

Driving to

SUCCESS



Annual Report 2011
The Stock Exchange of Thailand

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Vision

Empowering business and investors through our strengths to match the right financial opportunities

Mission

Clients and Partners

Expand business issuers and investor base by satisfying their financial needs and strengthening partners for mutual growth and success

Products and Services

Offer a wide range of attractive products and services to create value and match financial opportunities across different segments of business and investors

Operations

Operate with flawless execution according to international standards to ensure efficiency, effectiveness, flexibility and global connectivity

People and Culture

Inspire staff to perform up to their fullest potential and create a corporate that aims at achieving excellence in matching the right financial opportunities for business and investors

Admirable past success propels longer steps forward

The potential and readiness for every growth opportunity drive us
towards achievement and sustainable progress

Driving to

SUCCESS

SET Index reached the highest level
in 15 years at **1,144.14**↑
points on August 1, 2011.

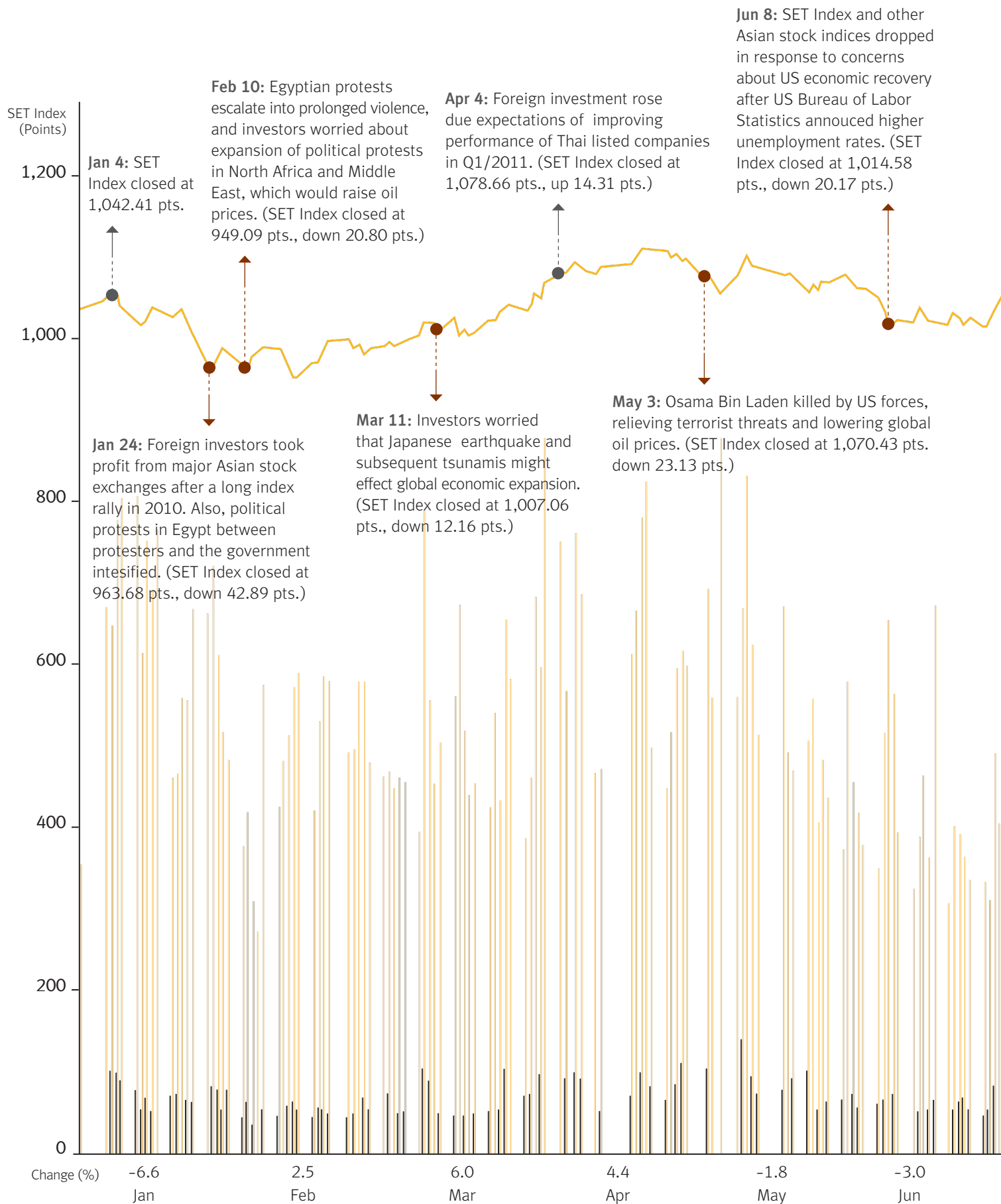
Market capitalization of SET and mai
expanded to a record high of a combined
THB **9,443,776.36**↑
million since SET started operations.

Average daily trading volume of SET and
mai achieved an all-time high of a total
THB **29,473.28**↑
million.

TFEX average trading volume rose to
a historic high of **41,145**↑
contracts per day.

SET's dividend yield was
4.03%↑
at the end of 2011.

SET market movement 2011



Source: SETSMART

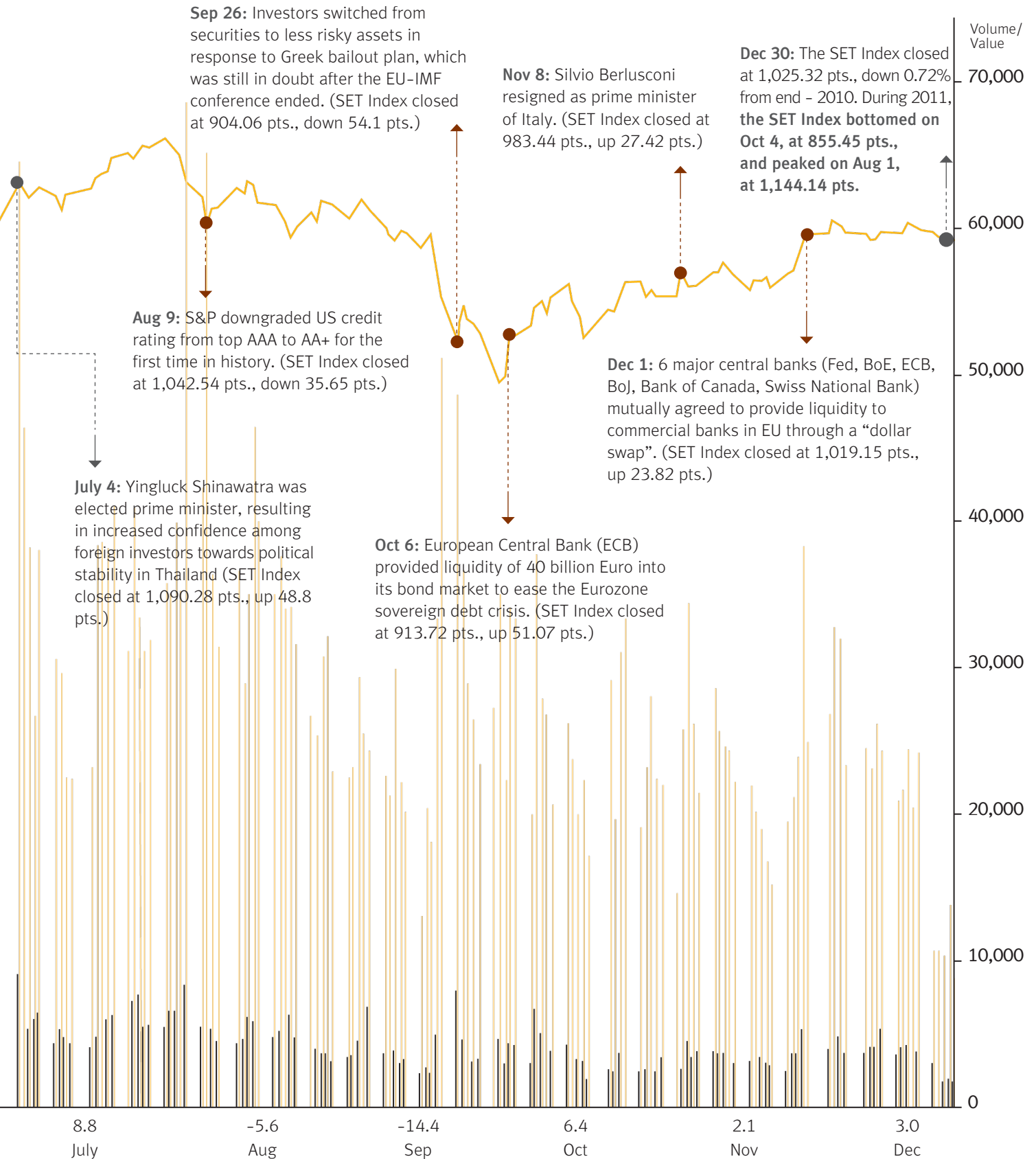
● Domestic events

● Foreign events

— SET Index

— Value (THB million)

— Volume (Million shares)



Message from the Chairman



In 2011, The Stock Exchange of Thailand (SET) operated under a number of major domestic and overseas challenges, e.g., the Eurozone debt crisis, U.S. economic uncertainty, devastating tsunami in Japan, and flooding in Thailand. However, SET, its member firms, and listed companies still performed solidly, as all executives, staff and other stakeholders rose magnificently to the occasion, increasing the Thai capital market's credibility.

To ensure the credibility and continued attractiveness of the Thai bourse, SET has enhanced its efficiency in securities trading, settlement, and securities depository and registrar activities to support and increase business opportunities for existing market participants as well as new entrants. SET has also created and expanded its strong relationships with foreign exchanges and investor networks.

Apart from developing securities businesses to grow and develop in order to meet the demands of participants, SET values long-term capital market development through improving the expertise of personnel and professionals in the capital market; helping potential investors, youth, and the general public to practice prudent financial management and investment; and enhancing good corporate governance (CG) for all stakeholders.

SET has continued to develop its CG, striving to be an exemplary role model in accordance with international standards applicable to SET's Board of Governors, treating members and other internal and external stakeholders with fairness to ensure trust and credibility for all stakeholders and strengthen Thai capital market's competitiveness.

In 2011, SET's board appointed the Nomination and Corporate Governance Committee (NCG Committee) to support its CG development and review CG policies and practices in accordance with international standards. The committee also approved public disclosure about SET's CG policies and actions in SET's website, annual report, and other channels. In addition, TRIS Corporation explored and assessed SET's CG practice in 2011, making its development more comprehensive, concrete, and sustainable.

To enhance good CG among other Thai capital market participants, **SET has encouraged listed companies to realize the importance of good CG and to adopt and earnestly practice it**. In addition, SET also supported listed companies in adopting best practices for investor relations in 2011.

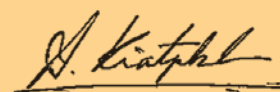
SET has enhanced knowledge and understanding of corporate social responsibility (CSR) among listed companies and businesses. The exchange has developed CSR concepts and practices, and supported companies' sustained efforts to work with such responsibility by implementing the Guidelines for Social Responsibility to be a handbook for listed companies and Guidelines for CSR Report for companies engaged in the preparation of their CSR reportings to meet international practice. All of these SET activities will increase the credibility of Thailand's business sector and capital market.

SET realizes the importance of and gives value to operating with social and environmental responsibility. In 2011, SET showed its strength by being a key co-organizer in reducing unfair gaps in society by joining the fight against corruption, setting up **"Thai Anti-Corruption"**, with a concrete master plan, close monitoring and assessment. These steps have aroused Thai society to be aware of the importance of reducing corruption in the public and private sectors.

SET marked 2011 by showing its force and the eagerness of the business sector to help people hit by the disastrous floods. SET established the **Thai Stock Market Flood Relief Fund** and moved rapidly to become a key center for major cooperative efforts to provide relief for victims, and will continually rehabilitate schools and public places through 2012. While keeping its corporate social responsibility in mind, SET adjusted its business strategies to cope with the crisis, reflecting the strength of the Thai capital market and fostering confidence and pride among Thai and foreign parties alike.

In addition, 2011 was a historical year for SET in yet another way, as Her Royal Highness Princess Maha Chakri Sirindhorn presided over the foundation-stone laying ceremony of SET's new headquarters on Ratchadaphisek Road, Dindaeng, Bangkok. To be completed in 2014, SET's headquarters will play a greater role as **Capital Market Center** in promoting activities in the bourse, comparable to international financial and investment centers.

On behalf of the SET Board of the Governors, I would like to express our gratitude to the multitude of public and private organizations, listed and member companies, investors and staff members for their determined contributions in the Exchange's steady operations to overcome diverse obstacles. Thanks to their unwavering and strong support, SET continues to robustly fulfill its mission in all aspects, comparable to key regional capital markets, while being highly competitive and beneficial to society and the economy as a critical engine for its sustainable growth.



Sompol Kiatphaibool
Chairman

Message from the President



The year 2011 saw the Stock Exchange of Thailand (SET) demonstrating its potential and strength. SET operations continued its steady growth in spite of unprecedented internal and external factors including the flood crisis, which adversely affected the Kingdom's economic development.

SET, the Market for Alternative Investment (mai) and Thailand Futures Exchange (TFEX) achieved all-time records in 2011. The combined market capitalization of SET and mai totaled THB9.44 trillion, equivalent to 89.60 percent of GDP, which was the highest ratio since SET established. The liquidity of SET was high compared with that of other stock markets in the region, with an average daily trading value of THB29.47 billion. Share turnover velocity was at 80.68 percent, the highest in the region. Derivatives trading volume rose to a historic 10,027,116 contracts, an average of 41,145 contracts per day, representing a 120 percent rise over 2010. The annual volume of transactions in gold futures tripled to 3,989,278 contracts.

The new records have been reached as a result of SET's commitment to implement its strategic plan to make the Thai bourse the first choice for Thai businesses to raise funds and to respond to the needs of all groups of investors.

Throughout 2011, **SET proactively enhanced businesses to utilize the capital market** for fundraising and adding value to listed companies. The exchange also progressively increased the numbers of large-sized and high-potential listed companies, enabling savers to earn rising returns from investing in quality businesses. Meanwhile, **SET actively increased the quality of listed companies by raising standards of good corporate governance** to boost investor confidence. In addition, the bourse has become a member of an anti-corruption committee to set up business action against corruption. This effort will truly propel SET's corporate governance campaign to benefit the country.

Significant developments in 2011 included **launches of new various products**, such as silver and oil futures; trading hours extension to a night session for derivatives trading, enabling investors to trade when the global commodities market are open; launches of exchange-traded funds (ETFs), including gold ETFs and SET High Dividend ETF; **increasing convenient access to investment** by joining with partners in holding various activities; and **developing potential of professionals in the capital market** so that they can take full advantage of innovative investment.

To increase business opportunities for our partners, **SET has enhanced the Thai capital market competitiveness** by developing IT infrastructures to ensure that securities trading, information dissemination and market surveillance systems are modern, speedy and secure, in accordance with international standard. These preparations will make the Thai capital market ready for more innovations and new financial products, including linkages for international transactions, according to SET's IT Master Plan, which will become operational in 2012. To **enhance efficiency in SET operations**, back office service has been streamlined to make it more convenient for operators, reduce risks and workload, and work smoothly with the systems of members and other parties.

The growth of the Thai capital market in 2011 expanded beyond its national borders. SET supported establishment of ETFs tracking Thai stocks and the SET50 Index traded for the first time on overseas exchanges. These progressive developments, and others, resulted in **the upgrade of the Thai capital market by FTSE Group, the world's leading index provider, to Advanced Emerging Market** in the FTSE Global Equity Index Series from March, 2012 onwards, underlining the attractiveness of the Thai capital market.

SET also cooperated with other major bourses in Southeast Asia to **upgrade ASEAN exchanges as an asset class** recognized by global investors. This has been a key milestone for collaboration with the ASEAN Economic Community. Meanwhile, the ASEAN Trading Link project, electronic trading connections between bourses, will commence operations in mid-2012.

In 2011, **SET demonstrated the readiness and potential of the Thai capital market** that thrived amid crises, including the massive floods which affected many areas in Bangkok in late 2011. SET was able to carry out its daily transactions uninterrupted, thanks to the successful execution of its Business Continuity Plan, which enabled the Thai bourse to effectively cope with the emergency situation. This performance was evidence of the readiness of SET's personnel and operations, as well as those of members and listed companies, all of which are essential elements of the Thai capital market.

SET has been socially responsible, for apart from assisting flood victims, the exchange placed high importance on building financial skills, focusing on the personal finance expertise of youth, as it is they who will be the foundation of Thai economic strength. Thus in 2011, SET cooperated with Bangkok Metropolitan Administration (BMA) to have SET's "Ngern Thong Khong Mee Kha" (Personal Finance for Youth) course taught in 436 BMA schools, covering more than 340,000 students.

In **human resource development**, SET enhanced competitiveness by instilling a business mindset in employees at all levels to encourage them to think "outside the box". Also, SET's Leadership Development program was established to improve the capacity of SET executives to develop a new generation of SET leaders.

2011 was a year of pride for SET. The bourse's success was evident in the strength of the stock exchange's highly-efficient operations as well as the readiness of its member companies, listed firms and all of our partnerships. SET is confident that its achievements have built a solid foundation for continued, sustainable progress in the years to come.

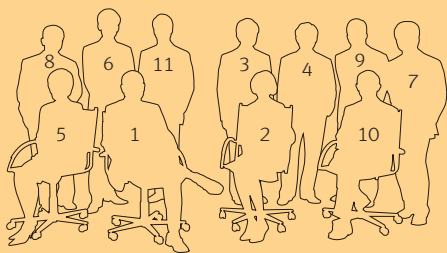
In 2012, SET began the year with new vision launch, that is **"Empowering business and investors through our strengths to match the right financial opportunities"** and set five business strategies: **Empowering businesses** to fully utilize the capital market; **Empowering investors** by continuously meeting the demands of all kinds of investors; **Matching the right financial opportunities** by offering new financial products and boosting liquidity of existing products, as well as expanding post-trade services; **Strengthening SET's capabilities** to be on a par with those of other leading bourses in the region; and **Strengthening intermediaries**. Meanwhile, SET has been developing the capital market in the long term through the Capital Market Development Fund.

With our strong groundwork and comprehensive strategies in all key dimensions, SET will continue to move forward with endless possibilities, continuing to be a key engine driving the country's sustainable economic prosperity.



Charamporn Jotikasthira
President

Board of Governors



1. Sompol Kiatphaibool
Chairman

2. Pattera Dilokrunghthirapop
Vice Chairman

3. Aswin Kongsiri
Governor

4. Chaipat Sahasakul
Governor

5. Kaisri Nuengsigkapan
Governor

6. Paiboon Nalinthrangkurn
Governor



7. Rapee Sucharitakul
Governor

8. Somjate Moosirilert
Governor

9. Subhak Siwaraksa
Governor

10. Surabhon Kwunchaithunya
Governor

11. Charamporn Jotikasthira
President

Sompol Kiatphaibool Chairman

Education

- PhD (Business Administration), Western University
- 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 2011 Committee Member, Board of Investment
- 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 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

Pattera Dilokrunghthirapop Vice Chairman

Education

- Master of Engineering Science, University of Queensland, Brisbane, Australia
- Bachelor of Engineering, Monash University, Melbourne, Australia

Certifications

- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

- Since 2011 Chairman, Remuneration Committee, The Stock Exchange of Thailand
- Since 2011 Chairman, Nomination and Corporate Governance Committee, The Stock Exchange of Thailand
- Since 2010 Chairperson, Association of Securities Companies (ASCO)
- Since 2010 Director, Federation of Thailand Capital Market
- Since 2010 Chairman, Disciplinary Committee, The Stock Exchange of Thailand
- Since 2001 Chief Executive Officer, DBS Vickers Securities (Thailand) Co., Ltd.

Past experience

- 2007 - 2011 Director, Securities Analysts Association
- 2006 - 2010 Chairman, Futures Industry Club
- 2005 - 2009 Governor, The Stock Exchange of Thailand
- 2005 - 2008 Director, Thailand Securities Depository Co., Ltd.
- 2005 - 2008 Director, Settrade.com Co., Ltd.
- 1998 - 2001 Managing Director, SG Asia Credit Securities Co., Ltd.
- 1998 - 2001 Director, Asia Credit Finance PCL

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 2011 Member, Monetary Policy Committee, Bank of Thailand
- Since 2010 Chairman, Thai ORIX Leasing Co., Ltd.
- 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

Chaipat Sahasakul
Governor

Education

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

Certifications

- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand
- 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

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

Kaisri Nuengsigkapan
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 2010 Chairman, Audit Committee, The Stock Exchange of Thailand
- Since 2010 Member, Remuneration Committee, The Stock Exchange of Thailand
- Since 2010 Member, Nomination and Corporate Governance Committee, The Stock Exchange of Thailand
- 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.

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 Chairman, Federation of Thai Capital Market Organizations
- Since 2009 Chairman, Securities Analysts Association
- Since 2009 Executive Director, Association of Securities Companies
- Since 2008 Chief Executive Officer, TISCO Securities Co., Ltd.

Past experience

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

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 2012	Advisor to the President, Muang Thai Life Assurance Co., Ltd.
Since 2010	Director, Association of Investment Management Companies
Since 2010	Advisor, Federation of Thai Capital Market Organizations
Since 2009	Executive Chairman, Kasikorn Asset Management Co., Ltd.
Since 2009	Director, Thai Institute of Directors Association
Since 2000	Eisenhower Exchange Fellowships

Past experience

2008 - 2011	Chairman, Kasikorn Asset Management Co., Ltd.
2007 - 2011	Executive Board Member, Thai Financial Planners Association
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

Somjate Moosirilert Governor

Education

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

Certifications

- Certificate, Role of The Chairman Program, Thai Institute of Directors Association
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand
- Certificate, The Program for Senior Executives on Justice Administration, Batch 9/2005, Judicial Training Institute, Courts of Justice

Other current positions

Since 2011	Vice Chairman, Thai Listed Companies Association
Since 2011	Executive Director, The Thai Bankers' Association
Since 2011	Chairman, Executive Committee, Thanachart Fund Management Co., Ltd.
Since 2010	Chief Executive Officer and President*, Thanachart Bank PCL
Since 2010	Senior Executive Vice President, Thanachart Capital PCL
Since 2009	Chairman, Thanachart Securities PLC

Past experience

2010 - 2011	Chairman, Executive Committee, Siam City Bank PCL
2009 - 2011	Director, Thai Capital Market Development Board
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.

Note: Mr. Somjate Moosirilert was appointed as a Chief Executive Officer of the Bank on 22 October 2010. The position has been renamed to Chief Executive Officer and President on 6 January 2011.

Subhak Siwaraksa Governor

Education

- PhD (Econometrics and Monetary Econometrics), University of Pennsylvania, USA
- MA (Law and Diplomacy), Fletcher School of Law and Diplomacy, Tufts University, Massachusetts, USA
- BA (English Literature (Honors Program) and Economics), Georgetown University, Washington D.C., USA

Certifications

- Certificate, Directors Certification Program, Thai Institute of Directors Association
- Certificate, Directors Accreditation Program, Thai Institute of Directors Association
- Financial Executive Seminar, Bangkok (FINEX IV)
- The National Defence College (Class 2007)
- Certificate, Capital Market Academy Leadership Program, The Stock Exchange of Thailand

Other current positions

Since 2009	President and Chief Executive Officer, CIMB THAI BANK PCL.
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Past experience

2008 - 2009	Director, Executive Director and Chairman of Compensation Committee, Export-Import Bank of Thailand
2008 - 2009	Chairman of the Board of Directors, TMB Asset Management Co., Ltd.
2003 - 2008	Chief Executive Officer and President, TMB Bank PCL
1990 - 2003	AVP, FVP, EVP and SEVP, TMB Bank PCL

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 2011 | Executive Director, MFC Asset Management PCL |
| 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 PCL |
| 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) |

Charamporn Jotikasthira
President

Education

- MBA, Harvard University, 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

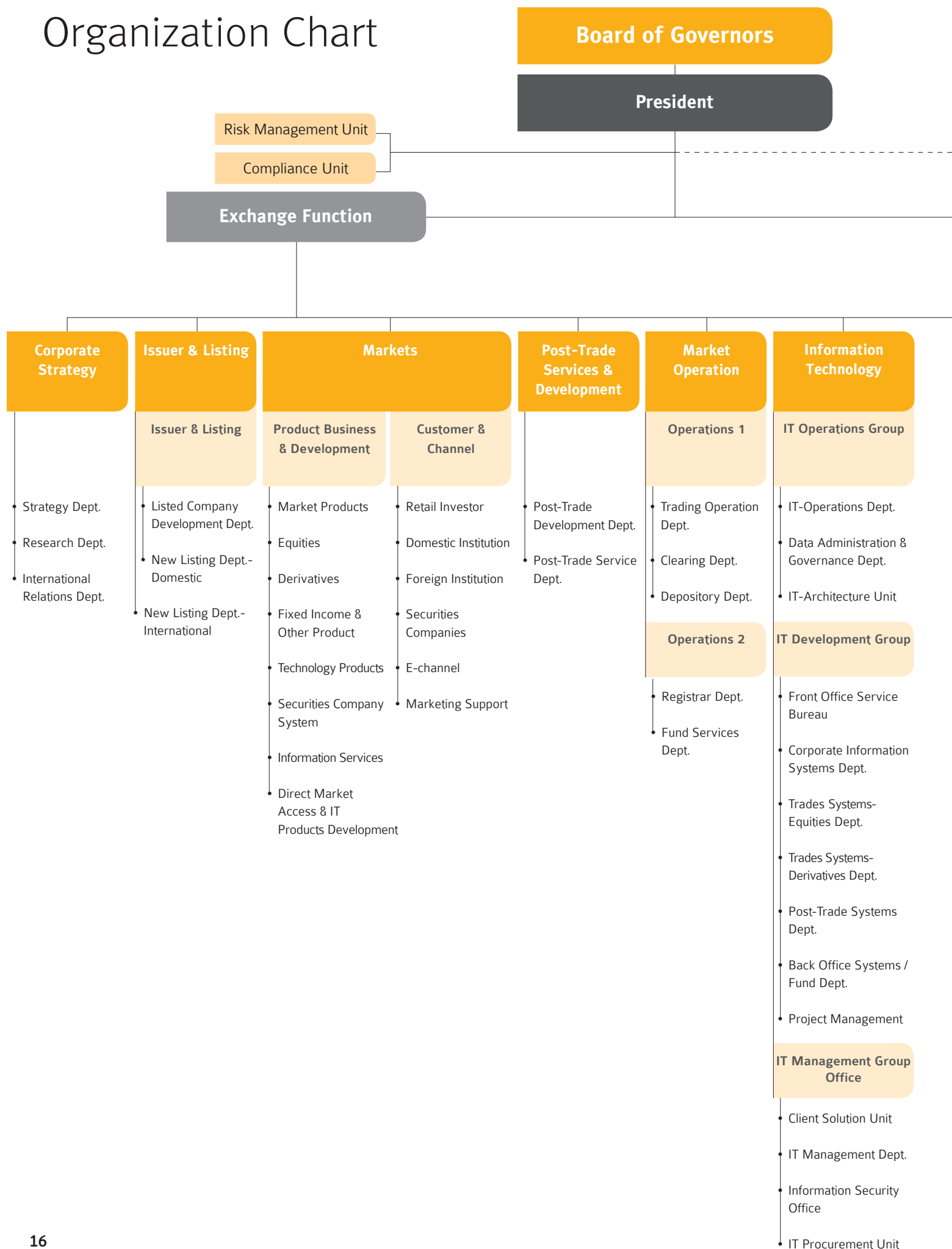
Other current positions

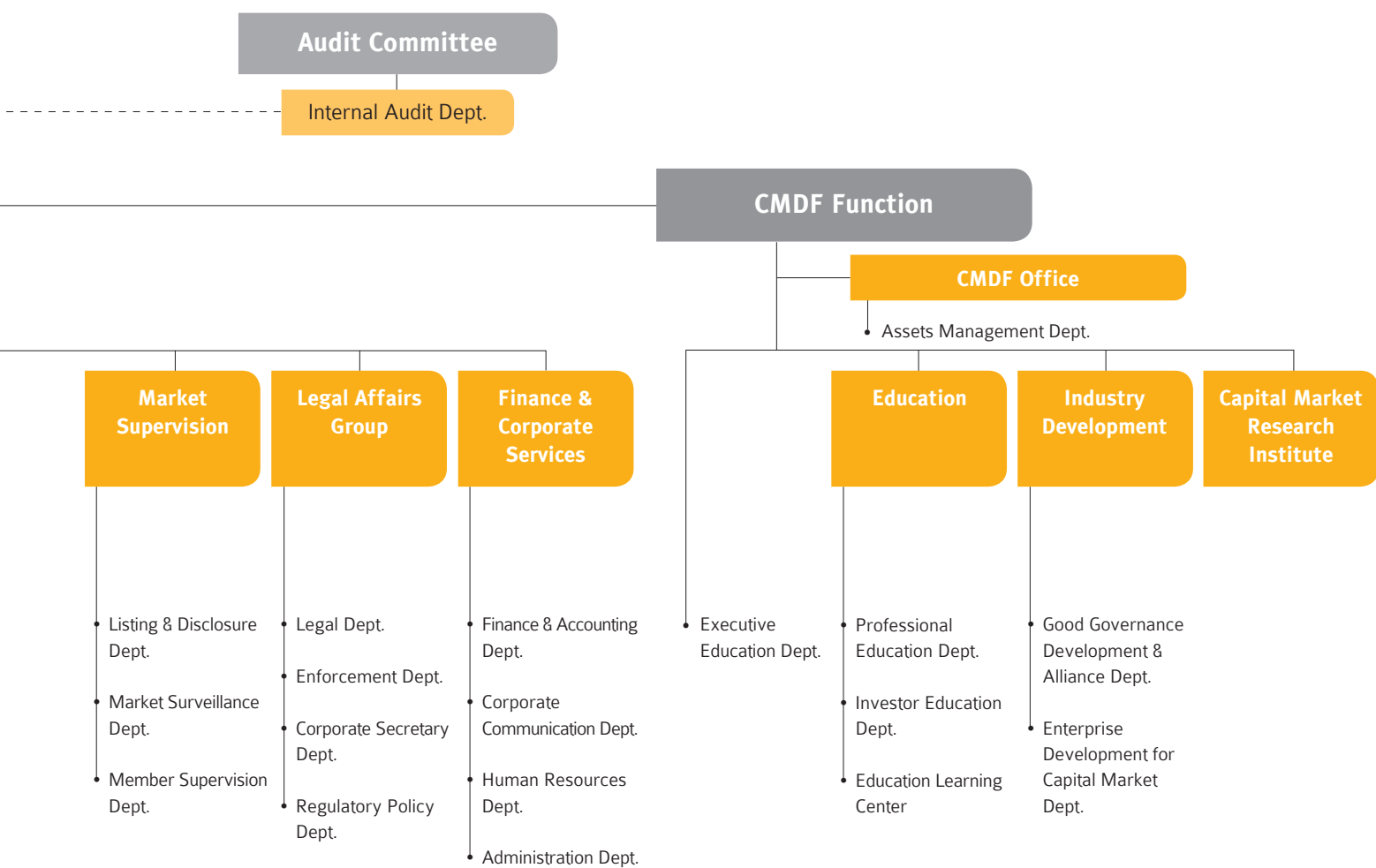
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|------------|--|
| Since 2011 | Chairman, Electronic Transactions Development Agency (Public Organization) |
| Since 2011 | The Financial Institutions Policy Committee (FIPC) Bank of Thailand |
| Since 2010 | Chairman, Thailand Securities Depository 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

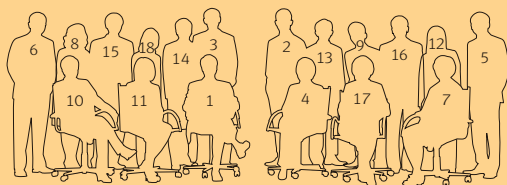
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|-------------|---|
| 2008 - 2010 | Chief Information Officer, Siam Commercial Bank PCL |
| 2002 - 2008 | Executive Vice President, GTS & Capital Markets Group, Executive Vice President, Business Cash Management Group, Siam Commercial Bank PCL |
| 1999 - 2001 | Executive Vice President, Information Technology Division, Executive Vice President, Risk Management Division, Siam Commercial Bank PCL |
| 1999 - 2001 | President, SCB Securities Co., Ltd. |
| 1990 - 1994 | President, SCB Asset Management |

Organization Chart





SET Executives



1. Charnporn Jotikasthira
President

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

3. Chanitr Charnchainarong
Executive Vice President
Issuer & Listing Division &
President Market for Alternative
Investment (mai)

4. Nongram Wongwanich
Chief Operating Officer

5. Pakorn Peetathawatchai, PhD
Chief Marketing Officer

6. Veerathai Santipraphob, PhD
Chief Strategy Officer & Executive
Director Capital Market Research
Institute

7. Chanisa Chutipat
Chief Financial Officer & Corporate
Services

8. Kesara Manchusree
Group Head, Products Business &
Development



9. Krisada Sektrakul, PhD
Director Market Education Center

10. Naree Boontharawara, PhD
Director CMDF Office

11. Pannaporn Sapsomboon
Group Head IT Development

12. Paveena Sriphothong
Group Head Issuer & Listing

13. Sakkarin Ruamrangsri
Chief Regulatory Officer

14. Sornkawe Puranachoti
Group Head IT Management

15. Supakit Jirapraditkul
Group Head Market Supervision

16. Thirapun Sanpakit
Group Head IT Operations

17. Udomwara Dechsongjarus
Group Head Operation 1

18. Yupawan Sirichainarumit
Group Head Operations 2

As of February 16, 2012

SET Group financial highlights

(Unit : THB Million)

	2011	2010	2009	2008	2007
Consolidated statements of revenues and expenses					
Total revenues	4,135	4,101	3,209	2,821	3,044
Operating revenues	3,245	2,639	2,112	1,923	1,811
Other income	890	1,462	1,097	898	1,233
Total expenses	2,545	2,482	2,606	2,522	2,968
Revenues over expenses, net	1,110	1,128	457	205	54
Consolidated statements of cashflows					
Operating cash inflow (outflow)	512	244	(49)	(213)	(420)
Consolidated statements of financial position					
Total current assets ¹	16,502	10,295	8,767	7,792	7,378
Long-term investments	5,329	8,296	6,090	4,723	6,796
Total assets	27,019	23,418	20,692	18,000	19,349
Total current liabilities ¹	7,494	4,988	3,884	2,820	2,553
Total liabilities	9,151	6,299	4,928	3,808	3,278
Fund balances	17,868	17,119	15,764	14,192	16,071
Key financial ratio					
Total revenue growth (%)	0.83	27.80	13.75	(7.33)	9.93
Operating revenues growth (%)	22.96	24.95	9.83	6.18	16.02
Other income growth (%)	(39.12)	33.27	22.16	(27.17)	2.07
Cost-to-income ratio (%)	61.55	60.52	81.21	89.40	97.50
Net profit margin ² (%)	26.84	27.51	14.24	7.27	1.77
Return on fund balance (%)	6.21	6.59	2.90	1.44	0.34
Current ratio (Times)	2.20	2.06	2.26	2.76	2.89
Debt to fund ratio (Times)	0.51	0.37	0.31	0.27	0.20
¹ Other current assets and other current liabilities included margin deposits and benefits at the same amount (as the guarantee for derivative contracts of the clearing house), assets / payables of margin deposits and benefits	6,053	3,612	2,835	1,902	1,400

² Net profit margin calculated by revenues over expenses, net / total revenues

Highlights of the Thai capital market in 2011

In 2011, The Stock Exchange of Thailand (SET) reached its highest record in several indicators. The SET index reached its highest level in the past 15 years while the total trading volume and the total market capitalization of the SET and the Market for Alternative Investment (mai) recorded new high since the markets have been operating. The share turnover velocity of the SET has therefore been the highest in Southeast Asia. At end-2011, the SET index and the mai index were slightly dropped by 0.72% and 3.14% year-on-year (y-o-y) respectively as affected by major domestic and international shocks. However, transactions at the Thailand Futures Exchange Plc (TFEX) increased significantly at 120.31% y-o-y due to the extension of the night session trading and the increased number of accounts.

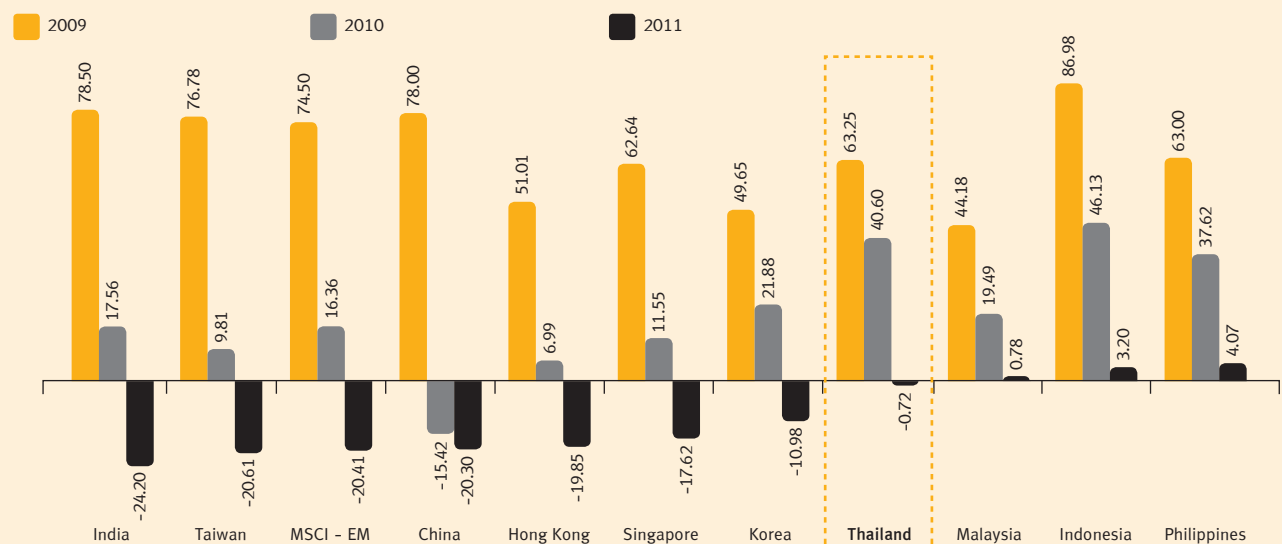
Overview

In 2011, the SET and major exchanges in emerging markets have been affected by negative factors in relation to economic growth, e.g., political crisis in Middle East, financial turmoil in Europe and the US, and tsunami disaster in Japan. However, the SET index closed at 1,025.32 points, dropped by 0.72% y-o-y while the mai index closed at 264.23 points, dropped by 3.14% y-o-y. The performance of the SET and mai index was much impressive when compared to other emerging markets as we can see that the MSCI Emerging Markets index was dropped by 20.41% y-o-y.

Uncertainties prior to the national election in July and the effect of flood crisis in Thailand in October to November caused the SET and mai index became fluctuated. The SET index rose to highest point at 1,144.14 points in August, which was the highest level since 1996, and fell to the lowest point at 855.45 points in October. Meanwhile, the mai index rose to the highest point at 319.60 points in August and fell to the lowest point at 225.05 in October.

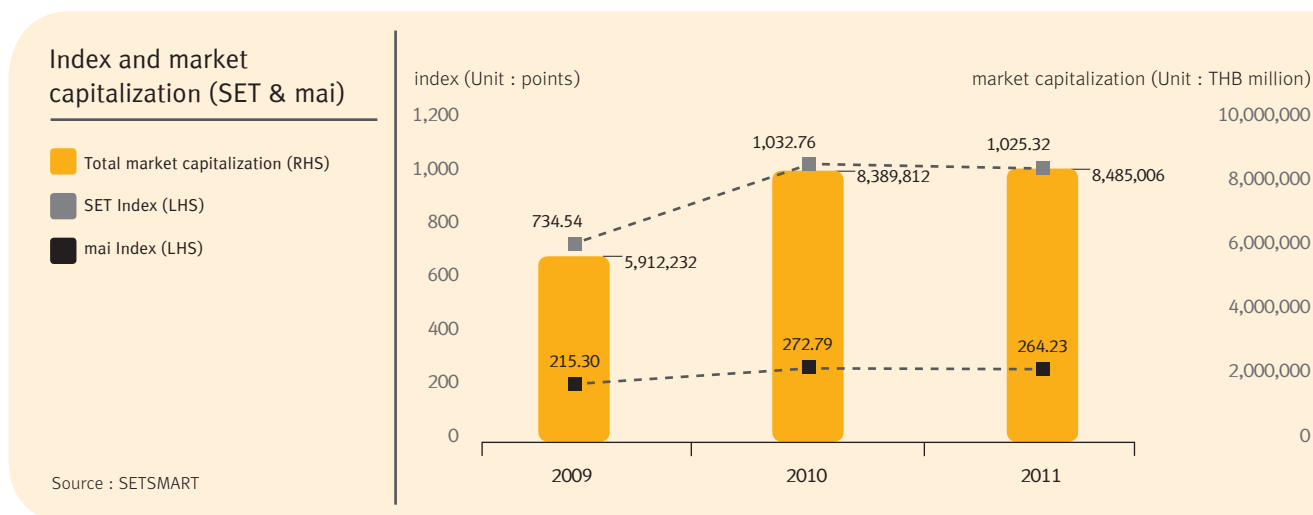
Index performance (unit : %)

Source : Bloomberg



In terms of market liquidity in Southeast Asian markets in 2011, it is evident that the SET's liquidity has been significantly higher than other markets in the region. The turnover velocity was the highest in Southeast Asia whereas its average trading value was second rank next to the Singapore Exchange (SGX).

At end-2011, the total market capitalization of the SET and mai was at THB 8.49 trillion (approx. USD267.64 billion), increased by 1.13% y-o-y. The SET's market capitalization was at THB8.41 trillion (approx. USD265.20 billion), increased by 0.88% y-o-y with the highest record at THB9.36 trillion (approx. USD314.77 billion) on August 1, 2011. On the other hand, the mai's market capitalization was at THB77,310.14 million (approx. USD2,438.57 million), increased by 40.24% y-o-y and had recorded new high at THB86,079.17 million (approx. USD2,895.46 million) on August 1, 2011.



The SET's dividend yield is relatively high when compared to the other regional markets. It was accounted for 4.03%, rose from 3.56% at end-2010. It has been ranked as the third place in the region. Meanwhile, the mai's dividend yield was at 2.57%. SET's forward price to earnings ratio (forward P/E ratio) stood at 12.30 times - decreased from 14.70 times at end-2010 while mai's forward P/E ratio stood at 9.40 times - decreased from 10.62 times at end-2010.

Trading activities

In 2011, the trading value had a slightly growth rate due to negative factors domestically and internationally. The average trading value of the SET and mai totaled THB29,473.29 million (approx. USD929.67 million), increased by 1.40% y-o-y. However, it recorded new high since the markets have been operating.

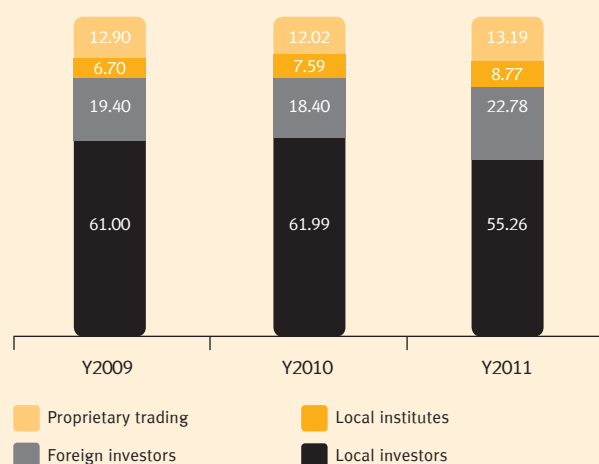
Trading value in 2009 - 2011

Trading value (Unit : THB million)	2011	2010	2009
Trading value of the SET	7,040,458	6,937,890	4,338,479
Trading value of the mai	151,023	96,058	90,500
Total trading value	7,191,481	7,033,947	4,428,979
Average trading value	29,473	29,066	18,226
Change (unit: %)	1.40	59.47	13.08

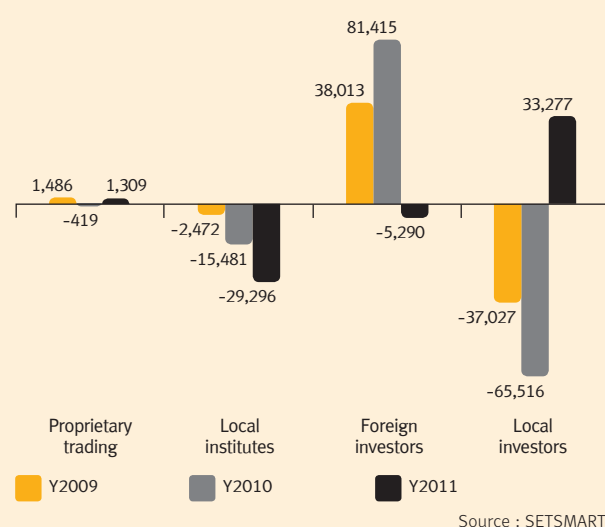
Source: SETSMART

In terms of the trading value by investor type, in 2011, domestic retail investors were the most active group, representing 55.26% of the total trading value, and were net buyers of THB33,277.30 million (approx. USD1,049.66 million). Meanwhile, foreign investors increased their role significantly, accounting for 22.78% of the total trading value when compared to 19.40% in 2009 and 18.40% in 2010. They were net sellers of THB5,290.42 million (approx. USD166.87 million). The trading value of proprietary accounts and local institutes were at 13.19% as net buyers of THB 1,308.88 million (approx. USD41.29 million), and 8.77% as net sellers of THB29,295.77 million (approx. USD924.07 million), respectively.

Trading value (SET & mai) by customer type in 2009 - 2011 (%)



Net position (SET & mai) by customer type in 2009 - 2011 (Unit : THB million)

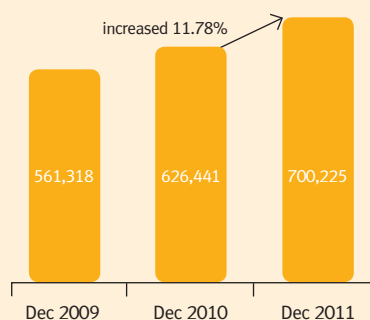


In terms of trading value by market capitalization, in 2011, investors tend to be more interested in the top 30 of large capitalization securities (SET30) which account for 66.00% of the total trading value when compared to 58.00% in 2010. Securities in banking and communication technology industry were the most traded sectors.

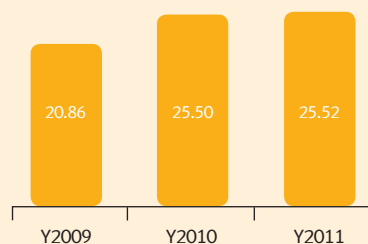
In December 2011, the trading accounts increased continuously by 11.78% y-o-y to 700,225 accounts. The 2011 average active trading account was at 25.52% of the total trading accounts, which slightly increased from 25.50% in 2010. In addition, the internet trading continuously gained more interest from investors; its trading value accounted for 24.54% of the total trading value.

Total trading accounts (SET & mai) in 2009 - 2011

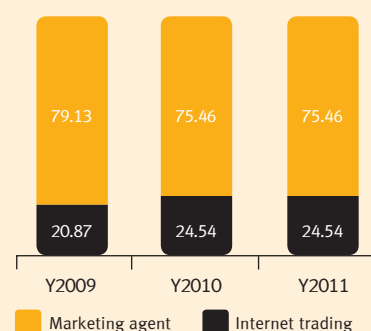
Number of accounts



Proportion of active accounts (as % of total accounts)



Proportion of trading value (Unit : %)



Source : SETSMART

Derivatives trading

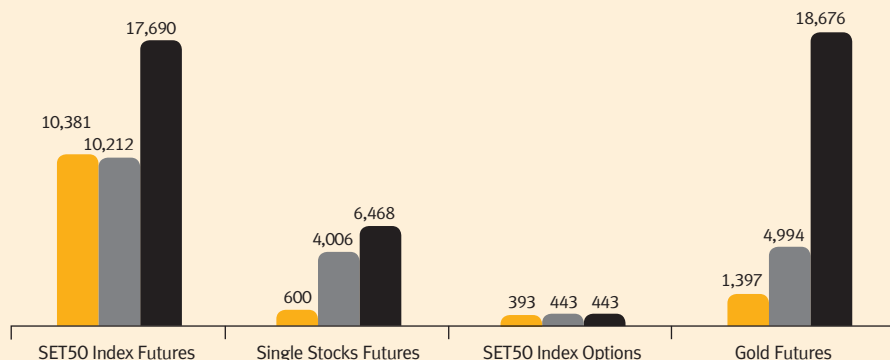
In 2011, the Thailand Futures Exchange Plc (TFEX) showed solid growth of volumes in terms of trading and investors. 2011 derivatives trading volume surged to a new high record at 10,027,116 contracts, or an average of 41,145 contracts per day, up 120.31% percent y-o-y, supported by rising trading of SET50 index futures and gold futures. In 2011, daily average volume of SET50 Index Futures rose 73.23% y-o-y to 17,690 contracts while that of gold futures rose 227.39% to 16,350 contracts. Meanwhile, the number of investors at the TFEX surged to 62,883 accounts, up 50.15% y-o-y.

In terms of new products, in 2011, the TFEX launched Silver Futures and Brent Crude Oil Futures in June and October, with daily average trading volume at 236 contracts and 64 contracts, respectively. Moreover, the TFEX began trading 16 Single Stock Futures with 16 more underlying stocks.

Furthermore, the TFEX introduced the extended trading hours of commodity futures until night to overlap the trading hours of the CME Group and other derivatives markets, to enhance connectivity among international futures exchanges and to boost liquidity. Since the launch of the night session in June 2011, it was clearly seen that it gained interest from investors and played a significant role to the TFEX. The trading volume of the night session during June 20 - December 2011 was at 40.03% of the total trading volume of commodities futures.

Trading volume of the TFEX (unit : contracts)

- In 2009, TFEX had daily average trading volume at 12,771 contracts
- In 2010, TFEX had daily average trading volume at 18,676 contracts
- In 2011, TFEX had daily average trading volume at 41,145 contracts



Remark: 1. In October 2010, the TFEX launched the Interest Rate Futures
2. In 2011, the TFEX launched the Silver Futures and Oil Futures in June and October respectively

Source : SETSMART

Fund raising

In 2011, listed firms of the SET and mai raised totally THB82,519.52 million (approx. USD2,602.89 million), decreased by 8.85% y-o-y due to instability in politics and flood crisis in 2H2011. In a primary market (initial public offering: IPO), there were 10 firms (SET: 3; mai: 7) and 6 property funds raised funds by IPOs, totaling THB18,463.33 million (approx. USD582.38 million), increased by 46.68% y-o-y. For a secondary market (secondary equity offering: SEO), the SET and mai were raised totally THB64,056.53 million (approx. USD2,020.52 million), decreased by 17.81% y-o-y.

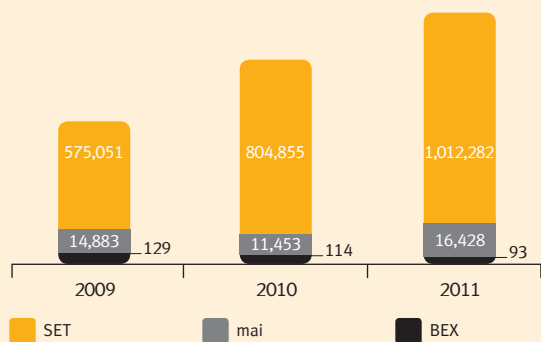
Number of new listed companies and property funds in 2009 - 2011

	2011	2010	2009
New listed companies in SET	3	4	7
New listed companies in mai	7	7	11
New listed of property funds	6	4	5
Total	16	15	23

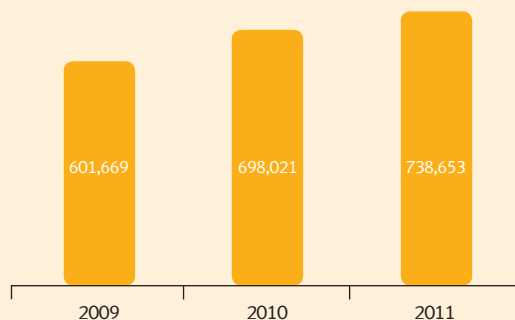
Post - trade operational review

	2011	2010	2009
Securities Depository			
Number of Depository Participants (Participants)	667	659	650
Securities Companies	37	38	39
Banks	33	35	34
Issuers	573	562	555
Others	24	24	22
Number of Securities Deposited in the Securities Depository System (Securities)			
Common Stock and Corporate Bond	1145	1,075	1,034
Government Bond	453	525	550
Securities Clearing and Settlement			
Number of Participants in the Clearing House (Participants)			
Equity & Debt	87	89	88
Derivatives	41	41	41
Securities Registration			
Number of Companies in the Securities Registration System (Companies)	648	645	595
Number of Securities in the Securities Registration System (Securities)	1,038	815	758
Fund Registration			
Number of Employers	4,264	4,591	2,508
Number of Provident Fund Members	935,404	859,630	566,905
Fund Registration			
NVDR Turnover (Million Shares)	63,956	71,611	57,869
Value (Million Baht)	1,402,821.98	1,210,857.91	660,422.19
Number of Securities (Securities)	624	610	586

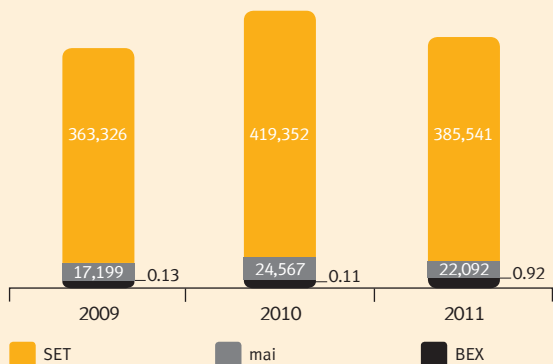
Total volume and value of securities clearing and settlement (THB million)



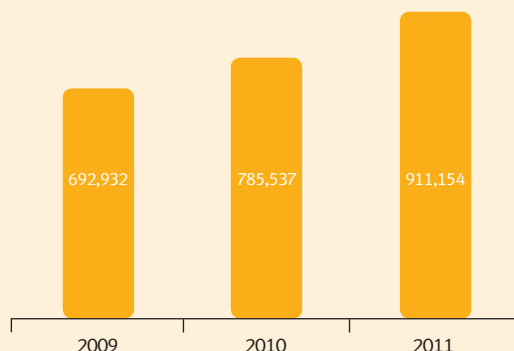
Volume of securities in the securities depository (Million Shares)



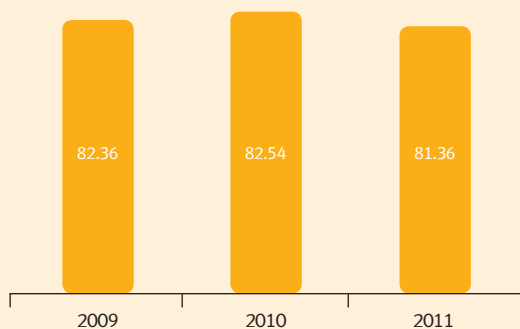
Total volume of securities cleared and settled (Million Shares)



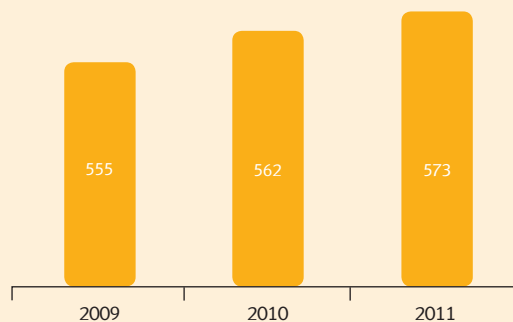
Number of investors using e-Dividend service (ID)



Percentage of trades that are scripless, by volume (%)



Number of Companies in Issuer Account (Companies)



Business operation of SET Group

Business overview

Products and services

The Stock Exchange of Thailand (SET) and its subsidiaries (SET group), is the only stock exchange providing full-coverage exchange services in Thailand. SET group has core businesses as follow.

1. Securities

SET group provides securities trading service for equity and bond instruments. SET group provides listing service for companies raising funds through SET and Market for Alternative Investment (mai) which are secondary markets for securities trading in Thailand. As of December 31, 2011, there were 472 companies listed on SET and 73 companies listed on mai. SET group also lists other types of securities, e.g., warrant, derivative warrants (DW) exchange traded fund (ETF) and bond.

Furthermore, SET group supervises investors' trading activities and market participants to ensure that the market is fair, orderly and transparent. SET group also regulates listed companies to disclose accurate, transparent and timely information to investors and the public.

SET group is a clearinghouse for transactions taking place on SET, mai and Bond Electronic Exchange (BEX). SET group serves as the central counterparty (CCP) for all trading activities on those exchanges. In addition to serving as CCP for trading on the exchanges, SET group provides clearing and settlement services for over-the-counter bond trading.

SET group acts as a central securities depository for stocks and bonds, using a secure and efficient scripless system. SET group provides services for securities deposit, withdrawal, transfer, pledge and revocation. Investors can conduct these transactions through depository participants.

2. Derivatives

SET group operates a derivatives market that trades derivatives products of which underlyings include securities and commodities, e.g., index, stock, gold, silver, oil and interest rate. SET group also supervises investors' trading activities and market participants to ensure that the market is fair, orderly and transparent. In addition, SET group is a clearinghouse for trading transaction occurring in the derivatives market.

3. Technology services

SET group provides both front and back member services, e.g., Front Office Service Bureau (FSB), Internet trading system and Back Office Service Bureau (BSB). These services help market participants to expand their business with an economy of scale and to shorten their development time for new products and services.

In addition, SET group provides trading market data and listed companies' information so that investors can utilize them for investment decisions.

4. Registrar services

SET group acts as a registrar for stocks and offers services which mainly cover the functions of preparing and maintaining the Register Book that contains correct and complete information. Our services also cover managing information of shareholder benefits and executing registrar services with a direct linkage to the Securities Depository Center.

Furthermore, SET group also has secured data storage and processing system with the corresponding back-ups ready for securing the continuity of our service. 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.

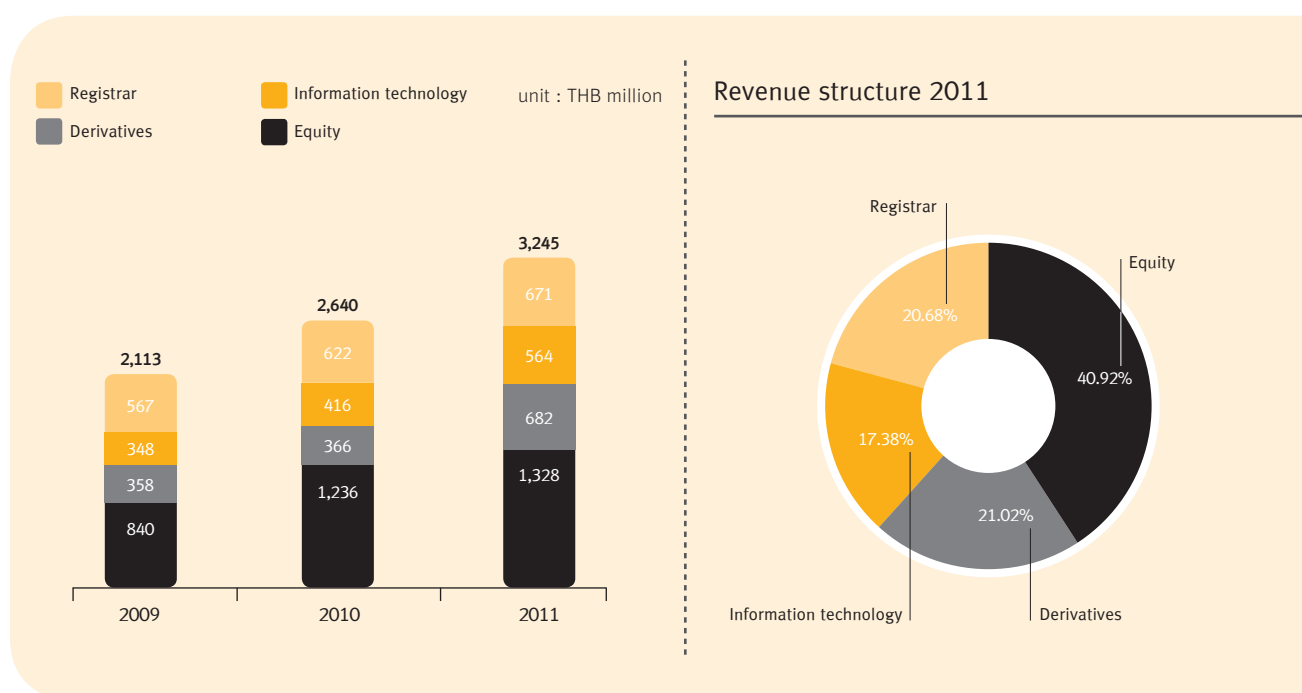
In addition to acting as a registrar for stocks, SET group also act as a registrar for provident fund of asset management firms managing the fund on behalf of employers.

5. Capital market development

SET group focuses on long-term development of capital market which will strengthen competitiveness of Thai economy. SET group emphasizes on improving financial capabilities of the Thai people and promoting corporate governance (CG) and investor relation (IR) among listed companies. In addition, SET group conducts in-depth capital market research that will lead to decision making at a policy level.

Furthermore, SET group is a member of Federation of Thai Capital Market Organizations. FETCO collaborates with government agencies and regulatory bodies in order to drive policies and long-term development of the Thai capital market.

Revenue structure SET group's revenue structure during past 3 years is as follow.



Vision/mission and business goal

SET group visions to **“empower business and investors through our strengths to match the right financial opportunities”**. To support the vision, SET group will work by the missions of (1) Expanding business issuers and investor base by satisfying their financial needs and strengthening intermediaries for mutual growth and success, (2) Offering a wide range of attractive products and services to create value and match financial opportunities across different segments of business and investors, (3) Operating with flawless execution according to international standards to ensure efficiency, effectiveness, flexibility and global connectivity, and (4) Inspiring staff to perform up to their fullest potential and create a corporate culture that aims at achieving excellence in matching the right financial opportunities for business and investors.

SET group aims to (1) be domestic champion by being the most preferred listing, trading, and post-trade processing venue of Thai securities, (2) become Indochina investment hub, (3) be a key player in promoting and benefiting from ASEAN asset class, and (4) connect with global alliances and networks.

Business competition

According to financial liberalization and capital market linkage over the globe, SET group operates under highly competitive environment although SET group is the only stock exchange in Thailand. Companies looking for fund can raise it through other exchanges abroad; meanwhile, investors can choose to invest in other exchanges for the benefits of higher investment return and portfolio diversification. In addition, other exchanges can develop similar or substitute investment products to ours to attract both Thai and non-Thai investors.

Currently, exchanges abroad continually develop new IT system, build global trading network and develop services for new trading order type to attract investors.

Furthermore, there are new types of competitors that have grown abroad and are possible to expand to Thailand in the future, e.g., Alternative Trading System (ATS) and order internalization. Merger and acquisition trend among global exchanges during past 4-5 years is also possible to affect SET group’s competitiveness in the long run.



SET High Dividend 30 Index
Oil Futures

SET High Dividend ETF
Silver Futures

Gold ETF

Settrade Streaming for iPad
Night Session Trading



Increasing choices for businesses and investors and meeting all requirements

New services and products enhance the business sector's financial strength, and increase alternatives for possible returns at every stage of investment

Development highlights in 2011

The Stock Exchange of Thailand (SET) proactively worked hard throughout the entire year, committing to be the first choice in fundraising among Thai business operators. The exchange has also aimed to be the main investment alternative for prudent savers to generate returns by offering products and services that meet the needs of every segment.

In 2011, SET operations were based on four main strategies, namely: **1) Expand coverage 2) Enhance value 3) Increase efficiency and 4) Improve capability** SET's success was reflected in key performance indicators, including the records achieved by the exchange and the Thailand Futures Exchange PCL (TFEX) in 2011. Despite being hit by negative factors from internal and external matters,, both the **SET and Market for Alternative Investment (mai) Indices reached a 15-year high, and combined average daily trading value marked all-time highs, market capitalization of SET and mai expanded to a record high of THB9.44 trillion, or 89.60% of the GDP, and trading volume on TFEX also rose to a historic level.** These achievements prove the strength of the Thai capital market, which clocked its 36th year of operation in 2011.

Exchange Function: Enhancing efficiency and increasing attractiveness

1) Expand coverage

In 2011, SET expanded the coverage of its business operations to increase business opportunities in the capital market. This included increasing the number of listed companies, extending the investor base, and expanding its post-trading business by continuously coordinating with other parties involved.

SET focused on attracting large-sized and high-quality companies to list on the bourse, launching new products to increase investment alternatives and expand investor base in both the stock and derivatives markets, and expanding investors through working with bank alliance partners. Also, the exchange expanded post-trade services by adding more member classifications for Thailand Clearing House and Thailand Securities Depository.

Attracting large-scale and quality companies

In 2011, there were three companies filing for initial public offerings (IPOs) and listed on SET, seven listing on mai, and six property funds registering for public trading. The combined market capitalization of these new listings was THB42.52 billion at the end of 2011, up 5.75% from their IPO values of THB40.21 billion. Funds raised through IPOs and secondary equity offerings totaled THB83.32 billion in 2011.

SET has proactively worked closely with its public and private alliance partners as well as stock exchanges in the region to increase the number of large-sized and high-quality listed companies. SET has revised its regulations to support the product launches and new transactions, including rules supporting establishment of infrastructure funds. The exchange has cooperated with key energy regulating agencies to encourage renewable energy businesses to raise funds for project development through the exchange, which will foster alternative energy for the country. This is part of the exchange's effort to offer a variety of product choices that will better meet investor demand and facilitate fund-raising for companies.

Besides, SET has played an important role in establishing good relationships and supporting regional governments and stock exchanges, such as Lao People's Democratic Republic, Socialist Republic of Vietnam and Republic of the Union of Myanmar. The cooperation is part of SET's strategy to establish business alliances and strengthen the capital markets of Indochinese countries. Among other things, SET has updated the capital market regulations and laws to develop their exchanges, human resources, professionals, investors and other parties in their markets.

mai celebrates its 12th year of enhancing SME business efficiency to enable sustainable growth

Over the course of past 12 years of operation, mai has helped its listed companies raise a total THB17 billion, resulting in a total mai's market capitalization of about THB93 billion. Of the mai-listed firms, 10 have stepped up to list on the main board and generated almost double of sales and profits. This growth reflects the important role of mai in enhancing SME business efficiency to meet international levels. Another key factor for the continued success of mai is the establishment of the mai Listed Companies Association (maiA) in cooperation with mai-listed firms. This association is aimed to motivate and encourage SMEs to list on the mai.



Develop new products to meet investor demand

• Equity markets

The popularity of investing in exchange-traded funds (ETFs) continued to grow. In 2011, five ETFs listed on the bourse, including ThaiDex SET High Dividend ETF (1DIV), which invests in constituent stocks of the SET High Dividend 30 Index, developed by SET and launched in 2011. The remaining four ETFs have gold as their underlying assets.

Offering innovative investment choices like gold proved to be another success. Gold-based ETFs, which was set up for the first time in Thailand, offer savers convenience when investing in gold, as its price dynamically moves in line with the global gold prices. The underlying gold bars are stored under conditions meeting international standards. Of the four gold-based ETFs, three -- Bualuang Chay Gold ETF (BCHAY), K-Gold ETF (KG965), and Thaidex Gold ETF (GOLD99), invest in domestic gold bars, while K-TAM Gold ETF Tracker (GLD) invests in a foreign feeder fund. At the end of 2011, there were a total of eight ETFs, with a total net asset value of THB5.62 billion, rising 89% from 2010.

In addition, SET encouraged launches of ETFs tracking Thailand's SET50 Index and trading on overseas markets. The two ETFs are one managed by Nomura Asset Management (registered on Tokyo Stock Exchange on May 12, 2011), and the other managed by Lyxor Asset Management (registered on NYSE Euronext Paris on July 18, 2011).

There were 351 derivative warrants by seven securities issuers registered for trading in 2011, rising from 107 securities in 2010. In 2011, it had one new issuer on top of six existing issuers.



• The bond market

Bonds listed on SET had a total value of THB4.86 trillion at the end of 2011, rising 6.31% or THB290 billion from a year earlier. This total was comprised of 534 issues of government bonds worth THB4.21 trillion, 98 issues of corporate bonds worth THB650 billion and investment units of one fixed-income fund worth THB4 billion. In 2011, trading value totaled THB2.16 trillion.



• The derivatives market

The derivatives market has increased a variety of products to be tools for both managing risk and generating return. On June 20, 2011, TFEX launched silver futures, using 99.9% silver as the underlying asset, to satisfy interest in precious metal investment. Its trading volume totaled 31,567 contracts in 2011.. On October 17, 2011, the bourse launched oil futures, with Brent crude oil as the underlying asset, giving investors and oil-related business operators an opportunity to make profits and hedge the risk from the crude oil price movement. Its total trading volume was 3,320 contracts.

Penetrating new target groups through marketing activities and integrated communications

SET continued to expand the individual investor base nationwide through its educational marketing program. The exchange worked with financial institutions, including commercial banks, securities firms and asset management companies, as well as creating new channels to reach investors and increase opportunities for business operators. The bourse ran a series of marketing activities and integrated communications so that investors and the general public could conveniently access investment information. One such key event was the domestic roadshow, "SET in the City", which helped educate about

investment planning and introduced new investment products under the concept of "Opening all the senses, heading to successful investment". SET cooperated with the provincial chamber of commerce, federation of industries, and the bankers club to hold "SET in the City" in Hat Yai, Songkra and Ubon Ratchathani, both of which events were crowded by around 50,000 participants, with around 11,000 transactions taken place in total. It also joined with Money Expo holding in Bangkok and other provinces, like Chiang Mai, Songkra, and Nakhon Ratchasima. Due to the massive floods during October - November 2011, the SET in the City event in Bangkok was postponed. However, right from the start of 2012, SET launched "Invest Thailand" to stimulate investment in the Thai stock market.

Besides, SET joined forces with 26 leading brokerage firms in holding "Broker Wealth Services", which was an integrated communications campaign to introduce securities firms' services, including wealth management, using financial tools such as bonds, derivatives, ETFs, and mutual funds. Also, the project introduced investors to brokerage firms' other services, e.g., investment planning, securities borrowing and lending and online investment. This campaign helped enhance the securities firms' capability in providing financial services.



Penetrating to savers through bank alliance partners

- **Adding online investment channels**

SET joined forces with financial institution alliance partners in the “One for All” program to support the growing number of online users. Through this project, investors could execute trading transactions via online banking services. The financial institutions joined this project: Bangkok Bank and Bualuang Securities, Krung Thai Bank and KT Zmico Securities, and Siam Commercial bank and SCB Securities. The project attracted more than 9,000 users, 3,400 of whom later opened trading accounts.

SET has not only pushed forward its investor base expansion but also has continued to support investment education through the “CLICK2WIN 2011” program promoting online trading. The exchange joined hands with 14 securities companies to hold the “CLICK2WIN” contest for the sixth consecutive year. This programs an investment simulation that allows investors to execute online transactions using virtual market information in the stock and derivatives markets. In 2011, this game attracted 54,000 contestants.

SET also initiated the self-help “Financial Freedom in 7 Days” project to encourage new investors by providing well-rounded marketing and educational tools, including interactive media and VDO marketing, making self-learning easy and matching lifestyle of new investors. It is available on www.settrade.com/freedom. During May to July, more than 100,000 visitors visiting the website, with 15,519 registering for the self-learning program and 4,313 opening trading accounts.



Enhancing post-trade services; focusing on speed & cost reductions

SET has continued to develop its post-trade services to be more user-friendly and also reduce operational risk. Key developments are;

- **Developing clearing house service:** Clearing house members can now do clearing and settlement transactions for non-clearing members, also called third party clearing (TPC) service. In the early stage, the clearing house members which can offer TPC services are securities firms. Such members are allowed to clear and settle all financial products traded via the exchange and ETF units which are purchased or redeemed through Thailand Securities Depository for non-clearing members. The next step is to improve the system and regulations to allow give-up/take-up transactions between securities firms and allow commercial banks to provide TPC service.



- **Improving post-trade service:** This service now uses straight-through processing, with the corporate action news system for custodians using the SWIFT message format, which is a communication standard among financial institutions. This format transmits data with speed and accuracy, reducing risk and errors that may take place while recording data.

- **Appointing global custodians:** The custodians are to represent the securities depository in matters regarding foreign securities, covering investment in major financial markets across the globe, which are United States, Europe, Australia, and Asia. SET helped facilitate investors and securities firms in using this channel instead of dealing with global custodians directly, thus reducing the overall cost and burden of overseas securities depository account management. Thailand Securities Depository has received a warm welcome from leading commercial banks in domestic and international markets as well as from international central securities depositories that provide global custodian service. Selection and appointment of a representative is expected to be completed by the second quarter of 2012.

- **Revising regulations to allow the clearing house to admit new members:** Following the Securities and Exchange Commission's liberalization policy for the brokerage industry and expansion of the derivatives market, Thailand Clearing House admitted new members and gave existing precious metal-related members an opportunity to upgrade themselves to become general clearing members. This will allow the members to offer post-trade services for all derivatives products.

2) Enhance value

SET has focused on enhancing the strength of listed companies and increasing the liquidity of products in the exchange and derivatives market through marketing activities.

Strengthening and enhancing efficiency of fund-raising tools for listed companies

SET places importance on encouraging listed firms to enhance their strength and competitiveness in order to increase reliability and gain interest from foreign investors. The strategies applied are:

- **Encouraging listed companies to efficiently apply financial instruments**

To create the most benefit for listed firms, SET has joined forces with the Investment Banking Club, distributing leaflets and holding seminars under the Financial Instruments for Directors (FID) program. This program continuously provides information and advices to executives and directors of listed companies, stimulating them to use financial instruments to raise funds and increase liquidity.

- **Revising regulations to increase flexibility and liquidity in fundraising**

To facilitate listed companies in raising funds through secondary offerings and encourage them to prudently manage their capital structures in line with economic conditions and shareholder benefits, SET has approved the general mandate method for capital increases. In this capital increase process, shareholders approve the number of shares and the types of allotment at a shareholder meeting in advance authorizing the company's board of directors to decide on the details of issuance and allotment as and when it deems appropriate. This method saves time, reduces expenses and meets global standards.

SET has also revised its process to assist firms facing possible delisting by giving them up to four years to solve their financial problems. The companies can resume listings if they succeed in fixing their problems, this will benefit shareholders and the firms will become another proof of the quality of listed securities.

Thai listed companies reached another milestone in 2011. They posted a record dividend payout totaling THB326.11 billion, or a 7% rise from a year earlier and equivalent to an average growth of 16.71% a year since 2008, and marking the third consecutive year of hitting new highs since 2009. This rise reflected the management efficiency and operation flexibility of listed companies amid the economic volatility, as well as the firms' expertise in applying financial instruments to benefit their operations.

- **Pursuing tax incentive plans for companies listing on the bourse**

The SET and mai Listed Companies Associations have pursued the tax incentive plan for mai-listed firms, with those newly listing on mai paying a 25% tax rate on the first THB50 million of net profit for one accounting period.

Increasing liquidity to enhance investor opportunity

SET has increased its liquidity by stimulating trading of the last 30 stocks of its SET50 Index to attract local and foreign investors. In addition, Thailand Futures Exchange has extended trading hours into a night session for gold, silver and oil futures, given that the underlying assets of those products are based on global commodity prices. The night session, which is between 7:30 pm - 10:30 pm, is to help investors seek returns and manage their investment risk using real-time global trading information. As a result, trading volume of gold futures rose threefold to 3,989,278 contracts in 2011 from 971,423 contracts in 2010.



Creating attractiveness in the capital market for all investor targets

SET is determined to enable local and foreign investors to equally receive key information on listed companies. Throughout 2011, SET continuously held activities that provided channels for firms to communicate and show individual investors, institutional investors and analysts how valuable their companies were. Key activities and projects included "Thailand Focus 2011", which was co-organized by Phatra Capital pcl and Bank of America Merrill Lynch. The event, entitled "Enhancing Thailand's Competitiveness Through the Next Decade", was held in March 2011, with 67 companies presenting their outlooks and 193 institutional investors attending. SET also carried out its quarterly "Opportunity Day" series, which were broadcast live on www.set.or.th and available on smartphones. For the entire of 2011, more than 100,000 users worldwide visited this webcast broadcasting system. "SET Awards 2011" was held for the eighth consecutive year, with 35 awards presented to honor listed firms, brokerage firms, asset management companies and top executives for outstanding performance in various aspects. Following the rapid



growth of the derivatives market, SET added a new category for the best brokerage firm with derivatives service in this award presentation. Another promotional effort is company visits, which SET hosted in conjunction with the Thai Investors Association and Securities Analysts Association. SET also developed company summary as factsheet into easy-to-use fact sheet format and made them available on the SET's system and website.

Encouraging trading activity to increase liquidity

- **Conducting roadshows for new investors: Expanding foreign investor base and increasing liquidity in the stock market.**

Throughout 2011, SET has proactively cooperated with the private sector and government agencies to expand foreign investor base. It conducted eight roadshows abroad, providing foreign investors with economic and investment information and SET developments to gain confidence for investing in Thailand. Roadshows were conducted in highly dynamic economic cities like Edinburgh, Hong Kong, London, and Singapore and in countries which are key market destinations of major fund flows, such as China, Italy, Malaysia, and the Netherlands. SET was accompanied by 32 listed companies during the roadshows, which 324 foreign institutional investors participated in.

- **Non-stop evolution implemented to stimulate online investment by individual investors**

SET has continued to develop its data system called SETSMART, which won Thailand ICT Excellence Awards 2010 in Knowledge Management Project category. The award was held by Thailand Management Association.

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, and has consistently achieved the highest number of visitors in the Banking-Finance category, as ranked by Truehits.net for eight years in a row (from 2003-2010). To respond to the young generation's lifestyle in communicating through social networks, SET communicates through a Facebook page at www.facebook.com/settradeclub. The page has gained 61,551 members and distributes investment information widely and rapidly.

- **Developing online self-trading program, compatible with smartphones**

SET, through its subsidiary Settrade.com, has continually developed technology platforms to facilitate investors. In addition to the Settrade Streaming iPhone service, it launched Settrade Streaming for iPads in March 2011, allowing iPad users to trade stocks and derivatives wherever they were. The average number of iPad owners using Streaming was around 40,000 a month in 2011.

Settrade has also developed its Streaming Pro program, which is a real-time, multi-market stock and derivatives trading program, compatible with tablets. The Streaming Pro program won the best Thai Software Adoption Project award in Thailand Management Association's Thailand ICT Excellence Awards 2010, while its Streaming iPhone program won the best Innovation Project. At the end of 2011, the value of mobile trading via Settrade's platform dramatically rose to THB117.78 billion from THB37.19 billion in 2010.

- **Encouraging individual investor trading via marketing officers**

SET and TFEX have carried out "Star Marketing" and "TFEX Top Marketing" programs to expand their investor bases. There were 4,200 marketing officers from 17 brokerage firms joining both programs. The two main activities in these projects provided incentives for those who most successfully increased their investor base and for those who proved



to be role models in developing their professional expertise and committing to professional ethics. Under the two programs, SET joined forces with securities firms to hold a total of 79 monthly and quarterly training sessions, attracting 10,856 participants. TFEX also introduced the "Jump for Futures" campaign to attract new investors by providing training and other educational programs, valuable prizes, and giveaways. The projects mentioned were successful in attracting new investors, who opened 78,269 trading accounts in the stock market and 12,192 trading accounts in TFEX.

In addition, SET continued to improve the professional skills of marketing officers, providing training nationwide for 2,050 officers, especially focusing on developing expertise in investment analysis and introducing new TFEX products.

Seeing the potential savers in commercial banks, SET carried out the Banker-to-Broker project to change savers into investors. Under the Mini-Branch program, SET has encouraged securities firms to open securities branches within bank branches. This has helped brokerages reach new investors and reduced operational costs arising from setting up their own branches. The penetration strategy accelerated, as in 2011 bank branch managers were brought in to play more important roles in connecting banks and securities firms. The bank alliance partners include Bangkok

Bank pcl, Bualuang Securities pcl, Kasikornbank pcl, Kasikorn Securities, Krung Thai Bank pcl, KT Zmico Securities Co., Ltd., Thanachart Bank pcl and Thanachart Securities pcl. To encourage bank branch managers to pass on prospective clients to brokerages, SET carried out two main activities: 1) An incentive program for branch managers, which created 10,000 new investor accounts, and 2) a training program for branch managers and their staff on wealth management and introduction to capital market products which attracted 1,577 participants nation-wide.



• *Stimulating investment by mutual funds*

SET has consistently promoted mutual fund investment since 2002 under a program called “Let your money work through mutual funds”. Over the past nine years, SET has worked closely with Securities and Exchange Commission, Association of Investment Management Companies and asset management companies to encourage individuals to invest in mutual funds. In 2011, the concept of “The entire investment portfolio must be in mutual funds” was applied to encourage investors to diversify their investment in mutual funds. For example, rather than parking savings in a traditional bank deposit, fixed-income

funds may be an option, or investing in equity funds instead of putting money directly in stocks. SET hosted the “Activity At 3 Mall Corners” program, targeted at shoppers in a particular area, including Mutual Fund Fair@Siam Paragon and Mutual Fund Fair@Paradise Park. In 2011, the number of mutual fund unit-holders increased by 270,000.

3) Increase efficiency

SET has placed importance on its efficiency in meeting customer’s demands. Thus, SET has constantly developed its operations to support the increasingly rising trading volume and changes of investor behavior and to meet global standards.

Developing systems for information disclosure by listed firms

To support information dissemination of listed companies, SET has developed its web-based template system, which has helped firms save time and provide accurate information to investors. SET has introduced the straight-through processing, which allows firms to directly disseminate their information on the SET system without SET’s prior validation and confirmation. Companies no longer have to send their information to SET via fax, enhancing efficiency and increasing the speed of information dissemination.

SET has carried out educational activities to help companies operate with transparency and good governance, e.g., it has supported listed companies in complying with International Financial Reporting Standards (IFRS) by holding four seminars and publicizing the matter in six e-magazine issues. SET also held monthly training under the Smart Disclosure Program (SDP) to update listed company executives about regulations of SET and related agencies.

Enhancing the efficiency of market surveillance

SET has developed its market surveillance system to be in line with international standards, focusing on preventive and self-regulated measures. SET has also developed its data base system with excellent cooperation from its members in order to monitor trading activity and seeking to prevent possibly illegal actions. This market supervision is a crucial part of affirming SET’s commitment to protect investors and prevent any unfair action among securities trading that comply with the law.

SET is well aware of how information dissemination is important to investors' investment decisions, so it has provided the Trading Alert List to warn investors of unusual transaction. This user-friendly information tool is available on the SET website.

In 2011, SET investigated 10 cases of possibly unfair trading under the Securities and Exchange Act B.E. 2535 and passed the cases on to Securities and Exchange Commission.

Preparing securities firms for liberalization

Following the plan to liberalize brokerage commissions in 2012, SET has encouraged securities members to work together as a self-regulatory organization (SRO). This will allow them to more comprehensively agree with commission guidelines that suit dynamic changes in business environment and enhances their competitiveness in the long term.

Enhancing NVDR post-trade procedures

SET has improved post-trade procedures for non-voting depository receipts (NVDRs) to reduce limitations and obstacles of NVDR post-trade service, as well as cut operating costs of foreign investors and members, which are securities firms and custodians. The period for correcting NVDRs transaction between stocks and NVDR after completing clearing and settlement has been extended to be dated back three months. Fees for the corrected items between stocks and NVDR have been waived.

4) Improve capability

SET has followed its IT Master Plan, laid out since 2010, to lift its competitiveness to international level and network with international stock exchanges and other international organizations. For instance, SET has been engaged in the ASEAN Trading Link project and in building relationships with overseas ETF issuers and international rating agencies to realize Thai investment in order to attract foreign investors.

Enhancing IT systems, driving business with global standard technology to support new products and facilitate cross-market transactions

SET has adopted its five-year IT Master Plan (2010-2014) to enhance its ability to compete with other leading exchanges in the region. The plan, which is crucial to the trading system infrastructure and post-trade service system, is to support the launch of new products and increase the speed of service with high security. It has supported international transactions and growing business. As a result, it has increased SET's attractiveness to investors and helped market participants run their business with competitive costs. Key IT projects initiated or implemented in 2011 were as follows:

1. Development of integrated trading system, to be ready by the third quarter of 2012. SET has signed a contract with Cinnober Financial Technology AB as the system developer, covering trading systems for equity and derivatives, information dissemination and trading surveillance. System development is expected to be completed and ready to commence in the third quarter of 2012 for the equity market and 2013 for the derivatives market. Speed of the new trading system is comparable to that of leading exchanges, which will help increase the attractiveness of the market and business opportunities. This new system will attract investors from across the globe, including high frequency traders, and can cover algorithmic trading programs which are rapidly growing in popularity, and will conveniently link with other exchanges. To develop such a system, SET has closely worked with its securities members.



2. SETNET 3, a highly-efficient infrastructure and network system in line with international standards, has been implemented to become the single point of networking service. This comprehensive and integrated point of service has enhanced SET's business expansion and connected its borderless business activity in line with international standards. Safety levels have been stepped up in accordance with energy conservation guidelines. In 2011, SETNET 3 was applied to all SET core systems.

In term of energy conservation, SET uses virtualization technology to manage its computer center. Server capability has been used at low cost, reducing space used for server storage by 15%, cutting electricity charges by 20% and saving start-up time by at least 90%. SET's plan to apply virtualization technology has been on track. SET has also managed its computer center using the Green Data Center approach, ensuring that equipment is energy-saving, environment-friendly, and cost-effective.

Besides, the security system has been tightened up by adopting a central login system, enhancing surveillance efficiency for all logins of every core system. The system has been developed since the third quarter of 2011 and could fully operate for all system in the first quarter of 2012.

3. The launch of an enterprise data warehouse system as a "single source of truth" is to support using data from a centralized point and reduce redundancy of data storage within SET. It has control and validity check to ensure integrity and the highest security level. Business intelligence tools will be used to help analyze data and enhance business opportunities.

To ensure that SET's IT security is in line with international standards, SET requires that IT security experts from recognized institutions conduct IT audits every year.

The crucial proof that challenged SET's efficiency in IT and communication system management was when the floods hit Thailand in October 2011. SET was able to cope with the interruption seamlessly, thanks to its efficient back-up plan that enabled delivering smooth trading transactions while floods paralyzed Bangkok. A back-up system was set up at a dry site in Pattaya and within a few days, operations were seamlessly and flawlessly running without any damage to the overall capital market.



To enhance efficiency and support the exchange of technology assistance between organizations related to the Thai capital market and regional exchanges, SET has offered IT outsourcing services to Ho Chi Minh City Stock Exchange, where SET has developed the trading system for the Vietnamese bourse for 13 consecutive years. SET has also helped developed the computer system for the Agricultural Futures Exchange of Thailand for six years in a row.

Establishing relationships with global exchanges and international organizations

SET has proactively established relationships with market rating agency to raise their awareness about the value of the Thai stocks. Consequently, in September 2011, FTSE, a major global index provider, **upgraded the Thai capital market to Advanced Emerging Market status from Secondary Emerging market**, reflecting how the Thai capital market has been increasingly accepted by foreign institutional investors. **This upgrade has helped attract more investment from such investors. From March 2012, the new status has been taken into account in the FTSE Global Index Series.**



In addition, SET has established relationships with ETF overseas issuers, which was followed by the successful launching of an overseas ETF that tracks the SET50 Index. Nomura Asset Management and Lyxor Asset Management, who are leading ETF managers, registered the SET50 ETF on the Tokyo Stock Exchange on May 2011 and NYSE Euronext Paris in July 2011. This fund has enhanced investment opportunities in Thai stocks and facilitated foreign investors in their risk management at relatively low cost, increasing SET's reputation and attracting more investment interest.

ASEAN Exchanges, connecting stock trading in ASEAN

In 2011, seven ASEAN exchanges, comprised of one each from Indonesia, Malaysia, Philippines, Singapore, and Thailand and two from Vietnam, launched marketing plan and the ASEAN Exchanges brand as an asset class, on April 8, 2011 at the ASEAN Finance Ministers' Meeting in Bali, Indonesia.

To prepare securities companies for the intra-regional connection of stock exchanges called the ASEAN Trading Link, SET hosted the ASEAN Broker Networking event during July 28-29, 2011 in Phuket to strengthen relationships between brokerage firms in ASEAN countries. There were 62 brokerage firms from five exchanges, namely those of Hanoi, Malaysia, the Philippines, Singapore, and Thailand, attending.

Of the exchanges in the ASEAN Trading Link, SET, Malaysia Stock Exchange, Philippines Stock Exchange, and Singapore Stock Exchange and Philippines Stock Exchange have already appointed a system developer.

Trading is expected to commence in the middle of 2012. In the first year of trading, the ASEAN Trading Link would electronically link exchanges in Malaysia, Singapore, and Thailand.



Developing human resource efficiency, creating business opportunity

SET has consistently put developing human resource efficiency as a high priority item as it is employees who will create value-added performance and strengthen the organization's competitiveness and capability to connect SET to the global capital market. Therefore, SET has focused on enhancing employee efficiency to be able to deal with evolving technology and dynamic competitors. Actions taken include:



1. Cultivating business-minded employees at every level: Amid tougher competition and the ever-changing environment, SET needs to be well-prepared with highly-capable human resources who are eager to learn, have a keen business sense, thinking outside the box, and are ready to work in a rapidly evolving technology and business environment.

2. Focusing on customer centric service: This has trained employees to efficiently respond to customer needs amid rising competition.

3. Holding employee outings to foster bonds between executives and other employees: This activity has helped inspire creativity and harmony and allowed employees to try solving problems together.

4. Carrying out Leadership Development Programs: This activity, following last year's success, enhances the efficiency of future executives. It has been carried out in several formats, e.g., one-on-one coaching, e-learning and domestic and overseas training.

Her Royal Highness Princess Maha Chakri Sirindhorn laid the foundation stone at SET headquarters, Dindaeng district, Bangkok



Besides SET's excellent year of performance, another highlight of 2011 for SET was when Her Royal Highness Princess Maha Chakri Sirindhorn graciously laid the foundation stone for the bourse's headquarters on Ratchadapisek Road, Dindaeng district, Bangkok. This headquarters will be "**Capital Market Center**" which plays a crucial role in supporting capital market transactions. It will also be a model environmentally-friendly building meeting the gold level of US Green Building Council's LEED Certification, reflecting the bourse's social responsibility in energy conservation, pollution prevention and environmental friendliness. Also, the building will be well-equipped with global technology systems standards. Office construction will be completed in 2014.

5. Granting scholarships: SET has granted scholarships for outstanding employees to pursue Master's degrees in business administration, law and technology, either domestically or overseas.

6. Employing efficient and ongoing internal communications to ensure a clear understanding among employees at all levels: Communication channels include internal radio broadcasts, employee-executive meetings, special events such as forums, and informal meetings between executives and employees.

7. Assessing performance: The assessments are to make achievements clear and aligned with organizational goals. The SET president has clear key performance indicators (KPIs), which are clearly linked to organizational goals and cascaded down throughout the organization right to the bottom. Each person's KPIs are directly and clearly linked to the SET's reward system in considering salary raises and bonuses. These steps are to ensure that everyone is working toward a common goal, and rewards are based on performance.

In addition to enhancing the efficiency of its staff, SET has taken care of them, e.g., when Bangkok was severely hit by floods, SET provided flexibility for its staff regarding working hours and workplace relocation. SET believes that organizational growth depends on its workforce, and that when the employees are happy at work, they will produce quality work, enhancing the competitiveness and driving the growth of the organization.

The Capital Market Development Fund (CMDf) : Building the long-term quality of the capital market

To play a greater role for the entire capital market, the CMDf has made preparations in several fronts, including the CMDf Roadmap, which was jointly drafted with the authorities and associations related to human resource and professionals development in the capital market.

Quality development towards sustainable growth for listed companies

SET focuses on quality development of good corporate governance, investor relations, and corporate social responsibility among listed companies. To develop these three aspects, the exchange has put in place development standards and best practices, knowledge and motivation to utilize standards and practices, assessment, disclosure of assessment results, and recognition for those with best practices. These guidelines are to build the sustainable business growth of listed firms.

Promoting good governance among listed companies

Placing importance on corporate governance (CG) among listed firms, SET has carried out the “Promoting Good Governance Among Listed Companies” program for the second consecutive year. Under this project, the adequacy of a company’s administrative system is surveyed and analyzed, while consultancy services on risk management, internal control and good corporate governance are provided for them to strengthen their administrative system and enhance its business potential.

Another best practice publication that SET produced was the Independent Director Handbook to ensure that independent directors understand their role, particularly in giving comments and professional advice from a neutral stance for the company’s sake. Also, SET has published an evaluation form for CEOs as initial guidance for listed companies to assess their CEOs in line with a best practice for good governance. Moreover, SET has been carrying out an annual Analysis of Listed Companies’ Director and Management Remuneration report, to provide firms with guidelines for remuneration in tandem with industry averages.

To recognize listed companies with good corporate governance, the bourse has organized the annual CG Report Awards project for companies listed on SET and mai. Also, SET’s Corporate Governance Center Advisory Committee always organizes meetings with newly-listed companies’ directors and management to give advice on good governance and the directors’ role in fortifying corporate governance.

Promoting investor relations (IR)

To encourage and support listed companies in understanding and adopting best practices for IR, SET has started SET’s IR Advising Program for the first year. Advisory companies with expertise and experience have been selected to advise participating listed firms. An IR handbook has been given for listed firms to manage and enhance IR systematically. SET also organized IR seminars to provide knowledge and promote IR among management of listed companies, while outstanding listed firms in terms of IR were granted IR Excellence Awards.

Enhancing corporate social responsibility (CSR) practices to reach international standards

In 2011, the Exchange produced Guidelines for Social Responsibility, Guidelines for CSR Report and CSR Index case study. Guidelines for Social Responsibility is a handbook for firms in conformity with the international CSR practices of ISO26000, the UN Global Compact and the Global Reporting Initiatives (GRI). The guidelines are expected to be utilized as standards in operations of listed companies.

As a handbook for CSR reports in accordance with the GRI, the Guidelines for CSR Report has been shared to support and encourage listed companies in reporting CSR activities consistent with international principles. The report itself can drive CSR activities for companies and be useful in reviewing the extent to which CSR activities meet objectives. This will partly help companies in exploring how to operate a sustainable business in a concrete way. In addition, the CSR report is a good source of information for investors, asset management companies and stock analysts to analyze and make investment decisions.

The CSR Index case study serves as a tool for all parties in the capital market, including SET, SEC, securities companies, asset management companies, investors and listed firms in learning about CSR index strategies, development guidelines and planning. The case study will also provoke ideas on how to undertake business with social responsibility and sustainability in terms of disclosure standards, social and environmental management and sustainability reports in accordance with GRI among listed companies. The activities will eventually lead to corporate excellence with high business potential and attractiveness among investors domestically and abroad.

Moreover, SET organized activities to recognize and encourage CSR efforts among listed companies and the business community at large, particularly the CSR Awards presentation, all of which will help enhance potential of Thailand's capital market further.

Promoting greater expertise

The Thailand Securities Institution (TSI), a SET education arm, has consistently fortified the capital market by providing knowledge among business operators and the capital market's professionals and also promoted greater expertise in financial planning and investment to the general public. The activities have been conducted through diverse channels so as **to build solid economic fundamentals** along with **quality investors** for the country's capital market over the long term.

Towards a new dimension in strengthening professional development

The year 2011 saw a new role in strengthening professional development for TSI, which has been given two key mandates in stipulating the direction and enhancing the expertise of personnel in the capital market, as well as standard setting. The tasks, formerly performed by SEC, involve maintaining standards of the license testing center and administering examinations for securities professionals.

TSI had put in place the necessary systems and had been trusted by SEC before it started administering examinations for the investor contact license from October 1, 2011. Moreover, TSI has played a key role in supporting ASCO Training Institute (ATI) to become another vital organization in promoting professional development, being a license testing center and organizing training for license extension in place of TSI. Thus, from 2012 onwards, TSI will end its role as a training center for license extension.

Apart from the new role of TSI in 2011, the institute also upgraded professional skills in operations and service quality among personnel in financial institutions via key programs, namely Wealth Planner@Brokers, Wealth Planner@Bank and Modern Marketing Trainers. Over 6,400 staff members of securities firms and commercial banks have successfully participated in diverse training courses.





Developing diverse learning channels for all learning types

1. Seminars, other types of training and all types of teaching tools have been provided, with many programs being concerned with basic financial planning, investment, a variety of investment products, and an in-depth course on self- investment analysis and decision-making. Over 36,000 participants from the general public and investors have been trained via seminars as well as in-house training courses.

2. Online knowledge via the www.tsi-thailand.org website is a learning channel with financial articles, information and tools that can be accessed by all target groups around

the clock. In 2011, online seminars have been added as a live streaming channel, so that viewers nationwide can enjoy real-time atmosphere right from the seminar rooms. More than 340,000 people have viewed the website, while more than 15,000 members of TSI's Facebook fan page have received investment information and news via the social media.

3. SET has published a Thai translation series of "Internal Control Over Financial Reporting - Guidance for Smaller Public Companies" by The Committee of Sponsoring Organization of the Treadway Committee (COSO). The book was in high demand, while a seminar regarding the same topic was also attended by many people. Publications for investors have been continually offered through investment fairs, seminars, other forms of training and national book fairs for the whole year.



4. The Maruey Knowledge and Resource Center, a unique "living library", is a modern and complete learning center containing diverse financial and investment resources including e-books, journals, magazines and audio-visual materials, with a cozy atmosphere, along with regular activities to promote personal finance management for the general public. The library is open daily (even on holidays) and is located in the SET building, with a branch in the Esplanade shopping center, Bangkok. There are an average of 29,000 service users and activity participants each month.



Promoting savings culture and investment

1. Employee's Choice@Workplaces is a joint program of SET, Association of Investment Management Companies, and Association of Provident Fund Managers in arranging programs and training courses regarding financial planning for retirement to provident fund committees. Also, guidance on wealth-building via employee's choice, customized for each provident fund member, was also available. There were 516 provident fund committee members from 174 private companies and 26 state enterprises participating.



2. The Happy Money program teaching savings and personal financial planning has been jointly organized with Thailand Productivity Institute for the third consecutive year to create financial happiness for personnel and productivity of many organizations. In 2011, a total of 140 staff members from 20 organizations have been trained to teach financial planning for their workplace colleagues. More than 3,000 employees have benefited from this program, with two exemplary organizations being chosen as advisors to other organizations.

Building quality leaders with the Capital Market Academy (CMA)

In its seven years after establishment, CMA has organized a senior executive program to develop organization leaders who have high levels of expertise, possess visionary dynamism and leadership in the capital market, and are capable of leading their organizations towards both goals in business and in society. So far, 13 classes, totaling 1,050 top executives, have graduated from CMA and have helped develop the Thai capital market by proposing to government what evolved to become the current Thai Capital Market Development Plan. Moreover, the institute has produced academic reports useful for economic and social development, e.g., a national strategy for financial literacy education, adjusting economic policy to cope with Thai baht fluctuations, transforming the legal and policy framework on public-private investment, and views of the Thai businesses on fund-raising via the stock exchange.



Research for capital market development

In 2011, the Capital Market Research Institute (CMRI) emphasized understanding of how market participants support investors' savings via diverse investment tools, and obstacles that businesses faced in the capital market, and policies to improve the competitiveness of market participants.

Research projects that would benefit the capital market and overall economy include: 1) Attitude and behavior of how fund managers manage their portfolios 2) Savings and investment behavior of the general public aged 20-29 years; 3) Thailand's opportunity to develop the agricultural futures market and 4) Opportunities of Thai listed companies for direct investment abroad.

Sponsoring research on the capital market by graduate students

The Exchange aims to strengthen connections between the education sector and business operators in the capital market. In 2011, CMRI and 12 leading educational institutions started the Sponsoring Research on the Capital Market program to promote quality research about the capital market. Graduate students have submitted 22 research topics. To ensure the researches are truly applicable in practice, the institute has been honored by highly-experienced senior experts in the capital market who joined the Clinic for Capital Market Research to advise researchers and educational institutions. Additionally, the institute has organized a contest to recognize outstanding research concerning the capital market produced by educational institutions.



Conducting business with social and environmental responsibility

The Stock Exchange of Thailand (SET) carries out its activities with the vision and mission to create sustainable prosperity for all of its business partners. SET has not only emphasized offering diversified products and services to create value for firms and investors, but has always incorporated corporate governance (CG) which is transparent, fair, with full accountability to society and environment according to the concept of corporate social responsibility (CSR) in its operations. These steps are to protect the interest of all stakeholders as stipulated in a book, entitled “Compass for Corporate Social Responsibility”. This CSR report is based on the guidelines stipulated by the Global Reporting Initiative (GRI) to ensure that it is informative and comprehensive, meeting internationally-recognized sustainability reporting standards.

1) Practice good corporate governance

SET has developed good CG on a continuous basis to achieve its goal of being a true role model of good CG. SET has complied with international CG principles to protect the best interests and fair treatment of members as well as other stakeholders, both inside and outside of the organization. In addition, SET has disclosed information regarding the organization’s operation in a transparent and comprehensive manner. The SET board has placed importance on, and is determined to continually develop, SET’s CG efforts.

In 2011, the board set up the Nomination and Corporate Governance Committee to support CG development and review CG policies and implementation according to international best practices. In addition, the SET assigned TRIS Corporation Ltd. to assess SET’s CG practices in 2011 and advise on three aspects: (1) The board’s supervision and operations, (2) SET’s internal controls and (3) SET’s risk management, so that SET’s CG policy will be complete and comprehensive.

SET continues to emphasize responsibility towards its stakeholders. In 2011, SET has established clear guidelines on the “Code of Conduct” to ensure equitable treatment of listed and member companies, investors and employees as well as other groups of stakeholders such as trading partners, competitors, creditors, the public sector and other affected agencies, together with society, communities and environment.

2) Do business with fairness

SET has placed emphasis on raising the appeal and credibility of SET and other agencies in the Thai capital market by increasing the number of quality companies with transparent management and information disclosure that is complete, accurate and up-to-date. SET also set up clear and transparent listing processes.

SET has overseen listed firms with fairness to encourage them to mobilize funds. SET also provides greater flexibility in supporting the companies’ capital structure management in line with economic conditions and best interests of shareholders.

SET has supported listed companies in disclosing information to investors by developing its Web-based information dissemination system with standardized templates to streamline the operation of listed companies and provide clearer and complete information. In addition, information is sent by straight-through processing so that investors receive corporate action news promptly and accurately, reducing unnecessary steps which can cause errors. The stock exchange has also served as an investment center which is neutral, fair and transparent for both local and foreign investors. The SET securities trading supervision unit is equipped with modern systems to oversee securities transactions in real time to prevent unfair practices. SET’s work systems and personnel have been constantly improved to make them

ready to create and maintain fairness in securities transactions. Moreover, trading rules have been developed and improved to be up-to-date, in line with market conditions and changing investor behavior, in preparation for new products and activities.

To make it easy and convenient for stakeholders in the capital market to find out about securities transactions and investment-related information, SET has constantly developed its SET Market Analysis and Reporting Tool (SETSMART) information system to make it more convenient for investors to search for news about transactions and other information needed for prudent decisions. SET also utilizes Web sites www.set.or.th and www.settrade.com to deliver investment-related information in a speedy and up-to-date manner.

3) Respect labor rights and treat staff fairly

SET has treated its employees with fairness and taken care of their quality of life by providing good remuneration and welfare management systems. The work environment is pleasantly organized, with employee safety being given high priority. Staff employees have been encouraged to communicate their opinions and participate in making SET's operation plan. The organization has encouraged employees to demonstrate their potential and improve their expertise and career potential. SET has followed the eight Happy Workplace Prototype guidelines, produced by Thai Health Promotion Foundation, to create happiness in the workplace.

- Take care of employees

SET has placed emphasis on developing and streamlining work systems to make them up-to-date and responsive to new technology in accordance with international standards to enhance competitiveness and respond to organizational changes as follows:

1. SET has developed the capacity of employees at all levels in various forms, such as organizing training on business acumen, customer-centric, leadership and functions. In addition, SET has organized employee outing, knowledge-sharing and other activities to prepare employees for business competition which is getting more intense and diversified. Hence, employees can reposition their business strategies to continually and effectively respond to customer needs. SET has organized 16 training programs covering 1,739 days this year.

2. SET has created a knowledge-sharing culture to improve employee expertise and confidence by organizing activities such as the "SET DNA Outing" to adjust the employees' work attitudes and develop their teamwork skills according to "SET Core Values". The Business Mindset program improves their leadership skills, and the Leadership

Development Program helps create new generations of leaders for SET.

3. In addition to in-house training, SET has awarded scholarships for employees to earn their Master's degrees both locally and overseas in business administration, law, and technology to enhance their potential to develop the organization. This year, two scholarships have been awarded. The total budget for human resource development was THB24.17 million.

4. SET has communicated with the employees at all levels on a regular basis via internal communication channels so that employees would better understand the organization's directions and goals.



5. Employees’ evaluations have been based on a Performance Management System which is clear and in line with the organization’s goals. Remuneration will be awarded in accordance with each employee’s performance.

- Relief for employees affected by flooding

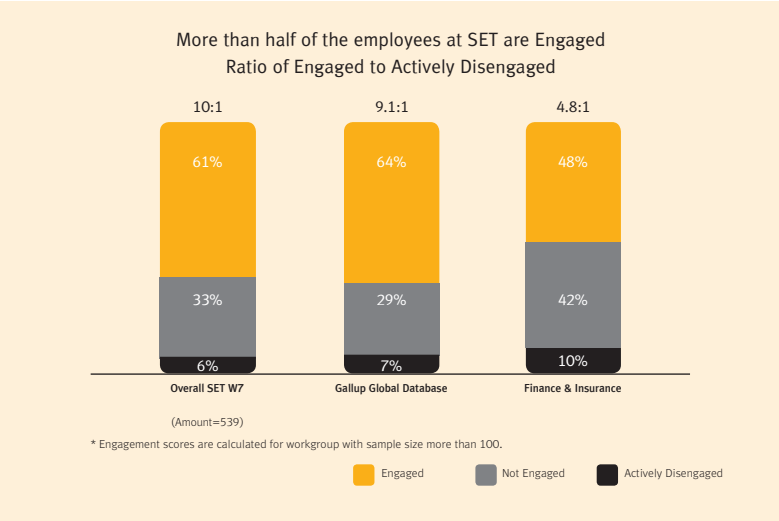
SET assisted employees and families affected by the flood crisis in 2011 to relieve the hardship of flood victims. SET provided temporary shelter and monetary assistance to flood victims as well as welfare support to repair damaged residences and rebuild the livelihood of employees and their families.

- Employee engagement

SET has established an “Employee Engagement Project” to listen to staff insights towards their work environment and gather these views to develop and create a pleasant workplace conducive to productivity. SET has conducted a employee engagement survey for the seventh consecutive year and will continue to do so, so that SET will continue to be a happy organization with sustainable development.

Employee Knowledge improvement

SET has trained employees to improve their knowledge and special skills according to SET’s business strategy, such as providing knowledge about new products and services and organizing knowledge-sharing activities to create a forum for employees to express, exchange views and learn from each other. At the same time, the organization has encouraged staff to live healthy lives by providing trainers to give proper instruction in exercise and develop their state of mind by granting leave with pay for those who wanted to attend mediation courses.



Support SET’s Employee Club

SET has encouraged its employees to make social contributions through SET’s Employee Club. The club organizes activities which are constructive and beneficial to society for executives and staff to voluntarily participate in.

In 2011, this club organized activities under the concept of **Do Good, Can Do and Catch the Spirit**. Apart from the activities that the club organizes to commemorate key events on a regular basis such as merit making to celebrate Makha Bucha or Visakha Bucha days, the club also organizes special activities to help people who suffer under different circumstances. For instance, the club donated money and supplies to senior citizens under the “Love Mom, Care Grandma” project at Ban Bang Kha 2, while the “Giving Support for Efforts” project supported the Army’s efforts to assist flood victims and mobilized donations of more than THB1 million. The “Invest in Children’s Meals” project organized funds to construct a school kitchen for students in Thung Pradu Temple School at Thup Sakae District, Prachuap Khiri Khan province. The club also organized a tour

to bring employees and their families to grow rice which would become students' lunches at Ban Nok Kamin Foundation, Nong Kha Yang District, Uthai Thani Province.

In addition, the Club organized the "Our Friends' Homes are Ours" project to educate employees on how to repair their houses after the 2011 flooding. The Club also took the employees to visit BOI Fair 2011 and organized the "SET Color Sport Games" to create good relationships between employees and management.

4) Operating with accountability to all investors

SET has treated all groups of stakeholders in accordance with the guidelines stipulated by "Code of Conduct" to ensure that all investors receive equal and fair opportunity to do business and invest as follows:

- Developed products and financial innovations to respond to the needs of investors with excellent service under fair conditions and treatment.
- Opened a night trading session for derivatives so that local investors can refer to global commodity prices in real time, empowering them to more prudently manage their risks and take advantage of trends in global markets.
- Increased investment channels for securities, including derivatives, such as Settrade Streaming for iPads to respond to the changing lifestyles of the new generation of investors, who prefer to use modern devices for their investment transactions.
- Improved SETSMART to make the information more conveniently accessible to ensure that investors and others receive information in an accurate, sufficiently comprehensive and timely manner for their decision-making.
- Organized activities useful for foreign investors, such as roadshows and Thailand Focus, so that they could meet and discuss with top executives from the private and public sectors about the Thai economic and political outlooks and business performances of leading listed companies.
- Provided information to investors nationwide through educational marketing activities by working with business partners to reach out to them. In addition, SET has increased business opportunities for partners through comprehensive communication programs and other activities, e.g., SET in the City, the Broker Wealth Services, Let Money Work via Mutual Funds, Banker-to-Broker, One for All, CLICK2WIN2011 and Financial Freedom in 7 Days. These projects provide comprehensive information and educate about investment from start-up through advanced, investment channels to create quality and prudent investors with in-depth expertise.

- Listened to opinions from various parties regarding the introduction and improvement of rules and regulations, as well as helping to ensure standardized compliance with rules and regulations.
- Supported listed companies in terms of supervision, investor relations and social responsibility by providing advice and recommendations to the firms so that they could better expand their business in a sustainable manner.
- Organized "Opportunity Days" to provide a forum for listed companies to meet face-to-face with securities analysts, investors and the media to discuss the overall business and the companies' performances.
- Increased channels to access information through webcasts at www.set.or.th/oppday to enable investors to receive information from listed companies without delay.



- Produced interactive media and VDOs to be disseminated via www.settrade.com/freedom, which is easy for self-learning and appropriate for the lifestyle of the new generation of investors who prefer to use the internet

5) Participate in community and Thai social development

Despite focusing on businesses and financial opportunities for stakeholders, SET does not ignore developing the well-being of the community, society at large, and the environment by supporting activities that are beneficial in three areas: (1) Knowledge and education, (2) Society, quality of life and the environment and (3) Religion, art and culture.

1. Knowledge and education

SET has continuously supported teaching business values and awareness among youth about saving and financial management. These activities are to lay a solid financial foundation from elementary to post-graduate levels that strengthens the financial status of participants in a sustainable manner.

Build life skills in youth for a sustainable and strong economic foundation

SET has placed importance in instilling financial life skills in youth to build a strong economic foundation for households and the nation in a sustainable manner. To achieve this objective, SET has continuously organized projects and other activities to promote skills in personal saving and financial management from elementary to post-graduate levels.

Nguen Thong Kong Mee Ka project (“Personal Finance for Youth” project) has continued to expand. This curriculum has been incorporated into a special curriculum for 436 primary and secondary schools in Bangkok, covering more than 300,000 students. A total of 1,316 school administrators and teachers have been trained in this project, and in addition, training in personal finance management and investment has been organized for 1,101 educators nationwide. SET has also published the Value of Money book series: “Developing life values based on the sufficiency philosophy”, consisting of 12 books. These books have been included as special reading assignments for grade 1-12 students, and been made available to schools under the Education Ministry’s Office of the Basic Education Commission nationwide. Started in 2002, this project has featured various activities such as book publication, orientation of educators nationwide, saving promotion activities and financial quizzes. So far, a total of 7.14 million students, more than 35,000 educators and more than 23,000 schools have participated in the program.

In addition, SET has promoted learning saving and personal financial management via two major activities. First, the Diamond Crown in Economics: Nguen Tong Kong Mee Ka and Sufficiency Philosophy 2011 Contest has been organized for the third consecutive year. The event this year was a major happening to celebrate the 84th birthday anniversary of His Majesty the King. A total of 2,331 students from 809 schools participated in the project, marking an increase from 2010 by more than 300 students. Secondly, the SET Junior Financial Club 2011, or SET JFC 2011, aims to instill financial discipline among elementary and secondary students and encourage them to use their time constructively during school breaks. The project, which is being implemented for the second year running, is titled “The new generation of youth pays attention to finance: Know how to earn, save, spend and invest”. A total of 614 students have joined the program.



SET also organized the Young Financial Star Competition 2011, or YFS 2011, for university students for the ninth consecutive year to prepare the new generation of personnel for the capital market. Over the past eight years, more than 24,000 students have participated in the competition. The number of YFS applicants for YFS has been steadily increasing, with 5,037 students applying to YFS 2011. The stock exchange has also promoted expertise in financial management and investment by setting up SET Corners at universities nationwide, benefiting more than 3,200 people so far.



SET also organized an essay competition on “Smart Saving, Smart Spending and Smart Investing”, which is a continuing project from 2010. The competition stimulates learning for youth and the general public on the concepts of saving and investment. Selected essays have been published in the Story of Smart Saving, Smart Using and Smart Investing books, which are available to the general public. There were 1,377 submitted essays: 197 from students in grades 4-6, 640 essays from secondary/vocational college students and 540 essays from university students/general public.

SET has also initiated the “SET Young Generation: Post-Training for New Graduates on Finance” project by publishing and distributing “Financial Planning When Entering the Working life” books. SET has also organized



activities to enhance understanding of personal financial planning for university seniors, focusing on non-finance students. More than 4,000 students have participated in the project.

SET projects for youth have been well-received by students at all levels as well as teachers, educators and parents, as the projects have been responsive to the learning needs of youth and have effectively enhanced the youngsters’ life skills.

In addition, SET has supported college students’ efforts to participate in business planning competitions organized by leading educational institutions to enhance

their experiences and skills in presenting business plans, which will be very useful throughout their careers, and business plans focusing on social assistance.

2. Society, quality of life and the environment

SET has implemented and supported activities that develop society as well as to promote the quality of life and environment in a sustainable manner by sponsoring activities of various foundations and organizations. In addition, SET also recognizes outstanding organizations and persons who have contributed to society to boost morale, create a multiple impact on the public at large and be an exemplary model for society through activities as follows:

Social recognition project. This project, which began in 2007 and has entered its fifth consecutive year, aims to honor persons and organizations which have contributed to the society by their sacrifice and dedication. The project is designed to promote the common good and boost the morale of those who seek to benefit society in a sustainable manner. The Social Recognition Project is organized in cooperation with six organizations, covering six fields - education, library development, music, rural social development, sports, and urban social development.

1. Library Development “The Professor Khunying Manmas Chavalit Award”. Thai Library Association has selected two outstanding persons who have dedicated themselves to creating learning centers for their communities. First, SET has honored Aim-orn Tanthien, a librarian who initiated the Thai Law Library Project and Thai Public Prosecutors Museum as knowledge centers for researching the history of law and legal development, dating back for more than 120 years. Ms. Aimorn did not use the government’s budget but mobilized more than THB20 million by herself. Her project has been tremendously valuable to Thai society. In addition, she has dedicated herself to setting up a Public

Prosecutors Library to serve as a learning center to develop the body of knowledge of Thai law. Aimorn's project is an important foundation to upgrade and develop the legal expertise of those in the legal profession, which is a main institution of the kingdom. In addition, SET Foundation has honored Rasi Sahgaj, a special educator at Wattanon School, Pamok District, Angthong Province, who has sacrificed and dedicated herself for more than 26 years to develop a comprehensive learning center library at Pamok District in Angthong. She has joined forces with her teacher colleagues and volunteer librarians to set up a living library for Tanon Temple School by using her own money to renovate and develop a prototype living library. Her library has been selected as one of the nine exemplary living libraries by government-backed Thailand Knowledge Park (TK Park), a facility area to promote creative public learning. The living library also serves as a model for other schools nearby.

2. Education "The Professor Sangvian Indaravijaya Award". The Professor Sangvian Indaravijaya Foundation has honored Sattha Hongthong, Principal of Ban Klong Nam Sai School, Kabang District, Yala Province, because he is a civil servant who has sacrificed and dedicated himself to education. With his determination and cooperation with local communities, he rebuilt schools that were damaged by conflicts in the deep southern provinces to become learning centers, leading to educational management innovations called: "Educational Center Development to Achieve Goals and Peace" and "Educational Resort: Real-Life Learning Zone". Due to his outstanding work, the project has received the One school, One Innovation award from Khurusapha, or the Teachers' Council of Thailand, for three years in a row.



3. Rural Social Development "The Mechai Viravaidya Award" of the Population and Community Development Association has honored Borwornsilp Chaochuen, Professor, Chairman of the Tawanchai Foundation, who has dedicated his life to patients with cleft lips, cleft palates and/or craniofacial deformities by providing comprehensive assistance from treatment to rehabilitation. In addition, he set up Tawanchai Foundation to provide education opportunity to poor patients and initiated programs to create multiple effects in society at large.

4. Music "The Sugree Charoensook Award". The Sukree Charoensook Foundation has honored Yusof Umar pioneer of dikir, which is an indigenous musical form from Pattani province, for his commitment to preserve and promote the local cultural heritage by passing on the knowledge and appreciation of dikir performances to many schools. He is an exemplary model for persons who are determined to preserve art and culture, and has written more than 100 songs both in Thai and Yawi languages. His performances are both entertaining and educational because he always blends national affairs and the local way of life into the story lines to help the audience gain a better understanding of the different way of life, social lifestyle, tradition and culture of people in the three southern provinces.

5. Sports "Maj. Gen. Samrerng Chaibong Award". The Football History Association of Thailand has chosen Saneur Chaibong as the recipient of this year's award because of his outstanding work and contributions to sport development. He is a co-founder and trainer of the Raj-Vithi Football Club, which won major league trophies for four times and was the King's Cup champion in 1983. He is one of the 90 outstanding individuals who received the much-coveted Asvabahu Award, which recognizes persons who have shown commitment and dedication to football.

6. Urban Social Development "Isaramethi Award Vimuttayalaya Institute" has honored persons who work with Environmental Litigation and Advocacy for the Wants (EnLaw) and the Writers' Group for their contribution to urban social development. EnLaw is the first Thai non-governmental organization focusing on environmental law, such as those dealing with industrial pollution which directly affects the environment and people's health, inefficiency and unjust laws regarding natural resources and environmental management, human rights violations and violence caused by unfair legal enforcement.

The Writers' Group consists of Thai leading thinkers and writers such as Binlah Sonkalagiri, which is the pen name of Wuthichat Choomsanit, winner of the S.E.A. Write Award in 2005 for his work Chao Ngin. The Writers' Group also includes Vorapoj Panphong, an independent writer and columnist of GM and Image magazines and Pornchai Viriyaprapanont, a film critic and columnist of many magazines. These writers have worked to bring a sense of nostalgia

for outstanding literature from 1992-1998 and brought tangible results by returning happiness and aesthetics of art to the conscience of urban people who have become increasingly isolated from the beauty of literature.

Project to support people who do good deeds through a foundation to support people who are doing good deeds. The project focuses on scholarships or funding to start up businesses for those who have become injured, disabled, or deceased because they helped others, or, have to be able to give funding to families if the person who helped others is dead. This project boosts the morale of those doing good and their families by enabling them to continue to earn a decent living.

The Power to Bridge Social Disparity project is organized by Capital Market Academy students to upgrade the quality of life of communities in provinces with low income per capita and which lag in development, education and health.

Taking care of communities and upgrading quality of life and environment

SET has placed emphasis on upgrading the quality of life and health of communities in SET's neighborhood in a sustainable manner by participating in various activities such as the "Grow your own vegetable project", which has encouraged people in the communities and students of Klong Toey Vidhaya School to spend their pastime constructively and use these home-grown vegetables for students' lunches. In addition, SET has organized aerobic exercise activities to reduce health problems and promote healthy living and harmony in the communities. Supporting a charitable heart transplant project to commemorate His Majesty the King Bhumibol Adulyadej's 84th birthday. The 50th Anniversary Maha Vajiralongkorn Hospital Foundation has partnered with the government and private sector to organize a charity heart transplant project for impoverished patients both Thais and foreigners.

Provide relief to victims of disasters

In 2011, the world has encountered severe natural disasters, e.g., an earthquake and massive tsunami in Japan and severe flooding in Thailand, causing human suffering and massive damage to property.

SET has provided relief to people harmed by natural disasters, both in Thailand and abroad, including donating money to assist the victims of the earthquake and tsunami in Japan via the Japanese Embassy.

In Thailand, SET aided flood victims since the flood began. In October 2011, SET joined forces with other organizations with the capital market such as Association of Investment Management Companies, Association of Securities Companies, mai-listed Companies Association and Capital Market Academy, Securities and Exchange Commission, Thai Listed Companies Association, The Thai Bond Market Association, and The Federation of Thai Capital Market Organizations, to set up the **"Stock Market Flood Relief Fund"** to help



flood victims. The relief effort consists of immediate relief, post-flood rehabilitation activities, and a sustainable development program. Funds were used to rebuild schools, houses and public buildings. This is a significant example of cooperation among agencies in the Thai capital market to assist Thai society.



The Stock Market Flood Relief Fund also organized the “Restoring Flooded Schools for communities” project to aid schools affected by the flooding crisis, fill in gaps in the government’s relief efforts to enable damaged schools to reopen and become community centers and shelters during the crisis. More than 75 schools have supported this program. In addition, Classes 1-13 of Capital Market Academy students have initiated **the Capital Market Academy Unites Flood Relief** project accepting donations to assist schools and communities affected by the deluge. The students also set up shelters to prepare for floods at 15 schools and one Sangha University.

3. Religion, art and culture

SET has promoted religion and Thai art and culture by participating in a kathin ceremony organized by the 84th Anniversary Rajanakarin Center at Khao Din Nhong Saeng and royal kathin ceremony at Bodh Gaya Mahabodhi Temple in Gaya, Bihar State, India. The stock exchange also supported Makha Bucha Day activities by donating platform seats for monks at Wat Asokaram.

In addition, SET has promoted musical talent of youth by organizing Settrade Musical Moment concerts so that Thai youth can showcase their talents and successfully enter the international music arena.

SET also sponsored music therapy for hospital patients, where students of the College of Music, Mahidol University, played for patients at Golden Jubilee Medical Center, Mahidol University, to relieve the stress of patients and their relatives and boost their morale. SET also sponsored the Supreme Artist Project by Rama IX Art Museum Foundation to commemorate His Majesty the King’s the 7th Cycle Birthday Anniversary by honoring his artistic talents.



6) Environment preservation

SET has realized the importance of environmental preservation and environment quality improvement by conducting major events such as a campaign to encourage employees to reduce energy consumption. The exchange has also participated in the 60 Earth Hour global event since 2008 to take action on climate change by reducing carbon dioxide emissions for the fourth consecutive year. SET has also improved and developed its machinery, such as air conditioning and climate control to maintain the temperature inside the building at 25 degrees Celsius. Therefore, in 2011, SET saved 400,000 KWH of energy compared with the average amount consumed over the past four years (2007-2010). In addition, SET has continued the Smart Printer Project for the second consecutive year to reduce the number of printers, ink and paper used to reduce negative impacts on employee health. The stock exchange also contributes to combating global warming by using eco-friendly printers which are safe for people’s health.

Moreover, the stock market has used virtualization technology to manage its computer center, saving space for servers by 15 per cent and electricity consumption by 20 percent, and cutting start-up time by at least 90 percent. The exchange uses the Green Data Center system by using energy-saving equipment to save the environment and save expenses while conducting regular maintenance to ensure operational efficiency.

SET has attended the energy saving in buildings and supervision workshop organized by the Ministry of Energy and training on wastewater treatment to make the quality of discharged wastewater from SET buildings higher than the standard stipulated by law, to create a clean environment. The organization has also increased greenery areas around SET by creating small parks and planting trees to create a pleasant landscape for SET offices.

SET has created energy-saving campaigns in the organization, instilling employee awareness of energy saving, as well as water and electricity conservation, through projects such as SET Green Campaign to inspire the employees to use energy efficiently, using internal communication channels. Other activities include the Electric Bill Hunting Game, wherein employees compared their electric bills to see how many units of power they consumed each month.

SET has joined forces with 55 leading organizations, led by Infozaf Co Ltd, to organize the Shred 2 Share Project, to create employee awareness of the benefits from systematic document destruction in line with desired standards to help save the environment. Shredded paper will be properly recycled to reduce the amount of waste, helping the organization reduce waste management expense. To commemorate His Majesty the King's 84th Birthday, SET has joined the "84 Million Kilograms Recycles for Dad Project" to commemorate His Majesty the King's birthday by making Thai people realize the significance of waste management before they discard items. Bins for recyclable trash are available on every floor of the building, and employees have been asked to segregate recyclable materials. So far, total of 34,252 kilograms of recyclable materials have been collected.

7) Innovations

SET has continued to develop new financial products, information, post-trade services, transaction channels and new market instruments to make it more convenient for investors to use services from the capital market. For instance, SET has launched gold exchange-traded funds (ETFs), which is an investment innovation which should benefit both domestic and foreign investors by making it convenient for trading gold real-time with user-friendly features and safe mode. SET also launched new derivative products on Thailand Futures Exchange, such as silver and oil futures to increase the diversity of products for investors to manage risk.

SET also continues to develop new channels to make access to investment and investment information more convenient/less risky for investors and other parties.

8) Publication of social and environmental reports

SET has published social and environmental reports by disclosing how the organization has complied with good corporate governance and been responsible to society at large, communities, the environment and employees in the organization in order to inform every group of stakeholders of SET operations. SET will constantly develop reports to benefit all involved parties and stakeholders according to internationally-recognized standards.



Technology

Human
resource

Efficiency

Services

Partners

Innovation

GROWTH

Products

Knowledge



Developing capabilities Increasing opportunities and building future

Enhancing organization's potential
Boosting every aspect of capability
for unlimited growth

SET Group strategic plan for 2012

In 2012, the Stock Exchange of Thailand (SET) has adopted a new vision: **“Empowering business and investors through our strengths to match the right financial opportunities”**. To support the vision, SET has laid out the following strategies for the year 2012.

Exchange Function

1. Empowering business

SET will seek to attract large and medium companies and securities to list on the exchange. Over the next 1-2 years, SET will promote the listing of infrastructure fund, real estate investment trust (REIT) and Thai holding companies with core investment abroad. In addition, SET will advocate for the amendments of regulations related to foreign securities listing in Thailand.

SET will enable business to raise fund at fair value, utilize tools and instruments available in the capital market that match their financial needs, and advocate for merger and acquisition.

2. Empowering investors

SET is committed to expanding investor base. SET will continually focus on satisfying retail investors' variety needs. SET will expand domestic institutional investor base, e.g., mutual fund, private fund and provident fund, which are indirect investment channels of the Thai people. In addition, SET will promote the use of derivatives products as a means to manage risks among corporate investors.

3. Matching the right financial opportunities

SET will continue to expand equity and derivatives product range. SET will launch Thai Depository Receipt and currency futures. In addition, SET will increase liquidity of securities with high potential, SET50 futures, gold futures and recently launched oil futures and silver futures.

In terms of technology products, SET will promote co-location and sponsored-access services as well as enhance market data products to respond needs of investors.

On the post-trade side, SET will launch securities borrowing and lending (SBL) service which will enhance risk management capability of investors and improve market efficiency. In addition, SET will expand the scope of third party clearing service for intermediaries who wish to trade only and clear the trades through other clearing members.

4. Strengthening SET's capabilities

SET aims to increase capability and efficiency to be on par with leading exchanges in the region. The plan includes (1) the new trading engine for the equity market will be launched in the middle of 2012, (2) SET will develop the Operation Master Plan which aims at automating work processes, setting foundation for cross-border transactions and straight-through processing capability, (3) SET will improve enterprise risk management framework and, (4) SET will improve its regulatory framework so as to maintain the right balance between market integrity and business needs.

5. Strengthening intermediaries

SET will work jointly with all types of intermediaries to maximize mutual benefits. SET will also co-operate with intermediaries by setting up steering committees to develop the marketing plan and promote the right products that match the needs of different investor segments through the right channel at the right time. Furthermore, SET will support market participants to expand their business with economy of scale through our services.

Long-term capital market development

In 2012, SET will continue to focus on strengthening long-term competitiveness and capability of all stakeholders in the capital market.

SET will promote the adoption of ESG (Environment, Society and Governance) standards among listed companies and will provide listed companies with advice on investor relations.

SET will seek to expand domestic retail investor base and strengthen financial capabilities of the Thai people. The concept of portfolio management will be disseminated to investors while potential investors will be equipped with wealth management knowledge. Provident fund unit holders would be encouraged to allocate their investment in equities.

Starting from 2012, SET will serve as a standard setting organization for professionals in the capital market and will transfer its duty on organizing professional licensing examinations to self-regulatory organizations (SRO). In addition, SET will develop specialized curricula for professionals in the capital market.

Capital Market Research Institute (CMRI) will serve as a champion of the Capital Market Master Plan. CMRI, in co-operation with related organizations, will ensure that the plan is dynamic and responsive to market environment and that executions achieve desired outcomes. CMRI will continue to establish the platform where market practitioners and academic researchers contribute the knowledge for the long-term development of the capital market.

ACCOUNTABILITY
INTEGRITY
TRUST



GOOD
CORPORATE
GOVERNANCE



Committed to building credibility by maintaining standards of good corporate governance

Working with transparency and
fairness for steady progress
coupled with sustainable
economic prosperity

Compliance with Good Corporate Governance Principles

SET's Board of Governors has continually strived to develop SET's corporate governance (CG) in all its activities to ensure trust and creditability for all stakeholders. The Board also believes that good CG will support the Thai capital market's international competitiveness.

In 2011, the Board appointed the Nomination and Corporate Governance Committee (NCG Committee) to support the Board in developing SET's CG and reviewing its CG policies and practices to ensure that SET's CG principles and CG policies were comparable to international standards. The Committee approved public disclosure about SET CG policies and actions in SET's website, annual report, and other channels.

Moreover, SET assigned TRIS Corporation Co., Ltd. to assess and guide SET in terms of good governance. In processing, TRIS has explored SET's CG system in three areas, each benchmarking international principles and recommended best practices: 1) CG and board practices 2) Internal control systems and 3) Risk management. Issues arising from the assessment will be addressed in the sections on "Corporate Governance Policy" and "Code of Ethics", e.g., on anti-corruption, human rights, or anti-copyright violation policies.

Compliance with Good Corporate Governance Principles in 2011

1. Shareholders' rights

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

2. Equitable treatment of shareholders

The BoG must call an ordinary meeting of SET members once a year within four months of the end of its fiscal year, which is December 31. The meeting notice, including the agenda, must be sent to every member no less than seven days prior to the meeting, and SET members can add items to the meeting agenda ahead of the meeting. The board may call an extraordinary meeting whenever it deems appropriate. In addition, the BoG must call an extraordinary meeting when members representing no less than one-fifth of all members submit to the board a written request to do so.

At all meetings, the BoG chairman presides and three-fourths of all members constitute a quorum. The meeting will normally 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 2011, the BoG called an ordinary meeting on April 23, chaired by the BoG Chairman and with a total of 9 directors in attendance. There were four extraordinary meetings in 2011, with an average attendance of 90% of members. Among the matters considered were election of board members, approval remuneration of the BoG chairman, appointment of the auditor, consideration of significant practices relevant to members, and the arrangement of hearings on matters related to all members, such as amendment of trading rules for offering of foreign ETFs, amendment of trading rules for internet trading and program trading, rules for the direct market access system and algorithmic trading, and amendment of trading rules for gold ETFs through non-member securities companies.

3. Role of stakeholders

3.1 SET practices

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, SET has set guidelines on the protection of stakeholders in the SET Code of Ethics manual. Policies toward and treatment of stakeholders include:

(1) Investors and the public

- Creating customer satisfaction by offering various financial products and quality services, under fair conditions, giving adequate, accurate and timely information about such products and services. SET does not exaggerate or mislead customers about the quality, quantity or other terms and conditions of products or services. In 2011, SET has provided more choices in both equity and derivatives for investors, including:

- Listing five ETFs to be choices for investment; and as of end-2011, SET has eight ETFs listed;
- Establishing Thailand's first gold-based ETF, which tracks the price of gold; as of-end 2011, SET had four gold ETFs listed;

- Launching derivative products as follows: Silver and oil futures, the latter to help entrepreneurs manage energy-related costs; both instruments serve as alternatives for investment and risk diversification of portfolios;

- Opening a night session for trading gold, silver, and oil futures, running from 7:30 p.m. - 10:30 p.m. This additional trading time help investors follow trading movements and adjust their portfolios in time.

- Providing sufficient, correct, and timely information to investors and providing better quality information services, such as:

- Introducing "Settrade Streaming for iPads" to conveniently provide information for all types of investment in stocks and derivatives;

- Improving information disclosure on the SETSMART system to facilitate more functional, more efficient and easier access to more important information, e.g., Favorite Stocks, Favorite Queries or disclosing CG scores and trading volume of listed firms classified by investor and market type.

- Providing communication channels for customers to receive business information and complaints; giving high significance to protecting customers' confidential information and not using the said information for personal or other benefit in bad faith. The Code of Ethics for SET Governors, committee members, advisors and employees mentions these practices and urges compliance with them.

- Establishing the Securities Investor Protection Fund (SIPF). This fund was established in 2004 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. As at December 31, 2011, there were 32 companies which were SIPF members, as listed on SET's website, and SIPF had a net asset value of THB 618 million.

- Educating investors and the general public about the Thai capital market as well as broadly disseminating information them via various channels:

- Holds roadshows to strengthen the trust of global institutions in the Thai economy and the potential of listed firms. These events took place 8 times, resulting in a total of 324 foreign institutions and 32 listed firms to join overseas roadshows.

- Hosting Thailand Focus 2011 with the theme, “Enhancing Thailand’s competitiveness through the next decade”, jointly organized with Bank of America, Merrill Lynch, and Phatra Securities plc, so that leading foreign institutional investors could obtain vital information directly from top executives of leading listed companies about their latest earning reports. A total of 193 institutional investors and 67 listed firms participated in this event.

- Creating SET in the City, which took place six times in 2011, which was 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 enabled participants to easily interact, learn about saving and investing, and become more involved in the capital market.

- Organizing seminars and workshops for various target groups. Such programs ranged from basic training courses related financial and investment planning to professional training courses for in-depth understanding on managing your own portfolio. In 2011, over 36,000 people participated.

- Setting up SET Corners and e-learning facilities at outlets, in educational institutes and in other government and public sector organizations to expand Thailand’s investor base. By end-2011, there were over 180 SET Corners nationwide.

(2) Listed and member companies

- Consulting on investors’ interests and responding to stakeholders and related parties in an open, equitable and impartial manner. Giving information and holding other activities to help firms and related parties understand and comply with SET regulations, such as:

- Amending criteria for securities trading of new products, infrastructure funds and foreign ETFs to suit all stakeholders involved;

- Setting bid and offer prices of treasury stock on the main board;

- Boosting efficiency of information disclosure of listed companies by introducing the Straight-Through system.

- Holding Opportunity Days for listed companies, after they report their quarterly operating results to SET, so the firms can provide timely and accurate information to analysts, investors and the press. In 2011, this event provided live broadcasts for investors through Webcasts (www.set.or.th/opday and www.settrade.com/opday). Viewers are also able to watch past events, download related documents, and send questions to presenting companies directly through any of the above-mentioned websites. All these events resulted in a total of 11,093 investors, 2,165 analysts and 1,400 media representatives participating.

- Establishing the Corporate Governance Center to help listed companies realize the benefit of good CG practices, both for their own businesses and all stakeholders. In addition, the CG Center helps listed firms in understanding and implementing CG. Moreover, in 2011, SET held its first IR Advising Program to help listed firms in understanding, seeing the importance of, and implementing IR activities in their companies.

(3) Suppliers / Business partners / Creditors

- The SET has a written policy for business conduct with its suppliers/contractors that is fair and complies with corporate governance best practices. Specific committees have been formed for procuring and inspecting both general and technologically complex systems. Full details of procurement regulations and manuals are available. SET ensures that its trade partners receive fair and mutually acceptable remuneration, without giving questionable benefits.

- Moreover, SET policy is strict on complying with contractual obligations and agreements and seeks to notify suppliers / contractors as soon as possible if obligations may not be fulfilled, in order to find acceptable resolutions in a timely manner.

Every director, executive and employee should refrain from accepting monetary or non-monetary gifts from SET's business partners, suppliers, customers, creditors or any other person they are dealing with on behalf of SET. The only exceptions are traditional, seasonal gifts which are in accordance with normal cultural practice. The value of any gift received must not be over THB 3,000.

(4) Employees

- Employees are valuable assets of the Exchange. SET continues to seek capable and experienced personnel in line with its growth and the demands of the organization. As of December 31, 2011, SET had 730 full-time staff, with a 7% turnover in 2011.

- SET has continually developed employees by providing training and development programs to enhance their competency and provide career advancement opportunities. In 2011, SET provided 16 in-house training courses, totaling 1,739 man-days and costing THB 6,067,005. The training programs are focused on developing the business mindset, strategic planning, a customer focus, and the functional skills needed in each position. Moreover, SET organized the SET DNA Outing to strengthen relationships between SET executives and staff and to build synergy in the work place.

- Since November 2010, in addition to succession plans for the president and executive management, SET also has a leadership development program to select, develop, and retain employees with the potential to be tomorrow's SET Group top management. This program has already started to develop executives with high potential to lead SET into the highly competitive and internationalized future.

- SET promoted employee participation in SET activities using interactive communication between management and staff, in the form of frequent Town Hall Meetings. This internal communication channel between top executives and staff increased understanding among all staff of SET's direction and short-and long-term goals. Moreover, SET welcomed all employees' opinions and recommendations, giving them fair and equitable treatment.

- SET remunerates employees and management on a par with that of other leading organizations, and its evaluation system is performance-based.

- SET provided large-scale support to victims of the 2011 floods, including SET staffs and their families. Such support included funding for rental housing, emergency loans, life vests, Effective Microorganism (EM) balls, portable toilets, and teams to repair and restore damaged housing.

- 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, with 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. During the 2011 flood crisis, the SET Employee Club organized aid to flood victims, including our own employees and people stranded in flooded areas.

(5) The society, community, and environment

- SET conducts its 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 2011 is highlighted in SET and corporate social responsibility section).

- SET helped listed firms understand the importance of conducting their business with responsibility to society and how to maintain an environment for sustainable growth. SET's Corporate Social Responsibility Institute (CSRI), was a core organization to encourage the business sector to benefit Thai society and the environment. SET's CSR activities in 2011 included;

- Disseminating a handbook, Guidelines for Social Responsibility. This volume guided firms in carrying out their business activities while following international best practices relating to responsibility to society and the environment.
- Disseminating the handbook, Guidelines for CSR Reports, comparable with international standard guidelines for disclosure on CSR activities, to help listed companies in disclosing their CSR activities in annual reports or through other public channels.
- Analyzing the usage of the CSR Index to encourage listed companies to conduct their businesses with responsibility to society and the environment.
- Promoting listed firms to disclose their CSR activities following Global Reporting Initiatives (GRI) guidelines. Such activities and disclosure will support Thai listed companies in achieving corporate excellence, helping both Thai and foreign investors realize the Thai capital market's potential and increase its competitiveness.

(6) Competitors

- SET competes fairly and does not seek to find information about competitors through dishonest, illegal, illicit means. SET does not slander or discredit its competitors.

(7) Government sector

- SET supports the government's policies and operations and complies with all regulatory requirements and policies and collaborates with governmental agencies to build national stability and growth.

3.2 Whistle-blowing policy

As a part of its CG policies, SET has established a policy for receiving reports of wrongdoings and complaints of the business malpractices of SET Group, including those regarding our accounting, auditing matters, internal controls, violations of the law or activities that go against the spirit of SET Group's Code of Ethics. This policy has been disseminated through SET's website under "Whistle-blowing policy". Such reports are conveyed to the Chairman of the Audit Committee, via:

<u>Electronic mail</u>	ChairmanoftheAuditCommittee@set.or.th
<u>Postal mail</u>	Chairman of the Audit Committee Internal Audit Department 62 The Stock Exchange of Thailand building Ratchadaphisek Road, Klongtoey, Bangkok 10110

Moreover, SET has a whistleblower protection policy, a well-defined process to assure that whistleblowers in good faith will be protected. Among other things, the whistleblower can choose to declare or not declare his/her 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 given fair treatment.

In 2011, there was no complaint involving wrongdoing or concerning business malpractices of SET Group.

4. Disclosure and transparency

The BoG emphasizes the quality of the information disclosed to ensure that important information for business operations and securities trading are correct, accurate, and transparent through easy-to-access channels. SET's website is a major source of important information both financial and non-financial, and is in both Thai and English, including:

- An overview of SET, e.g., SET's mission and operations; profiles of the Board of Governors and management team; organization chart; a description of SET Group; details on SET CG policy, downloadable copies of SET's Code of Ethics and Practices on the Acquisition and Disposition of Securities for SET Governors and SET Employees; whistle-blowing policy for receiving reports of wrongdoings and complaints of any business malpractices of SET Group. All information is up-to-date.
- SET's annual report (in downloadable form), with historical data since 2001, disclosed in accordance with generally-accepted accounting principles and standards. The audited financial statements, together with the Management Discussion and Analysis, have been published on SET's website no later than 60 days after the year-end, following

the same principle as listed companies. The 2011 SET financial reports were published on Feb 15, 2012, or 46 days following the end of the period covered, which was before the deadline. The BoG provided a statement of its responsibilities concerning SET's financial reports alongside the auditor's report in SET's annual report.

- Live "Opportunity Day" webcasts via www.set.or.th/oppday and other channels, such as iPhones, iPods, iPads, Blackberries and Android devices. Viewers can also watch past events, download related documents, or send questions to presenting companies directly through any of the above-mentioned websites.

- Material from SET's public relations and public education departments. In addition to SET's website, SET also disseminates these materials through television programs, radio broadcasts and pamphlets. Furthermore, in 2011, SET disclosed the activities of the Thai Stock Market Flood Relief Fund on its website. These activities included managing budgets to restore the livelihoods of flood victims, especially budgeting for their immediate needs, plus criteria for screening projects for flood victims.

Moreover, the S-E-T Call Center (which is open from 08:00 a.m.-6:00 p.m. on business days) responds to problems and enquiries received from investors, listed companies, members, and other parties. It also provides a 24/7 interactive voice response service to update callers on the activities of the Exchange and general information. The Call Center can be contacted via SET's postal address, telephone number 0-2229-2222 or e-mail at SETCallCenter@set.or.th. Moreover, information about securities and provident fund registration services can be obtained from the TSD Call Center, telephone number 0-2229-2888 or via e-mail at TSDCallCenter@set.or.th.

In 2011, the S-E-T and TSD Call Centers handled 469,089 calls from retail customers.

5. Responsibilities of the Board

5.1 Board structure

The Securities and Exchange Act requires that the membership structure of the Board of Governors (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 Security and Exchange Act provisions on the appointment of governors. Four of the candidates will be from a list of member firms' representatives and be of executive vice president level or higher, while the other candidate will be from a list of individual representatives from other groups.

- 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.

Sakkarin Ruamrangsri, Chief Regulatory Officer, serves as BoG Secretary. The Corporate Secretary Department supports the board by providing legal advice, organizing meetings, taking care of the board's activities and monitoring compliance with its resolutions.

5.2 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 KPIs and monitors the supervision of operations to ensure effective implementation of its plans within budget. The BoG evaluates, predicts and adjusts SET business plans to correspond to the marketing situation in each period.

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

Furthermore, SET launched a new vision for 2012 of "Empowering business and investors through our strengths to match the right financial opportunities" to boost SET's effectiveness and competitiveness. SET's four missions, as set forth on page 1 of this report, relate to: 1) Clients and intermediaries, 2) Products and services, 3) Operations, and 4) People and culture.

The SET President has communicated SET's vision, missions, and business strategies to executives and all employees via SET Intranet and interactive communication between management and staff through Town Hall meetings, promoting understanding and building up a joint commitment to accomplish short-and long-term goals.

(2) Separation of the Board and Management

SET has clearly segregated roles in policy formulation and oversight from those in day-to-day operations management. The roles of Chairman and the president are separated to ensure an appropriate balance of power. The Chairman, who is a non-executive director and not the same person as the president and has no relationship with management, manages the business of the Board and monitors the translation of the Board's decisions into executive action.

Roles of the Board

- Establish SET's strategic policies and direction and monitor the supervision of operations to ensure effective implementation and compliance with rules and regulations.
- Approve strategic plans, budgets, 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.
- Assign and delegate decision-making authority to management, with effective internal control and reporting.

Roles of Management

- SET's president is the highest executive responsible for managing SET's business in compliance with laws, rules and regulations, and implements the Board's decisions.
- Management reports progress on operations and business outcome to the BoG every quarter.
- SET's president shall represent SET in the SET business relating to third persons, and for this purpose, the SET president may authorize any person to perform any act to the extent that such authorization is not contrary to the rules or regulations specified by the BoG.

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:

- Fixed asset expenditures and operating expenditures within the budget approved by the Board. If a given transaction exceeds the approved budget by THB2 million or less, it must be reported to the BoG for their information each quarter. If that transaction exceed the approved budget by more than THB2 million, it must be submitted to the BoG for approval once again.
- Procurements not exceeding THB10 million per transaction. However, if a given transaction exceeds THB5 million, the BoG must be informed of such transactions on a quarterly basis.

(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.

In 2011, SET's Chief Regulatory Officer and Executive Director of the Industry Development Center reached mandatory retirement age, but SET had prepared qualified persons to replace them.

Since November 2010, in addition to succession plans for the president and executive management, SET also has a leadership development program to select, develop, and retain employees with the potential to be tomorrow's SET Group top management. This program has already started to develop executives with high potential to lead SET into the highly competitive and internationalized future.

(4) Corporate governance policies and practices

To maintain good corporate governance (CG) and high ethical standards, SET has set out its CG policies and the Code of Conduct as guidelines so that directors, management and employees perform their duties following SET's business ethical values. The BoG appointed the NCG Committee to help raise SET's CG policy and practices to international standards. The NCG Committee has regularly reported its work to the BoG, and summarized SET's CG as follows:

- **SET CG policy.** Observes the best practices of the Organization for Economic Co-operation and Development and the Principles of Good Corporate Governance for Listed Companies, 2006 version, authored by SET and followed by both SET and listed companies. The BoG's goal is for all SET directors and staff to strictly comply with this policy as so doing will increase the confidence of investors and all other parties concerned.

- **SET Code of Ethics.** All SET Governors, committees, advisors and employees have signed this code to acknowledge and agree to adopt its principles as their own in performing their duties for SET.

- **Practices on the acquisition and disposition of SET-listed securities by SET Governors and SET employees.** To foster public trust in SET as the country's center of securities trading, the BoG has informed SET governors and staff of the securities trading practices that they are required to follow. These practices stipulate that subscription to and trading of securities must be done honestly, without exploitation of confidential information or misuse of authority or position. The BoG has notified SET Governors and SET employees of the practices that they are required to follow in the acquisition and disposition of such securities. Governors must report on their securities held in their own account or any accounts held by their spouses or minor children; such reports shall remain confidential. All employees are required to seek prior written approval from their supervisor before transacting any securities transaction. Also, employees may sell securities only after they have been held for 30 or more days.

- **Policy on conflicts of interest.** SET expects that all employees will act in the interests of the Exchange, without favor or preference based on possible direct or indirect personal gain. The Exchange has provided examples of situations in which a conflict of interest may arise and procedures to follow in these cases. These actions include:

- barring oneself from serving on the boards of, or as consultants to, listed companies or member firms; observing the rules on serving on the boards of other companies or organizations, and seeking the president's approval for certain actions,

- disclosing in writing any relationships, both direct and indirect, with any persons involved before engaging in transactions with SET, and to abstain from participating in the procurement process.

In 2011, the Board and SET's employees fully conformed to the above policies and procedures. There was no case involving Board members or SET employees breaking the SET's rules and regulations or using insider information or misusing authority in securities trading.

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

Name		Position	Serving on the boards of other companies
1. Nongram	Wongwanich	Executive Vice President	Director - Thailand Securities Finance Corporation
2. Suthichai	Chitvanich	Executive Vice President	Director and Audit Committee member - Krung Thai Legal Services Co., Ltd.

- **Letter of Independence.** To guarantee impartiality in the performance of their duties, the BoG requires all 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 potential conflict of interest, and to abstain from participating or voting in the particular matter under consideration.

(5) Internal controls

Realizing the importance of sufficiency and suitability of internal control at every level, the BoG has strongly supported management in setting up transparent working processes considering the segregation of duty, checks and balances, and control as well as establishing a monitoring system to ensure that management's corrective actions were implemented. In addition, delegation of authority has been clearly determined and documented. The BoG appointed an Audit Committee to supervise and review SET's internal control system to ensure conformity with international standards. The Internal Audit Department is an independent function that reports directly to the Audit Committee on audit matters and to the president on administrative matters.

The Internal Audit Department is responsible to audit and evaluate the adequacy and effectiveness of the internal control systems according to SET's audit plan, which was developed using a risk-based approach. The audit findings and report on following the audit findings have been directly reported to the Audit Committee.

Key internal audit activities in 2011 included:

- Engaging external qualified professionals to conduct a Quality Assessment Review to ensure that SET's internal audit practices meet the Standards for Professional Practice of Internal Auditing (IIA Standards).
- Implementing continuous auditing by using audit software to increase efficiency.
- Continuously supporting management to regularly self-assess their risk management and internal control systems (conduct Risk and Control Self-Assessment, or RCSA) in compliance with the Enterprise Risk Management Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In 2011, all units in SET Group engaged in RCSA, and all results were at the "good" level. The results have been reported to senior management, Risk Management Committee, Audit Committee, and the BoG. The internal control and risk management practices have become an important part of SET's CG culture.
- Better ensuring the adequacy and effectiveness of SET internal control systems by assigning TRIS Corporation Ltd. to assess and develop such systems in terms of good governance, benchmarking SET internal control systems against international principles and recommended best practices, such as the COSO Framework. TRIS' report on SET internal controls will be discussed in the management meeting on March 2012.

Based on the external and internal audit results, as well as the RCSA outcomes, the BoG believes that SET's overall internal control systems have functioned adequately, appropriately and satisfactorily.

(6) Risk management

The BoG emphasizes the importance of risk management, and approved a 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. Furthermore, the Risk Management Unit is an independent function that reports directly to the president. SET has managed the key corporate risks in these areas:

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

Management works through the Risk Management Unit (RMU) in implementing risk management plans according to assigned policies, which can be summarized as:

- Management identifies and assesses risk in accordance with criteria established by the business units involved, provides measures to manage the risk within an acceptable level, and monitors and 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 a Business Continuity Plan (BCP) and conducts annual virtual tests with all related participants in the Thai capital market to minimize any disruptions to its operations. During the flood crisis between October to November 2011, SET successfully activated its BCP. SET actively monitored the flood situation, coordinated with brokers, and prepared a comprehensive backup plan if the flood were to affect the operations of the SET head office. As a result, SET's securities trading system operated as usual.

- The RMU regularly monitors and reports on the risk status to the BoG and management and reports on risk operations to the RMC and Audit Committee quarterly.

- To more ensure the effectiveness of SET's risk management system, SET has assigned TRIS Corporation Ltd. to assess and develop SET in terms of good governance, including benchmarking SET's risk management system against international principles and recommended best practices, such as those of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the AS/NZS 4360 - Australian/New Zealand Standards for Risk Management.

- The RMU 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 section.

(7) Financial reports

The BoG is responsible for the financial reports of SET Group, including the information disclosed in the annual report. The financial report 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, and SET financial statements comply with International Financial Reporting Standards (IFRS). In addition, SET took into account the issues raised by the external auditor which might have impaired SET's 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 the Committee's report.

5.3 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. Additional meetings are convened as necessary.

(2) The chairman and SET president set the board meeting agenda together to ensure that all important issues are included.

(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 via remote access. In addition, to keep the BoG abreast of its views on the market and capital market development, the Chief Strategy Officer submits monthly updates on market status and development highlights, etc. 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 2011, each meeting took about half a day.

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

(7) As a member of the board, each director is responsible for attending board meetings, except for urgent reasons.

In 2011, the BoG met 18 times, with an average attendance rate of 92%. In addition, the BoG allowed non-executive directors to meet among themselves to discuss management issues. The non-executive directors then notified the SET president of the meeting outcome.

The attendance of governors at BoG and committee meetings in 2011 was as follows:

Governor (All board members, except the president, are non-executive directors)			Attendance / Number of Meetings (times)		
			BoG [Total: 18 meetings]	Audit Committee [Total: 12 meetings]	Nomination and Remuneration Committee [Total: 9 meetings]
Current governors					
1. Sompol	Kiatphaibool	Chairman	18/18		
2. Pattera	Dilokrunthirapop	Vice Chairman ⁽¹⁾	9/11		5/5
3. Aswin	Kongsiri	Governor	16/18		7/9
4. Chaipat	Sahasakul	Governor	18/18		
5. Kaisri	Nuengsigkapien	Governor	16/18	12/12	4/5
6. Paiboon	Nalinthrangkurn	Governor	16/18	10/12	
7. Rapee	Sucharitakul	Governor	16/18		9/9
8. Somjate	Moosirilert	Governor	15/18		4/4
9. Subhak	Siwaraksa	Governor ⁽²⁾	9/9	4/4	
10. Surabhon	Kwunchaithunya	Governor	17/18		
11. Charamporn	Jotikasthira	President	17/18		9/9
Governors whose term ended during 2011					
12. Jaruporn	Viyant	Governor ⁽³⁾	9/9	8/8	4/4
13. Viparat	Misitsakul	Governor ⁽⁴⁾	6/7		

Notes :

⁽¹⁾ Appointed August 17, 2011.

⁽²⁾ Appointed August 15, 2011.

⁽³⁾ Term ended August 14, 2011.

⁽⁴⁾ Term ended May 27, 2011.

5.4 Board self-assessment

The BoG undertakes an annual assessment of the performance of the BoG and reviews these criteria annually, to ensure that they are in line with good corporate governance practices. In 2010, each individual governor conducted a self-assessment of the BoG as a whole. The Corporate Secretary Department delivered the results of the self-assessment for 2010, together with various governors' recommendations and management's responses, for BoG consideration.

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

5.5 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 and then proposed 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 remuneration policies and amounts for individual members of other committees, the president and other members of executive management for approval by the BoG. The annual performance assessments of the president and other members of executive management were clearly defined, which was to benchmark individual actual performance against their KPI. 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 2011, the meeting of member companies approved a special monthly remuneration for the BoG chairman at THB370,000 to reflect the scope and due to assigned responsibilities, e.g., consulting on all policies of SET operations in order to ensure that SET efficiently and effectively achieved its goals under its strategic plans and collaborating with internal and external units to achieve SET targets, as well as consulting on SET building construction.

In 2011, the directors' remuneration was:

	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

- Directors' remuneration

	BoG	Audit Committee	Nomination and Remuneration committees	Other Committees and boards of subsidiaries	Total
Current governors					
1. Sompol Kiatphaibool (Chairman)	5,844,000			210,000	6,054,000
2. Pattera Dilokrunthirapop (Vice Chairman)	546,000		75,000	300,000	921,000
3. Aswin Kongsiri	936,000		70,000		1,006,000
4. Chaipat Sahasakul	936,000			80,000	1,016,000
5. Kaisri Nuengsigkapan	936,000	700,000	40,000		1,676,000
6. Paiboon Nalinthangkurn	936,000	600,000			1,536,000
7. Rapee Sucharitakul	936,000		90,000	75,000	1,101,000
8. Somjate Moosirilert	936,000		60,000		996,000
9. Subhak Siwaraksa	390,000	200,000			590,000
10. Surabhon Kwunchaithunya	936,000			205,000	1,141,000
11. Charamporn Jotikasthira (President)	936,000				936,000
Governors whose term ended during 2011					
12. Jaruporn Viyanant	546,000	600,000	40,000		1,186,000
13. Viparat Misitsakul	390,000			70,000	460,000

- Management remuneration

SET's 20 most senior executives - the president, seven (7) executive vice presidents and twelve (12) senior vice presidents - were remunerated a total of THB 161,121,778.29 for their services.

5.6 The development of Board members

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 practices, business plans and an overview of SET subsidiaries. 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.

In 2011, SET has provided oversea education for the governors, with 9 directors going to the Republic of Turkey and United Kingdom for education in financial product innovation. Moreover, the Audit Committee went for training at the London Stock Exchange in corporate governance and the roles and responsibilities of audit committees.

Training Courses with Thai Institute of Directors Association

	Training Courses with Thai Institute of Directors Association										
	Director Certification Program (DCP)	Director Accreditation Program (DAP)	The Role of the Chairman Program (RCP)	Audit Committee Program (ACP)	Chartered Director Class (CDC)	Monitoring the Quality of Financial Reporting (MFR)	Monitoring the Internal Audit Function (MIA)	Monitoring the System of Internal Control and Risk Management (MIR)	Monitoring Fraud Risk Management (MFM)	Financial Institutions Governance Program (FGP)	Role of the Compensation Committee (RCC)
1. Sompol Kiatphaibool			✓								
2. Pattera Dilokrunthirapop	✓	✓	✓								
3. Aswin Kongsiri	✓		✓								
4. Chaipat Sahasakul	✓			✓		✓	✓(10/2011)	✓	✓		
5. Kaisri Nuengsigkapan	✓*										
6. Paiboon Nalinthrangkurn	✓	✓									
7. Rapee Sucharitakul	✓*		✓*		✓						✓*
8. Somjate Moosirilert			✓								
9. Subhak Siwaraksa	✓	✓								✓(3/2011)	
10. Surabhon Kwunchaithunya	✓	✓									
11. Charamporn Jotikasthira		✓									

Note: * Directors who are trainers for IOD.

Committees of The Stock Exchange of Thailand (SET) 2012

As of January 4, 2012

- | | |
|---|---|
| 1. Appeals Committee | 7. Nomination and Corporate Governance Committee |
| 2. Audit Committee | 8. Remuneration Committee |
| 3. Corporate Governance Center Advisory Committee | 9. Risk Management Committee |
| 4. Disciplinary Committee | 10. Securities Investor Protection Fund Committee |
| 5. Legal Affairs Committee | 11. SET Head Office Construction Committee |
| 6. Listing Expansion and Development Committee | 12. 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.

Term: July 1, 2011 to June 30, 2013

Name		Position
Hiran	Radeesri	Chairman
Chaikasem	Nitisiri	Member
Chokechai	Tanpoonsinthana	Member
Manop	Nagadatta	Member
Somjin	Sornpaisarn	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 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 who must be knowledgeable in accounting finance or auditing.

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

Name		Position
Kaisri	Nuengsigkapien	Chairman
Paiboon	Nalinthangkurn	Member
Subhak	Siwaraksa	Member

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 report all operations of the Audit Committee to the BoG at least four times a year.
8. 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).

Term: January 1, 2012 to December 31, 2012

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

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: Four members. One member must be governor; one who is knowledgeable and has experience 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.

Term: January 1, 2011 to December 31, 2012

Name		Position
Pattera	Dilokrunthirapop	Chairman
Rapee	Sucharitakul	Member
Surabhon	Kwunchaithunya	Member
Sutthi	Sookying	Member
The SET executive who is responsible for the Legal Affairs Group		Member

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. Legal Affairs Committee

Support unit: Legal Department

Structure: Five members, each with expertise in law and/or capital markets.

Term: January 1, 2012 to December 31, 2012

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

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.

6. 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, to promote and support high potential companies to be listed on SET and mai.

Term: January 1, 2012 to December 31, 2012

Name		Position
Sompol	Kiatphaibool	Chairman
Atchaka	Sibunruang	Member
Chaipat	Sahasakul	Member
Chalee	Chantanayingyong	Member
Kobkarn	Wattanavrangkul	Member
Nararat	Limnararat	Member
Paiboon	Nalinthrangkurn	Member
Payungsak	Chantsutipol	Member
Phongsak	Assakul	Member
Prasert	Tapaneeyangkul	Member
Prasong	Poontaneat	Member
Pravej	Ongartsitigul	Member
Somchai	Sujjapongse	Member
Somprasong	Boonyachai	Member
Subhak	Siwaraksa	Member
Sunthorn	Arunanondchai	Member
Yanyong	Phuangrach	Member
The SET President		Member

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.

7. Nomination and Corporate Governance Committee

Support unit: Human Resources Department

Structure: Five members, namely the SET vice chairman, chairman of SET's Audit Committee, Two governors may be any of the remaining governors and the SET president.

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

Name		Position
Pattera	Dilokrunthirapop	Chairman
Aswin	Kongsiri	Member
Kaisri	Nuengsigkapan	Member
Rapee	Sucharitakul	Member
The SET President		Member

Responsibilities of the Nomination and Corporate Governance 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 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.
4. To determine corporate governance framework or policy following with international standards.
5. To review SET's corporate governance practices suitable for SET operational structure and comparable to CG Policy or Code of Ethics of leading organizations.
6. To determine CG report guideline for public disclosure of the SET's CG in the annual report.

8. Remuneration Committee

Support unit: Human Resources Department

Structure: Six members, namely the SET vice chairman, chairman of SET's Audit Committee, Three governors may be any of the remaining governors and the SET president.

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

Name		Position
Pattera	Dilokrunthirapop	Chairman
Aswin	Kongsiri	Member
Kaisri	Nuengsigkapan	Member
Rapee	Sucharitakul	Member
Somjate	Moosirilert	Member
The SET President		Member

Responsibilities of the Remuneration Committee are:

1. To review the remuneration system of the Exchange Function and CMDP, 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.
2. 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.

9. Risk Management Committee

Support unit: Risk Management Unit

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.

Term: January 1, 2012 to December 31, 2012

Name	Position
Surabhon Kwunchaithunya	Chairman
Anyakhanthavit, PhD	Member
Tongurai Limpiti	Member
The SET executive responsible for Corporate Strategy Division	Member
The SET executive responsible for Legal Affairs Group	Member
The SET executives responsible for Markets Division	Member
The SET executive responsible for Market Operation Division	Member
The SET executive responsible for IT Operation Group	Member

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.

10. SET Head Office Construction Committee

Support unit: Assets Management Department, CMDF

Structure: At least five members, including the SET chairman; SET governors, one or more being expert in property; and the SET president.

Term: January 1, 2012 to December 31, 2012

Name		Position
Sompol	Kiatphaibool	Chairman
Paiboon	Nalinthrangkurn	Member
Prateep	Tangmatitham	Member
Somjate	Moosirilert	Member
Wichai	Poolwaraluk	Member
The SET President		Member

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.

11. Securities Investor Protection Fund Committee

Support unit: Member Supervision 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, Market Supervision Division, who also serves as secretary.

Term: January 1, 2012 to December 31, 2012

Name		Position
Chaipat	Sahasakul	Chairman
Mongkon	Leelatum	Member
Pattera	Dilokrunthirapop	Member
Pornpring	Suksantisuwan	Member
The Director CMDF Office responsible for the Assets Management		Member
The senior vice president responsible for Market Supervision Division		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. 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, the SET President and the executive vice president, Corporate Strategy Division and Market Operation Division.

Term: January 1, 2012 to December 31, 2012

Name		Position
Vallobh	Vimolvanich, PhD	Chairman
Morragot	Kulatumyotin	Member
Pattera	Dilokrunthirapop	Member
Sansern	Nilrat	Member
Wittaya	Watcharawittayakul	Member
The SET President		Member
The SET executive responsible for Corporate Strategy Division		Member
The SET executive responsible for Markets Operation Division		Member

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.

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. Kaisri Nuengsigkapan, with Mr. Paiboon Nalinthangkurn and Mr. Subhak Siwaraksa as members.

During 2011, the Board appointed Ms. Kaisri Nuengsigkapan as chairperson, succeeding Ms. Jaruporn Viyanant, whose term expired, and appointed Mr. Subhak Siwaraksa as a new committee member, effective from August 17.

The Committee held twelve meetings in 2011, 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 on page 74.

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 78. The Committee has formally reported on all matters within its duties and responsibilities to the Board on a quarterly basis. A summary of major activities is as follows:

- **Financial statements:** The Committee reviewed SET's quarterly statements by meeting with Management and reviewed the annual financial statements for 2011 by meeting privately with the external auditor to consider the accuracy and completeness of the information disclosed, including on related party transactions, internal control in the preparation of the financial statements and compliance with generally accepted accounting standards.

- **Risk management:** The Committee considered the enterprise risk management policy and process by meeting with head of the Enterprise Risk Management unit on a quarterly basis. The Committee has emphasized SET's technology risk management. Meetings with executives of the Information Technology division were held to ensure the efficiency and appropriateness of risk mitigation actions. In addition, the Committee considered SET's preparation for major floods in October - November 2011 to ensure the continuous operation of the exchange.

- **Internal control:** The Committee reviewed and assessed the adequacy and effectiveness of SET's internal control system by considering the internal audit report together with management responses, the opinion of the external auditor, and Risk and Control Self - Assessments by all management units. The Committee also emphasized the monitoring process to ensure that management's corrective actions were implemented. Selected executives were invited to provide updates on the status and results of corrective actions as well as to discuss matters of significant concern with the Committee.

- **Internal audit:** The Committee approved the internal audit plan considering the adequacy and appropriateness of internal audit resources as well as the internal auditor's independence. The Committee has also continually sought to provide recommendations on audit quality improvement. In 2011, the Committee approved the engaging external qualified professionals to conduct a Quality Assessment Review to ensure that SET's internal audit practices meet the Standards for Professional Practice of Internal Auditing (IIA Standards). In addition, the Committee supported the implementation of continuous auditing by using audit software to increase audit efficiency.

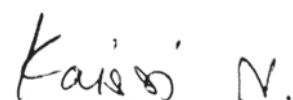
- **Corporate governance (CG):** The Committee considered and reviewed SET's CG policy to ensure that SET complied with good CG practices. The Committee supported SET's involvement in the Corporate Governance Assessment project by TRIS Corporation to enhance SET's good CG practices. In addition, the Committee followed other good CG practices, e.g., by 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".

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

- **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 and international best practice. In 2011, the AC Self-Assessment form was revised to be in line with the Securities and Exchanges Commission's guidelines.

- **Appointment of external auditors:** The Audit Committee reviewed the auditors' independence and performance in 2011 and recommended to the Board of Governors that PricewaterhouseCoopers ABAS Ltd. (PwC) be re-appointed as SET Group auditor for 2012 due to their professional practices, their relevant experience in discharging their duties and their independence, for approval by the meeting of member companies.

In carrying out the above-mentioned duties and responsibilities, the Committee was of the opinion that SET's financial statements were prepared in accordance with generally accepted accounting principles, were accurate where it was significant and gave sufficient disclosure. The Committee further believes that the internal control and risk management systems as applied were appropriate and adequate, and that operations complied with related laws and regulations. Given this performance, the Committee reasonably believes that the SET could achieve its business objectives.



(Kaisri Nuengsigkapan)

Chairperson, Audit Committee

February 13, 2012

Risk management policy

SET has adopted enterprise risk management to identify, assess, monitor and manage risks. The risk management framework covers strategic, operational, financial, compliance, and business interruption risks.

Strategic risk

Strategic risk occurs when plans, including those for launching products or services, become unsuitable due to internal and / or external factors or when the organization's plans do not fully take environmental changes into account. These factors may affect revenues and business operations of an organization. SET has adopted its identifying, reviewing and monitoring systems to be in line with internal and external factors affecting its operation and performance. In formulating its strategic plans, management and functional level SET executives assess risk factors affecting strategic plans and identify procedures to carry out should 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. Mitigation plans can also be revised to be in line with current events.

Operational risk

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

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.

Financial risk

SET has divided financial risk into two categories, i.e., investment and credit risk also known as counterparty or clearing and settlement-related risk. The details are below.

Investment risk

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 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
Others	According to Board policy, on a case-by-case basis

SET manages investment risk by diversifying into several instruments and limiting the proportion given to each financial institution and issuer to ensure that the exposure affecting investment results will be limited. 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.

SET has been monitoring the investment risk status of its portfolio and reporting such status to BoG and the Risk Management Committee monthly to ensure that risk remains within acceptable limits. In 2011, SET reviewed the limit of each investment category to be in line with current situation and potential risk.

Credit risk (Counterparty or Clearing and settlement-related risk)

Thailand Clearing House Co. Ltd. (TCH) as central counterparty for equities and debt securities traded on SET and derivatives contracts traded on Thailand Futures Exchange, has an important role to guarantee settlement of all exchange-traded transactions. By serving as a central counterparty between members, TCH becomes a substitute seller to every buyer and substitute buyer to every seller. TCH 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 counterparty risks, and a sound and effective risk management framework is necessary for preventing and mitigating losses that may occur. However, the cost to members is taken into account in TCH's risk management framework.

Current risk management measures include setting qualifications of clearing members to have sufficient financial strength to handle their risk exposure, have policies and procedures for risk management, and have systems and capable executives and officers. TCH monitors members' trading activities and limits to ensure that each member's pending settlement value for equities and debts is in line with their financial status. Measures used include stress testing to evaluate maximum losses possible in clearing and settlement after considering members' risk exposure caused by price fluctuations of each financial instrument. If necessary, margins are then collected from members to cover those possible losses.

In addition, TCH 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, 2011 were THB987 million and THB426 million for equity and derivatives transactions, respectively. To address liquidity risk in clearing and settlement, TCH has arranged overdraft lines of THB2 billion and THB400 million for equity and derivatives transactions, respectively, with commercial banks which act as settlement banks for clearing houses. Moreover, SET has established clearing reserve funds of THB2 billion for equity transactions and THB300 million for derivatives transactions.

TCH regularly reviews risk management framework measures to ensure confidence in the SET Group's clearing and settlement system and support the development of the futures market. Last year, TCH provided the clearing of silver and oil futures to assist investors in managing their risk and in gaining profit. Thailand Futures Exchange extended trading hours for derivatives products with global commodities as the underlying assets, including gold, silver, and oil futures. TCH imposed margin requirements and regularly reviewed margin rates to handle potential losses arising from trading such products. TCH also revised the risk calculation method for the Early Warning System (EWS) to reduce the members' burden in managing collateral, including adjusting mark to market prices of securities on the foreign board and adjusting collateral exemption thresholds. TCH also calculates members' intraday exposure in order to monitor intraday risk of members.

In 2012, TCH will improve the efficiency of risk management processes of TCH and its members by obtaining real-time trading information, thus managing risk on a real-time basis and facilitating members to manage their collateral effectively.

Compliance risk

SET assesses, oversees, and manages compliance risk, which covers the dangers of violating the rules and regulations of external parties, or of parties internal to the SET Group, e.g., approval and/or signing authority of various levels. This is to ensure that the SET strictly comply with all related laws and regulations.

Business interruption risk

SET has a Business Continuity Plan (BCP) to ensure that SET's core activities can be carried out without interruption in the event of traumatic events. In addition, BCP documentation is continually reviewed and regularly updated. 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.

SET adapted its BCP to protect against major floods even though its main building was not directly affected, and SET had well-prepared staff and systems, and tested its backup system with its members. The Exchange prepared its alternate site and plans in case that its staff could not access their offices and prepared alternate sites for members and their affected staff. Throughout the entire crisis period, SET securities trading systems operated as usual, proving the quality of SET's management of business interruption risks.

Management Discussion and Analysis

Overall

The operating results of SET Group for the years ended December 31, 2011 and 2010 were as follows:

(Unit: THB million)	For the year ended December 31			
			Increase/(decrease)	
	2011	2010	Amount	%
Operating revenues	3,245	2,639	606	22.96
Investment income	752	867	(115)	(13.26)
Other income	137	594	(457)	(76.93)
Operating expenses	2,545	2,482	63	2.54
Non-operating items	346	456	(110)	(24.12)
Income tax	158	68	90	132.35
Revenues over expenses	1,110	1,128	(18)	(1.60)

Revenues over expenses for the year ended December 31, 2011 decreased by THB18 million, or 1.60% in comparison with 2010. Operating revenues increased by THB606 million or 22.96% mainly due to the increase in trading volume, especially that of derivatives which increased by 120.31%. Investment income decreased by THB115 million, or 13.26%, mainly due to the decrease in profit from sales of investments, as some investments were sold in 2010 to adjust SET's portfolio. Other income decreased by THB457 million, or 76.93%, mainly due to gain from disposal of a parcel of Capital Market Project land in 2010. Operating expenses rose by THB63 million, or 2.54%, mainly due to the increase in SEC fees, based on the increase in trading volume. Non-operating items decreased by THB110 million, or 24.12%, due to the decrease in appropriation of one-third of revenues over expenses to The Stock Exchange of Thailand Foundation as a one-time income of gain from disposal of land.

1. Analysis of operating results

1.1 Operating revenues

Operating revenues by segment

Operating revenues by segment mainly comprised of Securities Markets, Derivatives Markets, Technology Services and Registrar Services.

Operating revenues by segment



For the year ended December 31, 2011

(unit: THB million)

Securities Markets

- Trading fees	719
- Clearing and settlement	161
- Listing	280
- Depository	137
- Membership	31
Total	1,328

Derivatives Markets

- Trading fees	415
- Clearing	178
- Membership	89
Total	682

Technology Services

- Member services	352
- Information service	172
- IT support	40
Total	564

Registrar Services

- Stock registrar	621
- Fund registrar	50
Total	671

Total operating revenues 3,245

1.1.1 Securities Markets

			Increase/(decrease)	
	2011	2010	Amount	%
Revenues - Securities Markets (unit: THB million)	1,328	1,236	92	7.44
Trading fees	719	704	15	2.13
Clearing and settlement fees	161	158	3	1.90
Listing fees	280	241	39	16.18
Depository fees	137	101	36	35.64
Membership fees	31	32	(1)	(3.13)
Key market indicators				
SET Index (Point)	1,025.32	1,032.76	(7.44)	(0.72)
Daily avg. trading value - Equity (THB million)	29,473	29,066	407	1.40
Market Capitalization (THB billion)	8,490	8,390	100	1.19
No. of listed companies (company)	545	541	4	0.74

Operating revenues from securities markets rose by THB92 million, or 7.44%, in comparison with 2010. This was mainly due to the increase in listing fee as the number of Derivative Warrants listed and traded on Stock Exchange increased to 166 securities, up from 42 securities in 2010. In addition, depository fees increased resulting from the increase in average market capitalization.

1.1.2 Derivatives Markets

			Increase/(decrease)	
	2011	2010	Amount	%
Revenues - Derivatives Markets (unit: THB million)	682	366	316	86.34
Trading fees	415	193	222	115.03
Clearing fees	178	83	95	114.46
Membership fees	89	90	(1)	(1.11)
Key market indicators				
Daily avg. trading volume - Derivatives (Contracts)	41,145	18,676	22,469	120.31

Operating revenues from derivatives markets increased by 316 million, or 86.34%, in comparison with 2010. This was because the average trading volume per day soared to 41,145 contracts per day in 2011 from 18,676 contracts per day in 2010, a rise of 120.31%. The increase was mainly from SET50 Index Futures, which increased to an average of 17,690 contracts per day from 10,212 contracts per day, and Gold Futures, which reached an average of 16,350 contracts per day, up from 4,014 contracts per day including launching new products, silver futures and oil futures. In addition, commodity futures began for night session trading on June 20, 2011.

1.1.3 Technology services

			Increase/(decrease)	
	2011	2010	Amount	%
Revenue - Technology Services (Unit: THB million)	564	416	148	35.58
Members services fees	352	236	116	49.15
Information service income	172	147	25	17.01
Customization and IT support fees	40	33	7	21.21

Operating revenues from technology services increased by 148 million, or 35.58%, in comparison with 2010. This was mainly from an increase of fees from internet trading of derivatives and equity securities through platform of SETTRADE.COM Co., Ltd. Information service income increased from the increase in number of users.

1.1.4 Registrar services

			Increase/(decrease)	
	2011	2010	Amount	%
Revenue - Registrar services (Unit: THB million)	671	622	49	7.88
Stock registrar fees	621	572	49	8.57
Fund registrar fees	50	50	-	-

Operating revenues from registrar service increased by 49 million, or 7.88%, in comparison with 2010. This resulted from the increase in volume of register book closings for dividend payment of listed companies.

1.2 Other income

			Increase/(decrease)	
	2011	2010	Amount	%
Other income (Unit: THB million)	137	594	(457)	(76.93)
Gain on disposal of assets	-	422	(422)	(100.00)
Educational activities income	41	54	(13)	(24.07)
Fees for fund management	24	26	(2)	(7.69)
Others	72	92	(20)	(21.74)

Other income decreased by 457 million, or 76.93%, in comparison with 2010. In 2010 SET Group gained from disposal of a parcel of land which was a part of the Capital Market Project. Educational activities income decreased because training and testing for licensing of securities professionals has been transferred from Thailand Securities Institute (TSI) to various professional associations. TSI will still be responsible for setting standards of expertise for the capital market.

1.3 Operating expenses

			Increase/(decrease)	
	2011	2010	Amount	%
Operating expenses (Unit: THB million)	2,545	2,482	63	2.54
Employee benefit expenses	1,102	1,076	26	2.42
Depreciation and amortization	195	284	(89)	(31.34)
SEC fees	301	177	124	70.06
Technology expenses	137	109	28	25.69
Other expenses	810	836	(26)	(3.11)

SET Group had operating expenses in 2011 of THB2,545 million, increasing 2.54% from 2010. This was mainly from SEC fees, which increased following the increase in trading value of equity securities, while depreciation and amortization decreased mainly due to the revised useful life of assets, especially on equipment and computer software.

1.4 Non-operating items

The decrease of THB110 million, or 24.12%, was due to the decrease in appropriation of one-third of revenues over expenses to The Stock Exchange of Thailand Foundation as a one-time income of gain from disposal of land in 2010.

2. Analysis of financial position

			Increase/(decrease)	
(Unit: THB million)	Dec 31, 2011	Dec 31, 2010	Amount	%
Total assets	27,019	23,418	3,601	15.38
Total liabilities	9,151	6,299	2,852	45.28
Fund balances	17,868	17,119	749	4.38

The significant movements in assets, liabilities and funds of SET Group as at December 31, 2011 when compared with the balance as at December 31, 2010 were as follows:

2.1 Analysis of assets

As at December 31, 2011, total assets of SET Group amounted to THB27,019 million, an increase of THB3,601 million, or 15.38%, in comparison with balance as at December 31, 2010. Details are as follows:

2.1.1 Investments were THB14,782 million or 54.71% of total assets, up by THB828 million, or 5.93%. Investments by category are as follows:

			Increase/(decrease)	
(Unit: THB million)	Dec 31, 2011	Dec 31, 2010	Amount	%
Investment portfolio	14,782	13,954	828	5.93
Trading	1,235	1,787	(552)	(30.89)
Available-for-sale	4,003	4,458	(455)	(10.21)
Held-to-maturity	9,452	7,512	1,940	25.83
General investments	92	197	(105)	(53.30)

2.1.2 Assets for margin and assets for clearing system protection and benefits were THB7,424 million or 27.48% of total assets, up by THB2,755 million or 59.01%. This represents margin deposits and benefits of the Thailand Clearing House Co., Ltd, which increased resulting from the increase of futures derivatives transactions.

2.1.3 Property and equipment and intangible assets were THB2,641 million, or 9.77% of total assets, up by THB12 million or 0.46%.

2.2 Analysis of liabilities

As at December 31, 2011, total liabilities of SET Group amounted to THB9,151 million, up by THB2,852 million, or 45.28%, in comparison with the balance as at December 31, 2010. Significant details are as follows:

2.2.1 Margin deposits and assets for clearing system protection and benefits payable was THB7,301 million, or 79.78% of total liabilities, up by THB2,752 million, or 60.50%, resulting from the increase of futures derivatives transactions.

2.2.2 Accounts payable and accrued expenses were THB693 million, or 7.57% of total liabilities, down by THB 61 million or 8.12%. This drop was mainly because donations to The Stock Exchange of Thailand Foundation decreased by THB108 million.

2.2.3 Other current liabilities were THB506 million or 5.53% of total liabilities, up by THB137 million or 37.29%. This rise results mainly from Thai Stock Market Flood Relief Fund of THB179 million that SET appointed to be its agent for donations (other current assets are increased by the same amount).

2.3 Analysis of funds

As at December 31, 2011, total funds of SET Group amounted to THB17,868 million, up by THB749 million, or 4.38%, in comparison with the balance as at December 31, 2010. This resulted from the revenues over expenses for 2011 reaching THB1,110 million, while market price of available-for-sale securities dropped to THB359 million.

3. Analysis of liquidity

Cash flows of SET Group for the year ended December 31, 2011 and 2010 are summarized as:

			Increase/(decrease)	
(Unit: THB million)	2011	2010	Amount	%
Cash flows from operating activities	512	244	268	109.84
Cash flows from investing activities	(651)	(22)	629	2,859.09
Cash and cash equivalents at the end of year	365	503	(138)	(27.44)

Cash and cash equivalents at December 31, 2011 amounted to THB365 million, down by THB138 million, or 27.44%. The details of the sources and uses of funds are as follows:

- Net cash receipts from operating activities were THB512 million. This was from cash received from operating activities of THB724 million and the change in working capital of THB212 million.
- Net cash payment from investing activities was THB651 million. This was mainly from the investment in Bills of Exchange and deposits, as well as a new trading system (the Trading Initiative Project), which is planned to go live by mid-2012.

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 ending December 31, 2011.



(Mr. Sompol Kiatphaibool)
Chairman



(Mr. Charnporn Jotikasthira)
President

Auditor's Report

To the Members of The Stock Exchange of Thailand

I have audited the accompanying consolidated and entity statements of financial position as at 31 December 2011 and 2010, and the related consolidated and entity statements of revenues and expenses, comprehensive income, changes in fund balances and cash flows for the years 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 audits.

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

In my opinion, the consolidated and entity financial statements referred to above present fairly, in all material respects, the consolidated and entity financial position as at 31 December 2011 and 2010, and the consolidated and entity results of operations and cash flows for the years 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

15 February 2012

Statements of Financial Position

(Unit : Baht'000)

		Consolidated		SET	
Notes		2011	2010	2011	2010
Assets					
Current assets					
Cash and cash equivalents	7	364,643	503,248	221,981	299,781
Assets for margin deposits and benefits	17	6,053,018	3,612,015	-	-
Short-term investments, net	8	9,452,678	5,658,172	8,614,168	5,295,976
Accounts receivable and accrued income, net	9	214,109	212,653	421,252	245,754
Accrued interest receivable		101,948	52,376	94,474	49,094
Other current assets	10	316,068	256,040	282,611	210,273
Total current assets		16,502,464	10,294,504	9,634,486	6,100,878
Non-current assets					
Investments in subsidiaries	11	-	-	597,291	597,291
Investments in jointly-controlled entity, net	12	58,495	44,500	25,000	25,000
Investments in associates, net	13	495,307	492,327	396,605	396,769
Long-term investments, net	14	5,329,372	8,295,915	5,308,512	8,199,677
Assets for clearing system protection and benefits	18	1,371,232	1,056,969	122,862	120,098
Securities Investor Protection Fund	22	617,837	598,209	617,837	598,209
Property, plant and equipment, net	15	2,417,568	2,432,114	2,411,896	2,422,982
Intangible assets, net	16	223,104	196,853	218,753	188,303
Refundable deposits		3,228	6,982	3,218	6,972
Total non-current assets		10,516,143	13,123,869	9,701,974	12,555,301
Total assets		27,018,607	23,418,373	19,336,460	18,656,179

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

Statements of Financial Position (cont.)

(Unit : Baht'000)

Notes	Consolidated		SET	
	2011	2010	2011	2010
Liabilities and fund balances				
Current liabilities				
Margin deposits and benefits payables	17	6,053,018	3,612,015	-
Accounts payable and accrued expenses	19	692,509	753,680	678,832
Fees received in advance		237,124	246,760	169,218
Short-term borrowings from subsidiaries	6	-	-	559,400
Current portion of provision for employee benefits	21	5,630	7,104	5,630
Other current liabilities	20	505,895	368,480	332,769
Total current liabilities		7,494,176	4,988,039	1,745,849
Non-current liabilities				
Assets for clearing system protection and benefits payables	18	1,248,370	936,871	-
Contributions and benefits to Securities Investor Protection Fund	22	232,172	224,799	232,172
Provision for employee benefits	21	143,592	113,006	143,592
Other non-current liabilities		32,381	36,911	32,381
Total non-current liabilities		1,656,515	1,311,587	408,145
Total liabilities		9,150,691	6,299,626	2,153,994
Fund balances				
Funds	22	17,321,865	16,213,315	16,627,845
Unrealised gain on available-for-sale securities		546,049	905,430	554,621
Non-controlling interests	2	2	2	-
Total fund balances		17,867,916	17,118,747	17,182,466
Total liabilities and fund balances		27,018,607	23,418,373	19,336,460

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

Statements of Revenues and Expenses

(Unit : Baht'000)

Notes	Consolidated		SET	
	2011	2010	2011	2010
Revenues				
Operating revenues	24	3,244,912	2,639,287	1,202,854
Investment income, net	25	752,252	867,477	861,765
Other income	26	137,431	594,331	1,489,503
Total revenues		4,134,595	4,101,095	3,554,122
Expenses				
Employee benefit expenses	27	1,101,598	1,076,376	1,101,641
Directors' remuneration		18,739	18,931	18,089
Marketing expenses		103,988	102,759	104,074
Educational activities expenses		190,083	200,809	190,148
Direct service expenses		82,955	166,286	-
Building and office expenses		138,657	136,070	138,091
Technology expenses		137,202	112,884	136,277
SEC fees	28	300,851	177,159	298,851
Depreciation and amortisation	15, 16	194,830	283,732	187,227
Other expenses	29	176,305	207,452	167,002
Total expenses		2,545,208	2,482,458	2,341,400
Share of profit of investments in jointly-controlled entity (net of income tax)	12	19,990	16,153	-
Share of profit of investments in associates entity (net of income tax)	13	3,535	17,305	-
Revenues over expenses		1,612,912	1,652,095	1,212,722
Non-operating items				
Income derived from Securities Investor Protection Fund, net	23	13,368	11,635	13,368
Contributions to the Stock Exchange of Thailand Foundation	6	(358,937)	(467,261)	(358,937)
Revenues over expenses before income tax		1,267,343	1,196,469	867,153
Income tax		(157,680)	(68,375)	-
Revenues over expenses		1,109,663	1,128,094	867,153
Revenues over expenses attributable to:				
Owners of the parent		1,109,662	1,128,093	867,153
Non-controlling interests		1	1	-
		1,109,663	1,128,094	867,153

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

Statements of Comprehensive Income

(Unit : Baht'000)

Notes	Consolidated		SET	
	2011	2010	2011	2010
Revenues over expenses	1,109,663	1,128,094	867,153	1,268,221
Other comprehensive income				
Available-for-sale financial assets				
Unrealised gain (loss) recognised in equity	(205,400)	511,019	(205,280)	511,239
Transferred loss from sale	(153,590)	(281,703)	(153,590)	(281,703)
Share of loss in investments in associates	13	(391)	(3,625)	-
		(359,381)	(358,870)	229,536
Available-for-sale financial assets from				
Securities Investor Protection Fund, net	23	(1,113)	1,606	(1,113)
		(1,113)	(1,113)	1,606
Total other comprehensive income (loss)		(360,494)	227,297	(359,983)
Total comprehensive income		749,169	1,355,391	507,170
		1,499,363		

Statements of Changes in Fund Balances

(Unit : Baht'000)

	Consolidated										
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 2011	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
Adjustment for SET building construction expenses	-	-	-	(7,315)	-	-	7,315	-	-	-	-
Total comprehensive income 23	-	-	-	-	1,720	12,255	1,094,575	(359,381)	749,169	-	749,169
Balance at 31 December 2011	2,000,000	300,000	100,000	8,109	97,923	385,665	14,430,168	546,049	17,867,914	2	17,867,916
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	-	-	-	-
Total comprehensive income 23	-	-	-	-	900	13,241	1,115,559	225,691	1,355,391	-	1,355,391
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 2011	2,000,000	300,000	100,000	15,424	96,203	373,410	12,876,768	913,491	16,675,296
Adjustment for SET building construction expenses	-	-	-	(7,315)	-	-	7,315	-	-
Total comprehensive income	-	-	-	-	1,720	12,255	852,065	(358,870)	507,170
Balance at 31 December 2011	2,000,000	300,000	100,000	8,109	97,923	385,665	13,736,148	554,621	17,182,466
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	-	-
Total comprehensive income	-	-	-	-	900	13,241	1,255,686	229,536	1,499,363
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

(Unit : Baht'000)

Notes	Consolidated		SET	
	2011	2010	2011	2010
Cash flows from operating activities				
Revenues over expenses before income tax	1,267,343	1,196,469	867,153	1,268,221
Adjustments for				
Depreciation and amortisation 15, 16	194,830	283,732	187,227	263,683
Investment income, net 25	(752,252)	(867,477)	(861,765)	(1,169,774)
Income derived from Securities Investor Protection Fund, net 23	(13,368)	(11,635)	(13,368)	(11,635)
Impairment losses of investments	164	6,415	164	6,415
Doubtful debts expenses (reversal)	(1)	(22)	(1)	(22)
Provision for employee benefits 21	42,152	15,046	42,152	15,046
Adjust work in process to expense (revenues)	2,819	(53)	2,819	2
Gain on disposals of assets	-	(421,884)	-	(421,914)
Loss from written off assets	5,583	52,843	5,527	52,137
Share of profit of investments in jointly-controlled entity (net of income tax) 12	(19,990)	(16,153)	-	-
Share of profit of investments in associates entity (net of income tax) 13	(3,535)	(17,305)	-	-
	723,745	219,976	229,908	2,159
Changes in operating assets and liabilities				
Assets for margin deposits and benefits	(2,441,003)	(776,647)	-	-
Accounts receivable and accrued income	(1,455)	(31,055)	(175,497)	11,427
Other current assets	(61,100)	(177,228)	(68,296)	(139,039)
Assets for clearing system protection and benefits	(314,263)	(239,162)	(2,764)	-
Securities Investor Protection Fund	(18,460)	(48,003)	(18,460)	(48,003)
Refundable deposits	3,754	297	3,754	(1,759)
Margin deposits and benefits payables	2,441,003	776,647	-	-
Accounts payable and accrued expenses	(91,684)	287,413	(93,597)	290,126
Fees received in advance	(9,636)	(49,039)	33,306	(49)
Other current liabilities	80,664	97,716	141,934	42,479

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

Statements of Cash Flows (cont.)

(Unit : Baht'000)

	Notes	Consolidated		SET	
		2011	2010	2011	2010
Assets for clearing system protection and benefits payables		311,499	237,105	-	-
Contributions and benefits to Securities Investor Protection Fund		7,373	35,056	7,373	35,056
Employee benefits paid	21	(13,468)	(14,538)	(13,468)	(14,538)
Other non-current liabilities		(4,530)	(6,497)	(4,530)	(6,497)
Income tax paid		(100,257)	(68,520)	-	-
Net cash provided by operating activities		512,182	243,521	39,663	171,362
Cash flows from investing activities					
Investment income received		394,295	495,259	374,965	475,231
Dividend received		303,650	366,863	448,266	700,322
Purchase of short-term investments	8	(6,765,832)	(15,246,692)	(4,739,395)	(13,612,813)
Sale of short-term investments	8	4,671,474	15,161,579	4,340,541	13,154,379
Purchase of long-term investments	14	(1,975,736)	(3,547,734)	(1,975,716)	(3,480,734)
Sale of long-term investments	14	2,883,149	1,324,406	1,588,673	1,323,406
Purchase of plant and equipment		(85,108)	(274,724)	(85,108)	(274,724)
Sale of property and equipment		2,244	1,715,035	2,244	1,715,035
Purchase of intangible assets		(101,560)	(27,359)	(101,560)	(27,359)
Proceeds from share of profit of investments in jointly-controlled entity		10,437	-	-	-
Benefits received from Securities Investor Protection Fund		12,200	11,341	12,200	11,341
Net cash used in investing activities		(650,787)	(22,026)	(134,890)	(15,916)
Cash flows from financing activities					
Cash inflow on short-term borrowings from subsidiaries	6	-	-	29,000	220,000
Repayment of short-term borrowings from subsidiaries	6	-	-	-	(255,450)
Interest paid		-	-	(11,573)	(9,680)
Net cash provided by (used in) financing activities		-	-	17,427	(45,130)

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

Statements of Cash Flows (cont.)

(Unit : Baht'000)

Notes	Consolidated		SET	
	2011	2010	2011	2010
Net increase (decrease) in cash and cash equivalents	(138,605)	221,495	(77,800)	110,316
Cash and cash equivalents at beginning of year	503,248	281,753	299,781	189,465
Cash and cash equivalents at end of year 7	364,643	503,248	221,981	299,781
Supplemental disclosures of cash flows information				
Significant non-cash transactions				
Unrealised gain (loss) on available-for-sale securities	(359,381)	225,691	(358,870)	229,536
Unrealised gain (loss) on available-for-sale securities from Securities Investor Protection Fund	(1,113)	1,606	(1,113)	1,606
Other payables from purchase of assets	30,513	12,862	30,513	12,862

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

Notes to the Consolidated and Entity Financial Statements

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 activities of SET and its subsidiaries are summarised as follows:

- 1) Securities markets comprised the operation of securities listing, trading system, clearing and settlement, depository, including supervision and monitoring of securities trading activities, listed companies and member companies.
- 2) Derivatives markets comprised the operation of trading and clearing of future contracts and financial securities, providing other services related to futures trading transactions.
- 3) Technology services comprised the operation of internet trading platform for securities and derivatives, information services and other member services.
- 4) Registrar services comprised the operation of securities registrar and fund registrar.

The consolidated and entity financial statements were authorised for issue by the Board of Governors of the Stock Exchange of Thailand on 15 February 2012.

Details of the SET's subsidiaries, associates and jointly-controlled entity as at 31 December 2011 and 2010 are as follows:

			Ownership interest %	
Name of entity	Type of business	Country of incorporation	2011	2010
Direct subsidiaries				
Thailand Securities Depository Co., Ltd.	Securities depository and registrar services	Thailand	99.99	99.99
Thai Trust Fund Management Co., Ltd. (1)	Mutual fund management	Thailand	99.99	99.99
Thai NVDR Co., Ltd.	Investment management in Non-Voting Depository Receipts	Thailand	99.99	99.99
SETTRADE.COM Co., Ltd.	Computer system services	Thailand	99.99	99.99
Siam DR Co., Ltd.	Investment management in Depository Receipts	Thailand	99.99	99.99
Thailand Futures Exchange Public Company Limited	Futures exchange centre	Thailand	99.99	99.99

			Ownership interest %	
Name of entity	Type of business	Country of incorporation	2011	2010
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	17.71	19.04
TSFC Securities Public Company Limited	Granting of credit to businesses involved with securities and securities borrowing and lending	Thailand	24.66	24.66

(1) Thai Trust Fund Management Company Limited

As at 31 December 2011, Thai Trust Fund Management Company Limited ("the Subsidiary") has outstanding 5 mutual fund balances issued by the Subsidiary. On 30 November 2011, the Subsidiary's Board of Directors approved the principal of withdrawal of funds issued by the Subsidiary, including various operations relating to the cancellation of the Subsidiary. In addition, the Boards delegated to the management to consider the dissolution of the Subsidiary Company. However, the operations related to the cancellation of the mutual fund depend on various factors such as the approval from SEC on the exemption criteria. Therefore, Thai Trust Fund Management Company Limited prepared the financial statements as at 31 December 2011 by using the going concern basis.

(2) Clearing Fund

The SET has no control over the Clearing Fund's operations, but has influences in policy and operation. 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 financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

Comparative figures have been reclassified to conform with changes in presentation in the current year are disclosed in Note 33.

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

- a) The following new accounting standards, new financial reporting standards, new interpretation and amendments to accounting standards are effective for accounting 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
TSIC 31		Revenue - Barter Transactions Involving Advertising Services

- b) The following new accounting standards, amendments to accounting standards and new interpretation are effective for accounting periods beginning on or after 1 January 2013. The Group has not adopted them early:

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
TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its shareholders

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 follow.

- TAS 1 (revised 2009) prohibit the presentation of items of income and expenses in the statement of changes in fund balance, requiring "non-owner changes fund balance" to be presented separately from owner changes in fund balance. Entities can choose whether to present one statement (the statement of comprehensive income) or two statements (the statement of revenues and expenses and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated statement of financial position as at the beginning of the comparative period in addition to the current requirement to present statement of financial position at the end of the current period and comparative period. However, for the financial statements whose period begins on or after 1 January 2011, and which period is the first to apply this standard, an entity can choose to present statement of financial position only two statements without the statement of financial position as at the beginning comparative period. The Group has adopted TAS 1 (Revised 2009) with effect from 1 January 2011. The Group chooses to present two statements (the statement of revenues and expenses and statement of comprehensive income).
- 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.

3.2 Investments in subsidiaries, jointly-controlled entities 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 the cost method in the 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, 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.

In the SET's financial statements, investment in associates are accounted for using the cost method.

Allowance, if any, is recorded for impairment in investment in subsidiaries, jointly-controlled entity 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

Items included in the financial statements of each of the Group's entities are measured using Thai Baht. The consolidated financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the statement of financial position date. Gains and losses resulting from the settlement of foreign currency transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of revenues and expenses.

Translation differences on investments in debt securities and other monetary financial assets measured at fair value are included in foreign exchange gains and losses. Translation differences on non-monetary items such as investments in equity securities held for trading are reported as part of the fair value gain or loss. Translation differences on available-for-sale investments in equity securities are included in the revaluation reserve in equity.

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 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 statements of financial position at cost less impairment losses.

Investments in equity securities which are not marketable in the statements of financial position 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 - 30	years
Furniture and fixtures	5 - 20	years
Office equipment	5 - 10	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, computer software, 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 5 - 10 years.

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.

Management determines the estimated useful lives of intangible assets. Management will revise the amortisation charge where 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 corridor 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 income or expense in the statement of revenues and expenses if the net cumulative unrecognised actuarial gain and losses at the end of the previous reporting period exceeding the greater of 10% of the present value of the defined benefit obligation at that date (before deducting plan assets) and 10% of the future value of the plan assets at that date.

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 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).

3.19 Income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

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 2011 and 2010 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 to exceed 15% per institution
Debentures or warrants of debentures and bills of exchange	Not to exceed 5% per issuer
Investment units or warrants of investment units in mutual funds invested in debt securities	Not to exceed 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 to exceed 10% per mutual fund

3) Investments in property funds

Type of investment	Proportion of total investment
Property funds	Not to exceed 10% of project value, and amount not to exceed 2% of total investments

4) Investments in foreign investment funds

Type of investment	Proportion of total investment
Foreign investment funds	Not to exceed 3% of total investments (2010: not to exceed 2% of total investments)

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, accounts receivable and accrued income, accrued interest receivable, margin deposits and benefits payables, accounts payable and accrued expenses, fees received in advance 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 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 as follows.

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 Impairment of investments

The Group maintains an impairment of investments on a regular basis to reflect the fair value of investments. The impairment of investments is significantly impacted by the management's assessment, such assessment being based on a significant on prolonged decline in the fair value.

5.4 Employee benefits

The Group has committed to pay benefits to employees at retirement age. The present value of employee benefit liabilities recognised in the statement of financial position 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 2011 and 2010 were as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2011	2010	2011	2010
Service income				
Subsidiaries	-	-	1,380,562	1,158,842
Jointly-controlled entity	13,305	32,043	13,285	30,067
Associate	949	881	-	-
Total	14,254	32,924	1,393,847	1,188,909
Purchase of services				
Subsidiaries	-	-	1,886	1,912
Jointly-controlled entity	168,232	161,005	168,232	161,005
Total	168,232	161,005	170,118	162,917
Interest income				
Subsidiaries	-	-	3,076	2,262
Jointly-controlled entity	711	1,387	711	1,387
Total	711	1,387	3,787	3,649
Interest expense				
Subsidiaries	-	-	11,177	9,680

Balances as at 31 December 2011 and 2010 with related parties were as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2011	2010	2011	2010
Accounts receivable				
Jointly-controlled entity	596	117	596	117
Accrued income				
Subsidiaries	-	-	343,481	151,638
Jointly-controlled entity	411	303	411	303
Total	411	303	343,892	151,941
Other current assets				
Jointly-controlled entity	17	36,760	4,459	36,760
Payables and accrued expenses				
Subsidiaries	-	-	158	327
Jointly-controlled entity	14,125	9,107	14,125	9,107
Total	14,125	9,107	14,283	9,434
Other current liabilities				
Subsidiaries	-	-	-	1

(Unit : Baht'000)

	Interest rate (% per annum)		SET	
	2011	2010	2011	2010
Short-term borrowings from subsidiaries	2.00	1.50	559,400	530,400

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 2011 and 2010 were as follows:

(Unit : Baht'000)

	SET	
	2011	2010
Subsidiaries		
At 1 January	530,400	565,850
Increase	29,000	220,000
Decrease	-	(255,450)
At 31 December	559,400	530,400

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 2011, the SET had received all loan amount.

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 2011 the SET appropriated its annual revenues over expenses of Baht 358.9 million (2010: Baht 467.3 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 2011 amounted to Baht 18.7 million (2010: Baht 18.9 million).

7. Cash and cash equivalents

(Unit : Baht'000)

	Consolidated		SET	
	2011	2010	2011	2010
Cash on hand	562	365	546	346
Cash deposits - savings and current accounts	318,931	497,883	221,435	299,435
Highly liquid short-term investments	45,150	5,000	-	-
Total	364,643	503,248	221,981	299,781

The effective interest rates on short-term bank deposits ranged from 0.125% - 1.90% per annum in 2011 (2010: range from 0.10% - 0.70% per annum).

8. Short-term investments, net

(Unit : Baht'000)

		Consolidated		SET	
	Note	2011	2010	2011	2010
Investments managed by SET					
General investments		48,362	132,891	48,362	132,891
<u>Less</u> Allowance for impairment losses	14	(22,423)	(22,423)	(22,423)	(22,423)
		25,939	110,468	25,939	110,468
Trading securities		267,924	453,709	267,924	453,709
Held-to-maturity debt securities	14	6,855,074	2,848,169	6,162,314	2,628,692
		7,148,937	3,412,346	6,456,177	3,192,869
Investments managed by private funds					
Held-to-maturity debt securities		1,069,150	458,852	1,031,815	436,867
Trading securities		1,234,591	1,786,974	1,126,176	1,666,240
		2,303,741	2,245,826	2,157,991	2,103,107
Total		9,452,678	5,658,172	8,614,168	5,295,976

Movements of short-term investments for the years ended 31 December 2011 and 2010 were as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2011	2010	2011	2010
Opening net book value	5,658,172	5,347,301	5,295,976	4,609,597
Purchases	6,765,832	15,246,692	4,739,395	13,612,813
Disposals	(4,671,474)	(15,161,579)	(4,340,541)	(13,154,379)
Transfer/adjustments	1,700,148	248,181	2,919,338	250,368
<u>Less</u> Allowance for impairment losses	-	(22,423)	-	(22,423)
Closing net book value	9,452,678	5,658,172	8,614,168	5,295,976

Investments managed by the SET

Savings accounts carried interest at rates ranging from 0.25% - 0.87% per annum in 2011 (2010: ranging from 0.25% - 0.50% per annum).

Fixed deposit accounts represent fixed deposits at banks which have maturities not over 12 months and carried interest at rates ranging from 1.75% - 4.50% per annum in 2011 (2010: ranging from 1.13% - 3.00% per annum).

Bill of Exchange at financial institutions due within one year and carried interest at rates ranging from 3.00% - 4.60% per annum in 2011 (2010: nil).

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 two open-ended funds (2010: five open-ended funds). The investment policy emphasises investments in short-term debt securities.

Government bonds, Bank of Thailand bonds, state enterprise bonds and debentures, which had coupon rates ranging from 2.59% - 6.10% per annum in 2011 (2010: ranging from 5.10% - 5.15% per annum) and market yields ranging from 3.12% - 3.49% per annum in 2011 (2010: ranging from 2.21% - 2.40% per annum).

Treasury bills (zero coupons) which had market yields ranging from 1.84% - 1.93% per annum in 2010.

Investments managed by private funds

Investments in private funds are managed by two asset management 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 0.68% - 1.18% per annum in 2011 (2010: ranging from 0.90% - 1.44% per annum).

9. Accounts receivable and accrued income, net

(Unit : Baht'000)

		Consolidated		SET	
	Note	2011	2010	2011	2010
Accounts receivable					
Related parties	6	596	117	596	117
Other parties		68,014	70,369	36,118	34,461
		68,610	70,486	36,714	34,578
<u>Less</u> Allowance for doubtful accounts		(19,232)	(19,233)	(8,652)	(8,653)
		49,378	51,253	28,062	25,925
Accrued income					
Related parties	6	411	303	343,892	151,941
Other parties		164,320	161,097	49,298	67,888
		164,731	161,400	393,190	219,829
Net		214,109	212,653	421,252	245,754

Aging analysis for accounts receivable is as follows:

(Unit : Baht'000)

		Consolidated		SET	
	Note	2011	2010	2011	2010
Related parties					
Within credit terms	6	596	117	596	117
		596	117	596	117
Other parties					
Within credit terms		36,679	41,860	21,703	21,492
Overdue:					
Less than 3 months		9,075	9,244	2,983	4,316
3 - 6 months		2,098	-	1,851	-
6 - 12 months		686	32	679	-
Over 12 months		19,476	19,233	8,902	8,653
		68,014	70,369	36,118	34,461
<u>Less</u> Allowance for doubtful accounts		(19,232)	(19,233)	(8,652)	(8,653)
		48,782	51,136	27,466	25,808
Net		49,378	51,253	28,062	25,925

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

10. Other current assets

(Unit : Baht'000)

	Consolidated		SET	
	2011	2010	2011	2010
Thai Stock Market Flood Relief Fund	179,906	-	179,906	-
Loans to employees	45,994	38,468	45,994	38,468
Financial benefits to unitholders	36,249	40,683	-	-
Capital Market Academy Flood Relief Fund	26,222	-	26,222	-
Prepaid expenses	19,138	17,512	18,988	17,223
Inventory - publication	3,766	2,370	3,766	2,370
Other receivables from disposals of investments in mutual funds	-	105,859	-	105,859
Other receivables from sale of all assets in studio units	-	36,760	-	36,760
Others	4,793	14,388	7,735	9,593
Total	316,068	256,040	282,611	210,273

11. Investments in subsidiaries

Investments in subsidiaries as at 31 December 2011 and 2010, and dividend income for the years then ended were as follows:

(Unit : Baht'000)

	Ownership interest		SET					
	%		Paid-up capital		Cost method		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010
Subsidiaries								
Thailand Securities Depository Co., Ltd.	99.99	99.99	200,000	200,000	200,000	200,000	72,000	250,000
Thai Trust Fund Management Co., Ltd.	99.99	99.99	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	-	-
SETTRADE.COM Co., Ltd.	99.99	99.99	80,000	80,000	74,591	74,591	20,400	55,999
Siam DR Co., Ltd.	99.99	99.99	10,000	10,000	10,000	10,000	-	-
Thailand Futures Exchange Public Company Limited	99.99	99.99	100,000	100,000	100,000	100,000	20,000	20,200
Thailand Clearing House Co., Ltd.	99.99	99.99	100,000	100,000	102,700	102,700	22,000	-
Total					597,291	597,291	134,400	333,699

12. Investments in jointly-controlled entity, net

(Unit : Baht'000)

	Consolidated		SET	
	2011	2010	2011	2010
Jointly-controlled entity				
At 1 January	44,500	28,347	25,000	25,000
Dividend received	(10,437)	-	-	-
Dividend income	4,442	-	-	-
Share of net profit from investments under equity method	19,990	16,153	-	-
At 31 December	58,495	44,500	25,000	25,000

Investments in jointly-controlled entity as at 31 December 2011 and 2010, and dividend income for the years then ended were as follows:

(Unit : Baht'000)

	Ownership interest %		Consolidated					
			Paid-up capital		Equity method		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010
Jointly-controlled entity								
Family Know-how Co., Ltd.	50	50	50,000	50,000	58,495	44,500	4,442	-

(Unit : Baht'000)

	Ownership interest %		SET					
			Paid-up capital		Cost method		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010
Jointly-controlled entity								
Family Know-how Co., Ltd.	50	50	50,000	50,000	25,000	25,000	14,879	-

Details of the investments and rights to receive dividends are provided in Note 31.1.

The following summary of the financial information in respect of the interest in the jointly-controlled entity as at 31 December 2011 and 2010 and for the years then ended which has been accounted for using the equity method represents the Group's share:

(Unit : Baht'000)

	Consolidated	
	2011	2010
Current assets	131,274	112,508
Non-current assets	28,163	46,968
Total assets	159,437	159,476
Current liabilities	42,264	69,291
Non-current liabilities	4,620	4,116
Total liabilities	46,884	73,407
Total revenues	228,087	229,784
Total expenses	158,954	191,263
Net profit	44,421	29,370

13. Investments in associates, net

(Unit : Baht'000)

	Consolidated		SET	
	2011	2010	2011	2010
Associates				
At 1 January	492,327	467,684	396,769	385,806
Reversal of impairment losses (addition)	(164)	10,963	(164)	10,963
Share of profit from investments - recognised in statements of revenues and expenses	3,535	17,305	-	-
Share of loss for investment - recognised in other comprehensive income	(391)	(3,625)	-	-
At 31 December	495,307	492,327	396,605	396,769

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

Investments in associates as at 31 December 2011 and 2010, and dividend income for the years then ended were as follows:

(Unit : Baht'000)

	Ownership interest %		Consolidated							
			Paid-up capital		Cost method, net		Equity method		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Associates										
Clearing Fund	17.71	19.04	963,045	882,340	100,000	100,000	173,923	170,615	-	-
TSFC Securities Public Company Limited	24.66	24.66	1,016,740	1,016,740	296,605	296,769	321,384	321,712	-	-
Total					396,605	396,769	495,307	492,327	-	-

(Unit : Baht'000)

	Ownership interest %		SET									
			Paid-up capital		Cost method		Impairment		At cost, net		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Associates												
Clearing Fund	17.71	19.04	963,045	882,340	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	(3,395)	(3,231)	296,605	296,769	-	-
Total					400,000	400,000	(3,395)	(3,231)	396,605	396,769	-	-

14. Long-term investments, net

(Unit : Baht'000)

	Consolidated		SET	
	2011	2010	2011	2010
Available-for-sale investments	3,735,463	4,005,015	3,732,613	4,002,045
Held-to-maturity debt securities	1,527,718	4,204,723	1,509,708	4,111,455
General investments	68,641	88,627	68,641	88,627
<u>Less</u> Allowance for impairment losses	(2,450)	(2,450)	(2,450)	(2,450)
Total	5,329,372	8,295,915	5,308,512	8,199,677

Fixed deposit accounts represent fixed deposits at banks which have maturities of over one year and carried interest at rates ranging from 2.25% - 3.75% per annum in 2011 (2010: ranging from 1.75% - 3.75% per annum).

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 general mutual funds represent investments in 21 open-ended funds, which have a policy of emphasising investment in equity securities of listed companies (2010: 16 funds) and one debt fund (2010: one fund).

Investments in property funds represent 9 closed-end mutual funds (2010: 9 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 7 open-ended funds (2010: 6 funds). The Feeder Fund policy is to emphasise investment in foreign fund securities.

Government bonds, Bank of Thailand bonds, state enterprise bonds and debentures which had maturities over one year to ten years, and coupon rates ranging from 3.00% - 5.00% per annum in 2011 (2010: ranging from 2.59% - 6.10% per annum) and market yields ranging from 3.09% - 5.08 % per annum in 2011 (2010: ranging from 2.54% - 4.45% per annum).

Investments in specific-purpose funds represent investments in three open-ended venture capital funds (2010: three open-ended 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 30).

Movements of long-term investments for the years ended 31 December 2011 and 2010 were as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2011	2010	2011	2010
Opening net book value	8,295,915	6,090,034	8,199,677	6,062,334
Acquisitions	1,975,736	3,547,734	1,975,716	3,480,734
Disposals	(2,883,149)	(1,324,406)	(1,588,673)	(1,323,406)
Transfer/adjustments	(1,699,749)	(240,688)	(2,919,338)	(247,071)
Unrealised gain (loss) on available-for-sale securities	(359,381)	225,691	(358,870)	229,536
<u>Less</u> Allowance for impairment losses	-	(2,450)	-	(2,450)
Closing net book value	5,329,372	8,295,915	5,308,512	8,199,677

As at 31 December 2011 and 2010 held-to-maturity debt securities classified by maturity were as follows:

(Unit : Baht'000)

	Consolidated			
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total
2011				
Held-to-maturity debt securities				
Government bonds	756,813	-	1,070	757,883
Bank of Thailand bonds	30,117	149,924	-	180,041
State enterprise bonds	50,082	-	-	50,082
Debentures	110,195	433,561	50,000	593,756
Deposits at banks and Bill of exchanges	5,907,867	893,163	-	6,801,030
Total	6,855,074	1,476,648	51,070	8,382,792
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
Treasury Bills	684,597	-	-	684,597
Debentures	5,000	451,965	40,000	496,965
Deposits at banks and Bill of exchanges	2,143,572	2,854,474	-	4,998,046
Total	2,848,169	4,063,642	141,081	7,052,892

(Unit : Baht'000)

	SET			
	Due			
	Within 1 year	1 to 5 years	Over 5 years	Total
2011				
Held-to-maturity debt securities				
Government bonds	756,813	-	1,070	757,883
Bank of Thailand bonds	30,117	149,924	-	180,041
State enterprise bonds	50,082	-	-	50,082
Debentures	110,195	420,561	50,000	580,756
Deposits at banks and Bill of exchanges	5,215,107	888,153	-	6,103,260
Total	6,162,314	1,458,638	51,070	7,672,022
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
Treasury Bills	679,605	-	-	679,605
Debentures	-	438,965	40,000	478,965
Deposits at banks and Bill of exchanges	1,934,087	2,774,206	-	4,708,293
Total	2,628,692	3,970,374	141,081	6,740,147

The fair value of held-to-maturity debt securities were as follows:

(Unit : Baht'000)

	Consolidated			
	Amortised cost, net		Fair value	
	2011	2010	2011	2010
Government bonds	757,883	692,498	770,984	728,677
Bank of Thailand bonds	180,041	130,529	187,379	136,389
State enterprise bonds	50,082	50,257	49,833	49,850
Treasury Bills	-	684,597	-	684,575
Debentures	593,756	496,965	597,954	504,152
Deposits at banks and Bill of exchanges	6,801,030	4,998,046	6,801,030	4,998,046
	8,382,792	7,052,892	8,407,180	7,101,689
<u>Less</u> Current portion	(6,855,074)	(2,848,169)	(6,868,488)	(2,163,932)
	1,527,718	4,204,723	1,538,692	4,937,757

(Unit : Baht'000)

	SET			
	Amortised cost, net		Fair value	
	2011	2010	2011	2010
Government bonds	757,883	692,498	770,984	728,677
Bank of Thailand bonds	180,041	130,529	187,379	136,389
State enterprise bonds	50,082	50,257	49,833	49,850
Treasury Bills	-	679,605	-	679,584
Debentures	580,756	478,965	584,711	485,603
Deposits at banks and Bill of exchanges	6,103,260	4,708,293	6,103,260	4,708,293
	7,672,022	6,740,147	7,696,167	6,788,396
<u>Less</u> Current portion	(6,162,314)	(2,628,692)	(6,175,728)	(1,949,363)
	1,509,708	4,111,455	1,520,439	4,839,033

The fair value of investments in specific-purpose funds are as follows:

(Unit : Baht'000)

	Consolidated and SET's financial statements					
	Cost		Fair value		Impairment	
	2011	2010	2011	2010	2011	2010
Investments in specific-purpose funds	104,667	209,182	93,641	183,572	(24,873)	(24,873)
<u>Less</u> Current portion (Note 8)	(48,362)	(132,891)	(43,116)	(110,468)	(22,423)	(22,423)
	56,305	76,291	50,525	73,104	(2,450)	(2,450)

15. Property, plant and equipment, net

(Unit : Baht'000)

	Consolidated					
	Land and land improvements	Buildings and buildings improvements	Furniture, fixtures and office equipment	Motor vehicles	Work in process	Total
As at 31 December 2009						
Cost	2,254,685	1,532,576	1,050,862	3,151	66,879	4,908,153
<u>Less</u> 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
<u>Less</u> 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
For the year ended 31 December 2011						
Opening net book amount	1,015,130	1,267,297	113,149	2,409	34,129	2,432,114
Additions	-	20,352	54,961	2,679	33,321	111,313
Disposals/write-off	-	-	(6,583)	(1,191)	-	(7,774)
Transfers/adjustments	-	22,814	17,195	-	(40,566)	(557)
Depreciation charge	(313)	(79,220)	(37,846)	(149)	-	(117,528)
Closing net book amount	1,014,817	1,231,243	140,876	3,748	26,884	2,417,568
As at 31 December 2011						
Cost	1,015,585	1,738,753	891,870	4,639	26,884	3,677,731
<u>Less</u> Accumulated depreciation	(768)	(507,510)	(750,994)	(891)	-	(1,260,163)
Net book amount	1,014,817	1,231,243	140,876	3,748	26,884	2,417,568

(Unit : Baht'000)

	SET					
	Land and land improvements	Buildings and buildings improvements	Furniture, fixtures and office equipment	Motor vehicles	Work in process	Total
As at 31 December 2009						
Cost	2,254,685	1,529,863	899,931	3,151	66,879	4,754,509
<u>Less</u> 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
<u>Less</u> 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
For the year ended 31 December 2011						
Opening net book amount	1,015,130	1,266,581	104,733	2,409	34,129	2,422,982
Additions	-	20,352	54,961	2,679	33,321	111,313
Disposals/write-off	-	-	(6,527)	(1,191)	-	(7,718)
Transfers/adjustments	-	22,814	17,195	-	(40,566)	(557)
Depreciation charge	(313)	(79,048)	(34,614)	(149)	-	(114,124)
Closing net book amount	1,014,817	1,230,699	135,748	3,748	26,884	2,411,896
As at 31 December 2011						
Cost	1,015,585	1,737,037	770,139	4,639	26,884	3,554,284
<u>Less</u> Accumulated depreciation	(768)	(506,338)	(634,391)	(891)	-	(1,142,388)
Net book amount	1,014,817	1,230,699	135,748	3,748	26,884	2,411,896

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 2011 totalled Baht 540.9 million and Baht 450.0 million, respectively (2010: Baht 590.1 million and Baht 487.1 million, respectively).

16. Intangible assets, net

(Unit : Baht'000)

	Consolidated		
	Computer software	Work in process	Total
As at 31 December 2009			
Cost	838,569	-	838,569
<u>Less</u> 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
<u>Less</u> Accumulated amortisation	(609,819)	-	(609,819)
Net book amount	179,871	16,982	196,853
For the year ended 31 December 2011			
Opening net book amount	179,871	16,982	196,853
Additions	31,362	74,506	105,868
Disposals/write-off	(53)	-	(53)
Transfers/adjustments	10,117	(12,379)	(2,262)
Amortisation charge	(77,302)	-	(77,302)
Closing net book amount	143,995	79,109	223,104
As at 31 December 2011			
Cost	823,761	79,109	902,870
<u>Less</u> Accumulated amortisation	(679,766)	-	(679,766)
Net book amount	143,995	79,109	223,104

(Unit : Baht'000)

	SET		
	Computer software	Work in process	Total
As at 31 December 2009			
Cost	741,460	-	741,460
<u>Less</u> 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
<u>Less</u> Accumulated amortisation	(537,635)	-	(537,635)
Net book amount	171,321	16,982	188,303
For the year ended 31 December 2011			
Opening net book amount	171,321	16,982	188,303
Additions	31,362	74,506	105,868
Disposals/write-off	(53)	-	(53)
Transfers/adjustments	10,117	(12,379)	(2,262)
Amortisation charge	(73,103)	-	(73,103)
Closing net book amount	139,644	79,109	218,753
As at 31 December 2011			
Cost	743,027	79,109	822,136
<u>Less</u> Accumulated amortisation	(603,383)	-	(603,383)
Net book amount	139,644	79,109	218,753

The gross amount of the Group's and the SET's fully amortised intangible assets that were still in use as at 31 December 2011 totalled Baht 154.0 million and Baht 115.7 million, respectively (2010: Baht 151.4 million and Baht 113.0 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 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 2011 and 2010, the details of investments for which margin deposits were placed by members amounting to Baht 6,053.0 million and Baht 3,612.0 million, respectively are as follows:

(Unit : Baht'000)

	Consolidated	
	2011	2010
Savings and fixed deposits accounts	5,615,318	3,327,080
Bonds	384,251	260,278
Accrued benefits	53,449	24,657
Total	6,053,018	3,612,015

The Group presented margin deposits placed by members separately in the account "Assets for margin deposits and benefits" in current assets in the statement of financial position and presented liabilities in the same amount in the account "Margin deposits and benefits payables" in current liabilities in the statement of financial position.

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 Deposit, after deducting management fees, to members in accordance with the announced rates and procedures. Assets held as Securities Deposit 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 Deposit and benefits are the right of the payers according to the proportion of their contributions. When the membership is terminated, the member's Securities Deposit and benefits on contributions will be returned.

Assets for clearing system protection and benefits as at 31 December 2011 and 2010 consist of:

(Unit : Baht'000)

	Consolidated					
	Securities Deposit and benefits		Clearing fund and benefits		Total	
	2011	2010	2011	2010	2011	2010
Investments managed by a subsidiary	731,183	475,294	-	-	731,183	475,294
Investments managed by private funds						
Savings accounts	3,263	372	3,867	1,264	7,130	1,636
Other debt instruments	79,001	18,000	143,001	32,000	222,002	50,000
Trading securities	125,125	181,202	272,221	343,621	397,346	524,823
	938,572	674,868	419,089	376,885	1,357,661	1,051,753
Accrued interest receivable	6,253	2,095	1,981	2,057	8,234	4,152
Other assets	58	116	5,279	948	5,337	1,064
Total	944,883	677,079	426,349	379,890	1,371,232	1,056,969

The SET's assets for clearing system protection and benefits as at 31 December 2011 and 2010 totalled Baht 122.9 million and Baht 120.1 million, respectively are as follows:

(Unit : Baht'000)

	SET	
	2011	2010
Clearing fund and benefits		
Contributions	100,000	100,000
Benefits	22,862	20,098
Total	122,862	120,098

Assets for clearing system protection and benefits payable as at 31 December 2011 and 2010 consist of:

(Unit : Baht'000)

	Consolidated	
	2011	2010
Securities Deposit and benefits		
Contributions	929,000	675,000
Benefits (semi-annually distribute to members)	15,883	2,079
	944,883	677,079
Clearing fund and benefits		
Contributions	253,184	234,499
Benefits	50,303	25,293
	303,487	259,792
Total	1,248,370	936,871

19. Accounts payable and accrued expenses

(Unit : Baht'000)

	Note	Consolidated		SET	
		2011	2010	2011	2010
Related parties	6	14,125	9,107	14,283	9,434
Other parties		678,384	744,573	664,549	732,482
Total		692,509	753,680	678,832	741,916

20. Other current liabilities

(Unit : Baht'000)

	Consolidated		SET	
	2011	2010	2011	2010
Thai Stock Market Flood Relief Fund	179,084	-	179,084	-
Withholding tax payable	73,331	151,438	68,666	81,482
Income tax payable	67,070	10,319	-	-
Dividend payables	56,580	42,716	-	-
Financial benefits payable to unitholders	36,249	40,683	-	-
Capital Market Academy Flood Relief Fund	26,222	-	26,222	-
Provision for employee benefits from accumulated annual leave	20,854	19,510	20,854	19,510
Other retention payables	13,663	30,492	13,659	30,488
Ngoen-Thong-Khong-Mee-Kha Fund	10,426	12,419	10,426	12,419
Pending donation for disaster	686	22,741	686	22,741
Others	21,730	38,162	13,172	24,195
Total	505,895	368,480	332,769	190,835

21. Provision for employee benefits

(Unit : Baht'000)

	Consolidated		SET	
	2011	2010	2011	2010
Obligations in statement of financial position				
Retirement benefits	123,342	120,110	123,342	120,110
Other benefits	25,880	-	25,880	-
Total	149,222	120,110	149,222	120,110
Charge in the statement of revenues and expenses				
Retirement benefits	16,272	15,046	16,272	15,046
Other benefits	25,880	-	25,880	-
Total	42,152	15,046	42,152	15,046

The amounts of liabilities recognised in the statement of financial position are determined as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2011	2010	2011	2010
Present value of obligations				
Retirement benefits	145,295	118,972	145,295	118,972
Other benefits	25,880	-	25,880	-
	171,175	118,972	171,175	118,972
Unrecognised actuarial gain (loss)				
Retirement benefits	(21,953)	1,138	(21,953)	1,138
Liabilities in the statement of financial position	149,222	120,110	149,222	120,110

Movements of the provision for employee benefits are as follows:

(Unit : Baht'000)

	Consolidated		SET	
	2011	2010	2011	2010
Beginning balance	120,110	119,602	120,110	119,602
Current service cost	10,053	9,563	10,053	9,563
Interest costs	5,832	5,483	5,832	5,483
Past service cost	26,267	-	26,267	-
Transfer from jointly-controlled entity	428	-	428	-
	162,690	134,648	162,690	134,648
<u>Less</u> Benefits paid	(13,468)	(14,538)	(13,468)	(14,538)
Ending balance	149,222	120,110	149,222	120,110
<u>Less</u> Current portion	(5,630)	(7,104)	(5,630)	(7,104)
Total non-current	143,592	113,006	143,592	113,006

The principal actuarial assumptions used are as follows:

	2011	2010
Discount rate as of 31 December	3.80%	4.80%
Salary increase rate - permanent employees	5.00% - 10.00%	6.00%
Salary increase rate - contract employees	4.50%	4.50%
Average turnover rate	0.00% - 9.00%	6.40%
Pre-retirement mortality rate	0.08% - 1.03%	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 2011 was Baht 7.3 million (2010: Baht 157.4 million).

As at 31 December 2011, SET Building Construction Fund had balance Baht 8.1 million (2010: Baht 15.4 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 2011, 32 companies were SIPF members (2010: 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 SET's financial statements are as follows:

(Unit : Baht'000)

	Consolidated and SET's financial statements	
	2011	2010
Assets		
Current assets		
Cash and investments	466,644	345,347
Accrued interest receivable	3,764	1,707
Other current assets	-	45
Total current assets	470,408	347,099
Non-current assets		
Long-term investments	147,429	251,110
Total assets	617,837	598,209
Liabilities and fund balances		
Non-current liabilities		
Contributions from members	201,315	201,315
Benefits on contributions from members	30,857	23,479
Other non-current liabilities	-	5
Total non-current liabilities	232,172	224,799
Fund balances		
Initial fund	300,000	300,000
Fund balances	85,665	73,410
Total fund balances	385,665	373,410
Total liabilities and fund balances	617,837	598,209

The SIPF's statements of revenues and expenses for the years ended 31 December 2011 and 2010 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 comprehensive income 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 2011				
Revenues				
Operating revenues	-	-	3,244,912	3,244,912
Investment income, net	1,720	13,484	750,532	765,736
Other income	-	-	160,956	160,956
Total revenues	1,720	13,484	4,156,400	4,171,604
Expenses				
Operating expenses	-	116	2,545,208	2,545,324
Contributions to the Stock Exchange of Thailand Foundation	-	-	358,937	358,937
Income tax	-	-	157,680	157,680
Total expenses	-	116	3,061,825	3,061,941
Revenues over expenses	1,720	13,368	1,094,575	1,109,663
Total other comprehensive loss - available-for-sale financial assets	-	(1,113)	(359,381)	(360,494)
Total comprehensive income	1,720	12,255	735,194	749,169
For the year ended 31 December 2010				
Revenues				
Operating revenues	-	-	2,639,287	2,639,287
Investment income, net	900	11,766	866,577	879,243
Gain from disposal of assets	-	-	421,914	421,914
Other income	-	-	205,875	205,875
Total revenues	900	11,766	4,133,653	4,146,319
Expenses				
Operating expenses	-	131	2,482,458	2,482,589
Contributions to the Stock Exchange of Thailand Foundation	-	-	467,261	467,261
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
Total other comprehensive income - available-for-sale financial assets	-	1,606	225,691	227,297
Total comprehensive income	900	13,241	1,341,250	1,355,391

(Unit : Baht'000)

	SET			
	Staff Welfare Fund	Securities Investor Protection Fund (SET's portion)	General Fund	Total
For the year ended 31 December 2011				
Revenues				
Operating revenues	-	-	1,202,854	1,202,854
Investment income, net	1,720	13,484	860,045	875,249
Other income	-	-	1,489,503	1,489,503
Total revenues	1,720	13,484	3,552,402	3,567,606
Expenses				
Operating expenses	-	116	2,341,400	2,341,516
Contributions to the Stock Exchange of Thailand Foundation	-	-	358,937	358,937
Total expenses	-	116	2,700,337	2,700,453
Revenues over expenses	1,720	13,368	852,065	867,153
Total other comprehensive loss - available-for-sale financial assets	-	(1,113)	(358,870)	(359,983)
Total comprehensive income	1,720	12,255	493,195	507,170
For the year ended 31 December 2010				
Revenues				
Operating revenues	-	-	1,116,943	1,116,943
Investment income, net	900	11,766	1,168,874	1,181,540
Gain from disposal of assets	-	-	421,914	421,914
Other income	-	-	1,299,141	1,299,141
Total revenues	900	11,766	4,006,872	4,019,538
Expenses				
Operating expenses	-	131	2,283,925	2,284,056
Contributions to the Stock Exchange of Thailand Foundation	-	-	467,261	467,261
Total expenses	-	131	2,751,186	2,751,317
Revenues over expenses	900	11,635	1,255,686	1,268,221
Total other comprehensive income - available-for-sale financial assets	-	1,606	229,536	231,142
Total comprehensive income	900	13,241	1,485,222	1,499,363

24. Operating revenues

(Unit : Baht'000)

	Consolidated		SET	
	2011	2010	2011	2010
Trading fees	1,134,191	896,646	719,227	703,603
Stock registrar fees	620,645	571,827	-	-
Member services fees	351,905	236,236	-	-
Clearing fees	339,398	240,476	-	-
Listing fees	280,094	241,032	280,094	241,032
Information service fees	172,473	146,642	140,740	115,487
Depository fees	136,691	101,129	-	-
Membership fees	119,821	122,190	23,200	23,400
Fund registrar fees	50,101	49,688	-	-
Customisation and IT support fees	39,593	33,421	39,593	33,421
Total	3,244,912	2,639,287	1,202,854	1,116,943

25. Investment income, net

(Unit : Baht'000)

		Consolidated		SET	
	Notes	2011	2010	2011	2010
Interest income		478,508	282,346	304,333	208,339
<u>Less</u> Interest expense					
Short-term borrowings from subsidiaries	6	-	-	(11,177)	(9,680)
Assets for clearing system protection - members' portion		(148,690)	(59,842)	-	-
Others		(395)	(325)	(395)	(325)
Interest income, net		329,423	222,179	292,761	198,334
Dividend income from					
Mutual funds		301,087	365,355	300,867	365,115
Subsidiaries	11	-	-	134,400	333,699
Jointly-controlled entity	12	4,442	-	14,879	-
Other entities		1,735	2,335	1,735	2,335
Realised gain from investments		125,073	286,043	122,766	282,414
Unrealised loss from investments		(9,344)	(2,021)	(5,479)	(5,709)
Impairment losses on investments		-	(17,377)	-	(17,377)
Reversals (addition) of impairment losses	13	(164)	10,963	(164)	10,963
Net		752,252	867,477	861,765	1,169,774

26. Other income

(Unit : Baht'000)

	Consolidated		SET	
	2011	2010	2011	2010
Educational activities income	41,318	54,435	41,318	54,435
Revenues from fees and management funds	24,385	25,963	6,266	5,483
Service income	14,254	32,924	1,393,847	1,188,909
Gain from disposal of assets	-	421,914	-	421,914
Other income	57,474	59,095	48,072	50,314
Total	137,431	594,331	1,489,503	1,721,055

27. Employee benefit expenses

(Unit : Baht'000)

	Consolidated		SET	
	2011	2010	2011	2010
Management				
Salaries and other benefits	149,122	127,549	149,122	127,549
Contributions to provident fund	12,000	10,717	12,000	10,717
	161,122	138,266	161,122	138,266
Other employees				
Salaries and other benefits	886,352	887,824	886,395	887,856
Contributions to provident fund	54,124	50,286	54,124	50,286
	940,476	938,110	940,519	938,142
Total	1,101,598	1,076,376	1,101,641	1,076,408

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.

28. SEC fees

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

For 2011, the Board of the SEC required to charge fees at a rate of 0.002% of the trading value of the current year and additional fees, which charge on total equity of listed companies who have never issued securities for sale under the approval of the SEC, at the same rate that the SEC charge from the listed companies who issued securities and submit report to the SEC according to clause 56 of the SEC Act. In 2011 and 2012, the SEC will charge at 50% and 70% of the amount calculated (2010: the Board of the SEC required to charge fees at a rate of 0.002% of the trading value of the prior year).

The Board of the SEC also approved to charge fees from Thailand Future Exchange (Public) Co., Ltd. for operating as the center on the trading of future contracts. In 2011 - 2013, the SEC charged at a fixed rate of Baht 2 million per annum.

However, if there is an event changes or problems of implementation during the period, terms and conditions may be revised.

29. Other expenses

(Unit : Baht'000)

Note	Consolidated		SET	
	2011	2010	2011	2010
Fees and compensation expenses	56,721	46,866	54,363	44,879
Travelling and vehicle expenses	36,003	31,046	36,003	31,046
Contributions to capital market institutions	27,778	29,471	27,875	29,501
Expenses related with flood situation	14,163	-	14,163	-
Loss from written-off assets	5,583	29,993	5,527	29,993
Loss from written-off fire damaged assets	32 -	22,850	-	22,144
Airtime costs	-	20,000	-	20,000
Other expenses	36,057	27,226	29,071	25,863
Total	176,305	207,452	167,002	203,426

30. Commitments with non-related parties

(Unit : Baht'000)

	Consolidated		SET	
	2011	2010	2011	2010
Capital commitments				
Computer and software	42,325	7,821	42,325	7,821
Buildings and other constructions	2,712	30,046	2,712	30,046
Total	45,037	37,867	45,037	37,867
Non-cancellable operating lease commitments				
Within one year	11,715	11,515	11,715	11,515
After one year but within five years	21,263	17,812	21,263	17,812
Total	32,978	29,327	32,978	29,327
Land lease commitments				
Within one year	13,525	11,687	13,525	11,687
After one year but within five years	54,100	54,100	54,100	54,100
Over 5 years	190,352	203,877	190,352	203,877
Total	257,977	269,664	257,977	269,664
Derivative trading and clearing system maintenance commitments				
Within one year	25,466	24,237	25,466	24,237
After one year but within five years	58,889	80,285	58,889	80,285
Total	84,355	104,522	84,355	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).

31. Contingent liabilities and contingent assets

31.1 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. During the period from 1 January 2010 to 31 December 2012, preference shareholders will be entitled to receive dividends before ordinary shareholder from the operating result of Family Know-how. It will receive 10% of the net profit before legal reserve, and also receive dividends from the remaining net profit according to proportion of share holding in Family Know-how. After this period, all shares will have equal right and status.

As at 31 December 2011, the SET has accrued dividend income which it has the right to receive at 10% of Family Know-how's net profit for year 2011 amounting to Baht 4.4 million (2010: Baht 2.9 million).

31.2 Contingent liabilities

(a) SET

As at 31 December 2011, the SET has letters of guarantee issued by banks totalling Baht 4.4 million (2010: Baht 4.4 million) in respect of electricity usage in the ordinary course of business from which management anticipates that no material liabilities will arise.

The SET has issued a letter of comfort to a bank in respect of an overdraft credit line of Baht 2,400 million (2010: Baht 2,400 million) granted to Thailand Clearing House Co., Ltd. (TCH), a subsidiary, 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 2011, 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. In 2011, the civil court has considered the dismissal of the case. The outcome of the case has not presently been finalised and it's under the appeal of the plaintiff. 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 2011 and 2010.

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.

32. 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 SET's 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 2011 and 2010.

33. Reclassification of accounts

Certain amounts in the consolidated and entity financial statements for the year ended 31 December 2010 have been reclassified to conform with changes in presentation in 2011. The reclassifications are as follows:

(Unit : Baht'000)

	Consolidated			SET		
	As previously reported	Reclassification	After reclassification	As previously reported	Reclassification	After reclassification
Statements of financial position						
Current assets						
Cash at banks for dividend payables	8,372	(8,372)	-	-	-	-
Short-term investments, net	5,690,649	(32,477)	5,658,172	-	-	-
Other current assets	215,191	40,849	256,040	-	-	-
Assets for clearing system protection and benefits	1,056,969	-	1,056,969	-	120,098	120,098
Refundable deposits	6,982	-	6,982	127,070	(120,098)	6,972
Current liabilities						
Dividend payables	8,372	(8,372)	-	-	-	-
Income tax payable	10,319	(10,319)	-	-	-	-
Withholding tax payable	151,438	(151,438)	-	81,482	(81,482)	-
Other current liabilities	198,351	170,129	368,480	109,353	81,482	190,835
Statements of revenues and expenses						
Revenues						
Trading fees	896,646	(896,646)	-	703,603	(703,603)	-
Clearing and depository fees	341,605	(341,605)	-	-	-	-
Stock registrar fees	571,827	(571,827)	-	-	-	-
Listing fees	241,032	(241,032)	-	241,032	(241,032)	-
Member services fees	236,236	(236,236)	-	-	-	-
Service income	32,924	(32,924)	-	1,188,909	(1,188,909)	-
Gain from disposal of assets	421,914	(421,914)	-	421,914	(421,914)	-
Operating revenues	-	2,639,287	2,639,287	-	1,116,943	1,116,943
Other income	491,434	102,897	594,331	282,540	1,438,515	1,721,055

	Consolidated			SET		
	As previously reported	Reclassification	After reclassification	As previously reported	Reclassification	After reclassification
Expenses						
Fee and compensation expenses	50,351	(50,351)	-	48,365	(48,365)	-
Technology expenses	109,399	3,485	112,884	102,804	3,486	106,290
Depreciation	157,667	(157,667)	-	146,991	(146,991)	-
Amortisation	126,065	(126,065)	-	116,692	(116,692)	-
Depreciation and amortisation	-	283,732	283,732	-	263,683	263,683
Other expenses	160,113	47,339	207,452	158,074	45,352	203,426
Donation and social activities contribution, net	467,734	(467,734)	-	467,734	(467,734)	-
Contributions to the Stock Exchange of Thailand Foundation	-	467,261	467,261	-	467,261	467,261
Statements of cash flows						
Cash flows from investing activities						
Cash inflow on short-term borrowings from subsidiaries	-	-	-	220,000	(220,000)	-
Repayment of short-term borrowings from subsidiaries	-	-	-	(255,450)	255,450	-
Interest paid	-	-	-	(9,680)	9,680	-
Cash flows from financing activities						
Cash inflow on short-term borrowings from subsidiaries	-	-	-	-	220,000	220,000
Repayment of short-term borrowings from subsidiaries	-	-	-	-	(255,450)	(255,450)
Interest paid	-	-	-	-	(9,680)	(9,680)

Thailand Futures Exchange PCL.

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

Operations

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

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

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

- Being a center of derivatives trading, meeting international standards, including on efficiency, helping individual and juristic investors to use the products as hedging instruments effectively.
- Being an alternative investment in a trading system that is fair, transparent and liquid according to international standards, including building confidence in the clearing and settling of every transaction made in TFEX, as TFEX has the land Clearing House Co., Ltd., which is very stable, as its counterparty.
- Providing investors with information that reflects the expectations of market participant as to future prices of securities. Investors and enterprises will thus be able to plan their operations more effectively.

Registered capital and organizational management

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

Board of Directors		Position
Sompol	Kiatphaibool	Chairman
Charamporn	Jotikasthira	Vice Chairman
Bordin	Unakul	Member
Chanisa	Chutipat	Member
Pakorn	Peetathawatchai	Member
Pattera	Dilokrunghthirapop	Member
Rapee	Sucharitakul	Member
Sopawadee	Lertmanaschai	Member
Surabhon	Kwunchaitunya	Member
Kesara	Manchusree	Managing Director

Thailand Securities Depository Co., Ltd.

The Thailand Securities Depository Co., Ltd. (TSD) is a subsidiary of The Stock Exchange of Thailand. The TSD was established on November 16, 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, provide services for securities deposit, withdrawal, transfer, pledge, and revocation. Investors can conduct the transactions through depository participants, and also responsible for managing the foreign holding proportion of the securities traded on the main board and foreign board 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 service which mainly covers the functions of preparing and maintaining the Register Book that contains correct and complete information. Our service is executed through the cutting edge and efficient computer system that has been developed to have a direct linkage to that of the Securities Depository Center. On the system-wise, we also have secured data storage and processing system with the corresponding back-ups ready for securing 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 Fund and Mutual Fund registration services:** act as a registrar for Provident Fund for the entire cycle which includes requesting an employer to submit saving deposit and employer's granted deposit, preparing and updating the member list and calculating and recording such deposit, as well as Mutual Fund Registration Services, provide services for normal Mutual Fund, Retirement Mutual Fund (RMF) and Long Term Equity Fund (LTF) which include 3 service systems as follows, System for Unit Trust Sales Agents (or Front office System), Back Office System and Registrar System.

Registered capital and organizational management

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

Board of Directors		Position
Charamporn	Jotikasthira	Chairman
Bordin	Unakul	Member
Chanisa	Chutipat	Member
Nongram	Wongwanich	Member
Sakkarin	Ruamrangsri	Member
Udomwara	Dechsongjarus	Member

Thai NVDR Co., Ltd.

Thai NVDR Co., Ltd. (Thai NVDR) was established in October 4, 2000, with a registered capital of THB10 million. The Stock Exchange of Thailand (SET) is the major shareholder, holding 99.99% of the total shares. 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, with the SET holding 99.99% of total registered capital.

Board of Directors		Position
Charamporn	Jotikasthira	Chairman
Bordin	Unakul	Member
Chanisa	Chutipat	Member
Nongram	Wongwanich	Member
Sakkarin	Ruamrangsri	Member
Udomwara	Dechsongjarus	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.

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
Charamporn	Jotikasthira	Chairman
Chanisa	Chutipat	Member
Kesara	Manchusree	Member
Pakorn	Peetathawatchai, PhD	Member
Sakkarin	Ruamrangsri	Member

Thailand Clearing House Co., Ltd.

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

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 promote Thai capital market development in the long-term.

Registered capital and organizational management

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

Board of Directors		Position
Charnporn	Jotikasthira	Chairman
Bordin	Unakul	Member
Chanisa	Chutipat	Member
Nongram	Wongwanich	Member
Sakkarin	Ruamrangsri	Member
Udomwara	Dechsongjarus	Member



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