate portion of relevant overheads to allow such asset to be ready for its intended use. Expenditure which is incurred to enhance or extend the performance of computer software beyond its original specifications is recognised as an intangible asset.

Patents and operating rights

Patents represent the expenditure incurred on patents acquired for media publications (including related identifiable trademarks). Operating rights represent the expenditure incurred in acquiring the rights to use systems including copyrights, patents and

trademarks and other related rights, i.e. the bond trading system. Both patents and operating rights are controlled by the Group and are expected to generate economic benefits for more than one 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 the useful lives differ from the previous estimations or it will write-off technically obsolete assets or assets which have been sold or abandoned.

3.10 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.

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.

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.

3.11 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.

3.12 Trade and other accounts payable

Trade and other accounts payable are stated at cost.

3.13 Employee benefits

Defined contribution plans

The Group participates in 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 employee 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 the yield on government bonds which have terms to maturity approximating the terms of the related liability. The estimated future cash flows shall reflect employee salaries, turnover rate, mortality, length of service and other factors. Actuarial gains or losses will be recognised as expense 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 staff.

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 the possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

3.14 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.

3.15 Lease-where a Group is the lessee

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.

3.16 Revenue

Revenue excludes value added taxes.

Service income is recognised upon performance of services.

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

Membership fees comprise initial and annual fees. The initial fees are recognised as revenue on a straight-line basis over a period of five years starting from the first day on which the service is rendered. Annual fees are recognised upon performance of services.

Interest income is recognised on a time proportion basis, taking into account 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 the statement of revenues and expenses when the Group's right to receive payment is established.

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

3.17 Dividend payment

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

3.18 Directors' remuneration

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

4. Financial risk management

Financial risk management policies

The Group is exposed to normal business risks from changes in 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 is, however, exposed to market risks as an 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 the SET's regulations.

The investment policies framework regarding types and proportion of investments for 2010 and 2009 is summarised as follows:

1) Investments in debt securities

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

2) Investments in equity securities

Type of investment	Proportion of total investment
Investment units or warrants of investment units in mutual funds invested in equity securities	Not exceeding 10% per mutual fund

3) Investments in property funds

Type of investment	Proportion of total investment
Property funds	Not exceeding 10% of project value, and amount not exceeding 2% of total investments (2009: not exceeding 10% of project value and amount not exceeding 3% of total investments)

4) Investments in foreign investment funds

Type of investment	Proportion of total investment
Foreign investment funds	Not exceeding 2% of total investments (2009: not exceeding 20% of total investments in the first half of the year and 3% of total investments in the second half of the year)

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

Liquidity risk

The Group has high liquidity. The Group does not have a policy to seek outside funding in the near future. The Group's policy is to invest in low risk and high return financial institutions.

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 investor and stakeholder confidence.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders depending 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 dividend payables, accounts receivable and accrued income, accrued interest receivable, dividend payables, margin deposits and benefits 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-sale, 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 8 and 14 to the financial statements.

5. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Impairment of receivables

The Group maintains an allowance for doubtful accounts to reflect impairment of trade receivables relating to estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts is significantly impacted by the Group's assessment of future cash flows, such assessment being based on consideration of historical collection experience, known and identified instances of default and consideration of market trends.

5.2 Property, plant and equipment and intangible assets

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

5.3 Employee benefits

The Group has committed to pay benefits to employees at retirement age. The present value of employee benefit liabilities recognised in the balance sheet is determined on an actuarial basis using various assumptions. The assumptions used in determining the net period cost for employee benefits include the discount rate, the rate of salary inflation and employee turnover. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis the Group determines the appropriate discount rate, which represents the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Group considers the interest rates of government bonds denominated in the currency in which the benefits will be paid.

6. 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.

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

Transaction	Pricing policy
Service income	Contractually agreed price
Purchase of services	Cost plus margin
Interest expense	With reference to the deposit rate of financial institutions

Transactions with related parties for the years ended 31 December 2010 and 2009 were as follows:

(Unit : Baht'000)

	Consolidated financial statements		SET	
	2010	2009	2010	2009
Service income				
Subsidiaries				
Thailand Securities Depository Co., Ltd.	-	-	592,630	593,591
Thailand Futures Exchange Public Company Limited	-	-	246,563	233,176
SETTRADE.COM Co., Ltd.	-	-	153,751	106,880
Thailand Clearing House Co., Ltd.	-	-	161,254	83,112
Thai Trust Fund Management Co., Ltd.	-	-	4,644	4,800
Family Know-how Co., Ltd.	-	-	-	5,068
	-	-	1,158,842	1,026,627
Jointly-controlled entity				
Family Know-how Co., Ltd.	32,043	847	30,067	847
Associate				
Clearing Fund	881	751	-	-
Total	**32,924**	**1,598**	**1,188,909**	**1,027,474**
Purchase of services				
Subsidiaries				
Thai NVDR Co., Ltd.	-	-	1,500	1,500
Thailand Clearing House Co., Ltd.	-	-	299	49
Thailand Securities Depository Co., Ltd.	-	-	113	95
Family Know-how Co., Ltd.	-	-	-	63,954
SETTRADE.COM Co., Ltd.	-	-	-	200
	-	-	1,912	65,798
Jointly-controlled entity				
Family Know-how Co., Ltd.	161,005	20,701	161,005	15,701
Total	**161,005**	**20,701**	**162,917**	**81,499**
Interest income				
Jointly-controlled entity				
Family Know-how Co., Ltd.	1,387	-	1,387	-
Total	**1,387**	**-**	**1,387**	**-**

(Unit : Baht'000)

	SET	
	2010	2009
Interest expense		
Subsidiaries		
Thailand Futures Exchange Public Company Limited	3,528	3,618
Thailand Securities Depository Co., Ltd.	1,865	566
Thai Trust Fund Management Co., Ltd.	1,616	1,700
Thailand Clearing House Co., Ltd.	1,058	236
SETTRADE.COM Co., Ltd.	992	486
Thai NVDR Co., Ltd.	468	354
Siam DR Co., Ltd.	153	149
mai Matching Fund Co., Ltd.	-	132
Total	**9,680**	**7,241**

Balances as at 31 December 2010 and 2009 with related parties were as follows:

(Unit : Baht'000)

	Consolidated financial statements		SET	
	2010	2009	2010	2009
Accounts receivable				
Jointly-controlled entity				
Family Know-how Co., Ltd.	117	301	117	301
Accrued income				
Subsidiaries				
Thailand Securities Depository Co., Ltd.	-	-	62,471	113,420
Thailand Futures Exchange Public Company Limited	-	-	33,529	66,197
SETTRADE.COM Co., Ltd.	-	-	32,674	11,718
Thailand Clearing House Co., Ltd.	-	-	22,964	11,096
	-	-	151,638	202,431
Jointly-controlled entity				
Family Know-how Co., Ltd.	303	752	303	752
Total	**303**	**752**	**151,941**	**203,183**

(Unit : Baht'000)

	Consolidated financial statements		SET	
	2010	2009	2010	2009
Other current assets				
Jointly-controlled entity				
Family Know-how Co., Ltd.	36,760	15	36,760	15
Payables and accrued expenses				
Subsidiaries				
Thai Trust Fund Management Co., Ltd.	-	-	167	-
Thailand Clearing House Co., Ltd.	-	-	150	49
Thailand Securities Depository Co., Ltd.	-	-	10	6
SETTRADE.COM Co., Ltd.	-	-	-	48
	-	-	327	103
Jointly-controlled entity				
Family Know-how Co., Ltd.	9,107	8,586	9,107	3,236
Total	**9,107**	**8,586**	**9,434**	**3,339**
Other current liabilities				
Subsidiaries				
Thailand Securities Depository Co., Ltd.	-	-	1	10
SETTRADE.COM Co., Ltd.	-	-	-	156
Total	**-**	**-**	**1**	**166**

(Unit : Baht'000)

	Interest rate (% per annum)		SET	
	2010	2009	2010	2009
Short-term borrowings from subsidiaries				
Thailand Futures Exchange Public Company Limited	1.50	1.50	200,000	252,000
Thai Trust Fund Management Co., Ltd.	1.50	1.50	101,000	114,450
Thailand Securities Depository Co., Ltd.	1.50	1.50	75,000	70,000
Thailand Clearing House Co., Ltd.	1.50	1.50	60,000	35,000
SETTRADE.COM Co., Ltd.	1.50	1.50	53,000	53,000
Thai NVDR Co., Ltd.	1.50	1.50	31,200	31,200
Siam DR Co., Ltd	1.50	1.50	10,200	10,200
Total			**530,400**	**565,850**

The Group has a policy to centrally manage its investments through the SET to maximise its efficiency and overall returns. Investments from subsidiaries represent loans in the form of one-year promissory notes, which bear interest at the rate for deposits set by financial institutions (the interest rate may be revised as appropriate).

Movements of short-term borrowings from subsidiaries for the years ended 31 December 2010 and 2009 were as follows:

(Unit : Baht'000)

	SET	
	2010	2009
Subsidiaries		
At 1 January	565,850	343,850
Increase	220,000	231,000
Decrease	(255,450)	(9,000)
At 31 December	**530,400**	**565,850**

Sponsorship for jointly-controlled entity

Under the shareholder agreement between the SET and a company, the SET will be a principal sponsor of a jointly-controlled entity's program by a limited amount not exceeding Baht 214 million per annum for a period of three years starting from 1 January 2010. The SET sold its entire assets in studio units to its jointly-controlled entity at the net book value as at 31 December 2009 and also offered a soft loan for payment for the assets for a period of two years exempting the repayment of principal for the first year. The loan bears interest at the average one-year fixed deposit rate of four major banks plus 2%. The principal portions of 25% and 75% will be due for repayment in the first and second years, respectively, from the date on which the jointly-controlled entity receives all of the studio units from the SET. As at 31 December 2010, the SET has an outstanding loan balance of Baht 36.7 million (net of 25% principal repayment) which is presented as other current assets.

Contributions to the Stock Exchange of Thailand Foundation

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

The SOF was registered and incorporated on 9 August 2006 with the objective of conducting activities for the development of society, communities and the environment. The 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 2010 the SET appropriated its annual revenues over expenses of Baht 467.3 million (2009: Baht 134.7 million) to the SOF.

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 2010 amounted to Baht 18.9 million (2009: Baht 16.4 million).

7. Cash and cash equivalents

(Unit : Baht'000)

	Consolidated financial statements		SET	
	2010	2009	2010	2009
Cash on hand	365	347	346	326
Cash deposits - savings and current accounts	497,883	273,208	299,435	189,139
Highly liquid short-term investments	5,000	8,198	-	-
Total	**503,248**	**281,753**	**299,781**	**189,465**

The effective interest rates on short-term bank deposits ranged from 0.10% - 0.70% per annum in 2010 (2009: range from 0.10% - 0.50% per annum)

8. Short-term investments, net

(Unit : Baht'000)

		Consolidated financial statements		SET	
	Notes	2010	2009	2010	2009
Investments managed by SET					
General investments					
Savings accounts		138,205	120,783	72,205	112,783
Fixed deposit accounts		2,037,844	1,470,703	1,861,882	1,045,332
Promissory notes		-	916	-	916
Investment in specific-purpose funds	*14*	132,891	-	132,891	-
Less Allowance for impairment losses	*14*	(22,423)	-	(22,423)	-
		2,286,517	1,592,402	2,044,555	1,159,031
Investments in mutual funds					
Money market funds		453,709	262,199	453,709	262,199
Foreign investment funds		-	5,134	-	-
Debt securities held-to-maturity					
Bonds and debentures	*14*	20,000	119,236	15,000	87,246
Other debt instruments		684,597	1,181,544	679,605	1,049,595
		3,444,823	3,160,515	3,192,869	2,558,071
Investments managed by private funds					
General investments					
Savings accounts		7,850	28,697	6,865	24,186
Fixed deposit accounts		241,000	30,000	230,000	30,000
Other debt instruments		210,002	147,714	200,002	147,714
		458,852	206,411	436,867	201,900
Trading securities		1,786,974	1,980,375	1,666,240	1,849,626
		2,245,826	2,186,786	2,103,107	2,051,526
Total		**5,690,649**	**5,347,301**	**5,295,976**	**4,609,597**

Movements of short-term investments for the years ended 31 December 2010 and 2009 were as follows:

(Unit : Baht'000)

	Consolidated financial statements		SET	
	2010	2009	2010	2009
Opening net book value	5,347,301	5,325,907	4,609,597	4,744,916
Purchases during the year	15,246,692	1,871,442	13,612,813	1,409,785
Disposals during the year	(15,129,102)	(1,850,048)	(13,154,379)	(1,545,104)
Transfer/adjustments	248,181	-	250,368	-
Less Allowance for impairment losses	(22,423)	-	(22,423)	-
Closing net book value	**5,690,649**	**5,347,301**	**5,295,976**	**4,609,597**

Investments managed by the SET

Savings accounts carried interest at rates ranging from 0.25% - 0.50% per annum in 2010 (2009: ranging from 0.25% - 0.50% per annum).

Fixed deposit accounts represent fixed deposits at banks which have maturities within 3 to 12 months and carried interest at rates ranging from 1.13% - 3.00% per annum in 2010 (2009: ranging from 0.75% - 4.25% per annum).

Promissory notes represent the promissory notes at financial institutions which have maturities within six months and carried interest at the rate of 3.00% per annum in 2009.

Investment in a specific purpose fund represents investment in an open-ended fund (Note 14). The fund has an automatic redemption from the sixth year (2011) unless approval is obtained from the investment committee for redemption before the redemption restriction term.

Investments in money market funds represent investments in five open-ended funds (2009: three open-ended funds). The investment policy emphasises investments in short-term debt securities.

Investment in foreign investment funds represents investment in an open-ended fund which invests in bonds, treasury bills or central bank bonds that were issued or guaranteed by South Korea's Government of Organisation. The fund is an open-ended fund with automatic redemption which had a maturity within one year in 2009.

Bonds and debentures represent government bonds, Bank of Thailand bonds, foreign financial institution bonds and debentures, which had coupon rates ranging from 5.10% - 5.15% per annum in 2010 (2009: ranging from 3.73% - 5.00% per annum) and market yields ranging from 2.21% - 2.40% per annum in 2010 (2009: ranging from 1.22% - 2.27% per annum). The aggregate market value as at 31 December 2010 was Baht 20.4 million (2009: Baht 120.2 million).

Other debt instruments represent treasury bills (zero coupons) which had market yields ranging from 1.84% - 1.93% per annum in 2010 (2009: ranging from 0.87% - 1.15% per annum). The aggregate market value as at 31 December 2010 was Baht 684.6 million (2009: Baht 1,181.7 million).

Investments managed by private funds

Investments in private funds are managed by two asset management companies (2009: two companies). The investment policy for private funds is subject to the SET's regulations on deposits at financial institutions and investment policies.

The return rates for investments managed by private funds ranged from 0.90% - 1.44% per annum in 2010 (2009: ranging from 1.95% - 17.61% per annum).

9. Accounts receivable and accrued income, net

(Unit : Baht'000)

		Consolidated financial statements		SET	
	Notes	2010	2009	2010	2009
Accounts receivable					
Related parties	*6*	117	301	117	301
Other parties		70,369	58,119	34,461	26,396
		70,486	58,420	34,578	26,697
Less Allowance for doubtful accounts		(19,233)	(19,255)	(8,653)	(8,675)
		51,253	39,165	25,925	18,022
Accrued income					
Related parties	*6*	303	752	151,941	203,183
Other parties		161,097	141,659	67,888	35,954
		161,400	142,411	219,829	239,137
Net		**212,653**	**181,576**	**245,754**	**257,159**

Aging analysis for accounts receivable is as follows:

(Unit : Baht'000)

		Consolidated financial statements		SET	
	Note	2010	2009	2010	2009
Related parties					
Within credit terms	*6*	117	301	117	301
		117	301	117	301
Other parties					
Within credit terms		41,860	34,762	21,492	14,446
Overdue:					
Less than 3 months		9,244	4,100	4,316	3,275
6 - 12 months		32	2	-	-
Over 12 months		19,233	19,255	8,653	8,675
		70,369	58,119	34,461	26,396
Less Allowance for doubtful accounts		(19,233)	(19,255)	(8,653)	(8,675)
		51,136	38,864	25,808	17,721
Net		**51,253**	**39,165**	**25,925**	**18,022**

The normal credit terms granted by the Group range from 15 to 30 days.

10. Other current assets

(Unit : Baht'000)

		Consolidated financial statements		SET	
	Note	2010	2009	2010	2009
Other receivables from disposals of investments in mutual funds		105,859	-	105,859	-
Loans to employees		38,468	34,541	38,468	34,541
Other receivables from sale of all assets in studio units	*6*	36,760	-	36,760	-
Prepaid expenses		17,512	29,257	17,223	28,928
Pending input tax		4,908	4,490	4,863	4,022
Value added tax receivable		4,687	996	-	-
Inventory - publication		2,370	1,951	2,370	1,951
Others		4,627	1,658	4,730	964
Total		**215,191**	**72,893**	**210,273**	**70,406**

11. Investments in subsidiaries

(Unit : Baht'000)

	SET	
	2010	2009
Subsidiaries		
At 1 January	597,291	554,591
Acquisitions	-	102,700
Change in status from subsidiary to jointly-controlled entity	-	(50,000)
During liquidation process	-	(10,000)
At 31 December	**597,291**	**597,291**

Investments in subsidiaries as at 31 December 2010 and 2009, and dividend income for the years then ended were as follows:

(Unit : Baht'000)

	SET									
	Ownership interest (%)		Paid-up capital		Cost method		At cost, net		Dividend income	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Subsidiaries										
Thailand Securities Depository Co., Ltd.	99.99	99.99	200,000	200,000	200,000	200,000	200,000	200,000	250,000	-
SETTRADE.COM Co., Ltd.	99.99	99.99	80,000	80,000	74,591	74,591	74,591	74,591	55,999	-
Thailand Futures Exchange Public Company Limited	99.99	99.99	100,000	100,000	100,000	100,000	100,000	100,000	20,200	-
Thai Trust Fund Management Co., Ltd.	99.99	99.99	100,000	100,000	100,000	100,000	100,000	100,000	7,500	-
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	99.99	100,000	100,000	102,700	102,700	102,700	102,700	-	-
Total					**597,291**	**597,291**	**597,291**	**597,291**	**333,699**	**-**

12. Investments in jointly-controlled entity, net

(Unit : Baht'000)

	Consolidated financial statements		SET	
	2010	2009	2010	2009
Jointly-controlled entity				
At 1 January	28,347	-	25,000	-
Change in status from subsidiary to jointly-controlled entity	-	50,000	-	50,000
Allowance for impairment losses	-	-	-	(28,500)
Acquisitions	-	-	-	28,500
Disposals	-	(25,000)	-	(25,000)
Share of net profit from investments under equity method since 2 November 2009	16,153	3,347	-	-
At 31 December	**44,500**	**28,347**	**25,000**	**25,000**

Investments in jointly-controlled entity as at 31 December 2010 and 2009, and dividend income for the years then ended were as follows:

(Unit : Baht'000)

	Consolidated financial statements									
	Ownership interest (%)		Paid-up capital		Cost method		Equity methed		Dividend income	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Jointly-controlled entity										
Family Know-how Co., Ltd.	50	50	50,000	50,000	25,000	25,000	44,500	28,347	-	-
Total					**25,000**	**25,000**	**44,500**	**28,347**	**-**	**-**

(Unit : Baht'000)

	SET													
	Ownership interest (%)		Paid-up capital		Cost method		Impairment		At cost, net		Market price of listed securities		Dividend income	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Jointly-controlled entity														
Family Know-how Co., Ltd.	50	50	50,000	50,000	25,000	25,000	-	-	25,000	25,000	-	-	-	-
Total					**25,000**	**25,000**	**-**	**-**	**25,000**	**25,000**	**-**	**-**	**-**	**-**

Details of the investments and rights to receive dividends are provided in Note 30.1.

The following summary of the financial information in respect of the interest in the jointly-controlled entity as at 31 December 2010 and 2009 and for the years then ended which has been accounted for using the equity method represents the Group's share:

(Unit : Baht'000)

	Consolidated financial statements	
	2010	2009
Current assets	112,508	77,618
Non-current assets	46,968	4,404
Total assets	159,476	82,022
Current liabilities	69,291	22,015
Non-current liabilities	4,116	3,308
Total liabilities	73,407	25,323
Total revenues	229,784	141,543
Total expenses	191,263	147,162
Net profit (loss)	29,370	(5,619)

The SET has recorded interests by Group's share (share of net profit from investments under equity method) amounting to Baht 3.3 million from the date on which the status of Family Know-how Co., Ltd. changed from a subsidiary to a jointly-controlled entity (2 November 2009) to 31 December 2009.

13. Investments in associates, net

(Unit : Baht'000)

	Consolidated financial statements		SET	
	2010	2009	2010	2009
Associates				
At 1 January	467,684	159,939	385,806	100,000
Acquisitions	-	250,000	-	250,000
Reversal of impairment losses	10,963	35,806	10,963	35,806
Unrealised loss on available-for-sale securities accounted for under equity method	(3,625)	(4,407)	-	-
Share of profit from investments under equity method	17,305	26,346	-	-
At 31 December	**492,327**	**467,684**	**396,769**	**385,806**

During 2010 the SET reversed the impairment losses in respect of investment in an associate amounting to Baht 10.9 million (2009: Baht 35.8 million) as the recoverable amount of the investment is increasing.

Investments in associates as at 31 December 2010 and 2009, and dividend income for the years then ended were as follows:

(Unit : Baht'000)

	Consolidated financial statements									
	Ownership interest (%)		Paid-up capital		Cost method, net		Equity method		Dividend income	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Associates										
Clearing Fund	19.04	20.43	882,340	782,078	100,000	100,000	170,615	167,900	-	-
TSFC Securities Public Company Limited	24.66	24.66	1,016,740	1,016,740	296,769	285,806	321,712	299,784	-	-
Total					**396,769**	**385,806**	**492,327**	**467,684**	**-**	**-**

(Unit : Baht'000)

	SET													
	Ownership interest (%)		Paid-up capital		Cost method		Impairment		At cost, net		Market price of listed securities		Dividend income	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Associates														
Clearing Fund	19.04	20.43	882,340	782,078	100,000	100,000	-	-	100,000	100,000	-	-	-	-
TSFC Securities Public Company Limited	24.66	24.66	1,016,740	1,016,740	300,000	300,000	(3,231)	(14,194)	296,769	285,806	-	-	-	-
Total					**400,000**	**400,000**	**(3,231)**	**(14,194)**	**396,769**	**385,806**	**-**	**-**	**-**	**-**

14. Long-term investments, net

(Unit : Baht'000)

	Consolidated financial statements		SET	
	2010	2009	2010	2009
Available-for-sale investments				
Investments in mutual funds				
General mutual funds	3,366,878	2,945,526	3,366,878	2,945,526
Property funds	337,402	300,303	334,432	297,603
Foreign investment funds	300,735	302,296	300,735	302,296
	4,005,015	3,548,125	4,002,045	3,545,425
Held-to-maturity debt securities				
Bonds and debentures	1,350,249	1,133,283	1,337,249	1,115,283
	1,350,249	1,133,283	1,337,249	1,115,283
General investments				
Cash at banks by M.O.U.	460,888	442,474	460,888	442,474
Investments in specific-purpose funds	76,291	216,311	76,291	216,311
Fixed deposit accounts	2,393,586	745,000	2,313,318	738,000
Equity securities	12,336	12,336	12,336	12,336
Less Allowance for impairment losses	(2,450)	(7,495)	(2,450)	(7,495)
	2,940,651	1,408,626	2,860,383	1,401,626
Total	**8,295,915**	**6,090,034**	**8,199,677**	**6,062,334**

Investments in general mutual funds represent investments in 16 open-ended funds, which have a policy of emphasising investment in equity securities of listed companies (2009: 12 funds) and one debt fund (2009: one fund).

Investments in property funds represent nine closed-end mutual funds (2009: 11 funds). These funds were established for acquiring, leasing and transferring properties and/or their leasehold rights and providing for income-generating properties. All these property funds are listed and traded on the Stock Exchange of Thailand.

Investments in foreign investment funds represent investments in six open-ended funds (2009: seven funds) The Feeder Fund policy is to emphasise investment in foreign fund securities.

Bonds and debentures represent government bonds, Bank of Thailand bonds and debentures which had maturities within two to seven years, and coupon rates ranging from 2.59% - 6.10% per annum in 2010 (2009: ranging from 3.00% - 6.10% per annum) and market yields ranging from 2.54% - 4.45% per annum in 2010 (2009: ranging from 1.98% - 4.64% per annum). The aggregate market value at 31 December 2010 was Baht 1,398.7 million (2009: Baht 1,201.3 million).

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

Investments in specific-purpose funds represent investments in three open-ended venture capital funds (2009 : three venture capital funds). This investment is carried at cost under generally accepted accounting principles due to the redemption restriction for the first five years. The details are as follows:

1) In 2005, invested in an investment fund established by the government to strengthen and facilitate the recovery of businesses which suffered from the tsunami. The specific-purpose fund has a policy of investing in securities of businesses involved in the tourism industry that had been affected by the tsunami in the six southern provinces. The fund has an automatic redemption from the sixth year (2011) unless approval is obtained from the investment committee for redemption before the redemption restriction term. The investment portion that will be redeemed in 2011 is presented as short-term investments (Note 8).

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

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

The specific-purpose investments in 2 and 3 have a commitment subscription for additional investment until the end of the contract (Note 29).

Fixed deposit accounts represent fixed deposits at banks which have maturities of over one year and carried interest at rates ranging from 1.75% - 3.75% per annum in 2010 (2009: ranging from 2.75% - 3.75% per annum).

Movements of long-term investments for the years ended 31 December 2010 and 2009 were as follows:

(Unit : Baht'000)

	Consolidated financial statements		SET	
	2010	2009	2010	2009
Opening net book value	6,090,034	4,723,191	6,062,334	4,653,015
Acquisitions	3,547,734	5,929,890	3,480,734	5,924,890
Disposals	(1,324,406)	(5,651,086)	(1,323,406)	(5,603,874)
Transfer/adjustments	(240,688)	(18,641)	(247,071)	(22,893)
Unrealised gain on available-for-sale securities	225,691	1,114,175	229,536	1,118,691
Less Allowance for impairment losses	(2,450)	(7,495)	(2,450)	(7,495)
Closing net book value	**8,295,915**	**6,090,034**	**8,199,677**	**6,062,334**

As at 31 December 2010 and 2009 bonds and debentures classified by maturity were as follows:

(Unit : Baht'000)

	Consolidated financial statements			
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total
2010				
Held-to-maturity debt securities				
Government bonds	15,000	676,417	1,081	692,498
Bank of Thailand bonds	-	30,529	100,000	130,529
State enterprise bonds	-	50,257	-	50,257
Debentures	5,000	451,965	40,000	496,965
Total	**20,000**	**1,209,168**	**141,081**	**1,370,249**
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**

(Unit : Baht'000)

	SET			
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total
2010				
Held-to-maturity debt securities				
Government bonds	15,000	676,417	1,081	692,498
Bank of Thailand bonds	-	30,529	100,000	130,529
State enterprise bonds	-	50,257	-	50,257
Debentures	-	438,965	40,000	478,965
Total	**15,000**	**1,196,168**	**141,081**	**1,352,249**
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**

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

(Unit : Baht'000)

	Consolidated financial statements					
	Amortised cost, net		Fair value		Unrealised gain (loss)	
	2010	2009	2010	2009	2010	2009
Government bonds	692,498	683,208	728,677	742,654	36,179	59,446
Bank of Thailand bonds	130,529	116,990	136,389	119,063	5,860	2,073
State enterprise bonds	50,257	-	49,850	-	(407)	-
Foreign financial institution bonds	-	40,000	-	40,254	-	254
Debentures	496,965	412,321	504,152	419,586	7,187	7,265
	1,370,249	1,252,519	1,419,068	1,321,557	48,819	69,038
Less Current portion (Note 8)	(20,000)	(119,236)	(20,360)	(120,225)	(360)	(989)
	1,350,249	**1,133,283**	**1,398,708**	**1,201,332**	**48,459**	**68,049**

(Unit : Baht'000)

	SET					
	Amortised cost, net		Fair value		Unrealised gain (loss)	
	2010	2009	2010	2009	2010	2009
Government bonds	692,498	683,208	728,677	742,654	36,179	59,446
Bank of Thailand bonds	130,529	100,000	136,389	101,905	5,860	1,905
State enterprise bonds	50,257	-	49,850	-	(407)	-
Foreign financial institution bonds	-	30,000	-	30,191	-	191
Debentures	478,965	389,321	485,603	395,836	6,638	6,515
	1,352,249	1,202,529	1,400,519	1,270,586	48,270	68,057
Less Current portion (Note 8)	(15,000)	(87,246)	(15,276)	(87,969)	(276)	(723)
	1,337,249	**1,115,283**	**1,385,243**	**1,182,617**	**47,994**	**67,334**

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

(Unit : Baht'000)

	Consolidated and SET's financial statements							
	Cost		Fair value		Impairment		Unrealised loss	
	2010	2009	2010	2009	2010	2009	2010	2009
Investments in specific-purpose funds	209,182	216,311	183,572	208,816	(24,873)	(7,495)	(737)	-
Less Current portion (Note 8)	(132,891)	-	(110,468)	-	(22,423)	-	-	-
	76,291	**216,311**	**73,104**	**208,816**	**(2,450)**	**(7,495)**	**(737)**	**-**

15. Property, plant and equipment, net

(Unit : Baht'000)

	Consolidated financial statements					
	Land and land improvements	Buildings and buildings improvements	Furniture, fixtures and office equipment	Motor vehicles	Construction in process	Total
As at 31 December 2008						
Cost	2,254,685	1,319,359	1,041,649	15,244	89,407	4,720,344
Less Accumulated depreciation	(169)	(362,162)	(729,693)	(9,653)	-	(1,101,677)
Net book amount	2,254,516	957,197	311,956	5,591	89,407	3,618,667
For the year ended 31 December 2009						
Opening net book amount	2,254,516	957,197	311,956	5,591	89,407	3,618,667
Additions	-	33,497	45,274	6,031	159,365	244,167
Disposals	-	-	(3,416)	(6,668)	-	(10,084)
Transfers	-	181,893	-	-	(181,893)	-
Adjustments	-	(745)	(1,415)	-	-	(2,160)
Depreciation charge	(133)	(62,260)	(136,914)	(2,076)	-	(201,383)
Closing net book amount	2,254,383	1,109,582	215,485	2,878	66,879	3,649,207
As at 31 December 2009						
Cost	2,254,685	1,532,576	1,050,862	3,151	66,879	4,908,153
Less Accumulated depreciation	(302)	(422,994)	(835,377)	(273)	-	(1,258,946)
Net book amount	**2,254,383**	**1,109,582**	**215,485**	**2,878**	**66,879**	**3,649,207**
For the year ended 31 December 2010						
Opening net book amount	2,254,383	1,109,582	215,485	2,878	66,879	3,649,207
Additions	900	59,738	30,767	3,891	167,280	262,576
Disposals/write-off	(1,240,000)	(32,144)	(39,892)	(3,891)	-	(1,315,927)
Transfers	-	197,915	(3,960)	-	(200,030)	(6,075)
Depreciation charge	(153)	(67,794)	(89,251)	(469)	-	(157,667)
Closing net book amount	1,015,130	1,267,297	113,149	2,409	34,129	2,432,114
As at 31 December 2010						
Cost	1,015,585	1,700,914	895,559	3,151	34,129	3,649,338
Less Accumulated depreciation	(455)	(433,617)	(782,410)	(742)	-	(1,217,224)
Net book amount	**1,015,130**	**1,267,297**	**113,149**	**2,409**	**34,129**	**2,432,114**

(Unit : Baht'000)

	SET					
	Land and land improvements	Buildings and buildings improvements	Furniture, fixtures and office equipment	Motor vehicles	Construction in process	Total
As at 31 December 2008						
Cost	2,254,685	1,314,473	861,590	15,244	89,407	4,535,399
Less Accumulated depreciation	(169)	(360,109)	(590,657)	(9,653)	-	(960,588)
Net book amount	2,254,516	954,364	270,933	5,591	89,407	3,574,811
For the year ended 31 December 2009						
Opening net book amount	2,254,516	954,364	270,933	5,591	89,407	3,574,811
Additions	-	33,497	45,274	6,031	159,365	244,167
Disposals	-	-	(696)	(6,668)	-	(7,364)
Transfers	-	181,893	-	-	(181,893)	-
Depreciation charge	(133)	(61,806)	(118,937)	(2,076)	-	(182,952)
Closing net book amount	2,254,383	1,107,948	196,574	2,878	66,879	3,628,662
As at 31 December 2009						
Cost	2,254,685	1,529,863	899,931	3,151	66,879	4,754,509
Less Accumulated depreciation	(302)	(421,915)	(703,357)	(273)	-	(1,125,847)
Net book amount	**2,254,383**	**1,107,948**	**196,574**	**2,878**	**66,879**	**3,628,662**
For the year ended 31 December 2010						
Opening net book amount	2,254,383	1,107,948	196,574	2,878	66,879	3,628,662
Additions	900	59,738	30,767	3,891	167,280	262,576
Disposals/write-off	(1,240,000)	(31,437)	(39,862)	(3,891)	-	(1,315,190)
Transfers	-	197,914	(3,959)	-	(200,030)	(6,075)
Depreciation charge	(153)	(67,582)	(78,787)	(469)	-	(146,991)
Closing net book amount	1,015,130	1,266,581	104,733	2,409	34,129	2,422,982
As at 31 December 2010						
Cost	1,015,585	1,699,196	754,977	3,151	34,129	3,507,038
Less Accumulated depreciation	(455)	(432,615)	(650,244)	(742)	-	(1,084,056)
Net book amount	**1,015,130**	**1,266,581**	**104,733**	**2,409**	**34,129**	**2,422,982**

The gross amount of the Group's and the SET's fully depreciated plant and equipment that was still in use as at 31 December 2010 totalled Baht 590.1 million and Baht 487.1 million respectively (2009: Baht 421.9 million and Baht 348.4 million respectively).

16. Intangible assets, net

(Unit : Baht'000)

	Consolidated financial statements			
	Computer software	Patents and operating rights	Work in process	Total
As at 1 January 2008				
Cost	833,564	2,000	30,306	865,870
Less Accumulated amortisation	(435,039)	(799)	-	(435,838)
Net book amount	398,525	1,201	30,306	430,032
For the year ended 31 December 2009				
Opening net book amount	398,525	1,201	30,306	430,032
Additions	26,490	-	2,005	28,495
Disposals	(2,256)	-	-	(2,256)
Transfers	32,311	-	(32,311)	-
Adjustments	(1,472)	(1,034)	-	(2,506)
Amortisation charge	(139,309)	(167)	-	(139,476)
Closing net book amount	314,289	-	-	314,289
As at 31 December 2009				
Cost	838,569	-	-	838,569
Less Accumulated amortisation	(524,280)	-	-	(524,280)
Net book amount	**314,289**	**-**	**-**	**314,289**
For the year ended 31 December 2010				
Opening net book amount	314,289	-	-	314,289
Additions	13,240	-	19,328	32,568
Disposals/write-off	(30,012)	-	-	(30,012)
Transfers	8,419	-	(2,346)	6,073
Amortisation charge	(126,065)	-	-	(126,065)
Closing net book amount	179,871	-	16,982	196,853
As at 31 December 2010				
Cost	789,690	-	16,982	806,672
Less Accumulated amortisation	(609,819)	-	-	(609,819)
Net book amount	**179,871**	**-**	**16,982**	**196,853**

(Unit : Baht'000)

	SET		
	Computer software	Work in process	Total
As at 1 January 2008			
Cost	727,984	30,306	758,290
Less Accumulated amortisation	(362,664)	-	(362,664)
Net book amount	365,320	30,306	395,626
For the year ended 31 December 2009			
Opening net book amount	365,320	30,306	395,626
Additions	26,490	2,005	28,495
Disposals	(1)	-	(1)
Transfers	32,311	(32,311)	-
Amortisation charge	(127,698)	-	(127,698)
Closing net book amount	296,422	-	296,422
As at 31 December 2009			
Cost	741,460	-	741,460
Less Accumulated amortisation	(445,038)	-	(445,038)
Net book amount	**296,422**	**-**	**296,422**
For the year ended 31 December 2010			
Opening net book amount	296,422	-	296,422
Additions	13,240	19,328	32,568
Disposals/write-off	(30,068)	-	(30,068)
Transfers	8,419	(2,346)	6,073
Amortisation charge	(116,692)	-	(116,692)
Closing net book amount	171,321	16,982	188,303
As at 31 December 2010			
Cost	708,956	16,982	725,938
Less Accumulated amortisation	(537,635)	-	(537,635)
Net book amount	**171,321**	**16,982**	**188,303**

The gross amount of the Group's and the SET's fully amortised intangible assets that were still in use as at 31 December 2010 totalled Baht 151.4 million and Baht 113.0 million respectively (2009: Baht 136.3 million and Baht 93.4 million respectively).

17. 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 and are obliged to place the required margin deposits as a guarantee according to the rate or amount called by TCH. TCH may invest the margin proceeds 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 2010 and 2009, the details of investments for which margin deposits were placed by members amounting to Baht 3,612.0 million and Baht 2,835.4 million, respectively are as follows:

(Unit : Baht'000)

	Consolidated financial statements	
	2010	2009
Savings and fixed deposits accounts	3,327,080	2,480,360
Bonds	260,278	333,105
Accrued benefits	24,657	21,903
Total	**3,612,015**	**2,835,368**

The SET presented margin deposits placed by members separately 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.

18. Assets for clearing system protection and benefits

The assets for clearing system protection are established to secure the clearing system of TCH against any damage caused by defaults by members or other incidents .

Assets for clearing system protection comprise the following:

18.1 Securities Deposit

Members of TCH are required to place a Securities Deposit according to the announcement made by TCH (the 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 will invest the proceeds from the Securities Deposit and return any benefits derived from the Securities Deposits, after deducting management fees, to members in accordance with the announced rates and procedures. Assets held as Securities Deposits will be returned to members after their membership is terminated.

18.2 Clearing fund contributions comprising contributions from:

(1) The SET amounting to Baht 100 million

(2) Members of TCH:

- Initial contributions according to the announced rates (currently the 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 contributions at a value of not less than Baht 1,000

Securities Deposits 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 clearing system protection and benefits as at 31 December 2010 and 2009 consist of:

(Unit : Baht'000)

	Consolidated financial statements					
	Securities Deposit and benefits		Clearing fund and benefits		Total	
	2010	2009	2010	2009	2010	2009
Investments managed by a subsidiary	475,294	255,080	-	-	475,294	255,080
Investments managed by private funds						
Savings accounts	372	441	1,264	363	1,636	804
Other debt instruments	18,000	27,410	32,000	52,819	50,000	80,229
Trading securities	181,202	173,409	343,621	302,880	524,823	476,289
	674,868	456,340	376,885	356,062	1,051,753	812,402
Accrued interest receivable	2,095	2,233	2,057	2,106	4,152	4,339
Other assets	116	133	948	933	1,064	1,066
Total	**677,079**	**458,706**	**379,890**	**359,101**	**1,056,969**	**817,807**

Assets for clearing system protection and benefits payable as at 31 December 2010 and 2009 consist of:

(Unit : Baht'000)

	Consolidated financial statements	
	2010	2009
Securities Deposit and benefits		
Contributions	675,000	454,978
Benefits (semi-annually distribute to members)	2,079	3,728
	677,079	458,706
Clearing fund and benefits		
Contributions	234,499	219,873
Benefits	25,293	21,187
	259,792	241,060
Total	**936,871**	**699,766**

19. Accounts payable and accrued expenses

(Unit : Baht'000)

		Consolidated financial statements		SET	
	Note	2010	2009	2010	2009
Related parties	*6*	9,107	8,586	9,434	3,339
Other parties		744,573	464,620	732,482	455,390
Total		**753,680**	**473,206**	**741,916**	**458,729**

20. Other current liabilities

(Unit : Baht'000)

	Consolidated financial statements		SET	
	2010	2009	2010	2009
Financial benefits payable to unitholders	42,716	41,081	-	-
Dividend payable from Legal Execution Department	32,477	33,602	-	-
Other retention payables	30,492	21,696	30,488	21,687
Pending donation for disaster	22,741	23,437	22,741	23,437
Provision for employee benefits from accumulated annual leave	19,510	18,387	19,510	18,387
Ngoen-Thong-khong-Mee-Kha Fund	12,419	12,035	12,419	12,035
Collateral payables	11,653	-	11,653	-
Others	26,343	18,355	12,542	9,025
Total	**198,351**	**168,593**	**109,353**	**84,571**

21. Provision for employee benefits

(Unit : Baht'000)

	Consolidated financial statements		SET	
	2010	2009	2010	2009
Balance sheet obligations	120,110	119,602	120,110	119,602
Charge in the statement of revenues and expenses	15,046	17,906	15,046	55,260

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

(Unit : Baht'000)

	Consolidated financial statements		SET	
	2010	2009	2010	2009
Present value of obligations	118,972	118,464	118,972	118,464
Unrecognised actuarial gain	1,138	1,138	1,138	1,138
Liabilities in the balance sheets	**120,110**	**119,602**	**120,110**	**119,602**

Movements of the provision for employee benefits are as follows:

(Unit : Baht'000)

	Consolidated financial statements		SET	
	2010	2009	2010	2009
Beginning balance	119,602	133,723	119,602	92,502
Current service costs	9,563	11,923	9,563	11,405
Interest costs	5,483	5,983	5,483	5,871
	134,648	151,629	134,648	109,778
Less Benefits paid	(14,538)	(28,160)	(14,538)	(28,160)
Add (less) Adjustments	-	(3,867)	-	37,984
Ending balance	120,110	119,602	120,110	119,602
Less Current portion	(7,104)	(8,453)	(7,104)	(8,453)
Total non-current	**113,006**	**111,149**	**113,006**	**111,149**

In 2009, the SET's management approved a management restructuring plan and a new organisation structure, which involved the transfer of all staff from all subsidiaries to the SET. Therefore, the provision for employee benefits has been transferred to the SET from the subsidiaries and charged as part of the employee benefits expenses in the statement of revenues and expenses.

Furthermore, in 2009 the Group restructured the business of a subsidiary by entering into a joint venture arrangement with another company; as a result, the status of the subsidiary changed to a jointly-controlled entity. The Group made an adjustment in respect of the provision for employee benefits of the subsidiary, which was previously included in the consolidated financial statements.

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

(Unit : Baht'000)

	Consolidated financial statements		SET	
	2010	2009	2010	2009
Current service costs	9,563	11,923	9,563	11,405
Interest costs	5,483	5,983	5,483	5,871
	15,046	17,906	15,046	17,276
Add Transferred from subsidiaries	-	-	-	37,984
Total	**15,046**	**17,906**	**15,046**	**55,260**

The principal actuarial assumptions used are as follows:

	2010	2009
Discount rate as of 31 December	4.80%	4.80%
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

22. Fund balances

Details of fund balances are as follows:

Securities Clearing Reserve Fund

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

Clearing and Settlement of Derivatives Market Reserve Fund

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

Indemnity Fund

In 1993 and 2002, the Board of Governors of the SET approved appropriations of general funds totalling Baht 100 million to 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 the SET approved an appropriation of general funds of Baht 580 million for the construction of SET buildings. Construction of the office buildings was completed in 1998. The remaining fund balance of Baht 246.3 million is reserved for further construction of a parking building.

In 2008, the Board of Governors of the SET approved the construction of the car park building from the above mentioned remaining fund balance. The total construction cost paid in 2010 was Baht 157.4 million (2009: Baht 66.9 million).

Staff Welfare Fund

In 1997 and 2004, the Board of Governors of the SET approved appropriations of general funds totalling Baht 75 million to 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 the 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 investor confidence in trading listed securities on the SET through the members of the SIPF. As at 31 December 2010 33 companies were SIPF members (2009: 33 companies).

The assets of SIPF consist of:

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

In July 2010, the SIPF member contributions fully collected reached Baht 200 million, thus meeting the target set by the SIPF regulations. The SET has not collected additional contributions since August 2010.

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

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

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

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

(Unit : Baht'000)

	Consolidated and entity financial statements	
	2010	2009
Assets		
Current assets		
Cash and investments	345,347	283,350
Contributions due from members	-	2,697
Accrued interest receivable	1,707	3,869
Other current assets	45	-
Total current assets	**347,099**	**289,916**
Non-current assets		
Long-term investments	251,110	259,996
Total assets	**598,209**	**549,912**
Liabilities and fund balances		
Non-current liabilities		
Contributions from members	201,315	173,786
Benefits on contributions from members	23,479	15,956
Other non-current liabilities	5	1
Total non-current liabilities	**224,799**	**189,743**
Fund balances		
Initial fund	300,000	300,000
Fund balances	73,410	60,169
Total fund balances	**373,410**	**360,169**
Total liabilities and fund balances	**598,209**	**549,912**

The SIPF's statements of revenues and expenses for the years ended 31 December 2010 and 2009 are presented in Note 23 to the financial statements "Results of fund operations".

23. Results of fund operations

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

(Unit : Baht'000)

	Consolidated financial statements			
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	General Fund	Total
For the year ended 31 December 2010				
Revenues				
Fee and service income	-	-	2,320,270	2,320,270
Investment income, net	900	11,766	866,577	879,243
Gain from disposal of assets	-	-	421,914	421,914
Other income	-	-	524,892	524,892
Total revenues	**900**	**11,766**	**4,133,653**	**4,146,319**
Expenses				
Operating expenses	-	131	2,481,985	2,482,116
Donation and social activities contributions	-	-	467,734	467,734
Income tax	-	-	68,375	68,375
Total expenses	**-**	**131**	**3,018,094**	**3,018,225**
Revenues over expenses	**900**	**11,635**	**1,115,559**	**1,128,094**
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	-	-	54,839	54,839
Total expenses	**-**	**81**	**2,794,794**	**2,794,875**
Revenues over expenses	**1,127**	**12,210**	**443,264**	**456,601**

(Unit : Baht'000)

	SET			
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	General Fund	Total
For the year ended 31 December 2010				
Revenues				
Fee and service income	-	-	2,133,544	2,133,544
Investment income, net	900	11,766	1,168,874	1,181,540
Gain from disposal of assets	-	-	421,914	421,914
Other income	-	-	282,540	282,540
Total revenues	**900**	**11,766**	**4,006,872**	**4,019,538**
Expenses				
Operating expenses	-	131	2,283,452	2,283,583
Donation and social activities contributions	-	-	467,734	467,734
Total expenses	**-**	**131**	**2,751,186**	**2,751,317**
Revenues over expenses	**900**	**11,635**	**1,255,686**	**1,268,221**
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**

24. Investment income, net

(Unit : Baht'000)

	Notes	Consolidated financial statements		SET	
		2010	2009	2010	2009
Interest income		282,346	241,489	208,339	162,294
Less Interest expense					
Short-term borrowings from subsidiaries	6	-	-	(9,680)	(7,241)
Assets for clearing system protection - members' portion		(59,842)	(58,007)	-	-
Others		(325)	(329)	(325)	(329)
Interest income, net		222,179	183,153	198,334	154,724
Dividend income from					
Mutual funds		365,355	404,902	365,115	404,758
Subsidiaries	11	-	-	333,699	-
Other entities		2,335	2,001	2,335	2,001
Realised gain from investments		286,043	288,571	282,414	285,775
Unrealised loss from investments		(2,021)	(31,136)	(5,709)	(43,775)
Impairment losses on investments		(17,377)	(7,495)	(17,377)	(35,995)
Reversals of impairment losses	13	10,963	35,806	10,963	35,806
Recognised loss from liquidation of subsidiary		-	-	-	(384)
Net		**867,477**	**875,802**	**1,169,774**	**802,910**

25. Other income

(Unit : Baht'000)

	Consolidated financial statements		SET	
	2010	2009	2010	2009
Information service income	146,642	100,980	115,487	78,395
Revenues from membership fees	122,190	118,388	23,400	23,400
Educational activities income	54,435	66,595	54,435	62,288
Income on fund registrar fees	49,688	37,188	-	-
Income on customisation and IT support fee	33,421	31,509	33,421	31,509
Revenues from fees and management funds	25,963	23,130	5,483	6,133
Fines	8,576	12,071	6,853	11,328
Other income	50,519	117,912	43,461	75,073
Total	**491,434**	**507,773**	**282,540**	**288,126**

26. Employee benefit expenses

(Unit : Baht'000)

	Consolidated financial statements		SET	
	2010	2009	2010	2009
Salaries and other benefits	1,015,373	1,171,397	1,015,405	1,173,256
Contributions to provident fund	61,003	67,219	61,003	64,557
Total	**1,076,376**	**1,238,616**	**1,076,408**	**1,237,813**

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.

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

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

For the years 2010 and 2009, the Board of the SEC required contributions at the rate of 0.002% of the trading volume of the prior year.

28. Other expenses

(Unit : Baht'000)

		Consolidated financial statements		SET	
	Note	2010	2009	2010	2009
Travelling and vehicle expenses		31,046	33,831	31,046	33,558
Loss from written-off assets		29,993	-	29,993	-
Contributions to capital market institutions		29,471	35,336	29,501	37,847
Loss from written-off fire damaged assets	*31*	22,850	-	22,144	-
Airtime costs		20,000	-	20,000	-
Other expenses		26,753	39,882	25,390	20,198
Total		**160,113**	**109,049**	**158,074**	**91,603**

29. Commitments with non-related parties

(Unit : Baht'000)

	Consolidated financial statements		SET	
	2010	2009	2010	2009
Capital commitments				
Buildings and other constructions	30,046	173,573	30,046	173,573
Non-cancellable operating lease commitments				
Within one year	11,515	16,507	11,515	16,507
After one year but within five years	17,812	23,371	17,812	23,371
Total	**29,327**	**39,878**	**29,327**	**39,878**
Land lease commitments				
Within one year	11,687	11,687	11,687	11,687
After one year but within five years	54,100	51,343	54,100	51,343
Over 5 years	203,877	224,165	203,877	224,165
Total	**269,664**	**287,195**	**269,664**	**287,195**
Derivative trading and clearing system maintenance commitments				
Within one year	24,237	-	24,237	-
After one year but within five years	80,285	-	80,285	-
Total	**104,522**	**-**	**104,522**	**-**

Moreover, the SET has an obligation relating to capital commitment subscription in two specific-purpose funds. The Asset Management Company will make additional investments from the SET after the initial investment amounting to Baht 18.4 million and Baht 6.9 million. 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 14).

30. Contingent liabilities and contingent assets

30.1 Contingent assets

Jointly-controlled entity

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

As at 31 December 2010, the SET has accrued dividend income which it has the right to receive at 10% of Family Know-how's net profit for year 2010 amounting to Baht 2.9 million. The dividend income from Family Know-how for 2011 and 2012 will depended on its operations, so the SET will record such transactions when they arise.

30.2 Contingent liabilities

(a) SET

As at 31 December 2010, the SET has letters of guarantee issued by banks totalling Baht 4.4 million (2009: Baht 4.2 million) in respect of electricity usage in the ordinary course of business from which management anticipates that no material liabilities will arise.

In 2009, the SET issued a letter of comfort to a bank in respect of an overdraft credit line of Baht 1,500 million granted to Thailand Securities Depository Co., Ltd. (TSD), a subsidiary. Under the terms of the letter of comfort, the SET is required to maintain its shareholding at 99.99% of the registered share capital in TSD to the end of the credit period. In addition, the SET is required to support TSD's operations to ensure its ability to repay the debt to the bank. In March 2010, the SET cancelled the letter of comfort.

The SET has issued a letter of comfort to a bank in respect of an overdraft credit line of Baht 2,400 million (2009: Baht 2,400 million) granted to Thailand Clearing House Co., Ltd. (TCH) for clearing and settlement of equity instruments and derivatives. Under the terms of the letter of comfort, the SET is required to maintain its shareholding at 99.99% of the registered share capital in TCH to the end of the credit period. In addition, the SET is required to support TCH's operations to ensure its ability to repay the debt to the bank. As at 31 December 2010 TCH had not drawn down the overdraft credit line.

(b) Subsidiaries

During 2009, a subsidiary of the SET was named in a civil lawsuit as joint defendant (together with other individuals and juristic persons/entities) for alleged wrongful acts. The plaintiff is seeking compensation for alleged damages relating to the forgery of ordinary share certificates and for the defendants to be jointly responsible for compensation totalling Baht 223 million. The outcome of the case cannot be reliably estimated. The management of the subsidiary has assessed the current status of the litigation and anticipates that the case will not give rise to any significant loss to the subsidiary. Therefore, the subsidiary has not recorded any potential losses in the financial statements for the years ended 31 December 2010 and 2009.

The Group is a defendant 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 these legal cases will not give rise to any significant losses.

31. Loss from written-off fire damaged assets

On 19 May 2010, the Stock of Exchange building was fire damaged as a result of political demonstrations and part of the building and some office equipment were damaged.

As at 31 December 2010, the Group has recognised the net book value of damaged assets of Baht 22.9 million and Baht 22.1 million in the consolidated and entity financial statements respectively.

The Group has all risk insurance covering the building and office equipment and is currently under the claim process with the insurance company. The Group has not recognised the claim in the financial statements for 2010.

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, 2003.

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

- Indices of securities, including equities
- Debt instruments and interest rates
- 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 the 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 registration capital of THB100 million (USD2.91 million), with the SET holding 99.99% of total registered capital.

Board of Directors		Position
1. Sompol	Kiatphaibool	Chairman
2. Charamporn	Jotikasthira	Vice Chairman
3. Chanisa	Chutipat	Member
4. Pakorn	Peetathawatchai	Member
5. Pattera	Dilokrungthirapop	Member
6. Pichit	Akrathit	Member
7. Surabhon	Kwunchaitunya	Member
8. Suthichai	Chitvanich	Member
9. Viparat	Misitsakul	Member
10. 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

The TSD provides three types of securities post-trade services:

- Securities depository services : acts as a central securities depository for stocks and bonds, using a secure and efficient scripless system; provides services for securities deposit, withdrawal, transfer, pledge, and revocation. Investors can conduct transactions through depository participants. TSD is also responsible for managing the foreign holding proporation of securities traded on the main and foreign boards of The Stock Exchange of Thailand to comply with related rules and regulations.

- Securities registration services : acts as a registrar for common and preferred stocks, offers services which mainly cover the of preparing and maintaining register books that contain correct and complete information. Our service is executed through a cutting-edge and efficient computer system that has been developed to have a direct linkage to that of the Securities Depository Center. system-wise, we also have a secured data storage and processing system, with the corresponding back-ups ready to engsure the continuity of our service. Also, our vault and data management systems have been in place to secure the rights of the securities holders and for verification and risk minimizing purposes.

- Provident and mutual fund registration services : act as a registrar for provident fund for the entire transaction cycle, including preparing and updating member lists, calculating the shares of members and employers, requesting and recording such deposits from employees and employers. TSD also provide Front Office System, Back Office System and Registrar System for normal mutual funds, retirement mutual funds, and long-term equity funds.

Registered capital and organizational management

TSD has total registered capital of THB200 million (USD5.82 million), with the SET holding 99.99% of total registered capital.

Board of Directors	Position
1. Charamporn Jotikasthira	Chairman
2. Chanisa Chutipat	Member
3. Nongram Wongwanich	Member
4. Supakit Jirapraditkul	Member
5. Suthichai Chitvanich	Member

Thai NVDR Co., Ltd.

Thai NVDR Co., Ltd. (Thai NVDR) was established in October 4, 2000. Thai NVDR is responsible for issuing and selling Non-Voting Depository Receipts (NVDRs) to investors.

Operations

Thai NVDR is responsible for executing the purchase or sale of those listed company shares whose investors wish to trade through NVDRs. This service is offered to all, irrespective of the number of securities held or the holder's nationality. NVDR holders receive the same full financial benefits as they would receive had they invested directly in shares (i.e. dividends, rights, and warrants) but there are no voting rights for NVDR holders.

Registered capital and organizational management

Thai NVDR has a total registered capital of THB10 million (USD0.29 million), with the SET holding 99.99% of total registered capital.

Board of Directors	Position
1. Charamporn Jotikasthira	Chairman
2. Chanisa Chutipat	Member
3. Nongram Wongwanich	Member
4. Supakit Jirapraditkul	Member
5. 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 total registered capital of THB80 million (USD2.33 million), with the SET holding 99.99% of total registered capital.

Board of Directors	Position
1. Charamporn Jotikasthira	Chairman
2. Chanisa Chutipat	Member
3. Kesara Manchusree	Member
4. Suthichai Chitvanich	Member

Thailand Clearing House Co., Ltd.

The Thailand Clearing House Co., Ltd. (TCH), a subsidiary of The Stock Exchange of Thailand (SET), was established in 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 being 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

The 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, thus reducing risks, building confidence among all market participants that the clearing and settlement system will operate as planned, and promoting Thai capital market development in the long-term.

Registered capital and organizational management

The TCH has a total registered capital of THB100 million (USD2.91 million), with the SET holding 99.99% of total registered capital.

Board of Directors	Position
1. Charamporn Jotikasthira	Chairman
2. Chanisa Chutipat	Member
3. Nongram Wongwanich	Member
4. Supakit Jirapraditkul	Member
5. Suthichai Chitvanich	Member

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ตลาดหลักทรัพย์แห่งประเทศไทย
The Stock Exchange of Thailand

62 The Stock Exchange of Thailand Building
Ratchadaphisek Road, Klongtoey, Bangkok 10110
Tel. (66) 2229-2000 Fax (66) 2654-5649

www.set.or.th